

The REAM News



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President's Report

Hi, folks, the fall season has been very busy. Besides the regular REAM meetings I have attended, my wife and I traveled to Southern Europe with our son, his wife, my wife's sister and her husband. We visited Spain, France, Italy, Croatia and the Greek Island of Corfu. We had a great time. While in France, locals were very upset that the government there planned to raise the minimum retirement age from 60 to 62 and the age to qualify for a full pension from 65 to 67 to save France's deficit plagued pension system. Even the young workers were fired up! In the "did you know" column, gasoline everywhere we went was the equivalent of \$8.00 a gallon. In Southern Italy, we were told traffic signals were just a suggestion! I don't recall our guide stopping for a single stop sign. I'd recommend the trip to anyone. Especially wonderful Italy!

DC-DB Issue

In my last article I discussed the importance of understanding the DB-DC (Defined Benefit-Defined Contribution) issue and started describing the Sept. 23, 2010 informational meeting on the Study of Retirement Plan Design Options. In this article I intend to review two more options being studied and to list several of the questions and comments audience members asked the three pension fund directors to include in their research for the LCPR (Legislative Commission on Pensions and Retirement) and the whole Legislature. All this with NO recommendation. Dave Bergstrom, Executive Director of MSRS (MN State Retirement System),

explained the options being looked at for the study. The two plans reviewed in this article are the Hybrid Plan-DB/DC Blend and Hybrid Plan-Floor Offset Plan.

In the Hybrid Plan – DB/DC Blend, the following are key components according to Mr. Bergstrom:

1. A combination of a traditional DB plan and DC plan.
2. Generally includes a modest DB plan multiplier of 1% to 1.5% and a supplemental DC plan overlay.
3. Participation in both plans is mandatory and contributions are usually fixed.
4. At retirement, the DB portion provides for a lifetime income and the individual may elect the DC distribution option.

In the Hybrid Plan – Floor Offset Plan, according to Mr. Bergstrom, these are the key components:

1. Employee maintains a Defined Benefit Floor Benefit using a DB formula to establish a minimum benefit.
2. A separate DC plan is established; the employee manages the investments.
3. If at retirement the DC plan provides a benefit equal to or greater than the minimum (floor), then nothing is paid from the DB.
4. If the DC plan is less than the minimum, the floor plan makes up the difference.

The three major MN pension fund directors will be developing a set of pros and cons for each of the Hybrid

PRESIDENT'S REPORT



**Curt Hutchens,
President of REAM**

options and reporting their findings to the Legislature by June 2011. Why should all of us be concerned about the state selecting one of these options? This question relates to the many comments and questions brought up by the audience members. One scary scenario has the Legislature making the current retiree DB [plan benefit program a "NEW POST" fund and underfunds it, like what was happening with the "OLD POST" fund. It could have real implications for current retirees and those public employees retiring into the closed fund.

Could this “NEW POST” fund turn into another MERF (Minneapolis Employee Retirement Fund) nightmare which was closed and monitored poorly?

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VERA HASS - ENJOYING RETIREMENT

“Pillsbury’s Best” across the bottom. (This style didn’t catch on until recent decades). She said her mother assured her that in time the message would fade.

Vera finished the eighth grade in country school and wanted in the worst way to attend high school. But, as the family only had horses, it was too difficult to get to town every day. The problem was solved in a somewhat tragic way. One of her cousins was killed in WWI and his room at her Aunt Lizzie’s was empty. It bothered the living brother Archie that it was empty, so they made it into a little apartment and invited Vera and a neighbor girl, Melda Fandrey, to come to town and go to school. They completed four years of high school, including a year of normal training, and they were ready for their first jobs.

Vera’s first job was at a school called Maynard School and for eight months she was paid \$720. Besides teaching, she had to do everything from keeping the fountain full of fresh water to keeping enough wood in the stove to make the school comfortable. One time when she banked the fire for overnight she was a bit too generous with the wood and it melted the color crayons in the desks close to the stove.

