

2018 PENSION BILL FACT SHEET

ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION

CONTRIBUTIONS									
	EMPLOYEE (CURRENT RATE: 7.5%)		EMPLOYER (PRE-7/2018 RATE: 6.5%)						
	FY23	TOTAL	FY19	FY20	FY21	FY22	FY23	FY24	TOTAL
	% Increase	0.25%	0.25%	0.835%	0.835%	0.21%	0.21%	0.21%	0.2%
% of Pay	7.75%		7.335%	8.17%	8.38%	8.59%	8.8%	9%	

FY19 = July 1, 2018-June 30, 2019

FY23 = July 1, 2022-June 30, 2023

The state will begin making annual payments directly to the plan of \$5 million in FY19.

COST-OF-LIVING ADJUSTMENT (COLA)

No COLA for 2019 and 2020. COLA of 1% resumes January 1, 2021.

Eliminates the COLA "trigger" that automatically increases the COLA rate based on funded status.

For retirements on or after January 1, 2024, early retirees will not begin to receive a COLA until normal retirement age. Does not impact retirees retiring under the "62/30 Rule".

EARLY RETIREMENT

Phases out, over five years, the augmentation subsidy that is added back into the calculation used to reduce a retiree's benefit who retires before normal retirement age. Does not impact retirees retiring under the "62/30 Rule".

DEFERRED AUGMENTATION

The automatic annual increase of 2% made each year to the pension benefit accrued by former employees ("augmentation") is prospectively eliminated, effective July 1, 2019.

REFUNDS

Rate of interest on refunds for employee Rate of interest on refunds of employee contributions is reduced from 4% to 3%, effective July 1, 2018

INVESTMENT RETURN ASSUMPTION

Investment return assumption reduced from 8% to 7.5%.

DISABILITY BENEFITS

The St. Paul Teachers executive director must now reject a member's application for a disability pension if the member is only applying because the member's employer-sponsored provider of private disability insurance benefits requires the application.