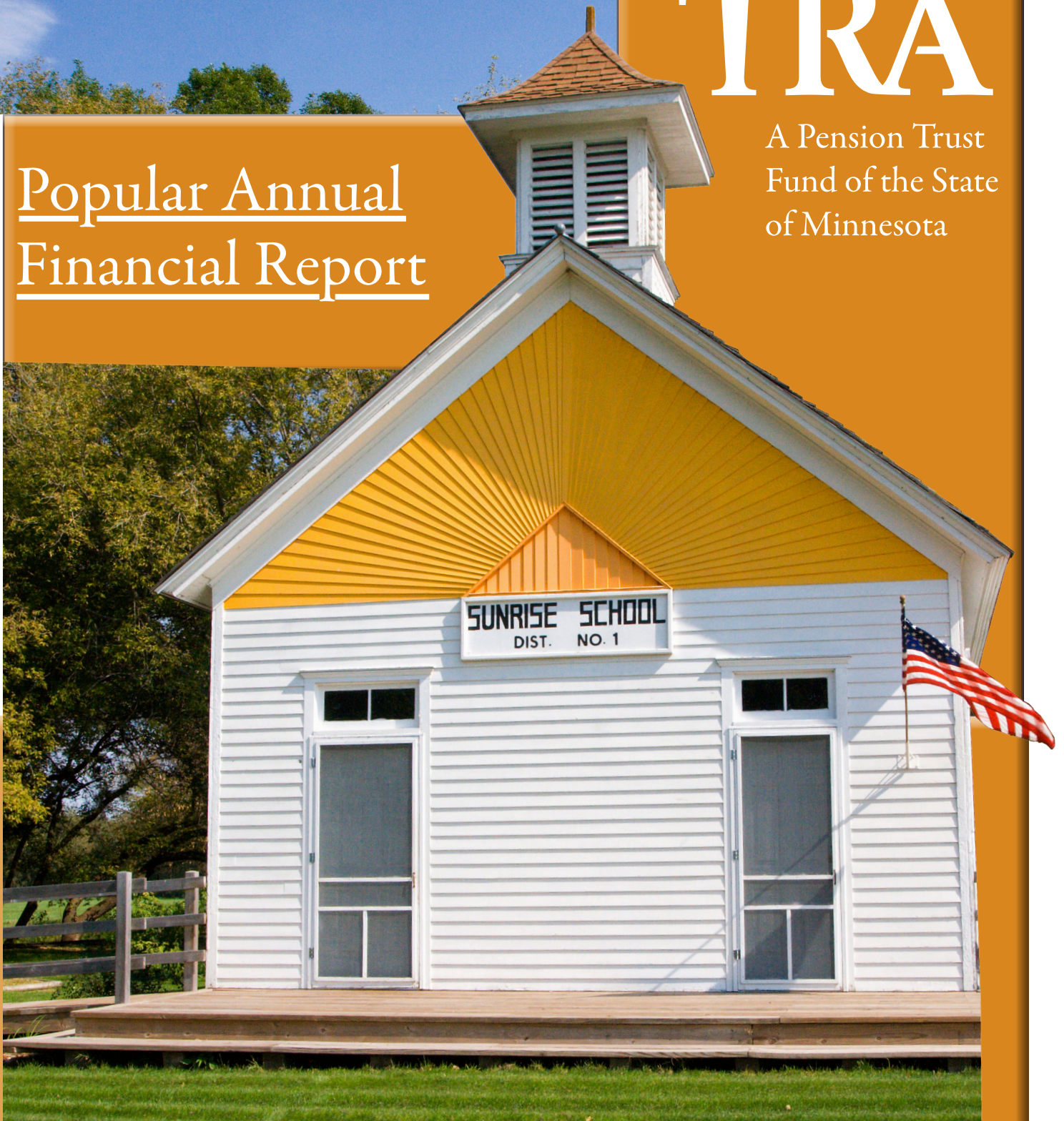


2022



Popular Annual
Financial Report

A Pension Trust
Fund of the State
of Minnesota



For fiscal year ended June 30, 2022

Popular Annual Financial Report



Message from the Executive Director

We are pleased to present this Popular Annual Financial Report (PAFR) of the Teachers Retirement Association (TRA) for the fiscal year ended June 30, 2022, our 91st year of service. This PAFR is a summary of TRA's financial position for the fiscal year 2022. For additional details, see our Annual Comprehensive Financial Report (ACFR) which can be found online at: <https://minnesotatra.org/>

TRA is managed by a board of eight trustees. Trustees are responsible as fiduciaries to protect the long-term value of the System's investment portfolio and provide benefit security for members. Trustees are also obligated to consider the benefit needs of all pension fund participants regardless of any individual constituency that may have been instrumental in their election. Although the TRA Board of Trustees has a broad scope of authority in the operations and management of TRA, the pension fund is also governed by federal laws and state statutes. For financial reporting purposes, TRA is considered a pension trust fund of the State of Minnesota, and TRA financial results are incorporated into the ACFR of the State of Minnesota.