Vera married and moved to the Tenstrike and Blackduck area where she and husband Ben raised a son named Ron. She continued to teach for a total of 35 years, all the time working to attain her four-year degree from Bemidji and St. Cloud state colleges. She graduated at the age of 55.

It was a bit of coincidence that Vera’s son Ron and her pal Melda’s son Bob both wound up in Milaca. Ron was a veterinarian who, with a partner, owned the local service, and Bob finished a 39-year teaching career in Milaca.

Best of luck, Vera, and may you enjoy many more years in retirement!

Continued from Page 1

The State now infuses money into it so its members won’t end up being wards of the State if the fund fails. What happens to future COLAs (Cost of Living Increases) in a closed fund? These are some of the questions brought up at the September meeting. What are the costs of starting up a new pension fund for new public employees? What happens to the economic impact of the DB plan when new hires are in a DC type plan? What happens to the jobs and tax dollars generated by the current DB plan? This is a sample of the questions asked. You can add your questions and concerns on the following websites:

www.tra.mn.us; www.pera.mn.us
www.msrs.mn.us

Please save these DB/DC articles for when you talk to your Legislator and friends. Don’t forget to sign the friends up as REAM members! “Woulda, coulda, shoulda” won’t cut it on this issue. We truly need all of our members on the same page on this issue.

“My name is Vera Hass and I am 104 years old. I have had a very unusual life and I’d like to tell you about it. I don’t say for sure that everything I’m about to tell you is a fact, but it’s as best I can remember it. Times weren’t always easy during my lifetime, but all in all, I’ve had a happy life.” This is the opening paragraph of a memoir by a lady who is one of the oldest living retired teachers in Minnesota. Vera now lives in a retirement home in Blackduck, Minn. and is described by a friend as “sharp as a tack” with a zest for living, an amazing memory, and a wonderful spirit.

Times were tough when growing up, but she maintains a sense of humor about her early life. She recalls her mother making her a pair of panties out of a flour sack - not unusual, as many things were made from that material. She remembers that when her mother finished the job it said

PURPOSE OF REAM

- 1 To monitor the actions of the State Board of Investment and the Legislative Commission on Pension and Retirement as they relate to TRA and PERA.
- 2 To inform REAM members by producing an informative newsletter six times per year, by conducting workshops, and by holding an annual state convention.
- 3 To cooperate with the other senior organizations in the development of programs.
- 4 To assist in the organization of REAM local units and to recognize the unit as a vital part of REAM.
- 5 To improve the economic, social, civic, cultural, and professional status of its members.

CHUCK'S COMMENTS



Executive Director

The NRTA (National Retired Teachers Association) had a meeting of Executive Directors and Presidents for small and volunteer-led REA's December 7 to December 10 in Chicago. Fifteen out of seventeen states were present with Alaska, New Hampshire and Delaware traveling the greatest distance. I represented REAM and these meetings were held at AARP's Midwest Headquarters which is near the O'Hare Airport.

In one of the training sessions we were exposed to Ned Herrmann's brain book *The Creative Brain*. According to Herrmann there are four

general thinking patterns: the Machine-Gunner, Dreamer, List Maker and the Story Teller. As leaders we need to be aware and tolerant of the way others think and organize information. We need to try to be better communicators so we don't frustrate others.

We had a session on raising up potential leaders through succession planning rather than replacement planning. Succession planning is about filling the organization's pipeline and building internal bench strength. It is about leveraging the talent that the organization already possesses by developing it to the full potential. Replacement planning is replacing leaders when necessary. Succession planning has a goal of identifying long term potential leaders. Development occurs through a thoughtful process of person to person mentoring.

Another day we spent on improving our state membership numbers. The top three membership tips were (1) Encourage community service, (2) Communication with non-member retired educators about the organization and, (3) Use promotions and special membership offerings. The best way to increase membership is by personal contact. You all know and meet retired educators who do not

belong to REAM. Tell them that it is important that they belong. They need to be kept informed about ways we can protect our pensions and how they can help. Don't forget to mention the benefits such as from AMBA (Association Member Benefits Advisors) and AAA (American Automobile Association). We will have a new benefit coming in March, 2011 from Lifeline Screening.

