



Retired

March 2017

# Action

SAVE THE DATES!

**2017 Retired Annual Meeting**  
**Friday, April 21**  
Registration details on page 3

**2017 RETIRED FALL CONFERENCE**  
**September 12-14**

## Meet your new president and vice-president

### Julie Jagusch—Retired President Elect

I am eager to serve the membership for the next three years as president. We have been working hard on improving communication with our retired members, and that will continue to be one of my goals. I also want to find ways to get more of our members actively involved in our retired organization.



### Walt Munsterman— Retired Vice-President Elect

I have served in various leadership positions within Education Minnesota Retired and am excited to serve now as vice president. I spend much of my time monitoring the public pension systems by attending many meetings of the pension systems Boards of Directors and the State



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## 2017 Education Minnesota Retired Election Results

Positions effective April 21, 2017

**President:** Julie Jagusch

**Vice President:** Walter Munsterman

**Congressional District 2 Director:**  
Jerry Klebs & Wes Hanna

**Congressional District 4 Director:**  
Sharon Kjellberg & Judy Rohde

**Congressional District 6 Director:**  
Joan Beaver & \*\*Vacant\*\*

**Congressional District 8 Director:**  
Roberta Margo & Jan Cummings

**At-Large Board Member:**  
Lori Nord

### Delegates to the Education Minnesota Rep Convention

- Walt Munsterman
- Julie Jagusch
- Lynette Wayne

### Delegates to the NEA Retired Annual Meeting & NEA Representative Assembly

- Judy Rohde
- Walt Munsterman
- Julie Jagusch
- Bobbie Margo
- Lynette Wayne
- Sharon Kjellberg
- Larry Koenck

**District 6 Director vacancy! Let Matt Blewett ([matt.blewett@edmn.org](mailto:matt.blewett@edmn.org) or 651-292-4877) know if you want to run for this board appointed position by May 12.**

## President's Report

L a r r y K o e n c k

This is my last column as president of Education Minnesota Retired. It has been a pleasure to represent Education Minnesota Retired as your president for seven years.

The most important accomplishment was the passage of continuous membership. Many members are now able to register for Education Minnesota Retired at no additional cost when they meet a few eligibility requirements. They are able to retain their rights to all the benefits of AFT Retired, NEA Retired and Education Minnesota Retired as well as stay connected.



We owe a big thank you to our current Education Minnesota officers President Specht, Vice-President Mueller and Secretary-Treasurer Rowe for their support and leadership in accomplishing this. We hope to keep many of our retirees involved in our support of public education in Minnesota.

We also need to stay aware and involved in politics. Protecting our pensions, Social Security, Medicare and Medicaid are vital. We will also need to help protect public education and social programs.

Get involved in your union at the  
**2017 Retired Annual Meeting**  
**When: April 21 (more info on page 3)**  
**Where: Doubletree by Hilton, Bloomington**  
 Registration Form on page 3 or visit <http://retired.mn.aft.org/events>

### A special message regarding TRA fiscal year 2016 and investments

*By TRA Exec. Director, Laurie Hacking*

TRA has received inquiries from members wondering how it is that our fiscal 2016 investment returns were so poor at a time when the stock market has been setting records.

There is a common misunderstanding about our low return (-0.1 percent) last fiscal year. It is important to point out that that reported return was for the fiscal year ending June 30, 2016, not the calendar year ending December 31, 2016. Fiscal year returns were depressed by the Brexit vote, which happened just a few days before the end of June and caused the Dow to plummet 900 points in just two days. Since then, markets improved and, by contrast, our investment return for the calendar year ending December 31, 2016 was 7.6 percent.

In order to dampen volatility, the State Board of Investment (SBI) maintains a diversified portfolio – assets are not invested totally in stocks. For diversification, a large portion of the portfolio (25 percent) is in bonds and another 13 percent is in alternative assets such as private equity and real estate.

The stock market has its ups and downs, and there is always the possibility that the market will be in a downswing when our fiscal year ends, locking in a poor number that must be reflected in our financial reports. But pension systems are very long-term investors, and it's important to take the long view. In fact, SBI has averaged annual compound returns of 8.6 percent over 25 years and 8.7 percent over 30 years, outperforming its private and public pension fund peers nationally.

