



Member News

www.sptrfa.org

A Newsletter From The St. Paul Teachers' Retirement Fund Association

September 2007

Fiscal Year Investment Performance

Your pension fund finished the fiscal year in the top 2% of all public plans within the Callan Public Fund universe, earning 19.8% (net of manager fees). Through 2Q07, domestic and international stocks were the main engines of performance, earning 21% and 30% respectively. Real Estate was another strong asset class, providing an 18% gain on the fiscal year. The five-year annualized total fund return was 13.1%. This is a full 4.6% over the return needed to keep us on a full funding trajectory, and (all else remaining the same) represents an offset to our unfunded liabilities.

June 30 was an auspicious date for official reporting purposes, especially on a one-year basis. Markets have been volatile and down since just after the close of the fiscal year. More emphasis should be given to three and five-year performance figures—short-term ups and downs can tempt one to overreact.

Board of Trustees Call for Nominations

Three seats on the SPTRFA Board of Trustees are up for election at the Annual Meeting of the Members on January 17, 2008.

The members currently holding three-year seats up for election are Carol Adams, Matt Bogenschultz, Chong Thao.

Candidates for the position of trustee must be nominated by ten members of the SPTRFA. Nomination forms are available at the SPTRFA office. Stop in or call 651-642-2550.

The names of nominated candidates appear on the voting proxy. The proxy will be mailed to all members in December. Additional nominations may be made from the floor at the Annual Meeting of the Members in January.

Properly completed nomination forms must be received at the SPTRFA office no later than the close of business at 4:30 p.m. on Friday, November 9, 2007.

SPTRFA - Returns for Periods Ending June 30, 2007	Annualized Rates of Return vs. Benchmarks		
	One Year	3 Years	5 Years
Domestic Equity	20.8 %	14.3 %	13.7 %
S&P 500 Index Benchmark	20.6 %	11.7 %	10.7 %
Domestic Fixed Income	6.7 %	4.3 %	4.8 %
LB Aggregate Index Benchmark	6.1 %	4.0 %	4.5 %
International Equity	29.9 %	23.9 %	20.1 %
MSCI EAFE Index Benchmark	27.0 %	22.2 %	17.7 %
Real Estate	18.4 %	-	-
NCREIF Total Index Benchmark	17.2 %	-	-
Total Fund	19.8 %	14.7 %	13.1 %
Composite Benchmark	18.5 %	13.9 %	12.9 %

Please note: Figures in parenthesis denote negative numbers. All bold figures are statistics for SPTRFA. Regular type denotes benchmark figures. SPTRFA returns by asset class are gross of fees. The Total Fund return is net of manager fees and all transaction costs.

Phone Numbers of Interest

SPTRFA
651-642-2550

SPPS Benefits Office
651-767-8212

Social Security Office
1-800-772-1213

Full-Time Retirement Service Credit for Qualified Part-Time Members

Are you currently teaching part-time or going from full-time to part-time service? This program may be for you if you qualify.

A Reason to Consider this Program

At the time you retire, your eligible retirement service credit (years of service) is one of the factors used to calculate your monthly retirement benefit.

When you move to a part-time position, you are working less than a full-year. Therefore, you will earn less than full-time retirement service credit.

You can receive full-time retirement service credit with the SPTRFA through an employer-approved arrangement as Minnesota Statutes 354A.094 allows full retirement contributions to the SPTRFA when you are working in an approved part-time position.

Eligibility

In order to be eligible for this retirement program, you must submit an application to Saint Paul Public Schools (SPPS). If your application is approved, you are then eligible to participate if you have at least three years of allowable SPTRFA retirement service credit.

Purchasing Full-Time Retirement Service Credit

It is your responsibility to make any appropriate payments. Full retirement service credit is allowed if both the required employee and employer contributions are paid to the SPTRFA. You will receive a statement from the SPTRFA with the cost for the additional retirement service credit in April of each year with the payment due in full by June 30th of each year.

You may use previously tax-sheltered dollars [i.e., 403(b), 457 deferred compensation, 401(k)] to make this payment.

Contact the SPPS benefits department at 651-767-8212 to apply for this program. The SPPS, not SPTRFA determines who may participate in this program.

