

Retired Educators Association of Minnesota

REAM Still serving-Still sharp

The REAM News

NRTA
AARP's Educator Community

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PRESIDENT'S REPORT

John Fisher, REAM President

REAM is pursuing its stated purpose of monitoring the actions of the State Board of Investments and the Legislative Commission on Pensions and Retirement (LCRP) as they relate to TRA & PERA. As we proceed to enter the 2015 Minnesota legislative session, it is wise to take note of the political climate change that occurred as a result of the 2015 general election throughout the nation. Note the following from recent news items:

- Republicans increase control in state legislatures
- Everything went in the direction of the GOP as Republicans seized new majorities in the West Virginia House, Nevada Assembly and Senate, New Hampshire House, Minnesota House and New York Senate....

Also, the US Congress has included in its budget "allowing the benefits of current retirees to be cut as part of an agreement to address the fiscal distress confronting some of the nation's 1,400 multi-employer pension plans." The proposal sponsored by Rep. John Kline, R-Minn., would permit financially strapped plans to cut retiree benefits--a violation of traditional defined-benefit plans. Karen Friedman, executive vice president of the nonprofit Pension Rights Center, reports that "This proposal would devastate retirees and their surviving spouses" and "torpedo basic protections of the federal private pension law ... that states that once benefits are earned, they can't be cut back."

Public pension plans are very likely to be next. In fact, as we previously reported to you, in the last Minnesota legislative session the LCPR heard

proposals that would move Minnesota from a defined-benefit to a defined-contribution plan, or to propose a combination of each, or a "hybrid." The LCPR did not act on any changes last session, but with the chair of the LCPR for the 2015-2016 session coming from the Minnesota House, with its change to Republican party leadership, the issues for "reform" may likely resurface.



John Fisher, President of REAM

REAM will be at the LCPR hearings supporting the retention of the defined-benefit plan; we will testify and tell individual LCPR members the economic virtue of the defined-benefit plan to Minnesota and its economy. REAM will be at the meetings of the State Board of Investment to represent you and the defined-benefit plan.

REAM's Legislative Committee will inform your REAM directors of any possible changes to the defined-benefit plan so you can use your personal influence to contact your state representative or state senator. REAM will not fail your trust.

Don's Discoveries



I truly hope all of our readers had a joyous and relaxing holiday season with family and friends. We all have so much to be thankful for. Many of us probably would like to have seen a bit more snow (for the grandkids' sake), but at least the mercury didn't plummet into the sub-zero digits of years past. I guess we can be thankful for that, as well.

A couple pension updates appear to be in order as we embark into 2015. The Duluth-TRA merger is off to a good start. Both boards unanimously approved the pact, and the Duluth teachers ratified the merger overwhelmingly (95%). TRA received its first \$15 million payment from the state this fall, in addition to \$6 million from 2013 legislation in support of Duluth's pension system. That's a great start, and now Duluth is one with us.

The TRA staff hosted a stakeholders' meeting in their conference room Nov. 12. The workshop was extremely well attended by affected parties representing the wide spectrum of TRA constituents. Laurie Hacking spoke on a number of pension issues and about what might be expected during the upcoming legislative session.

The State Board of Investment (SBI) returns for the fiscal year ending June 30, 2014, were an impressive 18.6%. Five-year returns are 14.5%, and 30-year returns are 10.3%, well above the 8–8.5% actuarial assumption. The funding ratios for the three systems are: MSRS — 91%; PERA — 81%; TRA — 83%. All three funds have rebounded nicely due to the shared sacrifice of the 2010 pension legislation, coupled with solid SBI investment returns over the past five years.

One pension issue that might surface during the 2015 legislative session is altering the actuarial assumption rate on TRA funds. The sliding rate currently is referred to as Select and Ultimate, a plan where the rate was reduced from 8.5 to 8% for five years. The rate is expected to rise again to 8.5% in 2016.

Why is an accounting term such as actuarial assumption rate important to retirees? Moving the rate permanently to 8% or even lower would impact the COLA you receive. Currently, by law, TRA recipients' COLAs will increase to 2.5% from 2% if the plan's fund ratio rises above 90% for two consecutive years. So, if the assumption rate is lowered to, say, 7.5% (most states are in the 7-7.5% range), TRA's funding ratio might drop from 83% to 78%. Add to this the resulting contribution deficiency and you can forget about a 2.5% COLA during your lifetime. Period!