## Education Minnesota Retired pocket calendars for 2017-18

### IMPORTANT INFORMATION

Many members have communicated with us regarding the pocket calendar Education Minnesota Retired has been mailing out to members with the fall newsletter. The message is this calendar is no longer used or needed by many members. Including the pocket calendar with the newsletter takes much more time to process and costs a great deal more to mail.

Therefore, Education Minnesota Retired will no longer mail pocket calendars with the newsletter to **all** members. **Members who still wish to receive a pocket calendar will have one provided to them.** In upcoming newsletters, we will be giving information on how to request a pocket calendar and how it will be sent to you. Pocket calendars must be preordered for the upcoming school year.



## 2017 Retired Annual Meeting

When: Friday, April 21, 2017

9:30 am to 3:30 pm

Cost: \$20 (for breakfast and lunch)

**Doubletree by Hilton**

7800 Normandale Blvd, Bloomington, MN 55439

Agenda will include:

- Legislative Update
- Social Security/Medicare Information
- TRA Presentation
- Member Benefits Update
- Retired Business Meeting

Members may bring guests.

Register online at  
<http://retired.mn.aft.org/events>

**Remember to bring cash or  
your checkbook for donations!**

### *The Early Bird Gets the Worm...*

If members preregister by April 10, a \$10 gift card will be presented to the member when they check in at the meeting. (Incentive for members to come to this meeting)

### 2017 Retired Annual Meeting

Doubletree by Hilton, Bloomington, MN

Friday, April 21, 2017, 9:30 am - 3:30 pm

Enclosed is \$\_\_\_\_\_ for \_\_\_\_\_ reservation(s). (Cost is \$20 per person)

Name(s): \_\_\_\_\_

Address: \_\_\_\_\_

City/State/ZIP: \_\_\_\_\_

Home Phone: \_\_\_\_\_ Cell Phone: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

**REGISTRATION DEADLINE: April 17, 2017**

Please cut and mail Registration Form to:  
Education Minnesota Retired  
41 Sherburne Ave., St. Paul, MN 55103

*Parking is  
free!*



**PLEASE NOTE:  
The cost is  
\$20 per person**

Cost includes  
FULL breakfast  
& lunch buffets

Be a part of the  
future of  
Education  
Minnesota

## **TRA Happenings at the legislature**

*By Marti Zins*

The Minnesota legislative session is under way with some significant changes from last year. Little progress was made last session and the bill that was forwarded to the Governor was vetoed. The TRA board sought input from stakeholders, discussed, debated, researched and altered the proposal well into December to present to the legislature a proposal for enactment.

As is true for all things involving money, constant monitoring and adjustment is necessary to insure that the TRA stays on course to meet present and future needs. TRA is pleased that the Governor is being proactive and including needed pension money in his budget, thereby allowing pension funding discussions as an integral part of the budgeting process. Further, the TRA board is very clear that pensions should not be in competition with necessary school program funding.

Take a look at the proposals outlined below; an overview of the TRA presentation to the Government Operations Committee hearing, the Governor's budget proposal, and the TRA response to what happened to the investments this last fiscal year.

Per the Government Operations Committee hearing, TRA is currently 71.7% funded (actuarial value) and has a 5.43% of pay deficiency.

TRA's recommendations for the 2017 session include:

- Lowering the COLA to 1.5% for people currently paying into TRA
- Lowering COLA from 2% to 1% for 5 years, 1.5% thereafter
- Eliminating future 2.5% COLA triggers (COLA changes would reduce liabilities by \$1.3 billion)
- Increasing employer contributions by 2% (from 7.5% to 9.5%) phased in over four years (1/2% per year) with the increased costs to school districts offset by increased school aid (It is noted that the national average school districts pay into pensions is 12.9% while in Minnesota it is 7.5%.)

(New Revenue: \$22.5 million in FY18; \$45 million in FY19; for a total of \$67.5 million in 18-19 biennium; \$90 million per year once fully phased in, FY21)

The TRA board supports a data-driven study of all economic assumptions before lowering the assumption to 7.5%. As an interim step, TRA supports lowering the assumption to 7.5% for a temporary three- to five-year period with long-term rate remaining at 8% until the study is completed. The investment assumption is a very long-term assumption used to project liability for 50 to 60 years into the future and should not be overly influenced by short-term expectations nor frequently changed without careful study. Further lowering the assumption drives up the cost of pensions.