Leaves of Absence

There are a number of reasons why St. Paul educators may need or elect to take a leave of absence. It may be for medical or parenting reasons. One might have been called to military service. A member might just be taking time to re-orient their career or to seek outside development and learning opportunities.

In many cases, it is possible to obtain retirement service credit with the SPTRFA for such breaks in service. For different types of leave, it may be possible to maintain or restore retirement service credit. In this section of the *Member News*, we discuss those leaves for which a member might be eligible to obtain retirement service credit, and the applicable terms and conditions.

Please note that it is through the SPPS that leaves of absence are requested, considered and approved. The SPTRFA only manages the retirement service credit and contributions for any approved leave.

Generally, the termination date of a leave is the date of the last teaching service duty day covered by the leave.

If you wish to terminate or retire immediately after a leave period, payments to obtain retirement service credit must be received by the SPTRFA prior to your resignation date with the SPPS.

You may use previously tax-sheltered dollars [i.e., 403(b), 457 deferred compensation, 401(k)] to purchase retirement service credit for authorized, properly documented leaves of absence.

Only the following types of leaves of absence are eligible for retirement service credit.

- Medical
- Family Medical
- Parental
- Mobility
- Sabbatical
- Military

Medical Leave

Medical leaves can be applied toward retirement service credit if you pay the required employee and employer contributions for the period of the leave. The maximum allowable retirement service credit is one year. Payment is based on your salary missed during the medical leave.

LOA continued on Page 3

LOA continued from Page 2

Payment made by June 30 of the fiscal year in which the medical leave terminates will be calculated without interest. Payment made by June 30 following the fiscal year in which the medical leave terminates will have an additional 8.5% interest compounded annually.

Family Medical Leave

Family medical leaves can be applied toward retirement service credit. To receive credit, you must pay both the required employee and employer contributions for the period of the family medical leave. The maximum allowable retirement service credit is 60 days. Payment is based on your salary immediately preceding the family medical leave. This leave is granted under the Family Medical Leave Act (FMLA).

Payment made by June 30 of the fiscal year in which the family medical leave terminates will be calculated with no additional interest.

Payment made by June 30 following the fiscal year in which the family medical leave terminates will have an additional 8.5% interest compounded annually.

Parental Leave

Parental leaves of absence can be applied toward retirement service credit if you pay the required employee and employer contributions for the period of the parental leave. The maximum allowable retirement service credit is one year. Payment is based on your salary upon return to teaching service.

Payment must be made by June 30th of the fiscal year following the end of the parental leave

Mobility Leave

Mobility leaves of up to five years can be applied toward retirement service credit. If you are granted a leave of absence by SPPS or Saint Paul College, *it is your responsibility* to make sure that the leave is properly documented by your employer and that the leave is properly classified.

To receive retirement service credit, you must make both employee and employer contributions by June 30 each year you are on leave, based on your salary for the year prior to the beginning of the leave.

Failure to pay the contributions by June 30 of any year of your leave will forfeit all rights to make the payments for any of the following years. The SPTRFA annually sends a payment notice each Fall—unless you failed to pay the contributions for the prior year.

Sabbatical Leave

As a Basic Plan member the employer will pay you at a half-time rate, but will contribute and withhold retirement contributions as if you were working full-time.

Coordinated Plan members are paid at the half-time rate, and retirement contributions are made accordingly. You can get full retirement service credit by making the other half of your contributions to the SPTRFA as if you had been working full-time. SPPS will be assessed for the employer contribution amount. Required contributions for days worked will be automatically withheld from your salary while you are on leave. Full payment for leave days must be made no later than June 30 of the year following the end of the sabbatical leave.

Military Leave

Military leaves of up to five years can be applied toward retirement service credit. To receive credit, you must return to employment with SPPS. Your contribution equals the amount you would have paid as if no leave of absence had occurred. The employer share is computed on the same basis, except that any interest due on both shares is paid entirely by the employer.

For military service of less than one year, payment is due in no less than one year from date of return to employment. For military service greater than one year, payment is due in no more than three times the length of the military service period associated with the leave up to a maximum of five years.

