

St. Paul Teachers' Retirement Fund Association

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Substitute Teacher Status Changing to Independent Contractor And the Impact on SPTRFA Members

St. Paul Public Schools recently announced that it has contracted with Teachers on Call to provide all substitute staffing. As a result, substitute teachers will no longer be employees of the District, but rather employees of Teachers on Call, an independent contractor.

Given that this is a recent change, we wanted to provide a brief summary of how this relates to your benefits and status with the St. Paul Teachers' Retirement Fund Association (SPTRFA):

- **SPTRFA Accrued Contributions.** Most importantly, we want to assure you that *you will not lose any previously accrued SPTRFA pension benefits.*
- **Payroll Deductions and SPTRFA Service Credits.** As an employee of an independent contractor, any retirement benefits accrued as a substitute teacher after June 30, 2014, will be determined by the applicable Teachers on Call benefits plan. **There will be no further payroll deductions for SPTRFA retirement contributions and you will no longer accrue SPTRFA pension benefit service credits with respect to your work as a substitute teacher for the District.**
- **Remaining Invested or Accessing Previous Contributions.** With this change, you may choose to either (a) remain invested with the SPTRFA in order to qualify for a future lifetime pension benefit (depending on your vested status) or (b) access your accrued SPTRFA retirement benefits by requesting a refund (with interest) of your portion of prior contributions (*please read* the additional information concerning refunds on the next page). When considering your options, please know that:
 - **You can make this decision at any time. We highly recommend you review all of the relevant information and weigh the costs and benefits associated with each choice before making any decision.**
 - You may request an estimate of your benefits, to assist you in comparing your alternatives at www.sptrfa.org/index.php/contact-us/request-a-personalized-benefit-estimate
 - The SPTRFA staff welcomes any pension-related questions and is here to help you.
- **Contact information.** Please help us continue to communicate important updates by keeping your SPTRFA address of record up-to-date.

We hope this has been helpful. If you'd like to know more about these topics, please visit our website at www.sptrfa.org or call us at 651.642.2550.

SPTRFA REFUND FACT SHEET

Before making any decision, please carefully consider the following important facts about refunds:

1. If you choose to take a refund of your contributions, you **forfeit all rights to any future SPTRFA retirement benefits to which you otherwise may be entitled.**
2. Contributions and interest are subject to **20% federal tax withholding** unless they are directly transferred to a tax-sheltered account.
3. If your refund is distributed to you *before age 59½*, and you do not transfer it directly to a tax-sheltered account, you may also be subject to a **10% early distribution penalty** on your tax return in the year of the distribution.
4. Additional *Minnesota Tax Withholding* may be advisable – you must specifically request that SPTRFA withhold amounts for Minnesota taxes.
5. There is no penalty for deciding not to request a refund. While your contributions remain invested at SPTRFA, you *continue to collect interest*, compounded annually.
6. If you do not request a refund and you return to SPPS employment in the future, **any additional SPTRFA retirement service credits earned will increase your present retirement service credit – which determines your vested status and benefit amount.** The retirement service credit required to be vested is 3.0 years.
7. If you do not request a refund and you are later employed in a position covered by another Minnesota defined benefit public pension plan, the **Combined Service Law** allows each fund to use the same highest final average salary earned amount in the determination of the value of your pension benefit paid from each fund (and may also improve your vested status).

We strongly recommend that you request a detailed estimate of your benefits so you can compare your alternatives with data that is relevant to your personal situation. Requests for benefit estimates can be made at: www.sptrfa.org/index.php/contact-us/request-a-personalized-benefit-estimate

As always, if you have any additional questions or need more information, please visit our website at www.sptrfa.org or contact the SPTRFA Staff at (651) 642-2550 – we welcome your call.