Governor Dayton released his FY 18-19 budget recommendations. For TRA, his recommendations include a "comprehensive package of changes ... designed to improve the plan's funding status."

The governor's budget makes the following recommendations for TRA:

- Increase in employer contributions from 7.5% to 9.5% phased in over 4 years so that rates would increase by 0.5% of pay in FY18, 1.0% in FY19, 1.5% in FY20 and 2% in FY21. State aid to help offset these increases is described below.

Continued on page 5

- COLA reduction to 1% for five years beginning in FY18 and 1.5% thereafter and removal of the automatic 2.5% COLA trigger
- Extending TRA's amortization period from 20 years to 30 years
- Lowering the investment return assumption to 7.5%

The governor's budget document explains that the proposed package improves the 30-year projected funded ratio from 37% to 71%.

In the education aid portion of the budget proposal, the governor recommends providing state aid to school districts to offset the employer contribution increases for both TRA and the St. Paul Teacher's Retirement Fund Association. This aid would be distributed to school districts by amending the Pension Adjustment Revenue formula that is part of the General Education formula. The aid is designed to fund the increased TRA employer obligations, but would be capped in the third and fourth year. The pension aid amounts recommended by in the budget are: \$22.85 million in FY18; \$45.7 million in FY19; \$45.7 million in FY20; and \$45.7 million in FY21.

I encourage you to continue to be involved and knowledgeable about your TRA and what is happening. Visit <https://www.minnesotatra.org> for more information.

## REAM Legislative Conference Recap

*By Joan Beaver*

The featured speaker at the Retired Educators Association of Minnesota (REAM) Legislative Conference was Tom Nichols of the National Retired Teachers Association spoke about the trends of changes to public educator pension systems nationally. A former Congressional staffer, he gave us some valuable tips for our efforts to advocate for pensions, Social Security and Medicare. He also reminded us that although basic benefits of those who are retired or close to retirement are protected, COLAs are not.

Presentations by Susan Lenczewski, Executive Director of the Legislative Commission on Pensions and Retirement (LCPR) and Laurie Hacking, Executive Director of Minnesota Teacher Retirement Association (TRA), informed the audience about the TRA challenges and adjustments the LCPR will need address this is session.

Leaders from both parties of the Minnesota House were invited. However, only Representative Paul Thiessen, an experienced LCPR member attended. He told us we should remind our representatives that most of the teachers' pension benefits are paid from the contributions we made throughout our careers and the returns on the investment of those contributions. He added that representatives should understand that pensions are very important to the state economy and that we pay taxes on the benefits.

Education Minnesota Retired will host the Legislative conference for retired educators next year.

### 2017 Fall Conference

**When: September 11-13 | Where: Ruttger's Bay Lake Lodge**

**To register, call 800-450-1350 or visit:**

[https://ruttgers.formstack.com/forms/edmn\\_retired](https://ruttgers.formstack.com/forms/edmn_retired)

**SAVE THE  
DATE!**



# School vouchers and scholarship tax credits

Information from Education Minnesota

Strong public schools for every child has been the key to a better life for generations of Minnesotans, but this foundation of Minnesota's form of government and its economy could be weakened by proposals to bring vouchers or tax-credit scholarships to our state, despite study after study showing the approach doesn't work.

Vouchers and scholarship tax credits are essentially the same thing. Scholarship tax credits are available in 17 states and are being pursued in many others. They both redirect money from public schools into accounts for students to use on other education expenses, including private school tuition.

## School vouchers are:

- **Unaccountable** - Voucher and tax credit programs do not require participating private schools to comply with the same teacher standards, curriculum, reporting and testing requirements as public schools.
- **Reduce access to high quality education** - Education policy should benefit all students, or at least avoid harming some to benefit others, but private schools attended by voucher students follow fewer federal civil rights statutes than public schools. For example, private schools can, and do, turn students away on the basis of their parents' faith, sexual orientation, gender identity, health condition and disability.
- **Irresponsible** - Voucher programs have not proven effective in improving academic outcomes for students. According to studies of the Washington D.C., Milwaukee and Cleveland school voucher programs, students offered vouchers do not perform better in reading and math than students in public schools.

It is irresponsible to use taxpayers' money on an education strategy with no proven history of improving educational success for individual students, but one that excludes whole classes of children, transfers taxpayer money beyond the reach of public accountability and could damage the quality of education in public schools for more than 830,000 Minnesota students across every community in the state.

