

Welcome to TRA (Video Script)

(man) Hello! Okay.

(Cathy Wurzer) As our daily lives become more complicated, it becomes difficult to find time to research and understand the complexities of retirement planning.

Hello, on behalf of the Minnesota Teachers Retirement Association, I'm Cathy Wurzer. This TRA video series has been designed to help you do just that-- learn about your retirement benefits in a convenient and concise manner. Before we get started, I think it's important to review some fundamental details. The Teachers Retirement Association, also referred to as TRA, is a defined benefit plan. It was founded in to provide retirement, disability, and survivor benefits to Minnesota teachers. In the United States, most public employees, including members of TRA, receive their primary retirement benefit through a Defined Benefit Plan rather than a Defined Contribution Plan. Knowing the primary differences between these two types of retirement plans is very important. Many private sector employers sponsor plans. In a defined contribution plan, typically the employee and employer contribute to the employee's personal account. Retirement benefits are then determined by the amount of funds in that account at the time of retirement. The employee has the responsibility to determine how these funds are invested and how they are distributed during retirement.

I'd now like to introduce you to Laurie Hacking. She's the Executive Director of the Teachers Retirement Association. Laurie, can you explain the advantages of a defined benefit plan like TRA?

(Laurie Hacking) Yes, a defined benefit plan provides a greater degree of certainty and reliability for a teacher. As a defined benefit plan, TRA benefits are determined by a formula that's based upon your age at retirement, your length of service, your high five years of salary. During your career, you and your employer contribute a percentage of your salary into your TRA account.

Those contributions are invested by experts at the Minnesota State Board of Investment. In fact, 85% of the money needed to fund your benefit actually comes from investment earnings and your contributions.

(Cathy Wurzer) Very good. Studies show, by the way, that when employees move their defined contribution plan funds to another employer, many use the money for immediate cash needs instead of reinvesting it for retirement. With a defined benefit plan, time works as your ally. A good retirement benefit depends on leaving your assets invested over the long term. So Laurie, do you have any advice for TRA members?

(Laurie Hacking) Yes, I encourage our members to really learn about the benefits that TRA can provide to them. They should tune in to this video series. They should visit our Web site where there's a wealth of information about our programs, and also we encourage our members to contact our customer service staff if they want more detailed information about their own individual account.

(Cathy Wurzer) Good. Thank you so much. As a TRA member, you can look forward to a guaranteed lifetime pension benefit regardless of investment performance. Your membership in TRA is a positive investment in your future.

Thank you for joining us.