

Agency Purpose

The mission and vision of the Teachers Retirement Association (TRA) was revised in 2008. TRA:

- ◆ Provides retirement, disability and survivor benefits to Minnesota’s public educators assisting them in achieving future income security.
- ◆ Strives to provide benefits that attract and retain competent teachers who serve communities throughout the state, building a stronger education system.
- ◆ Commits to safeguarding the financial integrity of the fund and takes pride in providing exceptional, innovative services.

TRA’s vision is to be an outstanding retirement system pursuing benefits and services that exceed members’ expectations.

Core Functions

TRA serves over 159,000 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.

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.

In 2006, TRA 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 June 30, 2006. The unfunded actuarial liability TRA assumed in the merger was funded by an increase in both employee and employer contributions, plus direct state and local aid payments over the next 28 years. TRA has completed the integration of former MTRFA member data and records into TRA systems.

Under legislation passed in 2008, the assets and liabilities of retired teachers in the Minnesota Post Retirement Investment Fund (Post Fund) may be merged with the TRA Fund should certain funding benchmarks occur. The merger will occur if the Post Fund funding ratio drops below 80% for any one year, or below 85% for two consecutive years. Due to losses in the investment markets for FY 2008, the merger very possibly will occur either in 2008 or in 2009. Under a merger, the assets and liabilities of active and retired teachers will be combined within a single fund with the financing of earned retirement benefits will be determined under one required contribution rate structure.

TRA staff engages in strategic planning and prioritization of management initiatives through regular meetings of its management staff. As a result of that strategic planning process during FY 2008, TRA staff has completed 34 initiatives including the conversion of the former MTRFA member data into the Functional Redesign of Strategic

At A Glance

(data as of June 30, 2007)

77,694	Active Members
35,550	Inactive Members
46,538	Retired/Disabled Members
566	Employers
\$3.53 billion	Covered Payroll of Active Members
5.5 %	Member Contribution Rate of Covered Salary
5.5 %	Employer Contribution Rate of Covered Salary
\$18.8 billion	Actuarial Value of Assets
\$21.5 billion	Actuarial Liabilities
87.5%	Funding Ratio
\$1.27 billion	Annual Benefits and Refunds Paid
\$10.6 million	Annual Administrative Expenses
90	Employees

Technologies (FROST) system and an Electronic Fund Transfer (EFT) for employer remittances. Some of the major initiatives currently underway include enhancements of employer unit reporting, development of a revised definition of member service credit, and migration of agency applications to a modernized hardware and software platform.

Key Goals

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.

Key Measures

- ◆ Two important measures on the health of a pension plan are its funded ratio and adequacy of its contribution rates. As of June 30, 2007, TRA has a funded status of 87.5% and a contribution deficiency of -1.65% of member covered payroll. Under statute, TRA has a full funding target date of June 30, 2037.
- ◆ TRA processed \$412 million in member and employer contributions during FY 2007.
- ◆ Members place high value on individual counseling services. In FY 2007, TRA conducted 4,472 individual counseling sessions. Another 574 members were counseled in group sessions.
- ◆ TRA answered 131,785 member contacts including telephone calls, emails and letters during FY 2007.
- ◆ TRA processed the initial retirement benefits of 2,281 teachers during FY 2007.
- ◆ Annuity payments during 2008 total approximately \$115 million per month and are paid to about 48,000 members.

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 the Department of Finance maintains an open appropriation account to fund expenditures. For FY 2008, TRA employed a staff of 90 full-time equivalent employees and expenditures are budgeted at \$1.4 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

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TEACHERS RETIREMENT ASSOC

Agency Overview

Dollars in Thousands

	Current		Forecast Base		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Expenditures by Fund</u>					
Open Appropriations					
Teachers Retirement	1,343,367	1,405,502	1,466,175	1,546,756	3,012,931
Total	1,343,367	1,405,502	1,466,175	1,546,756	3,012,931
<u>Expenditures by Category</u>					
Total Compensation	6,351	6,699	7,026	7,233	14,259
Other Operating Expenses	2,860	4,010	4,357	4,731	9,088
Local Assistance	0	2	2	2	4
Other Financial Transactions	1,334,156	1,394,791	1,454,790	1,534,790	2,989,580
Total	1,343,367	1,405,502	1,466,175	1,546,756	3,012,931
<u>Expenditures by Program</u>					
Teachers Retire Asn	1,343,367	1,405,502	1,466,175	1,546,756	3,012,931
Total	1,343,367	1,405,502	1,466,175	1,546,756	3,012,931
Full-Time Equivalents (FTE)	80.6	89.0	89.0	89.0	

TEACHERS RETIREMENT ASSOC

Agency Revenue Summary

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Current Law		Biennium 2010-11
			FY2010	FY2011	
<u>Non Dedicated Revenue:</u>					
Other Revenues:					
Teachers Retirement	448,673	449,034	458,867	478,478	937,345
Total Non-Dedicated Receipts	448,673	449,034	458,867	478,478	937,345
<u>Dedicated Receipts:</u>					
Total Dedicated Receipts	0	0	0	0	0
Agency Total Revenue					
	448,673	449,034	458,867	478,478	937,345