Total plan assets of the TRA fund as of June 30, 2022, were \$26.9 billion. Pension benefits paid to retirees and beneficiaries during fiscal year 2022 was \$2 billion. Total liabilities as of June 30, 2022, were \$1.3 billion, a decrease of \$486.4 million from the June 30, 2021 liability amount of \$1.8 billion. Association assets exceeded liabilities in fiscal year 2022 by \$25.6 billion.

As of June 30, 2022, the accrued liability funding ratio for TRA, using actuarial value of assets, was 82%, an increase from the funding ratio of 80.25% as of June 30, 2021. TRA's unfunded actuarial accrued liability on June 30, 2021, was \$6 billion. The June 30, 2022, unfunded actuarial accrued liability was \$5.7 billion, a decrease of \$397 million from the previous year. The investment return of -6.4% for fiscal year 2022 was significantly lower than the statutory assumed rate of return of 7.5%. Investment returns were weak during the fiscal year as markets reacted to a high inflation economy.

TRA continues to strive towards our strategic goals that were developed with the input from TRA stakeholder groups, TRA staff, and TRA Board members. These goals include: Engagement and education | Fund integrity balanced with equity in plan provisions | Engaged, empowered, high performing workforce | Risk-intelligent organization. Strategies and action plans have been outlined to accomplish each of the four goals, which can be found in our FY2022 ACFR.

J. Michael Stoffel
Executive Director

For fiscal year ended June 30, 2022

Report prepared by the TRA accounting and executive staff

Cover: Sunrise School, End-O-Line Railroad Park and Museum, Currie, Minnesota
Photo courtesy of Murray County Historical Society

Fiduciary Net Position

June 30, 2022 and June 30, 2021

<i>* All Dollars in Thousands</i>	2022	2021	Change
Cash and Investments	\$26,888,619	\$30,146,732	(\$3,258,113)
Receivables	\$28,710	\$19,889	\$8,821
Capital Assets	\$11,885	\$14,434	(\$2,549)
Total Assets	\$26,929,214	\$30,181,055	(\$3,251,841)
Current Liabilities	\$1,330,858	\$1,816,526	(\$485,668)
Long-Term Liabilities	\$2,012	\$3	(\$760)
Total Liabilities	\$1,332,870	\$1,819,298	(\$486,428)
Fiduciary Net Position	\$25,596,344	\$28,361,757	(\$2,765,413)

The Statement of Fiduciary Net Position measures the resources TRA has available to pay pension benefits less liabilities owed by TRA to people and businesses other than members. However, the statement does not include the actuarially estimated pension liability owed to plan members.

Change in Fiduciary Net Position

For Fiscal Year Ended June 30, 2022 and June 30, 2021

<i>* All Dollars in Thousands</i>	2022	2021	Change
Additions			
Employee Contributions	\$428,993	\$410,162	\$18,831
Employer Contributions	\$518,269	\$486,669	\$31,600
Net Investment Income/(Loss)	(\$1,710,746)	\$6,684,106	(\$8,394,852)
Other	\$3,531	\$3,702	(\$171)
Total Additions	(\$759,953)	\$7,584,639	(\$8,344,592)
Deductions			
Monthly Benefits	\$1,973,265	\$1,937,441	\$35,842
Refund of Contributions	\$16,529	\$14,415	\$2,114
Administrative Expenses	\$15,666	\$16,022	-\$356
Total Deductions	\$2,005,460	\$1,967,878	\$37,582
Change in Fiduciary Net Position	(\$2,765,413)	\$5,616,761	(\$8,382,174)

TRA is funded through a combination of member contributions, employer contributions, and investment earnings. For fiscal year 2022, the fiduciary net position decreased \$2.8 billion. The decrease was primarily from poor investment performance. Deductions to fiduciary net position are incurred primarily for the purpose for which TRA was created, namely the payment of benefits to retirees. In fiscal year 2022, retirement, death and survivor benefits increased \$35.8 million. Refunds and withdrawals increased by \$2.1 million. Administrative costs decreased by \$356,000.

