

SPTRFA NEWS

Democracy depends on Education – Education depends on Teachers

SPRING 2020

An Update to Our Members:

We are here for you during this difficult time

In a COVID-19 world where uncertainty reigns, we want you to know that you *will* continue to receive your SPTRFA lifetime pension payments on *time and without interruption*. We understand how vital these hard-earned benefits are. Please rest assured that there is nothing we take more seriously than delivering your pension payment.

If you'd like to make any changes that impact your pension payments, e.g., direct deposit instructions or withholding elections, please send in your completed change form by the 20th of the month to allow time for verification and processing.

The SPTRFA Office

We're pleased to report that our transition to remote working has gone well, with all our critical systems fully functioning. We continue to counsel members as they consider their retirement options and answer questions from active, deferred, and retired members. We're available for teleconferences or 'in person' Zoom video sessions (which, other than an occasional house pet appearance, have been secure and working very well).

As always, we're available to answer any questions you may have by phone or email: Phone: (651) 642-2550 Email: info@sptrfa.org

Please know that our info@sptrfa.org email address is a highly effective way to communication with us – it's closely monitored by our team who strive to respond within 24 hours.

Like many professional service providers, we do not yet know when we'll be back in our physical office space. Currently, we intend to work remotely at least through the end of the school year.

For the remainder of 2020, benefit payment dates are:

June 1	July 1
August 3	September 1
October 1	November 2
December 1	

Request for your Assistance – Email Addresses Have Never Been More Important

Clear, timely, and direct communication has never been more important than now. We've been sending periodic updates to members by email since the first days of the crisis. However, we recognize that we do not have email addresses for all our retired members.

Please help us by sharing your email address with us.

Printing newsletters is slow, expensive (set-up, printing costs, paper, and postage), and bad for the environment.

Please help us stay in touch – send your email addresses to info@sptrfa.org.

The COVID-19 Crisis and Your Investment Fund

Crises like these highlight the importance of a defined benefit ('DB') pension plan and its significant advantages over a 401(k)/403(b) plan as a tool for providing retirement security. At a time when many employers are reducing or eliminating their 401(k) matches, your DB plan continues to benefit from unreduced contributions.

And, as we've mentioned previously, your Fund is built to withstand significant market turbulence – it is resilient and designed to invest in perpetuity. That's a powerful mandate that allows us to make decisions through the lens of a long-term time horizon. We are naturally conservative in our approach while taking advantage of the attractive risk-adjusted long-term returns that the market offers to patient investors. And, unlike an individual investor, your Fund can maintain its investment strategy without regard to short-term disruptions or changing needs that naturally come with age.

Your Fund was well positioned coming into this crisis in terms of its investments and cash position. Typically, we are fully invested and hold only minimal amounts of cash. In the months leading up to this crisis, however, we elevated our cash position significantly, given our perception of a limited opportunity set.

As the crisis hit, our first priority was to ensure that cash set aside for benefit payments was immune to market risk. To that end, working with our partners at US Bank, we built a fortress around this cash by eliminating our overnight commercial paper sweeps and adding a no-cost guarantee from Federal Home Loan Bank. Unlike an individual's bank account that has limited FDIC protection of \$250,000, we secured protection for our entire cash position. This provided us significant comfort, especially as ordinarily safe-haven money market accounts were experiencing the first signs of stress prior to the Fed's intervention.

After finishing 2019 with strong returns for your Fund of approx. 20% and 10-year returns of over 9%, the environment in 2020 shifted dramatically to a less

conducive one, culminating in the severe market movements experienced in March. Much has been written about the COVID-19 induced market chaos, so I won't repeat it all here. But it is worth noting the negative force that swept through investment markets - from February 19 to March 23, equity markets experienced a decline of approximately 34%, with repercussions experienced around the world. Although your Fund outpaced the broader markets, it was not immune. In the month of March, your Fund was down approximately 11%. Notwithstanding continuing elevated volatility, however, we are pleased to report that as of this date, your Fund has participated significantly in the market rebound, returning approximately 8% in April and over 4% thus far in May.