How to communicate with 50+ educators filled another session. Avoid using the word "aging." 50+er's don't think of themselves as too old to do anything. They expect to be challenged and take on new challenges. We looked at 17 state REA websites which could all use improvements. REAM is in the process of developing a new website. We also looked at 17 state REA newsletters and made some suggestions for improvements.

Our working educators today are into social media. We need to get there, too, so they will be more interested in joining REAM. We need to see about a Facebook page for REAM. Is there anyone out there who could help us? Please let me know. We could use your expertise.

MEMBER BENEFITS

Barnes & Noble Discount Discontinued

Barnes & Noble has made a business decision to discontinue their online affinity marketing program. They have agreed to keep our site active (www.bn.com/amba) for an additional 60 days longer than most of their clients, but will shut everything down on January 31, 2011. Many businesses like Barnes and Noble are suffering during these economic times.

BARNES & NOBLE
BOOKSELLERS

LEGISLATIVE REPORT

The key parts of this article are:

A) The 2010 election and its impact/opportunity for REAM B) SEREAM trial legislative project C) TRA update A) The 2010 election and its impact/opportunity for REAM

The results of the 2010 elections are now history. We have a changed political landscape in Minnesota with a DFL governor and both houses of the MN legislature controlled by the Republicans. Pensions are a major concern for us as REAM members. As you know pensions issues are dealt with by the Legislative Commission on Pensions and Retirement (LCPR). As of this writing the members of the LCPR have not been named. It is considered possible that they will not be named until mid to late March. The 2011 session will adjourn in May.

FYI: there are five members from each the senate and house. In the last session when the DFL controlled the chambers, they held four seats from each chamber. The Republicans had one seat from the senate and one from the house.

The new LCPR will probably follow past practice with four Republicans from the senate and house and one DFLer for each chamber. It is probable that the new chair of the LCPR will be Rep. Steve Smith; Rep. Marry Murphy is the possible DFL member. In the senate remember that three DFL members of the LCPR were defeated. Senator Rosen, the lone Republican member could possibly be reappointed along with three other Republicans. On the DFL side, returning Senator Pappas could be reappointed as the only DFLer on the committee.

The opportunity for REAM is to inform and teach the new LCPR and newly elected legislators members on the virtues of the 'defined benefit' format.

You have previous REAM articles by President Hutchens explaining the differences between defined contribution and defined benefit plans.

Key points to tell your legislators:

- 86% of TRA benefits are mailed to TRA members in Minnesota.

- TRA average monthly benefit is \$2,277 for an annual amount of \$27,319.
- There are 46,332 TRA members receiving benefits.
- The TRA benefits are spread through Minnesota's 87 counties and contribute to the state's economy at the local level. The key issue is JOBS for Minnesotans.
- TRA members pay state and federal taxes on their benefits.

Contact your legislators, senate and house, and tell them your story about the need for your TRA benefits. They need to hear from their constituents. Call, write, send e-mails, or attend legislative meetings when they are scheduled at a location near you.

* The board directors of TRA, PERA and MSRS are in the midst of preparing a report evaluating Minnesota's pension plan (Defined Benefit / Defined Contribution) to be presented to the LCPR on June 1, 2011. A draft proposal of the report will be completed in March. We will contact the legislative chairs and your board of directors as this study progresses.

B) SEREAM trial legislative project REAM is closely working with South East REAM to coordinate state and local REAM legislative chairs' political strategy, lobbying efforts and information sharing. This is a trial project that will be evaluated to see if we can make REAM political lobbying efforts more effective.

- The REAM legislative chairs will continue with their lobbying effort AND communicate via e-mail to the SEREAM legislative chairs the positions on issues that are important to REAM.

- The state Legislative chairs will inform SEREAM which committees and the names of the members on the committee AND ask them to communicate with REAM members to contact these members and their legislators on these important REAM issues.

