



# Member News

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

June 2008

## Spring Cleaning: When You Should Contact the Pension Fund

Warm weather, trips to the lake, family vacations, just about everyone seems to be getting antsy for summer and all of the fun that goes along with it. As you wrap up the school year and begin making summer plans, there are a few spring cleaning items at the pension fund that may apply to you.

Over the past school year(s) some of your personal information may have changed. There are several ways to help ensure that our records are up to date.

If your **address** has changed, please notify Saint Paul Public Schools (SPPS) promptly (651-767-8212) and they will forward your information to the pension office.

If you have married, divorced, and/or changed your name please notify SPPS of that change and they will notify the pension office of your new name. Depending on the change, the pension office may require legal documentation for your file.

If you have lost a spouse, please let us know. We may need documentation, but only to assure that we are giving you timely service and information.

Updates can be made one of the following ways:

- ◆ Phone the office at 651-642-2550
- ◆ Email us at [info@sptrfa.org](mailto:info@sptrfa.org)
- ◆ Stop by to see us at 1619 Dayton Ave., Room 309

## What About Your Beneficiary?

Your beneficiary (if one is named) receives a refund of your contributions from the SPTRFA if you should die while still working and you do not have an eligible survivor. At the time of initial employment with SPPS, you were given the opportunity to designate one or more beneficiaries.

As the years go by, it's easy to forget about your beneficiary. Maybe the beneficiary you initially designated has passed away, perhaps you have had children and would like to name them as your beneficiaries, or you may wish to remove the designation of a beneficiary so any unpaid benefit will be paid to your estate at the time of your death.

Whatever the case may be, if you'd like to update your beneficiary information please obtain an official form from our office or website at your earliest convenience.

## Leaves of Absence

### Have you recently taken a leave of absence?

If so there is important information that you need to know!

The SPTRFA has sent letters to members with eligible leaves of absence during the 2007-08 school year. The letters contain information on the eligible service period, contributions required, retirement service credit, and the date the payment is due.

Please check the payment due date on the Leave of Absence payment letter you have received (many payments are **due June 30, 2008**).

### Considering a future leave of absence?

At the time your leave is granted **you** must make sure your leave is properly classified and documented by your employer to ensure your ability to purchase retirement service credit down the road after your leave ends.

Please refer to your Pension Facts handbook, our website, or call the pension office with questions regarding leaves of absence and retirement service credit purchase. *See also the **Leave of Absence** article in the September 2007 issue of Member News.*

## Taking a Refund: The Decision Process

If and when you terminate service in Saint Paul, the idea of taking a refund of your contributions might seem very attractive. However, there are some important issues to be taken into consideration before making your decision.

One of the most important things to consider is whether or not you're going to continue in the education field (or public service under another Minnesota public pension fund per the Combined Service Law). Planning for the future is very important and anything you can do now to benefit your future should be carefully considered. Taking a

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### 2008 Legislative Session

The Governor signed the Omnibus Pension Bill on May 27, 2008 just as this newsletter is going to print. We will be sending you an email Legislative Update to follow — similar to the one sent April 14, 2008.

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refund will cause you to forfeit all retirement service credit earned, and if you change your mind later, could be expensive to undo.

There is a repayment of refund option down the road, if recommencing teaching service in St. Paul or under another Minnesota public pension fund, and then only after two years back on the payroll. Note however, that you would be responsible for repayment of not only your *contributions*, but also the *interest* for every year the money was missing out of the fund. As you can imagine, this can become a very expensive option.

If you are leaving SPSS and you will not work in public service elsewhere in Minnesota, *and* you are vested, you may leave the money and retirement service credit in the fund to grow in value. When you are ready to retire, you would be eligible for a deferred lifetime monthly benefit. This benefit could begin as early as age 55. The lifetime value of an annuity is typically greater than what members are likely to earn investing their own money elsewhere, especially after giving perhaps 30% away in tax penalties. Another option, whether vested or not, is a tax-free rollover to another qualified retirement plan.

Questions about taking a refund can be answered by phone, email, or scheduling an appointment at our office. We will be very happy to assist you.

**Meet Our Communications and Member Education Specialist**

Katy Smithson joined the SPTRFA on April 2, 2008.

A native from southern Minnesota, Katy graduated in 2007 from Winona State with her Bachelor of Arts degree in Communication Studies. She looks forward to meeting and serving you.



*Katy Smithson*

This Summer, Katy will be preparing for school site visits during the 2008-09 year.

She will be available to provide retirement and pension information as well as answer questions you might have regarding those topics.

Katy will be focusing on digital publications that explain key features regarding your pension program or general topics about teacher retirement. But just about anything we publish will also bear her touch.

If you would be willing to help arrange for a visit with staff or a presentation at your school, Katy will be delighted to hear from you. You can reach her at 651-642-2550, or [ksmithson@sptrfa.org](mailto:ksmithson@sptrfa.org).

Investment Returns Periods ending March 31, 2008	Annualized Rates of Return vs. Benchmarks		
	Last Quarter	1 Year	5 Years
<b>Domestic Equity</b>	<b>(9.6%)</b>	<b>(6.6%)</b>	<b>14.9%</b>
S&P 500 Index Benchmark	(9.4%)	(5.0%)	11.4%
<b>Domestic Fixed Income</b>	<b>1.2%</b>	<b>6.3%</b>	<b>4.5%</b>
LB Aggregate Index Benchmark	2.2%	7.7%	4.7%
<b>International Equity</b>	<b>(7.4%)</b>	<b>3.0%</b>	<b>23.7%</b>
MSCI EAFE Index Benchmark	(8.9%)	(2.7%)	21.4%
<b>Real Estate</b>	<b>1.5%</b>	<b>6.8%</b>	-
NCREIF Total Index Benchmark	1.6%	13.6%	-
<b>Total Fund</b>	<b>(6.1%)</b>	<b>(0.3%)</b>	<b>14.2%</b>
Composite Benchmark	(6.5%)	0.8%	13.7%

**On the Investment Front . . .**

. . . All is *Not* Quiet. Returns were down 6% for the first calendar quarter of 2008, though net of fees, the fund stayed slightly ahead of the composite benchmark. Performance on a trailing 12 month basis was flat; against strong currents, one must paddle very hard just to stay in place!

Signs of slowing consumer spending, rising unemployment and accelerating inflation, in the wake of the 'credit crunch' in the bond markets drove domestic and international equity prices down nearly 10%. Government bonds and (the less leveraged) commercial real estate markets (up 6.3% and 6.8% respectively) helped to stabilize returns that otherwise would have been worse. Nevertheless, the five-year total fund return is a healthy 14.2%.

Things may remain quite volatile for a while. However, the fundamental laws of economics remain *quite* intact. Those who stick to rational, prudent, long-term investment strategies will be rewarded when the fixed income and equity asset classes regain their balance. This spring, the SPTRFA Board is working with Callan Associates, our General Investment Consultant, to update the fund's five-year allocation targets. Against ill markets that might tempt one, careful planning remains the most effective tonic.

The *Member News* is published by the St. Paul Teachers' Retirement Fund Association (SPTRFA), 1619 Dayton Avenue - Room 309, Saint Paul, Minnesota 55104-6206, telephone (651) 642-2550. Its purpose is to provide timely and accurate information to SPTRFA members about their retirement system. SPTRFA's office hours are 8:00 a.m. to 4:30 p.m., Monday through Friday, with the exception of designated holidays. The *Member News* can be provided in an alternate format.