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Minnesota Teachers Retirement Association

Agency Profile 1

Minnesota Teachers Retirement Association — Agency Profile

https://www.minnesotatra.org/

AT A GLANCE

Who We Serve:

- 150,713 active/inactive teachers
- 70,483 benefit annuitants
- 591 employer units

Revenue Sources: (Over last 30 years)

- 71% investment income
- 14% member contributions
- 15% employer unit contributions

Direct Aid and Supplemental Employer Contributions:

- State General Fund annual appropriation of approximately $15.5 million for the merger of Minneapolis Teachers Retirement Fund Association (MTRFA) in 2006.
- $2.25 million from the City of Minneapolis and $2.25 million from the Minneapolis School District in direct annual contributions related to the MTRFA merger.
- State General Fund annual appropriation of $14.4 million for the merger with the Duluth Teachers Retirement Fund Association in 2015.

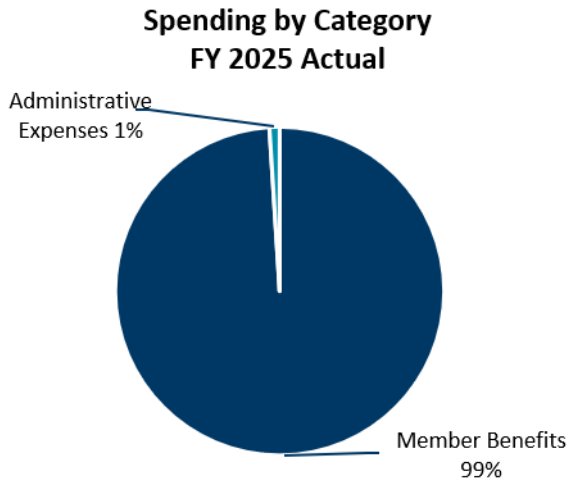
Staff:

- 98 FTE

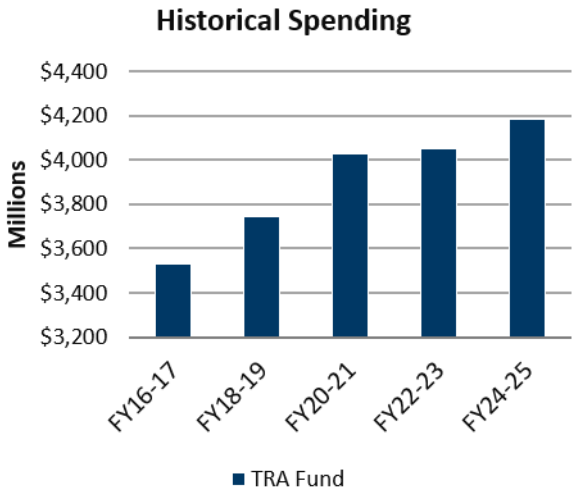
PURPOSE

TRA provides retirement, disability, and survivor benefits to Minnesota public educators assisting them in achieving future income security. TRA strives to provide benefits that attract and retain competent teachers who serve communities throughout the state, building a stronger education system. TRA commits to safeguarding the financial integrity of the fund and takes pride in providing exceptional, innovative services to our members.

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: TRA Annual Comprehensive Financial Reports (FY 2016-2025)

The Minnesota legislature established TRA in 1931. TRA administers a defined benefit pension plan for eligible teachers and education professionals. TRA is governed by a board of trustees consisting of three statutory members and five elected trustees. TRA is funded through member contributions, employer contributions, and investment earnings on fund assets. From the period 1995 to 2025, investment earnings compromise approximately 71% of revenue while member and employer contributions represent the remaining 29% of revenue. As of July 1, 2025, active TRA members contribute 8.00% of their covered salary to TRA and employers contribute 9.81%.

Over 98% of TRA's expenses are monthly retirement, survivor, and disability payments to members or other benefit recipients. In fiscal year 2026, TRA expects to pay $182 million a month in benefits to over 70,000 recipients.

STRATEGIES

The TRA Board of Trustees and the executive team are committed to safeguarding the financial integrity of the fund and continually monitors the actuarial condition. TRA's core operational functions include collecting, recording, and maintaining the accounting of retirement contributions; collecting and managing member information; issuing benefit and refund payments; and educating members and employers about TRA plan features.

RESULTS

Part A: Performance Data

The 2025 legislature enacted changes to benefits and contribution rates. Effective June 30, 2025:

- Eligible members who are age 60 or older with at least 30 years of service and choose to retire before their normal retirement age will receive a lower reduction factor of 5%, with augmentation.
- All new TRA retirees have a post-retirement increase delay until January 1st following the year in which they reach normal retirement age.

The changes noted above were funded through a combination of contribution increases and cost absorption. Approximately $20 million per year in additional State dollars will pay for a 0.31% employer contribution rate increase. The remaining 0.26%-of-payroll cost was absorbed by the TRA fund. On July 1, 2025, the 0.31% employer contribution rate increase from the 2025 Omnibus Pension and Retirement Bill went into effect. In addition, the 0.25% employee contribution rate increase passed by the Minnesota Legislature in 2023 went into effect.

Three measures of a defined benefit plan's financial health are:

- **Funded Ratio** – This ratio is the percent of a retirement fund's net assets, calculated for actuarial purposes, that is available to pay the present value of benefits that employees already earned. The higher the ratio, the better positioned the retirement plan is to pay future benefits when they become due.
- **Unfunded Actuarial Accrued Liability** – This is the difference between the actuarial value of assets and the present value of member's future benefits.
- **Contribution Sufficiency/Deficiency Rate** – This rate is the difference between the actuary's computation of required employer and employee contribution rates and the statutory contribution rates, expressed as a percent of payroll. A sufficiency indicates that the plan is on target to reach a 100 percent funded ratio before its full funding date; conversely, a deficiency means the retirement system is not collecting enough contributions to meet its full funding target date.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Funded Ratio (Market Value)	Quality	July 1, 2025 Actuarial Valuation	Increasing	84.51%
Unfunded Actuarial Liability (Market Value)	Quality	July 1, 2025 Actuarial Valuation	Decreasing	$5.7 billion
Contribution Sufficiency/Deficiency (percent of Market Value)	Quality	July 1, 2025 Actuarial Valuation	Increasing	0.44%

Part B: Evidence of Effectiveness

No evidence-based practices were identified.

Legal authority for the Teachers Retirement Association comes from Minnesota Statutes Chapter 354 (https://www.revisor.mn.gov/statutes/?id=354).