



Annuitant News

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A Newsletter From The St. Paul Teachers' Retirement Fund Association

September 2008

Board of Trustees Call for Nominations

Three seats on the SPTRFA Board of Trustees are open for election at the Annual Meeting of the Members on January 15, 2009.

The members currently holding three-year seats up for election are Mike McCollor, Erma E. McGuire, and Karen Odegard.

Candidates for the position of trustee must be nominated by ten members of the SPTRFA. Nomination forms are available at the SPTRFA office. Please stop in or call 651-642-2550.

The names of nominated candidates appear on the voting proxy, which will be mailed to all members in December. Additional nominations may be made from the floor at the Annual Meeting of the Members.

Properly completed nomination forms must be received in the SPTRFA office no later than the close of business at 4:30 p.m. on Friday, November 14, 2008.

Legislative Studies

The Minnesota Legislature has requested two studies this year. One could have significant implications for our retirees; the other may affect benefits for active members in future years.

Our cost-of-living adjustment (COLA) for January 2007 and 2008 was converted to a straight CPI-based increase similar to the formula used by the U.S. Social Security Administration. This methodology change was sunset after January 2008 in order to obtain information on the effects of the change before making it permanent law. If the Legislature does not renew or codify the new COLA, we would revert to the former guaranteed 2% plus excess investment earnings approach used before. Fund staff will be working with our actuary on this project in the coming months.

A second study will assess the adequacy of teacher retirement benefits in Minnesota in two ways: 1) from an income replacement standpoint, 2) on a relative basis, comparing Minnesota teachers with those in other states.

As part of this study, the SPTRFA will be surveying a sample of Coordinated Plan retirees. We will draw on a broad array of financial

information and income data in order to assess benefit adequacy by taking into account the broadest possible array of post-retirement resources.

All data will be collected anonymously without identifiers. No confidential information will be shared with any outside party. If you receive this survey in your mailbox within the next few weeks please respond. This a chance for you to help plan future teacher retirement benefit policy. Your response is very important.

Your Pension Payments:

Your monthly pension benefit is paid in advance as of the first of each month.

If you receive your pension by physical check: Your checks are mailed on the last day of the prior month unless that day is Sunday, in which case they are mailed on Saturday. Allow five business days for mail delivery before calling to report that you have not received your check.

If you receive your pension by electronic deposit: (See electronic deposit calendar below.) You receive a *quarterly* statement that provides your monthly and year-to-date figures. New retirees receive a statement for the first month your benefit begins (e.g., if you just retired in June, your first check is in August and you receive statements in both August & September). Quarters are: March, June, September, and December. December is your annual 1099-R for taxes that is mailed in mid-January.



Dates for Electronic Deposit of Pension

If you have electronic deposit of your monthly pension benefit, it is deposited to your account on the first business day of the month.

September 2, 2008	March 2, 2009
October 1, 2008	April 1, 2009
November 3, 2008	May 1, 2009
December 1, 2008	June 1, 2009
January 2, 2009	July 1, 2009
February 2, 2009	August 3, 2009



Investment Returns

John Maynard Keynes, the noted British economist, was the first to thoroughly explain how displacements in the “nominal” (financial) sphere of the economy could manifest themselves in the “real” (producer/consumer) sphere. The year that ended June 30, 2008, provided a textbook case.

The “real” economy was derailed by several factors that seemed, at first, quite removed from the core production and consumption spheres:

- Soft monetary policy
- An overheated housing market
- Undisciplined credit
- Bundling and masking of credit risks
- Hedge funds leveraged against all the above

Fuel and food prices drove inflation up, presenting even greater challenges. Our U.S. stock funds mirrored the losses that afflicted the market overall. Though also negative, our international stock portfolio did much better (-6%) than the composite index (-10%). Returns on the fixed income side were positive, but less than the benchmark. The total fund return of (-6.6%) net of manager fees ended 1.0% below the composite benchmark of (-5.7%). In negative and

volatile markets, we expect our active portfolio managers to beat their benchmarks more consistently than might happen in rising markets. There were clear exceptions, but overall, active managers did not perform as expected. Our three and five-year total fund returns tracked closely with the composite benchmark, meaning our funds did about as well as if all the assets had been invested in “passive” or “indexed” accounts.

SPTRFA — Returns for Periods Ending June 30, 2008	Annualized Rates of Return vs. Benchmarks		
	One Year	3 Years	5 Years
Domestic Equity	(13.2%)	5.3%	10.7%
S&P 500 Index Benchmark	(13.1%)	4.4%	7.6%
Domestic Fixed Income	4.9%	3.5%	3.5%
LB Aggregate Index Benchmark	7.1%	4.1%	3.9%
International Equity	(6.0%)	15.1%	18.9%
MSCI EAFE Index Benchmark	(10.6%)	12.8%	16.7%
Real Estate	2.5%	12.2%	-
NCREIF Total Index Benchmark	9.2%	15.0%	-
Total Fund	(6.6%)	8.0%	11.0%
Composite Benchmark	(5.7%)	8.1%	10.7%

Figures in parenthesis denote negative numbers. All bold figures are statistics for SPTRFA. Regular type denotes benchmark figures. Returns by asset class are gross of fees. The Total Fund return is net of manager fees.

In Memoriam

We offer our sympathies to the families and friends of the retired educators who have passed away since our last newsletter was published. Rest In Peace.

Patricia W. Allen
Harold V. Angell
Marjorie F. Brula

William O. Brusewitz
Margaret C. Funk
Emily K. Galatowitsch

Mary Jean Krenner
Bruce H. Montgomery
F. Mildred Prince

Roberta B. Smith
Wilbert M. Storland
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The *Annuitant News* is published by the St. Paul Teachers' Retirement Fund Association (SPTRFA), 1619 Dayton Avenue - Room 309, Saint Paul, Minnesota 55104-6206, telephone 651-642-2550. Its purpose is to provide timely and accurate information to SPTRFA members about their retirement system. SPTRFA's office hours are 8:00 a.m. to 4:30 p.m., Monday through Friday, with the exception of designated holidays. The *Annuitant News* can be provided in an alternate format.