

President's Report

Hi folks, I recently read all the 2011 REAM Convention evaluations that were turned in at the Black Bear Casino in September. You folks are a very positive, understanding group. Ninety-nine per cent of the forms turned in were very positive. Thank you to the convention committee, with Chairperson Jennie Hanson along -side Chuck Hellie, Jan Sorell, Marilyn Savage, Jerry Wedge and many others, who worked very hard to give you a solid convention experience with plenty of variety. Most of you know we brainstorm possible field trips, speakers, and entertainment possibilities before we narrow the list down to the final program. From the evaluations I think it is reasonable to say the majority of our convention participants were very impressed with the talent provided by the northern part of our state. What an inspiration each of our break-out speakers and entertainment people were! Thank you, Sam Cook, Mary Schmidt, Mary Shideler, Michele Lee, Eileen Keen, Mary Rose Varo, Laurie Hacking, Mary Vanek, Howard Bicker, Michele Kimball and the whole staff at Black Bear Casino for making our REAM Convention such a success.

Now have you set aside September 17-19, 2012 for our next convention in Granite Falls, MN? On October 2-5, John Fisher and I traveled to Austin, Texas to learn about AMBA (Association Member Benefits Advisors), our chief REAM benefits vehicle that MNREAM endorses for you. We received an overview of current and new AMBA benefits. We also attended sessions on Social Media & Community possibilities, and the best Recruiting & Retention Practices. Have you looked at some of the benefits AMBA offers? They screen the top companies in every area of benefits they offer and are able to get the best price for you, our members. If you ever have a concern about a benefit we offer, do let our Executive Director, Chuck Hellie, know. I know AMBA wants to know if any of their vendors aren't delivering a quality product for you.

As I travel around the state, I'm constantly asked to keep writing about the Minnesota Public Employee facts that all of you can use to counter all the misinformation thrown at us in recent months. So here are a few more facts to assist you.

On September 15, 2011 Keith Brainerd, NASRA Research Director, (National Association of System Retirement Administrators), spoke to all the Minnesota Statewide Retirement System Boards and visitors in St. Paul. Here are some of the key Minnesota statistics he shared:

- Prevailing normal retirement age of 66 is the highest in the nation.

- Retirement multiplier of 1.7% is slightly below the national average for Social Security-eligible plans.

- In 2008, the latest year for which data is available, of all spending by the state and its political subdivisions, 1.6% was spent on pension contributions. This is lower than all but eight other states.

- For the last few fiscal years, the state and many of its political subdivisions failed to pay the full annual required contribution.

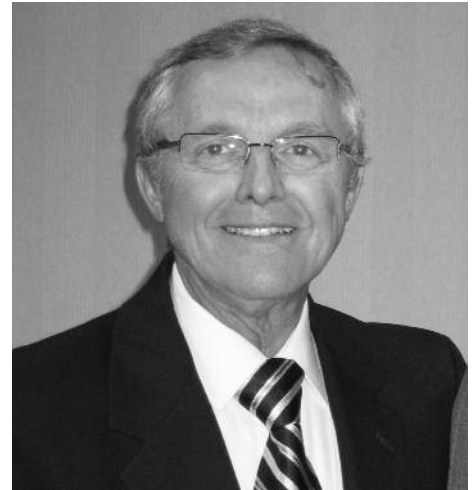
Finally, another myth broken by TRA facts:

Myth: TRA has an unfunded liability of \$4.8 billion that tax payers just can't afford.

Fact: Over 78 percent of TRA's liabilities are funded. While TRA does have a \$4.8 billion unfunded liability, it is not due tomorrow. In fact, that liability is spread out over the next 26 years. It's like the unpaid portion of a mortgage. Few homeowners have enough cash on hand to immediately pay it all off. That's why they make monthly payments. It's the same with TRA. Regular member and employer contributions, and most of all, investment growth over time, are expected to erase that liability as the plans approach their full-funding dates. (2010 TRA Comprehensive Financial Report)

Now if each of you asks one friend to join MNREAM it would double our membership numbers that really know what is going on in the MN Public Employee Retirement world and they would qualify for our endorsed benefits, too. Stay tuned!