The bill at the Minnesota Legislature would give people tax credits for private school tuition. Corporations also can get tax breaks for donating to private school scholarship funds. Call your state lawmakers and tell them to focus on school improvement strategies that actually work.

## **\*\*Important information from the Communications Committee\*\***

We are starting to utilize an email system, Constant Contact, to provide information to our members on a timely basis. These notifications and information are being sent to those members who have provided their email address to Education Minnesota Retired. Our members are organized in this service by Congressional District. The format will indicate it is coming from Education Minnesota Retired and will have a blue heading with our name and logo.

## Foundation Contribution

Education Minnesota has established a non profit, charitable organization whose purpose is to provide grant funds to members and certain other non profit groups. The Education Minnesota Foundation for Excellence in Teaching and Learning is governed by a Board of Trustees who are members of Education Minnesota.

Since it's inception, the Foundation has funded 868 projects and awarded more than \$2.4 million in grants.

If you have any questions, please contact the Education Minnesota Foundation Director, Dayonna Knutson 800-652-9073

Mail contributions to:

**Education Minnesota Foundation  
41 Sherburne Avenue  
St. Paul, MN 55103**



## Foundation Contributions

Contributions to Education Minnesota Foundation  
from Education Minnesota Retired Members

Name(s): \_\_\_\_\_

Address: \_\_\_\_\_

City/State/ZIP: \_\_\_\_\_

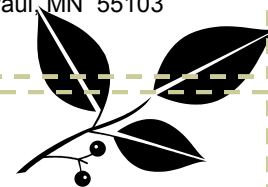
Home Phone: \_\_\_\_\_ Work Phone: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

Enclosed is a check payable to Education Minnesota Foundation in the amount of \$ \_\_\_\_\_

All donations to the Education Minnesota Foundation are tax deductible!

Mail contributions to: 41 Sherburne Avenue, St. Paul, MN 55103



## PAC Contribution

Through affiliation with Education Minnesota, Education Minnesota Retired retains access to political action and resources essential in electing 'friends of education' and the lobbying efforts essential to maintain and improve Minnesota teacher retirement programs. Concurrently, retired educators also remain vitally active and interested in educational programs critical to quality education in Minnesota.

**To support these efforts, the Education Minnesota Retired Governing Board encourages retirees to contribute at least \$20.00 to Education Minnesota PAC.**

Education Minnesota Retired members who contribute are eligible to participate on screening teams that interview candidates and recommend endorsements of 'friends of education'. If you have questions, please contact Education Minnesota Public Affairs/PAC Dept. 800-652-9073

Mail contributions to:

**Education Minnesota PAC**



## PAC Contributions

Contributions to Education Minnesota PAC  
from Education Minnesota Retired Members

Name(s): \_\_\_\_\_

Address: \_\_\_\_\_

City/State/ZIP: \_\_\_\_\_

Home Phone: \_\_\_\_\_ Work Phone: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

Enclosed is a check payable to Education Minnesota PAC in the amount of \$ \_\_\_\_\_

\*Education Minnesota Retired members can participate on screening teams if they contribute to Education Minnesota PAC.

Mail contributions to: 41 Sherburne Avenue, St. Paul, MN 55103





*Retired*

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## February 2017

Education Minnesota Retired  
41 Sherburne Avenue  
St. Paul, MN 55103  
<http://retired.mn.aft.org/>

Phone: 651-292-4877 / 800-642-4624  
Fax: 651-292-4815  
E-mail: [matt.blewett@edmn.org](mailto:matt.blewett@edmn.org)

### Upcoming Events

Annual Meeting: April 21 (Bloomington)  
Fall Conference: September 11-13 (Ruttger's)  
Fall Breakfast: October 19 (St. Paul)

## Calendar of Events

Mark your  
calendars!

- April 21      *Retired Annual Meeting (registration information enclosed)*
- April 21-22      Education Minnesota Representative Convention  
*DoubleTree in Bloomington*
- September 11-13      **SAVE THE DATE!** 2017 Fall Conference at  
*Ruttger's Bay Lake Lodge*
- October 19      *Retired Fall Breakfast*  
*Science Museum of Minnesota*

Event Registration links can be found at  
<http://retired.mn.aft.org/events>



Visit our Web Site!  
<http://retired.mn.aft.org/>