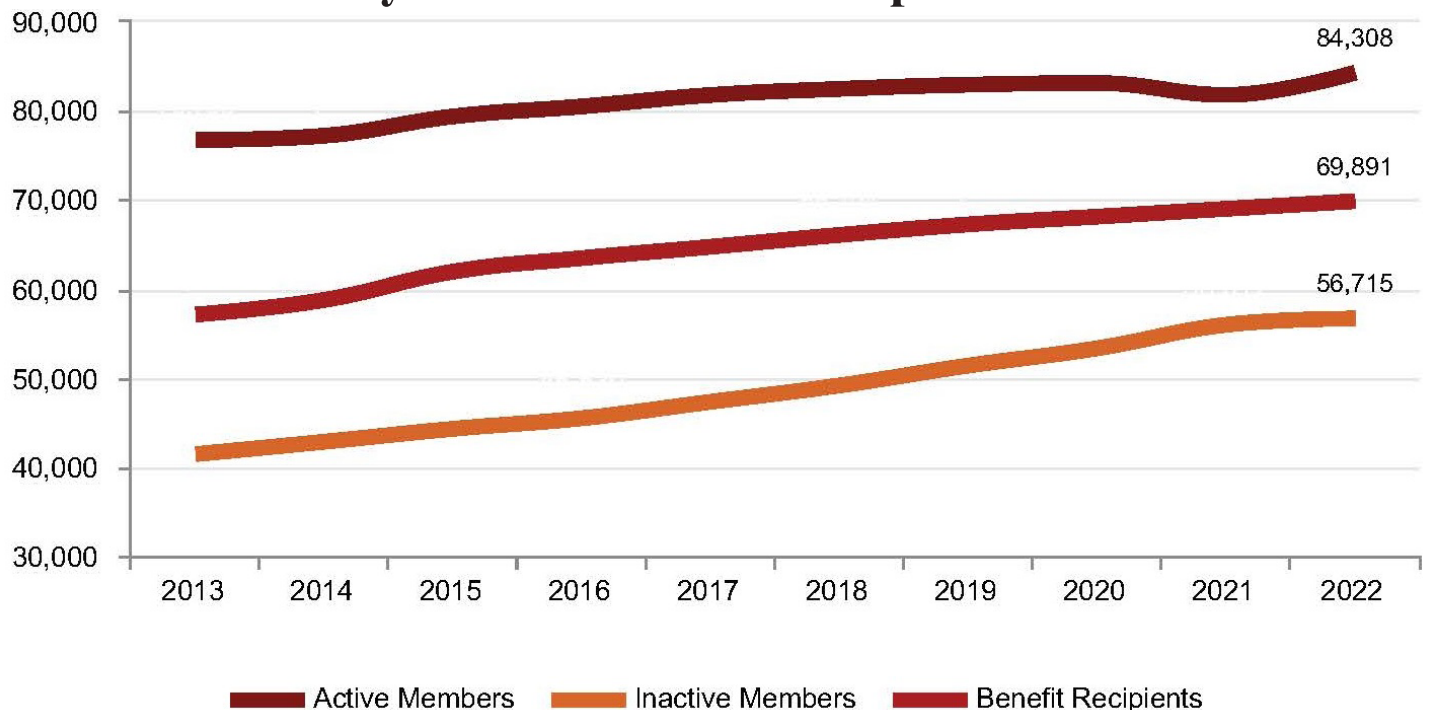
Ten Year History of TRA Contribution Rates

Fiscal Year	Coordinated Employee Contribution Rate	Coordinated Employer Contribution Rate	Coordinated Total Contribution Rate	Basic Program Employee Contribution Rate	Basic Program Employer Contribution Rate	Basic Program Total Contribution Rate
2013	6.5%	6.5%	13%	10%	10.5%	20.5%
2014	7%	7%	14%	10.5%	11%	21.5%
2015	7.5%	7.5%	15%	11%	11.5%	22.5%
2016	7.5%	7.5%	15%	11%	11.5%	22.5%
2017	7.5%	7.5%	15%	11%	11.5%	22.5%
2018	7.5%	7.5%	15%	11%	11.5%	22.5%
2019	7.5%	7.71%	15.21%	11%	11.71%	22.71%
2020	7.5%	8.13%	15.63%	11%	11.92%	22.92%
2021	7.5%	8.13%	15.63%	11%	12.13%	23.13%
2022	7.5%	8.34%	15.84%	11%	12.34%	23.34%

*In addition to the rates above, an employer contribution to the fund by Special School District No. 1, Minneapolis, is an amount equal to 3.64% of the salary of each teacher who is a coordinated member or who is a basic member.



