



Member News

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

September 2009

Board of Trustees Call for Nominations

Three seats are up for election this year at the Annual Meeting of the Members on January 21, 2010. The members holding the three-year seats are Feryle Borgeson, John R. Kunz, and Eugene R. Waschbusch.

Candidates for the position of trustee must be nominated by ten members of the St. Paul Teachers' Retirement Fund Association (SPTRFA). Nomination forms are available at the SPTRFA office. To request a form, 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.



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 13, 2009.**

Are You Currently or Planning to Work Part-Time with SPPS?

While working part-time with St. Paul Public Schools (SPPS), you may be missing out on earning full-time retirement service credit for your future SPTRFA pension benefit. If you qualify, are approved for the Part-Time Teaching program through SPPS, then elect to purchase full-time retirement service credit by making payment to the SPTRFA, you will accrue full-time retirement service credit while working part-time, thus earning a larger retirement benefit than if you do not make the payment.

What is in it for me?: A Reason to Consider this Program

At the time you retire, SPTRFA retirement

service credit is one of the factors in the calculation of your monthly retirement benefit. When you work in a part-time position with SPPS, you are working less than a full-year, thus earning less than a full year of retirement service credit for that year. While in the Part-Time Teaching Program, you can pay both the employee and employer contributions to the SPTRFA to receive full-time SPTRFA retirement service credit for each year.

The process: Qualification, Approval and Payment

Qualification – I'm Interested – How Do I Know if I Qualify?

If you have at least three years of allowable SPTRFA retirement service credit, you are qualified to request approval from SPPS.

Approval – I'm Qualified – Who Do I Contact to Become a Participant in the Part-Time Teaching Program?

SPPS, not the SPTRFA, determines who may participate in the Part-Time Teaching program. Contact the SPPS Employee Benefits Department at 651-767-8212 to apply for this program in advance of your SPPS part-time employment. SPPS will notify the SPTRFA if your application is approved.

Payment – I'm Qualified and Approved – How Do I Purchase Full-Time Retirement Service Credit?

If you are approved, you then decide whether or not to make the payment. In April of each year, the SPTRFA mails a statement to your address of record, providing your cost to purchase the additional retirement service credit. Payment is due in full by June 30th of each year. It is your responsibility to make any appropriate payments. Full retirement service credit is granted if you make the payment to the SPTRFA that covers both the required employee and employer contributions for that school year.

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

Celebrating 100 Years!



On October 1, 2009, the SPTRFA will be celebrating 100 years of serving the licensed teachers and administrators of the St. Paul school district.

In 1909, under authority granted by the Laws of Minnesota, Chapter 343, the SPTRFA was founded. The fund's first Executive Director, Florence Rood, oversaw a much different fund than the one we know today. At that time, membership was voluntary, dues were 1% of salary and there were no deductions from payroll. The first benefits were paid one year later, in 1910, to 15 members at \$30 per month. Increases came slowly over the next several decades.



Florence Rood

Over the years, the SPTRFA has undergone some significant changes. In 1955, the fund began reserving assets for future benefits for the first time. In 1975, contributions were set in state law at a level insufficient to fully pre-fund future retirement benefits. Unfunded liabilities created at that time remain our greatest funding challenge over 30 years later.

Through good times and bad, the SPTRFA has been here for its members and looks forward to providing excellent service for many years to come.

Learning about the Association: *Pensions 101*

Whether you are a new teacher this year or are a seasoned veteran, there is always something new for you to learn about the pension fund and your benefit.

During the 2008-09 school year the SPTRFA began publishing *Pensions 101*, an online educational publication. Through the publication various topics are addressed ranging from what the SPTRFA is, to how you designate a beneficiary.

Throughout this school year you will see more editions of *Pensions 101* sent to you by e-mail. Some of the upcoming topics include survivor benefits and repaying your refund of contributions.

Planning for Retirement?

If you are planning to retire within the next 12 months, please call the SPTRFA office to schedule a pension benefit counseling appointment. Scheduling your appointment early will give you the greatest appointment scheduling flexibility.

Topics covered during your SPTRFA appointment include application, direct deposit of benefit and income tax withholding.

Items to bring to your appointment are photocopies of: your birth certificate and if applicable your spouse's birth certificate, your marriage certificate, and any marriage dissolution (divorce) decree(s).



Items for appointment:

- ◇ Your birth certificate
- And if applicable:
- ◇ Your spouse's birth certificate
- ◇ Your marriage certificate
- ◇ Marriage dissolution (divorce) decree, if any

Please note that these items can also be submitted when you send in your SPTRFA retirement paperwork.

Even if you have already notified the SPTRFA of your intent to retire, you must still contact the SPTRFA to obtain and complete the necessary retirement application documents to begin receiving your monthly pension benefit payments.

A New Look!

Over the summer the SPTRFA website has been under a major renovation. In the coming weeks you will see the transition into the new and improved site. Members can look forward to an updated format with easily accessible links, documents and forms for members.

The main page will feature a bulletin board which will highlight important news, upcoming events and items of special interest.

