



The Committee of Thirteen

Advocating for your retirement future Educating for your retirement planning

June

2014

Gov. Dayton signs pension bill that aids teachers

ST. PAUL. Gov. Mark Dayton signed into law the 2014 Omnibus Pensions and Retirement Bill. The bill authorizes the merger of the Duluth Teachers Retirement Fund Association (DTRFA) into the statewide Teachers Retirement Association (TRA) and extends aid to the St. Paul Teachers Retirement Fund Association (SPTRFA).

The bill provides \$14 million in annual ongoing state aid to TRA beginning Oct. 1, 2014, to fund the Duluth merger and redirects approximately a half-million dollars per year in existing Duluth state aid to TRA. Additionally, the new law grants \$7 million in ongoing aid to the St. Paul teachers' fund beginning Oct. 1, 2015. The consolidation will move forward after the expected approval of the TRA and Duluth boards and the DTRFA membership.

The pension bill builds on reforms of the past four years and will further help improve the stability and sustainability of Minnesota's public pension plans. Bill author Rep. Mary Murphy, D-Hermantown, said that the measure was "crafted in the spirit of good financial stewardship and accountability to stakeholders – current and future public retirees, local government and school district employers, and taxpayers."

Senate bill sponsor Sen. Sandy Pappas, D-St. Paul, added: "**This is really an attempt to make sure we have a strong, sustainable teacher retirement system for all teachers.**"

The teacher fund consolidation continues the longtime trend of consolidating stand-alone funds to make them more sustainable. Merging the DTRFA into TRA follows past practice and precedent by protecting TRA, contributing members and school districts. The legislation assures that the unfunded liabilities of the merging system are funded by ongoing state aid,

safeguarding the assets of the TRA fund.

The TRA board took the position last fall that it would be willing to accept the financial and administrative responsibilities of merging DTRFA into TRA only if sufficient financial aid were provided to fully fund DTRFA's liabilities. TRA's actuary determined that an additional \$14 million in annual aid is required to protect TRA and that was the amount included in the new law.

Some of the other significant reforms in this year's bill include:

Spelling out the process by which cost of living adjustments (COLA) are triggered. When the statewide plans (MSRS, PERA and TRA) reach 90 percent funding two years in a row COLA increases kick in. When TRA reaches 90 percent funding, the COLA will rise from 2 percent to 2.5 percent.

Allowing bargaining units to request that TRA deduct dues for retiree organizations. The Committee of Thirteen was successful in asking for an amendment to the pension bill that includes TRA in previously passed legislation allowing bargaining units to request dues deduction from pension checks for retiree organizations. That provision will take effect July 1, 2015.

Using the MTRFA/TRA merger as the model for the Duluth/TRA merger. Committee of Thirteen lobbyist **Louise Sundin** said legislators discussing the Duluth merger repeatedly referred to "the Minneapolis Way" as the preferred process for the Duluth merger into TRA. The MTRFA was merged using the full actuarial value. The city, the school district and the legislature are providing the additional funding needed to reach the full actuarial value.



Jay Stoffel

Jay Stoffel, former executive director of the Duluth Teachers Retirement Fund Association, is now the deputy executive director of the Teachers Retirement Association (TRA) pension fund in advance of Duluth's merger into TRA. Since the Duluth/TRA merger won't happen until July 1, 2015, he will be in a position to oversee the transition. Interestingly, Karen Kilberg, former executive director of MTRFA, is working with DTRFA because of her experience with the Minneapolis merger. Jay spoke at the **Committee of 13/RTC 59** luncheon meeting May 27. He told Minneapolis retirees how much he appreciated Minneapolis paving the way for the Duluth merger (see *article at left*).

Committee of Thirteen

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Opinion

United we stand

...divided politicians may change our pensions

by Jay C. Ritterson

Do you sometimes wonder why we stay together to maintain healthy defined benefit pension plans? Do you find the defined-contribution--401K, 457 etc.-- pension plans attractive?

Stockbrokers and private investment firms certainly find those defined contribution pension plans

attractive. They'd be getting paid to invest individuals' money. And, the only thing certain in the defined contribution plans, is that the brokers WILL be paid their commissions even if you are losing money.

The staff of well-managed public employee retirement funds, like TRA, earn salaries, not commissions.

Their goal is to invest wisely in order to ensure a secure retirement for you and for all TRA members.