- The SEREAM chairs will be asked to inform the state chairs on the number of contacts made with legislators and the responses to assist



the state chairs when they visit the legislators. Legislators are impressed with local constituents' concerns on issues.

- The state REAM legislative chairs will plan a meeting with SEREAM members to inform them of the legislative issues when they meet with their legislators at the capitol.

This is a bold step for REAM. It is necessary due to the political nature of pensions issues at both the state and national level. We need effective organization and their involvement on this important project.

C) TRA update: At the TRA Board meeting some points to consider:

- The TRA fund is currently at 78.45%
- Actual Asset Mix (combined funds)
 - Alternative Assets: 15.3%
 - ii. International Equities: 15.3%

iii. Fixed income: 24.9%

iv. Domestic equities: 42.3%

- Benefit recipients: (June 2010)
51,465 recipients

- The highest number falls within the age group of 65-69 with 11,997 members.

ii. The oldest recipients were 104, three in number.

iii. The number of charter schools has leveled off: In 2010 there were 154.

- Investment return for December 2010 is looking good at 16%

- The inflation rate reported projected through June 2011(Nov. data) is 1.023%

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LIFE LINE SCREENING OFFERS MEMBER BENEFIT PARTNER PROGRAM

Many people today are looking for cost effective ways to detect health problems early and become more proactive about their health. Life Line Screening is dedicated to providing affordable, reliable preventative health screenings. They provide community-based screening events, staffed by highly trained healthcare professionals. The screenings take place all over the 48 contiguous states in community centers, places of worship, and senior centers. The Business Partnership Program provides a way for our members to take advantage of these screenings at a reduced cost while providing a non-dues paying revenue to the association.

This program sets forth an association program between Retired Educators Association of Minnesota (REAM) and Life Line Screening (LLSA) to offer health screenings services to members at a discounted rate at a community event location of their

choosing. REAM would receive \$25 for each member referral.

LLSA will also provide REAM with health related articles to include in our current marketing venues. These articles will highlight the various screenings that LLSA offers, health information on warning signs and risk factors, and where to call for additional information or to make an appointment. By utilizing marketing materials already published from the association, neither party incurs additional marketing costs, while at the same time reaching the intended audience with helpful information. Life Line Screening has screened over 5 million participants and has partnered with hospitals across the country. Why? Because the ultrasound screenings they offer can help save your life. They do stroke/carotid artery screening, heart rhythm screening, abdominal aortic aneurysm screening and peripheral arterial disease screenings. The four

tests cost \$135. For a \$10 additional charge they also offer an osteoporosis risk assessment.

Stroke is the third leading cause of death in the United States and a leading cause of adult disability. Approximately every 40 seconds someone has a stroke. By the time you finish reading this article, someone in this nation will have suffered a stroke. The good news is that up to 80 % of strokes are preventable if detected early.

Together we can make a difference! Prevention is the key. By partnering with Life Line Screening, we can work together to educate one more person, save one more life.

Anyone with questions about the Life Line Screening may contact Chuck Hellie for more information.

DO YOU KNOW?

Do you know

1. That REAM has its website under construction, directed by retired teacher, Stan Feldman. It should be ready for inspection by mid- 2011. Currently, the old REAM website is available.

2. That REAM is looking for someone interested in overseeing a REAM -Facebook site. The REAM officers would help you with current information relevant to REAM. Social Media is the future for fast communication on issues. Call our Executive Director- Chuck Hellie, if interested.

3. That the traditional three legged stool pension plan consisting of a pension, Social Security, an individual savings – is still the best way to achieve retirement security. Social Security provides a basic benefit, but your pension helps you to maintain a middle class standard of living, and retirement savings provide important supplement income for unforeseen expenses.

4. That REAM could be a more powerful lobbyist on your behalf, especially on pension issues if every one of our members recruited one more member for our state REAM organization.

Know someone who is not yet a member?

Help make a difference,
numbers count! Pass your
newsletter on when you are
done with it and urge your
friends to complete the
membership application.