Be sure to stay tuned to the website for these exciting updates: www.sptrfa.org

SPTRFA — Returns for Periods ending June 30, 2009	Annualized Rates of Return vs. Benchmarks			
	Last Quarter	One Year	3 Years	5 Years
Domestic Equity S&P 500 Index Benchmark	18.1% 15.9%	(25.4%) (26.2%)	(7.9%) (8.2%)	(0.7%) (2.2%)
Domestic Fixed Income BC Aggregate Index Benchmark	2.7% 1.8%	2.6% 6.1%	4.7% 6.4%	4.1% 5.0%
International Equity MSCI EAFE Index Benchmark	24.2% 25.4%	(25.7%) (31.4%)	(3.2%) (8.0%)	5.8% 2.3%
Real Estate NCREIF Total Index Benchmark	(3.8%) (5.2%)	(25.8%) (19.6%)	(3.5%) 1.0%	- -
Total Fund Composite Benchmark	13.4% 14.3%	(19.1%) (19.8%)	(3.3%) (3.6%)	3.6% 2.2%

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.

From the Investment Front

The quarter ending June 30, 2009, provided the highest single quarter total return the pension fund has had recently. Returns in every major asset class but real estate were positive, and some by an extremely comfortable margin; most notable was International Equities where the broad market gain was 24%. Emerging markets rose 34% in the quarter. U.S. Stocks returned 18%. Credit markets warmed up in the second quarter as well with corporate bonds out-performing Treasuries.

To be sure, it's nice to see numbers that aren't red for a change. But the picture looking back several years in the rear view mirror remains an unmixed catastrophe; one from which the Fund will need a considerable string of good quarters to recover.

Our one-year total fund loss remains at about negative 20%, and the five-year overall return is a meager 3.6%. Compared to our assumed return of 8.5%, this is about a 5% actuarial loss relative to the SPTRFA's long-term funding goal. Another string of such dismal returns would raise serious concerns for the long-term sustainability of defined benefit plans nationwide. Investment returns are expected to produce 70% of resources to satisfy retirement benefit commitments. Markets such as the protracted recession underway present potentially serious funding hurdles. And, macroeconomic trends do not lend support to recent investor enthusiasm:

- ① gross domestic product is still declining
- ② productive capacity is at low utilization levels
- ③ producer planned purchasing indices remain weak
- ④ housing prices down 15% with perhaps another 15% to fall
- ⑤ consumers are de-leveraging themselves, and consumption is not picking up
- ⑥ unemployment is expected to exceed 10%

Asset valuations are up. Investors are becoming less risk averse. Liquidity appears to have thawed, allowing securities to trade closer to intrinsic value. Our returns in the most recent quarter were very high, and our fund is again above \$800 million in market value. These are all good things, but they are floating on the surface of an economy that is far from the pacific calm and stability that drives long-term, sustainable positive returns. Expect more news in the quarters ahead - both kinds.

SPTRFA in the Schools

Throughout the school year Katy Smithson, the Communications Specialist from the SPTRFA, will be visiting schools around the district to answer questions about the Association and individual retirement benefits. During school visits we encourage members of all ages to ask questions and get to know your pension fund. These visits are not limited to those retiring soon.

Watch for information in your school office or teachers lounge regarding a visit at your school. You will have the opportunity to sign up for an individual meeting with Katy.

For more information about the SPTRFA school visits please contact Katy Smithson at: 651-642-2550.

Really Looking Ahead

Each year the SPTRFA mails to active members an annual statement. If you are not yet vested (3 or more years of service credit) and under 40 years of age, you will receive an annual statement of account, reflecting your years of service to date, contributions, years credited with other funds, marital status, beneficiaries, etcetera.

If you are a vested member and over 40 years of age, you will receive an annual Estimate Statement that provides similar information to the Statement of Account, but also provides a projection of initial benefit levels for future points in time. Included in the Estimate Statement are projected benefit levels under the single life and

joint annuity forms, calculated by two methods, with different formula factors and early retirement offsets where applicable. Your estimated disability benefit is also provided, and a projection of the date at which a Rule of 90 waiver of early retirement offsets would apply.

These projections depend on certain assumptions such as continuous service at same full-time equivalency, termination at the end of a school year, two and one half percent increases and no significant service under another Minnesota public plan. If any of these assumptions are not valid, the projected benefit figures may not be an accurate and a more refined calculation can be provided.

You may have other work for which a retirement benefit has accrued, which if eligible, will be joined with years in St. Paul to determine your total benefit. This Combined Service Annuity (CSA) benefit is not included in your SPTRFA projections, but it may be significant. We encourage you to review the data on your Estimate closely and contact the SPTRFA if you have any questions about the accuracy or meaning of the information provided. Your service to the SPPS is greatly appreciated, and we want to make sure that the projections you receive concerning the benefits you have earned in rendering that service are as accurate as possible.



November 26 & 27, 2009

December 25, 2009

January 1, 2010

Staff

Phillip G. Kapler, Executive Director
Chris MacDonald, Assistant Director & Counselor
Nancy Langer, Member Records & Accounting
Susan Nystrom, Fiscal Services Specialist
Katy Smithson, Communications Specialist
Tamera Zielinski, Administrative Assistant

Legal Counsel

Oppenheimer Wolff & Donnelly, LLP

Investment Performance Consultant

Callan Associates, Inc.

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