Now take a minute to think about the fable at right in terms of your financial future. Where are you in this fable?

Are you one of the Four Oxen, pulling together with your team to help your greater community survive and thrive?

Colleagues in other states who have chosen, or been forced to go it alone, have learned that the predatory lions in the investment industry have consumed up to a third of their retirement dollars.

Those lions want to prey on individuals-- they are more vulnerable than groups. more vulnerable than groups.

We need to continue to stand together in order to fend off the attacks on our hard-earned retirement funds.

The Lion & the Oxen

A Lion used to prowl about a field in which Four Oxen used to dwell. Many a time he tried to attack them; but whenever he came near they turned their tails to one another, so that whichever way he approached them he was met by the horns of one of them. At last, however, they fell a-quarrelling among themselves, and each went off to pasture alone in a separate corner of the field. Then the Lion attacked them one by one and soon made an end of all four.

"The Four Oxen and the Lion," Aesop's Fables (1867), Edward Garrett, ed.

Every day, the free-market lions are salivating over what they see as easy pickings--our retirement dollars.

While TRA's mission is to ensure our well being, those lions have a different goal--they want to wrest billions of dollars away from public sector pensions--and into their own pockets.

TRA's current defined-benefit pension plan is one of the best and

most secure funds in the nation. Its collapse would throw teachers and others into the private investment world of risky defined-contribution plans.

We can't let this happen! Instead, we can contribute to the Committee of Thirteen so that it can support the policy makers on the Pension Commission who will work to preserve secure public employee pension plans. Minnesotans must keep their contract with educators and all the public employees who make Minnesota a truly civilized state.

Opinion

In Memoriam

Writer knows high cost of defined contribution pensions

Dear Sir,

I simply want to express my thanks for the Committee of Thirteen and tell you how important your work is to maintain a defined benefit pension plan for teachers.

I retired a number of years ago and had all of my funds in a 401K plan. Just for the record my 401K plan had lost 50 percent of its value in the stock market crash in 2000. By the time I had retired at age 70, the market had not regained what I had lost. I had been a teacher and administrator for a number of years in addition to working in the private sector for 22 years. As my wife and I started to work out a plan for retirement, I looked into the possibility of doing a buy back for the years of service in the public sector, including principal and interest. The investment banker that we were working with said that he could take the same money and purchase an annuity for me that would yield more than the combined TRA and PERA benefit that I had earned. I suggested that he produce one.

He could not. Further, it has taken us over 5 years to earn back to the same level of value that we had in our 401K in 2008.

The TRA and PERA funds have done better than that with their professional advisors and the amount of money they have to invest. There is no way an individual who is working full time and doing his own investment through a 401K can hope to do as well as a professionally well managed fund.

As my wife and I consider our own future our biggest worry is that the market will crash again and we will not have sufficient funds to survive our old age. Corporate America is running away from its responsibility to its employees in pensions and health care. The Public sector needs to stand up to the corporate sector and lead to a better tomorrow for all the people and especially for those who sacrifice salary and perks to remain in the public sector. Thanks for what you are doing.

John M. Maas, Retired MPS teacher

Ron Bragg, a dedicated member of the Committee of Thirteen passed away on May 24.

Ron began working in the Minneapolis Public Schools as a U.S. History teacher at Jefferson Jr. High. He later became assistant principal at Bryant Jr. High and spent the last 15 years of his career as principal at the Hennepin County Home School. He retired after 30 years of service, yet continued to serve in MPS when called upon. Ron was a great colleague and a good friend and he will be greatly missed. Many of his family members also worked in MPS, including his wife, Joan Bragg, who retired from Dowling.

Begich bill to repeal WEP/GPO needs your support

Alaska Sen. Mark Begich's 2013 Social Security Fairness Bill aims to repeal the toxic WEP/GPO (Government Pension Offset/Windfall Elimination Provision) that impacts teachers and other public employees.

GPO/WEP:

- Penalizes public employees in all 50 states by slashing their Social Security benefits
- Affects one third of all America's educators because they teach in positions affected by the WEP/GPO
- Negatively affects recruitment and hiring of new teachers

- Denies earned and paid for Social Security and Medicare benefits
- Penalizes widows and widowers by denying them up to 100% of their survivor benefits.

