

MSCF Minute



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Pension Update

by Rick Nelson, MSCF Defined Contribution Retirement Chair

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Many of you are aware of some concerns regarding the long-term financial status of defined benefit pension programs not only in Minnesota, but across the country.

There are a number of reasons for these concerns. First, the longevity of faculty members after retirement is increasing. Second, the volatility of the market over time has changed the outlook and accounting principles. These reasons plus many more are why the Legislative Commission on Pensions and Retirement (sometimes referred to as the Legislative Commission) is looking at overall plan sustainability and ways to reduce plan liabilities on current and future retirees.

With this in mind, the Pension Commission, which consists of seven members of the House and seven members of the Senate, is working on short-term, intermediate plans, in

addition to long-term plans, to rectify these concerns.

Between the discussions taking place within the Pension Commission and the reform options that are available, the Commission has identified some cost savings options in addition to what TRA and other retirement programs are proposing.

Some of the options are listed below. You can find approximately 30 additional options on the TRA website. www.minnesotatra.org.

Pension Commission options

- COLA (Cost of living) - reduce to 1% permanently
- Increase normal retirement ages from 66 to 67, and a minimum retirement age from 55 to 57

- Increase early retirement penalties
- Lower TRA benefits formula from 1.9% to 1.7%
- Move from high 5 to high 10 salary periods for claiming benefits

TRA's legislative proposal includes:

- COLA - reduce to 1% for 5 years and 1.5% thereafter
- Raise employer contribution rate by 2% (From 7.5% to 9.5%)
- Employee contribution rate would remain at 7.5%

Legislative Reminder

As the legislature gets ready for their Easter/Passover break, many will be returning to their home districts to meet with constituents and/or hold town halls. This is a great opportunity to connect with your legislators. Consider attending a town hall if they have one or inviting them for coffee at your campus. As we hit the last month of the session, this is an important time for our members to be engaged.

Please don't hesitate to contact me if you have any questions/concerns or need assistance in making contact with your legislators.

Thank you all for your efforts!

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Campus Success Story

Last academic year (2015-2016), 13 faculty members were paid an additional total of 13.83 credits due to an MSCF compliance visit.

Welcome New Members!

Norma Wilson
Anoka Ramsey - Coon Rapids
Michael Birchard
North Hennepin