In other words, RETIREES are paying the costs of the damages inflicted on their pension plan by the shortsighted politics of anti-public pension interest groups and fiscally conservative politicians.

What can you do to prevent the assumption rate from being drastically lowered and having YOUR pension diminished? The State of Minnesota is releasing an Experience Study on Public Pensions in May 2015. It will detail the health of our pension systems and make recommendations about future rates. TRA is waiting until the study is made public before it speaks out. If reduced rates are part of the study, TRA will advocate for a reduction to 8.25% going forward.

You can call/write your legislators and tell them to protect our pensions and to protect the Select and Ultimate 8–8.5% rate. Stand up for public pensions. Protect YOUR COLA!

On Jan. 27, REAM will host its semi-annual mid-winter legislative conference at the Maple Grove Community Center from 8:30 a.m. until 2:30 p.m. Presenters will include governmental agency heads and key legislators. The cost is \$20 pre-registered and \$25 at the door. Coffee, juice, rolls, and a catered meal are included in the cost.

The conference is open to all REAM members (that means YOU!) and members of EdMn Retired, as well. We are hoping for a good crowd, with lots of spirit and energy (and great questions for the presenters). A registration form can be found on page 5 of this newsletter.

Call me at **507-433-1119** if you have questions.

Chuck's Comments



Here's hoping you had happy holidays! With three grandsons and their parents visiting us for two weeks over the holidays, Anita and I are resting this January.

The 2015 REAM Convention will be Monday, Tuesday and Wednesday, Sept. 28-30, in St. Cloud at the Best Western Plus/Kelly Inn. Mark your new 2015 calendar! I hope to see many of you at this convention.

REAM sponsors trips through Premier World Discovery. I've received over 50 requests for flyers and reservation forms for our four trips for 2015. Here's more information on the four trips.

- **April 26: "Great Trains & Grand Canyons."** 6-day trip in Arizona. Roundtrip airfare from Minneapolis-St. Paul Airport. Five nights at the Hilton Sedona Resort. Eight meals and motor coach included along with two rail journeys – The Grand Canyon Railway and Verde Canyon Railroad. Visit the Grand Canyon National Park. Eight meals, motorcoach and guide. \$1,995 per person double.

- **May 14: "Washington, D.C. & Williamsburg."** Seven days; roundtrip airfare from MSP. Washington, D.C., city tour, Arlington National Cemetery, U.S. Naval Academy tour in Annapolis, Mt. Vernon tour, Jamestown & Yorktown and Colonial Williamsburg. Nine meals, motorcoach and guide. \$2,045 per person double.
- **Oct. 3: "New England Rails & Trails."** Eight days; roundtrip airfare from MSP, 11 meals, and travel through Boston, Vermont, New Hampshire & Maine. Motorcoach plus Mount Washington Cog Railway and Conway Scenic Railroad in New Hampshire. \$2,575 per person double.
- **Oct. 11: "Prague & Highlights of the Danube."** Chartered river cruise from Prague; 11 days. Roundtrip airfare from MSP. Two nights in Prague. Eight nights on the MS Amadeus Royal. See Prague, Passau, Vienna, Bratislava, & Budapest. Fly back from Munich. 22 meals. \$4,295 to \$6,095. This is nearly sold out.

You can call me for flyers and reservation forms at **507-301-3609** or email me at cchellie@charter.net.

REAM is sponsoring a Mid-Winter Legislative Conference Tuesday, Jan. 27, at the Maple Grove Community Center. See more on pages 2 and 5 in this Newsletter.

We hope to also have a Lobby Day with Education Minnesota Retired at the State Capitol in St. Paul later in the legislative session.

REAM needs a volunteer to eventually take over as our treasurer. We know there are REAM members who have the qualifications to help in this area. Also, we need a person to serve as our website coordinator. We need to keep our website up to date! Give me a call at **507-301-3609** or email me at cchellie@charter.net if you can help REAM.

REAM MEMBERSHIP IS ON THE RISE

We are excited to report that the number of REAM members to date is more than 500 greater than this time last year and already higher than the end-of-year total for 2014!

Currently there are 7,597 paid REAM members, which is over 7 percent higher than this time of year last year. The increase is primarily due to the large number of first-year members.

A breakdown of 2015 membership by region to date is as follows:

Central	1,359	Southeast	1,180
Metro	2,665	Southwest	566
Northeast	540	Out-of-State	791
Northwest	496		

We would like to take this opportunity to WELCOME and thank the new members who joined this year. We hope that you find value in your membership and that you will encourage other retirees to join our organization. Encourage non-members to check the website (www.mnream.org) for information on the benefits of being a member of REAM.