(See Minn. Stat. 354A.093, USC Title 38, §4312)

Goings & Comings

Our investments are managed almost exclusively by outside advisors under contract. Performance for those managers must be monitored on an ongoing basis. At their April meeting, the Board voted to terminate our relationship with one such firm; Alliance-Bernstein, an active, domestic, large cap growth stock manager. Though Alliance is a large and solid firm, returns on our portfolio fell short of expectations. The account, consisting of \$50 million in stock, was moved to an index fund. It will be moved back to a separate, actively managed portfolio after selection of a replacement firm later this fall.

The Board also employs a General Investment Consultant to assist in monitoring performance of managed accounts, and to advise the Board in strategic, long-term investment matters. After reviewing proposals, the Board voted to renew our contract for this service with Callan Associates for another five years, commencing July 1st. Our partnership with Callan since 1994 has been most beneficial, and after re-pricing and reconsidering this consulting relationship, the Board's trust remains strongest with Callan.

Now & Then

The new year tends to put us all in a “forward” frame of mind; but it is also an opportunity to pause, and reflect on the past. This page is dedicated to excerpts from A Collection of Memories, an anthology of stories from historians and educators about bygone days, compiled, printed and distributed by the St. Paul Retired Teachers, Incorporated (SPRTI). Now may seem very different from Then, but the challenges and rewards of the teaching mission are not all that different from those in the past.

The official seal of the present St. Paul School District No. 625 was adopted back in 1856, showing a young boy at the knee of an elderly man receiving instruction with a Greek motto: “Train Youth, for Man you cannot Teach.” [*Now, now, no snide comments ladies!*] Minutes from the School Board meeting of July 10, 1856, noted that teachers’ salaries were not to exceed \$35 per month.

The first school building, Washington, at Eighth and Olive, was built for a cost of \$8,433, an extravagance for which the School Board was castigated by the newspapers, who thought it “too large for present needs and larger than the necessities of the town will ever require.”

By 1864, the school system was becoming more organized. A superintendent position existed, and there were five distinct grade levels, each with three teachers. For white students, school was in session ten months of the year, though for the “colored,” only three months. The discrimination did not stop there, however. Gentlemen teachers earned \$750 per year, the ladies, \$335. *

* St. Paul Public Schools, A Century of Service. The Centennial Planning Committee, St. Paul, MN 1956, page 5.

Staff

Phillip G. Kapler, Executive Director
Chris MacDonald, Retirement Counselor & Tech.
Nancy Langer, Member Records & Accounting
Sean Pfeiffer, Accountant
Tamera Zielinski, Information Clerk
Sara Anderson, Comm. & Member Ed. Specialist

Office Hours: 8:00 a.m. to 4:30 p.m.
(Monday - Friday)
Phone: 651-642-2550

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The separate “colored” school was closed by 1869, made illegal by the State Legislature.

The post-Civil War baby boom and immigration caused a rapid expansion in population in St. Paul, and it was becoming difficult to find qualified teachers. In response to these pressures, the Board opened a teacher training school with the preparation to be completed in one year. The average age of instructors had begun to fall precipitously. The last of the original teachers in St. Paul retired in 1884, having devoted 28 years to the mission of educating our city’s youth.

Despite teacher shortages, the District prohibited the hiring of any married woman or a widow until the year 1909. The SPTRFA was established that year, and the initial retirement benefit offered to voluntary members, was \$30 per month. It was a pay-as-you-go plan, and would continue operating as such for the next 46 years.

... and you think you've got it rough ?

Consider the following excerpt, a memory shared by Lillian Wright, educator from 1924-1970:

“There were a lot of strict rules for teachers in the 20’s. If you were tardy at school, you received a blue slip at the door. If you received three blue slips, you were called on the carpet. If you were absent, the school nurse would, predictably, ‘surprise’ you with a house call that very afternoon.

I was teaching at Galtier during World War II. Imagine having 40 students in the first grade! I taught children in higher grades to knit—the boys too. The Red Cross furnished the yarn. If ever a class came to me unprepared, they were conscripted in support of the war effort, and would knit during that period. They would also stay after school to complete their studies. I was a branded a tyrant!”