MEMORIALS and GIFTS

In Memory Of: ANNA BRANDT From: Brainerd Area REAM\$10.00 **In Memory Of: ROBERT CRESOP** From: Ed Zeman, Burlington, IA\$10.00 **In Memory Of: WILLIAM ARTHUR GESSNER** From: Ev Mueller, Rochester.....\$10.00 **In Memory Of: DALE HANKE** From: John Hagman, Mendota Heights\$10.00 From: Michael P. Kuntz, Dent.....\$10.00 From: Carol/Dennis Stanley, Buffalo\$25.00 **In Memory Of: GORDY HANSON** From: Jerry/Nancy Irsfeld, Roseville\$10.00 **In Memory Of: SHARON HOTCHKISS** From: Dorothy Arko, Maplewood.....\$10.00 **In Memory Of: VERN HUMBERT** From: Richard Fawver, Bloomington.....\$100.00 **In Memory Of: MILFORD "MIFF" JOHNSON** From: John Hagman, Mendota Heights\$10.00 **In Memory Of: BILL LAGE** From: Chuck Hanson, Austin.....\$10.00 **In Memory Of: RAYMOND J. NOVAK** From: Larry R. Novak, Park Rapids\$20.00 **In Memory Of: IONE PRATT** From: Stillwater Area REAM\$10.00 **In Memory Of: DIANA H. RINDAL** From: Robert J. Rindal, Hugo\$20.00 **In Memory Of: ZYRLE ROSER** From: Jerry/Nancy Irsfeld, Roseville.....\$10.00 From: John Hagman, Mendota Heights\$10.00 From: Richard Rademacher, Shoreview\$10.00 From: Donna Hanke, Mankato.....\$10.00 From: Wally Johnson, Anoka\$25.00 From: Carol/Dennis Stanley, Buffalo\$25.00 **In Memory Of: JACKIE SHOGREN** From: Carlton County Ream.....\$10.00 **In Memory Of: FERN SODERHOLM** From: Gloria Fredrickson, Worthington\$10.00 **In Memory Of: JEROME WEBSTER** From: Dr. Emil Wilken, Tempe, AZ\$15.00 **In Memory Of: CALVIN L. KNUTSON** From: Jo-Ellen Knutson, Bloomington.....\$50.00 **GIFTS** Anonymous, Minneapolis.....\$15.00 Mary Hutchins, Minneapolis\$5.00

I'm happy to enclose a \$_____ gift to be used by REAM to carry forward the objectives of my organization, namely, the improvement of the civic, cultural, social, economic and professional status of its members;

(and/or) I've enclosed a \$_____ memorial in abiding memory of _____ of the _____ Chapter. My

Name _____ or Name of Chapter _____

Address _____

City
Zip

State

Please do not print my name with **Mail to: REAM TREASURER, Gordon Wagner** this gift/memorial in the **REAM News 317 Waite Ave., St. Cloud, MN 56301**

The REAM News

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REAM Statement of Purpose

Represent all school retirees, present and future, certified and classified. Educate and inform all school personnel on matters related to the improvement of their economic and social status. Assist and work to strengthen local and regional units in every way possible. Monitor the actions of, and cooperate, with the legislature, all government units, and other organizations that deal with present and future retired school personnel.

If you are retired or within 5 years of retirement as an educator (any school personnel) you are eligible for REAM membership. FOR AN EDUCATOR THE CHOICE IS EASY – JOIN REAM
MEMBERSHIP/RENEWAL APPLICATION - RETIRED EDUCATORS ASSOCIATION OF MINNESOTA, INC.

Legal Name _____
(Last) (First) (Middle)

Mailing Address (Street or Route Box) _____

City _____ State _____ Zip _____

Winter Address if different _____

*If winter address is not known at this time, please notify us when you do know it, either by regular or e-mail: jresler@comcast.net.

Phone _____ Email Address _____

PENSION SOURCE: Please check appropriate box so that we can record

CHECK MEMBERSHIP DESIRED: TRAccurately.

1. \$175 Life PERA

2. \$70 Five

3. \$15 Annual

Membership



For membership card, enclose a self-addressed stamped envelope. www.mnream.org