

Agency Purpose

The mission of the Teachers Retirement Association (TRA) is to administer retirement benefits for Minnesota educators. Educators and their employers contribute to TRA during their working years and obtain TRA benefits only upon retirement, disability, or termination of employment. Benefits can take the form of monthly payments to retired members or refunds of employee contributions plus interest to members who leave the teaching profession prior to retirement.

Core Functions

TRA serves over 136,000 active, inactive, and retired members using retirement provisions governed under Minnesota statutes. Core functions include:

- ◆ payment of retirement, survivor, and disability benefits to eligible members;
- ◆ payment of member contributions, plus interest, for members leaving the teaching profession and requesting this benefit option;
- ◆ benefit counseling and information services to members regarding their benefit rights and options; and
- ◆ receipt, verification, and posting of salary, service credit, and other demographic information from the member's employer.

Operations

Management of the association is vested in a board of trustees, which consists of eight members, five of whom are elected from either the active or retired membership. The Board of Trustees appoints an Executive Director to administer the daily operations of the association. TRA is divided into five main areas of service to its members:

- ⇒ *Processing Services Division* pays over \$84 million monthly of retirement benefits and provides other post-retirement services to over 36,000 recipients.
- ⇒ *Customer Services Division* provides pre-retirement planning and other benefit counseling services to over 100,000 active and inactive teachers.
- ⇒ *Data Integrity Division* receives and records member payroll and human resource information from TRA employers and verifies for accuracy.
- ⇒ *Systems Services Division* maintains computerized processing and data management services for agency operations, including the TRA home page on the world wide web.
- ⇒ *Accounting and Records Services Division* supports other operating divisions with document imaging and file maintenance activity in addition to accounts payable, procurement, and financial reporting functions.

TRA is in the midst of a four-year business reengineering project (called FROST), designed to replace its aging computer systems with a state-of-the-art, fully-integrated information system that will enable TRA to provide prompt, precise, and efficient service to our members. Upon full implementation in 2005, TRA will have automated most of its manually-intensive administrative processes. In addition, TRA members and customers will have online access to their account information and future benefit estimates.

At A Glance	
<i>(data as of June 30, 2003)</i>	
71,916	Active Members
28,560	Inactive Members
36,199	Retired/Disabled Members
515	Employers
\$3.0 billion	Covered Payroll of Active Members
5%	Member Contribution Rate of Covered Salary
5%	Employer Contribution Rate of Covered Salary
\$17.4 billion	Actuarial Value of Assets
\$16.9 billion	Actuarial Liabilities
103.1%	Funding Ratio
\$1.0 billion	Annual Benefits and Refunds Paid
\$13.1 million	Annual Administrative Expenses
90	Employees

Key Measures

TRA's operating values in providing payments and services to its members are guided by the following principles:

- ⇒ **Accuracy:** Ensuring that all information received, maintained, and provided is clear and accurate.
- ⇒ **Quality:** Making high-quality services accessible to our customers.
- ⇒ **Timeliness:** Providing timely receipt and dissemination of information.
- ⇒ **Efficiency:** Making efficient use of technological and human resources in a team environment.
- ⇒ **Employee excellence:** Providing ongoing employee development that encourages cooperation and mutual respect, focuses on common goals, and recognizes superior performance.

Specific definitions of performance measurements and reporting are in development as part of the FROST Project.

Budget

TRA operates within a dedicated pension trust fund designed for the exclusive use of its members and beneficiaries. The TRA Board of Trustees annually approves an operating budget. The commissioner of Finance maintains an open appropriation account to fund expenditures. For FY 2005, TRA will employ a staff of 90 full-time equivalent employees and expenditures are budgeted at \$1.09 billion, including \$13.1 million for administrative expenses. Over 98% of the expenditure budget is for the payment of benefits and refunds. The main sources of fund revenues are employee contributions, employer contributions, and net income from investments held in trust.

Contact

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Dollars in Thousands

	Current		Forecast Base		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<u>Expenditures by Fund</u>					
Open Appropriations					
Teachers Retirement	1,023,480	1,089,395	1,112,225	1,150,404	2,262,629
Total	1,023,480	1,089,395	1,112,225	1,150,404	2,262,629
<u>Expenditures by Category</u>					
Total Compensation	5,705	5,800	5,800	5,800	11,600
Other Operating Expenses	5,472	7,753	5,573	3,752	9,325
Local Assistance	2	2	2	2	4
Other Financial Transactions	1,012,301	1,075,840	1,100,850	1,140,850	2,241,700
Total	1,023,480	1,089,395	1,112,225	1,150,404	2,262,629
<u>Expenditures by Program</u>					
Teachers Retire Asn	1,023,480	1,089,395	1,112,225	1,150,404	2,262,629
Total	1,023,480	1,089,395	1,112,225	1,150,404	2,262,629
Full-Time Equivalents (FTE)	90.0	90.0	90.0	90.0	