PRESIDENT'S REPORT



*Curt Hutchens,
President of REAM*

EDITORIAL

COLLECTIVISMS



SOCIAL CAPITAL

For a dollar's worth of gasoline, an attendant would check the tires and oil, wash your windshield and pump your gas, and often you would qualify for a premium, such as a dish. Also he often would be in uniform. (Remember the little leather bow ties). It was the late 30's and gasoline was around 11 cents a gallon. Gasoline was cheap and abundant. Today we use 378 million

gallons of gasoline daily and we keep hearing supplies will run out at some future date. We have domestic wells in the U.S. such as the Bakken field in North Dakota and in many other places, but the world still needs over 4000 tankers burning a highly polluting low-grade oil called bunker fuel to keep up with our ever increasing need for energy. Some of these "supertankers" are as long as some of the world's tallest buildings are tall. One such tanker, the Seawise Giant, was 1,504 feet long and 80 feet wide. It takes almost 15 minutes to stop these giants.

We currently get about 83 per cent of our energy supply from fossil fuels. Conservation and energy efficiency have helped greatly to reduce demand. Buildings are more efficient in their use of energy as are the newer appliances. Cars are getting farther on a tank of gas. Without these improvements we would be using 60% more energy than we are now.

We have heard that we have enough coal to supply our needs for a

hundred years, that we are the Saudi Arabia of the world in terms of gas reserves. And then there are the Canadian oil sands and our own oil shale, which at this point is not economically or environmentally feasible. These, along with atomic energy plants, all have a down side. Some have said that the less polluting natural gas might tide us over until we come up with better solutions. We are working on that. We now get about 5 per cent of our electrical energy produced by wind turbines. There is corn and plant residue made into ethanol. Solar is getting cheaper and they are using algae to produce fuel. Nuclear Fusion is still being pursued but still seems a long way off. Hydrogen and other more exotic ways to produce energy are in the works, but it is quite probable that they won't be pursued with a great deal of energy until we quit punching holes in the earth and the last drop of oil is pumped.

UPDATE ON WWW.MNREAM.ORG

Our new website is now two months old. For those of you who have visited it, thank you. For any who have not, please come and take a look around! It won't cost you anything and you just might find some valuable information which will help you keep your pension or your potential pension at an amount that you deserve.

On the Trends-State page you will find a letter that John Fisher, REAM's legislative chair, wrote to the Pension Committee disagreeing with the need to change the funding assumption from 8.5% to 8%. Why might that be important to you? The very short answer is that it lowering to the 8% amount might lower the amount of money you receive in your monthly check from TRA.

All information that I have seen regarding the need to make significant changes to how our TRA is being currently run indicates there is no reason to make any changes. The monthly amount you are receiving should be increasing yearly. On the website there are links to your legislators who have control over this decision so let them know how you feel about this decision. Talking points are also there, so you

can make your point intelligently. You may also find video updates from John helping you understand issues like this.

We would like your personal email address so that when there is extremely important information that you need to know, we can alert you quickly. We will only use it for news about your keeping your pension strong.

Other news--We have developed a new images and video page highlighting activities of REAM with a link to a web album where all of our media are located. Karna Brewer and husband Sig deserve a big thanks for donating time to make this happen.

Lastly, we are currently building Twitter and Facebook pages so you can interact with others and REAM's leadership on issues that they and you think are important. IF YOU WANT TO RECEIVE ALERTS SEND YOUR EMAIL ADDRESS TO: mnreamwebmaster@yahoo.com NOW!! It might just keep your pension strong.

Stan Feldman, Website and Social Media Coordinator

CHUCK'S COMMENTS



**Chuck Hellie,
Executive Director**

September 17, 18 & 19, 2012.

The Legislative Commission on Pensions & Retirement (LCPR) has been meeting two days a month in September, October and November. REAM is following these meetings closely because the LCPR is considering changing the rate of expected return on TRA investments from 8.5% to 7.5% or 8%. So how would such a change affect you as a retired educator? The lower anticipated return rate would raise the fund's liability. Current law freezes retiree's pay for 2011 and 2012. In 2013 retirees receive 2% increases each year until the fund achieves 90% of full funding. Presently, the fund is projected to reach 90% in 2032. Lowering the anticipated return downward from 8.5% will move 90% of full funding well past 2032.

The LCPR is also looking at switching from a defined benefit plan (monthly guaranteed amount) to a defined contribution plan (monthly payment fluctuates with the investments' value). This would be for new teachers. However, It would affect retirees because the defined benefit fund would become a closed fund and would have no new money going into the account to invest. This would cost the State of Minnesota at least \$2.8 billion in the next ten years. Both North Dakota and South Dakota looked at switching their public pensions from a defined benefit to a defined contribution earlier this year, but decided to stay with the defined benefit plan.