Judy Resler
PERA Membership Co-chair

Rosemary Schneiderhan
TRA Membership Co-chair

MEMORIALS AND GIFTS — JANUARY 2015

IN MEMORY OF:	FROM:	AMOUNT:
WILLIAM "BILL" ARNDT	LARRY CHRISTENSEN, BEMIDJI	\$25
DENNIS DEANOVIC	ANONYMOUS	\$12.50
ELAINE V. FLATHERS	ANONYMOUS	\$50
MAXINE TENNEY	STILLWATER AREA REAM	\$10
DAVID THAYER	ANONYMOUS	\$12.50
ADRIAN "TOMMY" THOMPSON	STILLWATER AREA REAM	\$10
GIFTS	ANONYMOUS	\$50
GIFTS	CAROL SAURO, PLYMOUTH	\$10
GIFTS	JUDY DITTBERNER, FOREST LAKE	\$10
GIFTS	NANCY LEBA, MINNEAPOLIS	\$20

REAM MID-WINTER LEGISLATIVE CONFERENCE

REGISTRATION FORM

January 27, 2015 | 8:30 a.m.–2:30 p.m.
Maple Grove Country Club
12951 Weaver Lake Road | Maple Grove, MN

Fee is **\$20** for pre-registration, **\$25** day of event. *Fee includes coffee, juice, rolls, and a meal catered by Lookout Bar & Grill.*

DEADLINE FOR PRE-REGISTRATION IS JANUARY 30th.

Name of registrant _____

Phone number () _____

E-mail address _____

Please send this completed form and registration fee to:

Don Leathers
304 19th St. NW
Austin, MN 55912
E-mail: dcleathe@charter.net

REAM BOARD OF DIRECTORS

President: John Fisher

1766 Linden Cove
White Bear Lake, MN 55110
(651) 653-9498

Past President: Curt Hutchens

614 N. Montrose Rd
St. Cloud, MN 56301
(320) 229-8806

Vice President: Joyce Sukola

421 Birch Dr.
St. Cloud, MN 56304
(320) 230-6468

Exec. Director: Chuck Hellie

1129 Heritage Dr.
Northfield, MN 55057
(507) 301-3609

Secretary: Karna Brewer

431 Fremont St.
Anoka, MN 55303
(763) 427-8595

Treasurer: Gordon Wagner

317 Waite Avenue S.
St. Cloud, MN 56301
(320) 249-2719

Membership Co-Chairs:

Rosemary Schneiderhan
email: daleadm@hotmail.com

Judy Resler

email: jresler@comcast.net
(651) 484-6030

Editor: Steve Schild

sschild@smumn.edu
(507) 454-7042

The REAM News

P.O. Box 130547
St. Paul, MN 55113

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REAM STATEMENT OF PURPOSE

- Represent all school retirees, present and future, certified and classified.*
- Educate and inform all school personnel on matters related to the improvement of their economic and social status.*
- Assist and work to strengthen local and regional units in every way possible.*
- Monitor the actions of, and cooperate, with the legislature, all government units, and other organizations that deal with present and future retired school personnel.*

If you are retired or within 5 years of retirement as an educator (any school personnel) you are eligible for REAM membership.

FOR AN EDUCATOR THE CHOICE IS EASY—JOIN REAM

MEMBERSHIP/RENEWAL APPLICATION - RETIRED EDUCATORS ASSOCIATION OF MINNESOTA, INC.

Legal Name _____
(Last) (First) (Middle)

Mailing Address (Street or Route Box) _____

City _____ State _____ Zip _____

Winter Address if different _____

*If winter address is not known at this time, please notify us when you do know it either by regular or e-mail: dldrademacher@msn.com

Phone _____ Email Address _____

Please check appropriate box so that we can record accurately.

CHECK MEMBERSHIP DESIRED:

- \$150 Life
 - \$12 Annual New Renewal
- Membership Year Sept. 1 to August 31



Retired Educators Association of Minnesota

PENSION SOURCE:

- TRA
- PERA
- Mpls., St. Paul, Duluth
- Other

Make check payable to REAM. Mail payment and form to: REAM MEMBERSHIP, BOX 130547, ROSEVILLE, MN 55113.

For membership card, enclose a self-addressed stamped envelope. www.mnream.org