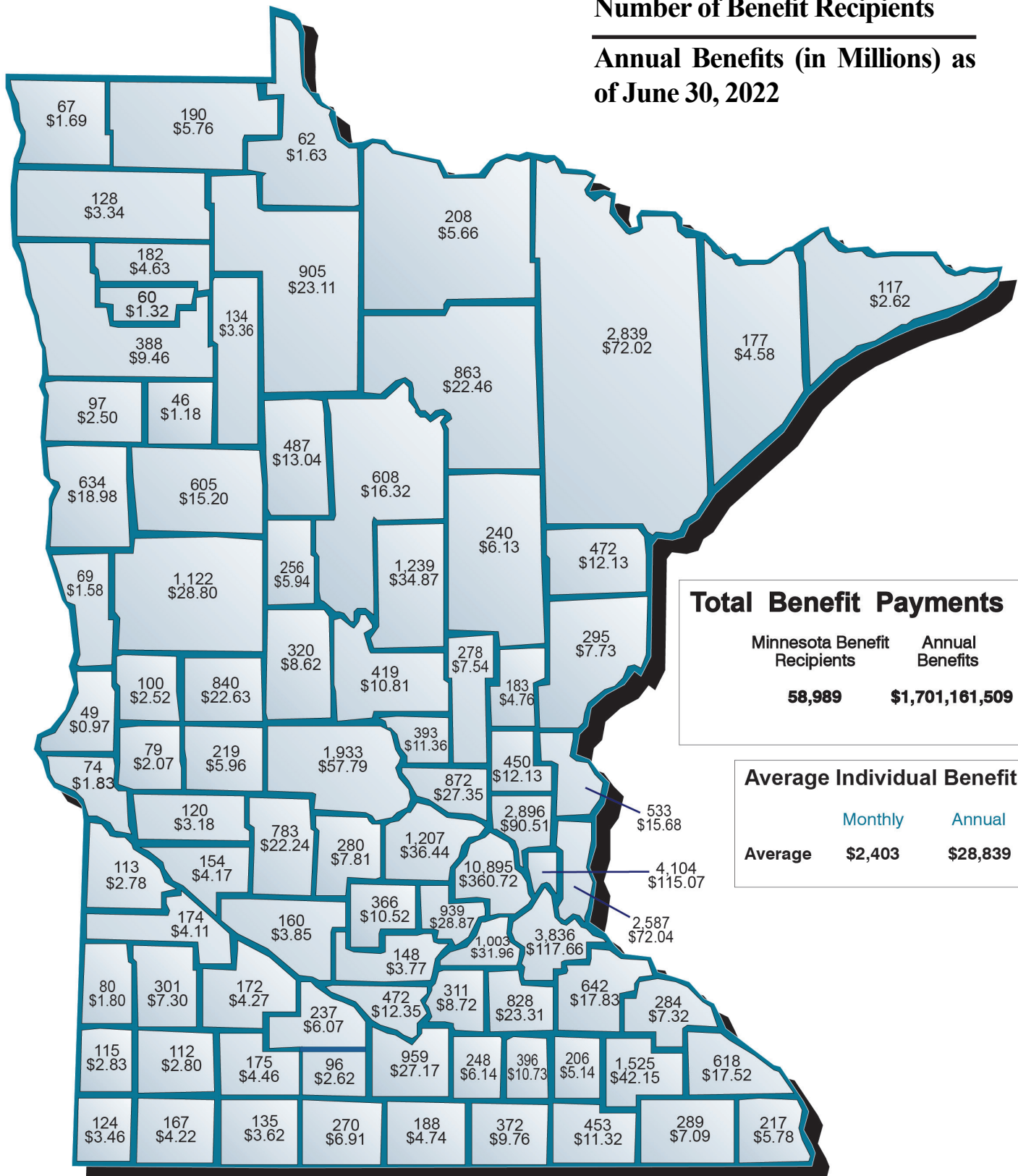
Ten Year History of TRA Membership



Annual Benefits for Recipients by County

Number of Benefit Recipients

Annual Benefits (in Millions) as of June 30, 2022



Total Benefit Payments

Minnesota Benefit Recipients	Annual Benefits
58,989	\$1,701,161,509

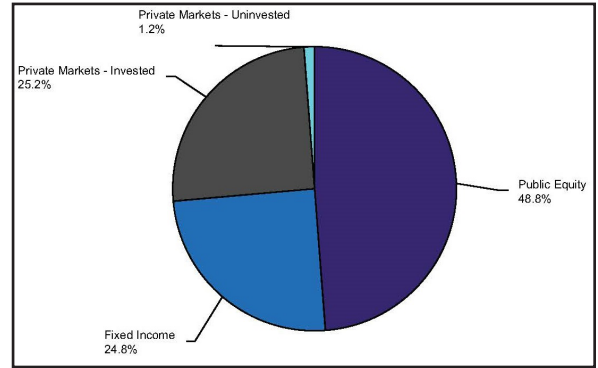
Average Individual Benefit

	Monthly	Annual
Average	\$2,403	\$28,839

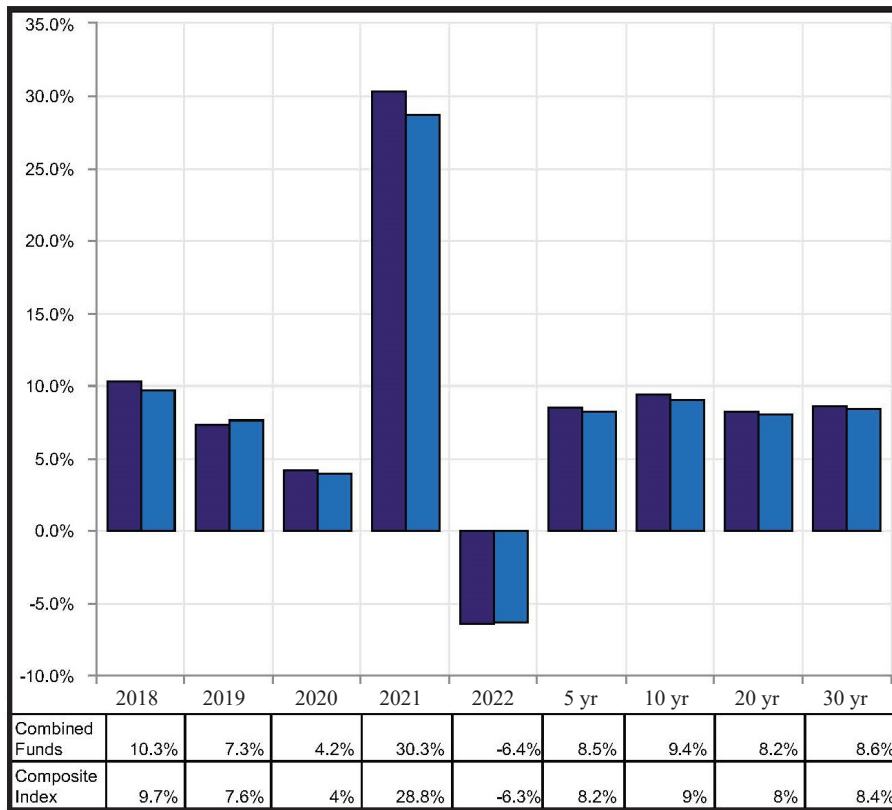
Asset Allocation

Portfolio Distribution: Strategic Asset Policy Target Allocation - Actual Mix

All TRA assets are accounted for within the Combined Funds managed by SBI. The Combined Funds consist not only of the TRA assets, but also the assets of the Public Employees Retirement Association (PERA) and the Minnesota State Retirement System (MSRS).



Investment Performance as of June 30, 2022



Combined Funds Performance vs. Composite Index (Past five fiscal years and longer term)

All investment performance methodology is reported in compliance with the mandatory requirements of the Chartered Financial Analyst (CFA) Institute. Investment returns are prepared using a time-weighted rate of return methodology, based on market value, net of investment expense.

Plan Funding

The funded ratio, which is the value of a plan's assets in proportion to the pension liability, is measured on June 30th of each year. Funding for pension plans consists of investment returns, employee contributions and employer contributions.

Date	Funded Ratio	Unfunded Actuarial Accrued Liability
July 1, 2018	76.9%	\$6,620,181,000
July 1, 2019	76.8%	\$6,779,326,000
July 1, 2020	76.1%	\$7,192,272,000
July 1, 2021	80.2%	\$6,087,630,000
July 1, 2022	82%	\$5,690,094,000

*The Funded Ratio and UAAL use actuarial value of assets.

Popular Annual Financial Report



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ABOUT THE POPULAR ANNUAL FINANCIAL REPORT (PAFR)

This Popular Annual Financial Report (PAFR) is derived from the information contained in TRA's Annual Comprehensive Financial Report (ACFR). Both are presented in accordance with Generally Accepted Accounting Principles. Also, TRA does not include footnotes which can be found in the ACFR. For a copy of TRA's ACFR, visit <https://minnesotatra.org/financial/annual-reports/>