

# 2018 Legislative Session Issue Brief

## Pensions

Minnesota students need access to a high-quality public education so they can succeed in life, but that can't happen when there's a shortage of trained, licensed and experienced teachers, particularly in greater Minnesota and with teachers of color.

Almost half of our teachers leave the profession within five years and more college students are not entering education altogether. We need to offer teacher compensation packages which recognize and reward their hard work on behalf of Minnesota's students. That includes a reliable, sustainable defined-benefit pension so educators can retire with dignity.

Among younger workers, 63 percent say a defined-benefit pension is important in accepting the job. Additionally, three-fourths of new hires say their defined-benefit pension gives them compelling reasons to stay on the job (Towers Watson, 2012).

### Teachers Retirement Association

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Minnesota's teachers' pensions are managed by the Teachers Retirement Association (TRA). Teachers in Minnesota pay a 7.5 percent contribution rate toward their pensions, higher than the 6 percent nationwide average. Minnesota school districts currently contribute 7.5 percent to TRA for their teachers' pensions, compared to an average 12.9 percent nationally.

TRA currently can fund about 70 percent of its projected pension obligations. Contributions must increase to improve the long-term stability of the plan.

The goal is to maintain defined-benefit pension plans for current and future generations, which does not put an undue financial burden on educators, retirees or taxpayers.

### Education Minnesota supports:

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- A balanced solution that maintains a reliable, sustainable pension for generations of teachers.
- Funding from the state to offset any increase in contribution rates. Continuing to work for equity in pension benefits.

Promises made should be promises kept for current and future educators' pensions. Chipping away at pensions will only make Minnesota's dire teacher shortage even worse.

#### For more information, contact:

- Megan Boldt — 651-292-4818, [megan.boldt@edmn.org](mailto:megan.boldt@edmn.org)
- Jodee Buhr — 651-292-4830, [jodee.buhr@edmn.org](mailto:jodee.buhr@edmn.org)
- Kathi Micheletti — 651-292-4890, [kathi.micheletti@edmn.org](mailto:kathi.micheletti@edmn.org)
- Paul Winkelaar — 651-292-4837, [paul.winkelaar@edmn.org](mailto:paul.winkelaar@edmn.org)

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Education Minnesota is an affiliate of the American Federation of Teachers, the National Education Association and AFL-CIO. 



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