

Agency Purpose

The mission of the Teachers Retirement Association (TRA) is to administer retirement benefits for Minnesota public school educators. Educators and their employers contribute to TRA during their working years and obtain TRA benefits only upon retirement, disability, or termination of employment. Benefits can take the form of monthly payments to retired members or refunds of employee contributions plus interest to members who leave the teaching profession prior to retirement.

Core Functions

TRA serves over 142,000 active, inactive, and retired members using retirement provisions governed under Minnesota statutes. Core functions include:

- ◆ payment of retirement, survivor, and disability benefits, to eligible members;
- ◆ payment of member contributions, plus interest, for members leaving the teaching profession, and requesting this benefit option;
- ◆ benefit counseling and information services to members regarding their benefit rights and options; and
- ◆ receipt, verification, and posting of salary, service credit, and other demographic information from the member's employer.

At A Glance

(data as of June 30, 2005)

74,552	Active Members
29,031	Inactive Members
38,957	Retired/Disabled Members
565	Employers
\$3.12 billion	Covered Payroll of Active Members
5%	Member Contribution Rate of Covered Salary
5%	Employer Contribution Rate of Covered Salary
\$17.8 billion	Actuarial Value of Assets
\$18.0 billion	Actuarial Liabilities
98.5%	Funding Ratio
\$1.05 billion	Annual Benefits and Refunds Paid
\$11 million	Annual Administrative Expenses
90	Employees

Operations

Management of the association is vested in a board of trustees, which consists of eight members, five of whom are elected from either the active or retired membership. The Board of Trustees appoints an executive director to administer the daily operations of the association. TRA is divided into six main areas of service to its members:

- ⇒ *Processing Services Division* pays over \$95 million monthly of retirement benefits and provides other post-retirement services to over 40,000 recipients.
- ⇒ *Customer Services Division* provides pre-retirement planning and other benefit counseling services to over 100,000 active and inactive teachers.
- ⇒ *Data Integrity Division* receives and records member payroll and human resource information from TRA employers and verifies for accuracy.
- ⇒ *Support Division* provides a pool of skilled and versatile employees who can assist the other divisions to manage varied seasonal workload demands.
- ⇒ *Systems Services Division* maintains computerized processing and data management services for agency operations, including the TRA home page on the world wide web.
- ⇒ *Accounting and Records Services Division* supports other operating divisions with document imaging and file maintenance activity in addition to accounts payable, procurement, and financial reporting functions.

In 2006, TRA implemented its business reengineering project (called FROST), designed to replace its aging computer systems with a state-of-the-art, fully-integrated information system that will enable TRA to provide prompt, accurate, and efficient service to our members. As of March 2006, TRA members have online access to their account information and future benefit estimates.

Under legislation passed in 2006, TRA has assumed the assets and liabilities of the former Minneapolis Teachers Retirement Fund Association (MTRFA). Approximately 14,000 active, inactive, and retired former MTRFA members were transferred to TRA effective 6/30/2006.

Key Measures

TRA's operating values in providing payments and services to its members are guided by the following principles:

- ⇒ **Accuracy:** Ensuring that all information received, maintained, and provided is clear and accurate.
- ⇒ **Quality:** Making high-quality services accessible to our customers.
- ⇒ **Timeliness:** Providing timely receipt and dissemination of information.
- ⇒ **Efficiency:** Making efficient use of technological and human resources in a team environment.
- ⇒ **Employee excellence:** Providing ongoing employee development that encourages cooperation and mutual respect, focuses on common goals, and recognizes superior performance.

Specific definitions of performance measurements and reporting were developed as part of the FROST Project.

Budget

TRA operates within a dedicated pension trust fund designed for the exclusive use of its members and beneficiaries. The TRA Board of Trustees annually approves an operating budget. The commissioner of Finance maintains an open appropriation account to fund expenditures. For FY 2006, TRA employed a staff of 90 full-time equivalent employees and expenditures are budgeted at \$1.12 billion, including \$11 million for administrative expenses. About 99% of the expenditure budget is for the payment of benefits and refunds. The main sources of fund revenues are employee contributions, employer contributions, and net income from investments held in trust.

Contact

Teachers Retirement Association
Laurie Fiori Hacking, Executive Director
60 Empire Drive, Suite 400
Saint Paul, Minnesota 55103-4000
Phone: (651) 296-2409
Fax: (651) 297-5999

Web site: <http://www.tra.state.mn.us>

Dollars in Thousands

	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<u>Expenditures by Fund</u>					
Open Appropriations					
Teachers Retirement	1,110,666	1,355,301	1,355,306	1,355,306	2,710,612
Total	1,110,666	1,355,301	1,355,306	1,355,306	2,710,612
<u>Expenditures by Category</u>					
Total Compensation	5,943	6,690	6,690	6,690	13,380
Other Operating Expenses	2,646	3,769	3,774	3,774	7,548
Local Assistance	1	2	2	2	4
Other Financial Transactions	1,102,076	1,344,840	1,344,840	1,344,840	2,689,680
Total	1,110,666	1,355,301	1,355,306	1,355,306	2,710,612
<u>Expenditures by Program</u>					
Teachers Retire Asn	1,110,666	1,355,301	1,355,306	1,355,306	2,710,612
Total	1,110,666	1,355,301	1,355,306	1,355,306	2,710,612
Full-Time Equivalents (FTE)	82.0	82.0	82.0	82.0	

TEACHERS RETIREMENT ASSOC

Agency Revenue Summary

Dollars in Thousands

	Actual FY2006	Budgeted FY2007	Current Law		Biennium 2008-09
			FY2008	FY2009	
<u>Non Dedicated Revenue:</u>					
Other Revenues:					
Teachers Retirement	331,848	412,130	412,130	412,130	824,260
Total Non-Dedicated Receipts	331,848	412,130	412,130	412,130	824,260
<u>Dedicated Receipts:</u>					
Total Dedicated Receipts	0	0	0	0	0
Agency Total Revenue					
	331,848	412,130	412,130	412,130	824,260