Show Congress how important it is to repeal WEP/GPO. Sign the petition urging Congress to repeal WEP/GPO at:

<http://www.petition2congress.com/9223/repeal-wepgpo>

Committee of Thirteen Chair Jay Ritterson hands the gavel to his successor, Paul Sisson



Paul Sisson

Paul Sisson, an MPS school psychologist, has added a new role to his resume by accepting the post of Chair of the Committee of Thirteen. Sisson succeeds Jay Ritterson who announced his decision to step down as chair earlier this year. Sisson, who worked in corrections and family court services before becoming a licensed psychologist has worked as a licensed school psychologist in the Minneapolis Public Schools since 1999.

Sisson says his work in both Minnesota and Wisconsin means that he is vested in three major Minnesota pension plans-- MSRS, PERA and TRA-- as well as WRS (Wisconsin Retirement System). As a result, Sisson said, "I have a personal stake in seeing that our public retirement plans are well-managed and operated to serve the best interests of current and future retirees".

Sisson succeeds Jay Ritterson who chaired the

Committee of Thirteen Chair for seven years. Ritterson focused on safeguarding MFT members' pensions during an era marked by constant attacks on public employees and their pensions. He can look back on a record of success that includes the passage of the 2010 Pension Fix Legislation that strengthened TRA, and on a series of pro-worker pension bills that followed it.

Ritterson will remain on the Committee of Thirteen and will continue to build the Committee's outreach to active and retired teachers. He'll also continue to maintain the Committee blog, facebook page, Twitter account and Google Plus feed that he established. Ritterson insists that he won't be spending all his time at his keyboard, though. Instead, he'll travel, write, increase his volunteer hours at the Wood Lake Nature Center, and complete the work on his Master Naturalist Certificate.



Jay Ritterson

ALEC's efforts to undercut public employee pensions underscore need for Committee of Thirteen's work

Correspondent Alan Greenblatt, writing for Governing.com sounded the alarm last month. ALEC (The American Legislative Exchange Council) is expanding.

The group that's long been known for its state-level efforts to privatize schools, public services and public employee pensions is now moving its influential efforts to the municipal and school district level.

ALEC, funded by the Koch brothers, Wal-Mart's Walton family and other anti-middle class groups, has already used its allies, including Minnesota's Center for the American Experiment, to undercut public employees, the services they provide and the pensions they earn.

Now, they're stepping up their efforts. And that's bad news for TRA members, says Committee of Thirteen lobbyist Louise Sundin.

"The Center for the American Experiment here in Minnesota is one of ALEC's top allies," Sundin said. "The Center, and its chief operating officer, Kim Crockett, are constantly working against us and trying to get their hands on our pensions." Sundin said.

"If they're stepping up their efforts, we need to make sure that we're stepping up ours as well. We need to keep working to inform legislators and school board members. And frankly, we need to keep working to elect public officials who understand the importance of our defined benefit pensions."

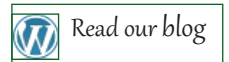
Please update your address book with the Committee of Thirteen's new address:

Committee of Thirteen

PO Box 1414

Lakeville, MN

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The Committee of Thirteen is constantly advocating for our defined benefit pensions at the Legislature.

We work to make sure that the Legislative Commission on Pensions and Retirement has accurate information about MPS/TRA retiree pensions.

We work to make sure that legislators understand how

TRA members' pension dollars help keep retirees financially independent Minnesota's economy strong.

We provide facts that counter the attacks on our pensions that come from groups including Pew Research, the Heritage Fund and the Minneapolis-based Center for the American Experiment .

And, we support school board and legislative candidates who support public school teachers and the pensions that they have contributed to throughout their careers.

The Committee of Thirteen needs your support to keep advocating for your pension.

In this election year, your support will help candidates who support us and will help safeguard our defined benefit pensions from attacks during the 2015 Legislative Session.

Our colleagues in Rhode Island, New Jersey and even in neighboring Wisconsin are struggling to protect their pensions from hostile politicians. We need your help to make sure that won't happen here. Please contribute today!



Contribution Form

Please make checks payable to the Committee of Thirteen and mail to:
Committee of Thirteen, P.O. Box 1414, Lakeville, MN 55044

Name _____

Address _____

City _____ State _____ Zip _____

Phone _____ Email _____

Note: A good rule of thumb or guideline for giving is one percent of your monthly pension check; if you receive a \$2500 monthly pension check, please contribute \$25. Thank you!
Help us send you timely information! Send us your email address.