Also, the LCPR is looking at a hybrid plan which would be a combination defined benefit/ defined contribution. There

Many favorable comments have been made about the September 2011 REAM Convention at Black Bear Casino in Carleton. Jennie Hanson from Cromwell, Convention Chair, deserves much of the credit! She had most of the suggestions for break-out sessions, key-note speaker and entertainment. Our 2012 Convention will be at Prairie's Edge Casino Resort in Granite Falls

are many possibilities here, although a hybrid plan would probably result in a closed fund for retirees.

On a lighter note this past August my two oldest grandsons (ages 9 & 6), my wife and I attended H.M.S. Pinafore, the Gilbert and Sullivan operetta that the Guthrie put on this summer. We enjoyed the production which had outstanding dancing. Twin Cities Public Television (TPT) was taping the production when we were there and it was broadcast on PBS (Public Broadcasting System) on October 14 all over the United States. My grandsons live in Maryland and I tipped my son off and told him to tape it or at least have the boys watch it live because I knew they would enjoy seeing it again. He taped it and they watched it the next day. The oldest grandson noticed that right at the beginning some of the performers came down the aisle beside us and he was sure he could see us on the broadcast. Their dad backed up the tape and sure enough. They could see themselves and all of us. They were really excited while their younger brother (age 4) was crying because he wasn't on television, too.

In preparing the boys to go to H.M.S. Pinafore I played them a video of a production of H.M.S. Pinafore that I had performed in with "Quite Light Opera" in St. Cloud. I was the boatswain. My oldest grandson asked "Is that you Grandpa?" I said, "Yes" He said, "Did you used to have brown hair?" That made me feel much older!

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THIS WILL BE YOUR LAST NEWSLETTER IF YOU HAVE NOT PAID YOUR 2012 DUES.
You may check your membership expiration date above your name and address on this newsletter.
If you are a LIFE member, it will state, "RENEWED THROUGH LIFE."

LEGISLATIVE REPORT

A- Review of the Legislative Commission on Pension & Retirement (LCPR) meeting:

LCPR chair, Representative Morrie Lanning at the conclusion of the 2011 legislative session stated that the commission would hold interim hearings to consider reforms to the state pension plans. The first hearings were held on the 21st & 22nd of October. Chair Lanning said the purpose of the hearings was to identify future issues for the Commission to explore in preparation for the 2012 session. He also said that their intent is "to protect the long term viability of the pension systems so that Minnesota can keep its pension promises to public employees."

The two-day hearing focused mainly on three topics:

1. Financial status – The fund directors (including Duluth and St. Paul teachers) testified regarding the considerable progress made recently to improve funding ratios and reduce unfunded liabilities. The positive impact of the 2010 reforms was also emphasized. Howard Bicker presented information about SBI and recent returns.
2. DB/DC study – The three statewide fund directors presented key findings of the study. Mercer presented the actuarial result which show a high cost to transition to a DC. Several groups testified on this topic including:
 - a. Mark Haveman, with the MN Taxpayers Association, who questioned pension adequacy and favored a stacked hybrid;
 - b. Kim Crockett, with the MN Free Market Institute, who questioned the reliability/neutrality of the study and emphasized out of control pension costs which are crowding out other state spending;
 - c. Walt Munsterman, representing EdMN Retired and EdMN, who supported continuation of the DB and giving more time for the 2010 reforms to work;
 - d. Eliot Seide, with AFSCME, who supported continuing the DB.
3. 8.5% investment assumption – Howard Bicker presented recent projections that predict 8.36% return.

PERA/MSRS testified in support of gradually lowering the assumption to 8.25% and then to 8.0%.

TRA testified in support of maintaining the current 8.5%. Rep. King Banaian spoke in favor of his bill to lower the assumption to 7.5%. Walt Munsterman (EdMN/EdMN Retired) and Jay Ritterson (Committee of 13) testified in favor of maintaining 8.5%. AFSCME said they are still studying the issue and have not yet taken a position!

B- REAM support for keeping the funding ratio at 8.5% &

C- The proposal to lower the State Board of Investment (SBI) funding Investment Assumption

REAM was represented at the LCPR hearings and submitted a letter of support for continuing the 8.5% investment assumptions. Messages of appreciation were received from LCPR committee members: Senator Larry Pogemiller and Representative Mary Murphy. Our position was heard. Consider the following when you meet your state representative and/or state senator:



Fisher's Findings

John Fisher, Legislative Co-Chair

"The LCPR (Legislative Commission on Pension & Retirement) last session had a bill (HF 1507) to reduce the interest rate assumptions from 8.5% to 7.5%. No action was taken, but the LCPR chair, Morrie Lanning has scheduled an interim session to consider reforms in the Minnesota pension system, and HF 1507 is a distinct possibility. Lowering the assumptions would have consequences for all the state pension plans including TRA.

