



## [Q&A for Post-1989 Teachers: Early Retirement and “62/30”](#)

### **I’m interested in retiring before age 66. How might this affect my pension?**

If a member chooses to begin drawing a benefit early, before normal retirement age, the benefit must be reduced sufficiently to recognize that the individual is expected to receive the benefit for a longer period of time. The normal retirement age (NRA) for post-1989 TRA members is age 66. “Early retirement” is any age earlier than 66, and there is a reduction in benefits for retiring prior to that full normal retirement age. The younger you retire before age 66, the higher the reduction – similar to Social Security. For example, if someone with a normal Social Security retirement age of 66 (those born between 1943 and 1954) retires at age 62, the Social Security benefit is reduced 25 percent.

### **Those of us who were hired after 1989 don’t have “Rule of 90.” Will it ever come back?**

Rule of 90 allowed Minnesota public employees to retire with an unreduced pension once their years of service plus their age equaled 90. This meant that teachers as young as 55, with 35 years of service, could begin receiving unreduced benefits. There is a significant cost to the pension system when active members retire early, and in 1989 the legislature changed the law so that Rule of 90 was no longer available to those whose first teaching service began after June 30, 1989. Eliminating Rule of 90 was one of many ongoing reforms made to pension systems to help make them sustainable for the long term. However, in response to teacher concerns, in 2013 the TRA Board supported legislation that reduces the penalties for members retiring at age 62 and older with 30 years of service. Those with 30 or more years of service who work to age 62 will receive a more favorable early retirement calculation and higher initial monthly benefits. The changes will be phased in over five years beginning July 1, 2015.

### **What is the reduction for retiring early?**

Beginning on July 1, 2015, the reductions will vary depending on number of years prior to normal retirement age 66. For example, under the new law, a post-1989 member choosing to retire at age 64 rather than age 66 will have their benefit reduced by 9 percent if s/he has less than 30 years of service and 7 percent if s/he has 30 years of service. The same member retiring at age 60 will receive a benefit that is reduced by 31 percent. A member retiring at age 55 will receive a benefit that is reduced by 52 percent. The new law improves the calculations for longer-service (30 years) teachers retiring at age 62 or later. (See example, next page.)

### **When will the new law take effect and how might it affect my planned retirement date?**

The early-retirement reduction calculations and benefit changes will be gradually phased in between July 1, 2015, and July 1, 2020. Full implementation of the recommended changes to the early-retirement reduction calculations would occur on July 1, 2020.

### **I stopped teaching years ago and have not yet applied for a retirement benefit. How will the changes affect me?**

The changes will be phased in over a five-year period beginning July 1, 2015. Depending on your age, it might be in your best interest not to delay retirement any further. To find out how the phase-in of early-retirement reduction formulas affects you, call the TRA offices to schedule an appointment with a pre-retirement counselor (651-296-2409 or 1-800-657-3669).

**How can I learn more about early-retirement options?**

If you are close to retirement, our counselors can answer your questions about how choosing to retire early might impact you personally. Call 651-296-2409 or 1-800-657-3669 to talk to a retirement counselor, or e-mail [info@minnesotatra.org](mailto:info@minnesotatra.org).

<b>EXAMPLES: Early-Retirement Calculations*</b>					
<b>AGE</b>	<b>SERVICE CREDIT</b>	<b>PRE-7/1/15 BENEFIT</b>	<b>BENEFIT UNDER CURRENT LAW (under age 62, less than 30 years of service)</b>	<b>BENEFIT UNDER CURRENT LAW (age 62 with 30+ years of service)</b>	<b>CHANGE FROM PRE-7/1/15 LAW</b>
60	28	\$1,828	\$1,724		(\$103)
61	29	\$1,991	\$1,948		(\$43)
62	30	\$2,169		\$2,292	\$123
63	31	\$2,363		\$2,487	\$123

\*Applies to members who started after 1989. Assumes high-five average salary of \$60,000. 62/30 benefit improvement reflects amounts applicable after end of phase-in period (2020).