One of the significant advantages of a defined benefit plan is the ability to maintain a long-term investment horizon. We have the benefit of being patient, conservative investors who seek attractive risk-adjusted returns in many different markets while avoiding excess leverage, asset-liability mismatches, and uncompensated illiquidity. And, we are able to stay the course during market turbulence. Such is the case in this market cycle. We are staying the course with managers and opportunities where we have high conviction for attractive long-term outcomes, notwithstanding short-term volatility. And, we continue to evaluate opportunities that recent market dislocations have created.

SPTRFA Board Updates

Thank you to the many who voted in our annual Board of Trustees election and attended our annual meeting in January. Your Trustees are a highly dedicated, volunteer group of current and former St. Paul Public School teachers and administrators who work on your behalf to safeguard your retirement security. We're pleased to report that **Matt Bogenschultz, Thomas Koreltz, and Stephanie Pignato** were overwhelmingly elected to serve three-year terms.

Additionally, it is with mixed emotions that we report that after 14 years as President of the SPTRFA Board of Trustees, John Kunz is handing the leadership reigns over to SPTRFA's Vice President, Dr. Mike McCollor. Lori Borgeson, SPTRFA's Treasurer, will assume the Vice President role, and Michael McKay will serve as Treasurer. We're grateful that John intends to remain on the Board of Trustees to serve out his current term.

Although the current conditions don't allow us to gather to honor John's tenure as President, we are incredibly grateful for his service to the Board and his many years of service to the students of St. Paul. During his tenure, John led your Board with intelligence, dedication, and courage. Among his numerous accomplishments, John's leadership has been instrumental in securing many legislative victories that have materially benefited your lifetime retirement security. We'd also like to thank his wife and fellow lifetime educator, Robbie, for her patience and support! We look forward to celebrating John and Robbie in person soon.

As well, we're grateful to Dr. Mike McCollor and Lori Borgeson for answering the call to leadership.

Sincerely,



Jill E. Schurtz
Executive Director, SPTRFA



Dr. McCollor retired from the St. Paul Public Schools after serving over 34 years in the District. After teaching science at Battle Creek Middle School, he served as assistant principal at Battle Creek, Washington Technology Magnet Middle School, and Como Park High School.

Most recently, he served 17 years as Principal at Washington Technology Magnet School, where he was honored as Principal of the Year by the Minnesota Association of Secondary School Principals.

Dr. McCollor holds a Bachelor of Science degree in Science Education from the University of Minnesota, a Master of Science degree in Experiential Education from Mankato State University, and a Doctorate of Education degree from the University of Minnesota in Educational Policy and Administration.

He has been an SPTRFA Trustee since January of 2000. He has served as Chair of the Annuities and Refunds Committee, Chair of the Personnel Committee, and most recently as Vice President until he was elected President in April 2020. He also serves on the Board's Investment Committee and Executive Committee.



Lori Borgeson started her career in the business field, working in various payroll and human resource roles. After four years in business, she went back to school to earn her teaching license. She received her B.A. from Concordia College in Moorhead, and her M.A.T. from UW – River Falls. She has

been teaching math at Johnson Senior High since 1997. She is also the math team coach and a building steward.

Lori was elected to the SPTRFA Board in January of 2012. During her tenure, she served as Treasurer until her recent election as Vice President. Additionally, Lori has been on two bargaining teams for SPFE and is a trustee of the Local 28 Scholarship Committee. She has been a member of the St. Paul Teachers Pension PAC (formerly Committee of Nine) since 1999, serving as its Secretary until she was elected as its Chair in January 2020.

**St. Paul Teachers' Retirement
Fund Association**

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Serving the retirement needs of St. Paul teachers since 1909.

BOARD DIRECTORY

The Board of Trustees administers SPTRFA. The board consists of ten members, composed of nine elected trustees and one ex-officio member from the St. Paul Public Schools School Board.

Board members are elected each January at the Annual Meeting of the Members. Each Board member serves a term of three years.

Mike McCollor, President

Lori Borgeson, Vice-President

Matthew Bogenschultz, Secretary

Michael McKay, Treasurer

Zuki Ellis, Ex-Officio

Thomas Koreltz, Trustee

John R. Kunz, Jr., Trustee

Karen A. Odegard, Trustee

Stephanie J. Pignato, Trustee

Margaret Schiller, Trustee

SPTRFA News is published by the St. Paul Teachers' Retirement Fund Association (SPTRFA).

Its purpose is to provide relevant and accurate information to SPTRFA members about their retirement system and related topics.