The following is from TRA:

1- The importance of the 8.5% assumption

- + 8.5% set in state statute.
- + Allows actuary to assume assets will grow at 8.5% so that projected benefit liabilities can be discounted at 8.5%
- + Lowering the rate increases benefit liabilities. Increases required contributions/deficiency, lowers the funding ratio.

2- Financial effects of lowering assumption rate to 8.0%

- + For TRA-liabilities up \$1.26 billion (6%)
- + Funding ratio: down 4%-from 68% to 64% -MARKET, 78% to 74%-ACTUARIAL.
- + Normal cost: up from 8.4% to 9.5% of payroll
- + Required contributions: up by 2.6% of pay (actuarial) or 2.4% (market value); deficiency increases.

3- Disadvantages:

- + increase TRA costs
- + More difficult to get to 90% funding
- + Could force contributions higher and/or benefits lower and undermine viability of the defined benefit structure.

4- Advantages:

- + More conservative and less speculative
- + Justified based on updated financial analysis, actuarial advice consistent with fiduciary role
- + Better to be proactive with the legislature
- + Bring Minnesota closer to assumptions of other states
- + Blunt criticism we (TRA/PERA/MSRS) are understating costs

+ Can phase in gradually to mitigate financial impact
(Some discussion is occurring to support a gradual phase in from 8.5% to 8.25% to 8.0%)

The possible lowering of the rate does impact us as retirees.

Laurie Hacking TRA (Teachers Retirement Association) Executive Director noted the following key items from the LCPR October meetings:

- There were many references to the positive impact of 2010 reforms, but some LCPR members said we need to do more.
- LCPR members acknowledged the high costs to switch to a DC; no one was pushing the DC option. Instead they turned their discussion to hybrids as a better approach. They asked LCPR staff to provide more information regarding best practices of other states with hybrids. Some members also expressed interest in cash balance plans (like Nebraska).
- A number of LCPR members expressed interest in lowering the 8.5% assumption. Some said we should also look at salary / payroll growth assumptions.

D- Agenda for the October 19 & 20 LCPR meetings.

At the end of the hearing, the Commission settled on the following topics for the October and November LCPR hearings:

1. 8.5% assumption and payroll/salary growth assumption
2. What are the appropriate income replacement goals for a pension?
3. Hybrids, stacked and best practices from other states
4. Cash balance plans
5. GASB implications
6. Private sector pension trends
7. MSRS's Roth IRA

REAM will be at the LCPR interim hearings October 19 & 20 and November 9 & 10. REAM will let you know the actions of the LCPR and possible actions for us to take as the 2012 legislative session starts in January.

AARP FOUNDER HONORED

The founder of NRTA, AARP and the vast majority of retired educators' associations, Dr. Ethel Percy Andrus, was recognized posthumously on Oct. 12, 2011 at the Extra Mile – Points of Light Volunteer Pathway.

The Extra Mile Pathway is a monument in the heart of Washington, D.C., representing citizens who championed causes to realize a better America. It is dedicated to the spirit of volunteering in America. From founders of major service organizations to leaders of the civil rights and suffrage movements, the Americans honored on The Extra Mile led enduring social movements that continue to engage and inspire us today. Other honorees of The Extra Mile include Dr. Martin Luther King, Jr., Jane Addams, Susan B. Anthony and Cesar Chavez.

For those interested in knowing more about Dr. Andrus, below is an excerpt from the Points of Light review of her contributions:

Dr. Ethel Percy Andrus (1884-1967) was a schoolteacher in Los Angeles who fostered ties between the generations and encouraged everyone to view aging as an achievement to be celebrated. She was the first female high school principal in the state of California and was named Teacher of the Year by the National Congress of Parents and Teachers, as well as by the National Education Association. She was a pioneer in breaking down barriers between students of different backgrounds and in emphasizing community service to students.

After Dr. Andrus retired, she realized that many teachers, after years of devoted service, received pensions that barely sustained them. Driven by the desire to provide older Americans with access to health insurance and financial

security, she founded the National Retired Teachers Association (NRTA) in 1947. Soon, non-educators sought the same benefits being offered through the NRTA. Dr. Andrus broadened her audience and founded AARP (then known as the American Association of Retired Persons). Today, AARP is the nation's largest membership organization and focuses on helping its members and everyone 50+ to live their best lives.

"Like many Extra Mile honorees, Ethel Percy Andrus was one of those very rare people with the ability to dream a dream of how to help others and the will to make the dream become a reality," said John Johansen, founder of The Extra Mile. "It's a wonderful irony that she discovered her life's purpose in retirement by working to give purpose to retired people."

As NRTA approaches its 65th anniversary in 2012 it is wonderful to see Dr. Andrus' work honored. Similarly, it is a pleasure to know that the work of your Association and members contributes to – and sustains – her remarkable legacy.

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 four friends to complete the membership application.

2011 REAM CONVENTION



Bill and Laurie Bastian sang and played for us on Monday evening.



Mary Rose Varo and her daughter sang on Tuesday at our convention.



Michelle Lee, a popular newscaster, taught us how to live healthier.



Jennie Hanson, convention chair, was a great hostess.



The story writing presenter, Eileen Keen, gave tips on writing stories.



Our Tuesday speaker reminded us of the memories our clothing can evoke.



The 2011 REAM Educator Award winners were (l. to r.) Patricia Umbreit, Ruth Pongratz and Jennie Hanson. Past President plaques went to Joyce Sukola and Chuck Hellie.



The 2011 John Moriarity Government Involvement Award went to John Mann of Anoka. It was presented to him by Karna Brewer, Curt Hutchens and Eloise Peterson.

More convention photos located on the website – www.mnream.org

Photos courtesy of Jan Sorell and Karna Brewer.

REAM MEMORIAL/GIFT DONATION

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 State Zip

Please do not print my name with
this gift/memorial in the *REAM News*

Mail to: REAM TREASURER, Gordon Wagner
317 Waite Ave., St. Cloud, MN 56301

MEMORIALS November 2011

<p>In Memory Of: DELORES ARNDT From: Stillwater Area REAM\$10.00</p> <p>In Memory Of: PHYLLIS CHRISTENSON From: Canby Area REAM.....\$10.00</p> <p>In Memory Of: KAREN GATES From: Shari Pretzer, Longville.....\$10.00</p> <p>In Memory Of: LOWELL "TED" GILLETT From: Duane Mattheis, Eden Prairie\$10.00</p> <p>In Memory Of: GLORIA HASLUND From: Stillwater Area REAM\$10.00</p> <p>In Memory Of: JENNINGS JOHNSON From: John Geist, Rochester.....\$25.00 From: Duane G. Bell, Rochester\$10.00</p> <p>In Memory Of: FLOYD JUST From: John Weins, Longville\$10.00</p> <p>In Memory Of: DEE KUNELIUS From: David / Edna Thayer, Elysian\$20.00</p> <p>In Memory Of: BABETTE ROBB From: Stillwater Area REAM\$10.00</p>	<p>In Memory Of: ROD SAHLI From: George / Betty Van De Mark, Shoreview.....\$50.00</p> <p>In Memory Of: WILLIAM "BILL" SULLIVAN From: Jim / Jan Casey, Bloomington.....\$15.00</p> <p>In Memory Of: ED THOM From: John Weins, Longville\$10.00</p> <p>In Memory Of: JOHN VUCINOVICH From: Robert Rindal, Hugo\$20.00</p> <p>In Memory Of: JAMES C. WAKEFIELD From: Chuck / Cathy Sell, St. Cloud\$15.00</p> <p style="text-align: center;">GIFTS</p> <p>From: Anonymous, Illinois.....\$20.00</p> <p>From: Anonymous, Minneapolis\$12.00</p> <p>From: Ed Bolstad, Grand Marais.....\$5.00</p> <p>From: Pat Brennan, Bloomington\$5.00</p> <p>From: Warren C. Nelson, Buffalo.....\$10.00</p> <p>From: Ed Porthan, Alexandria.....\$5.00</p> <p>From: Mary M. Schmid, Breezy Point\$5.00</p>
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SOME GREAT THINGS ABOUT GETTING OLDER

- People no longer view you as a hypochondriac.
- In a hostage situation you are likely to be released first.
- Your joints are more accurate forecasters than the National Weather Service.
- Kidnappers are not interested in you.
- Things you buy now won't wear out.
- Finally, you get to eat dinner at 4:00 p.m.
- Your secrets are safe with your friends because they can't remember them either.

The REAM News

P.O. Box 130547
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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 _____

CHECK MEMBERSHIP DESIRED: Please check appropriate box so that we can record accurately.

- 1. \$175 Life
- 2. \$70 Five Year New Renewal
- 3. \$15 Annual New Renewal



- PENSION SOURCE:
- TRA
 - PERA
 - St. Paul, Duluth
 - Other

Membership Year Sept. 1 to August 31

Make check payable to REAM. Mail payment and form to: REAM MEMBERSHIP, BOX 130547, ROSEVILLE, MN 55113.

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