

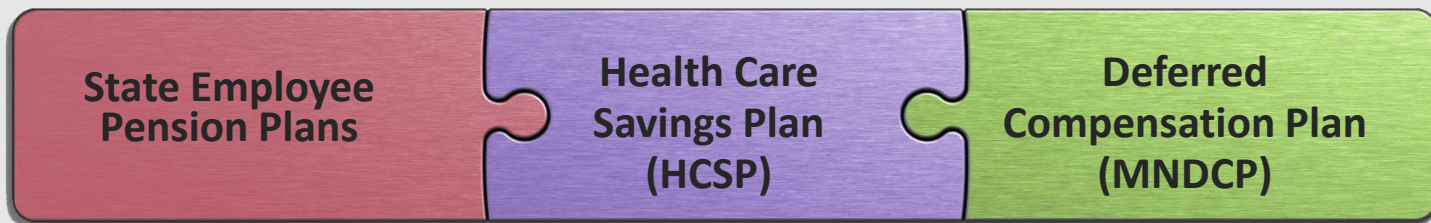


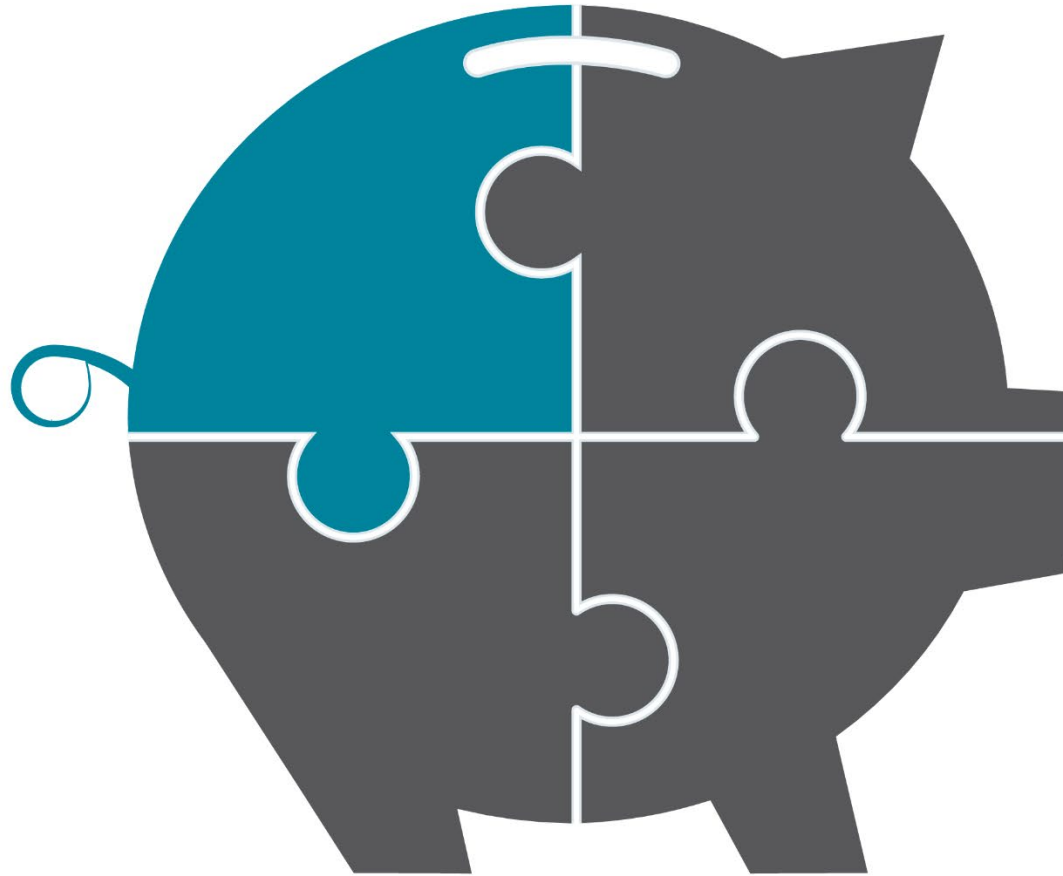
## 2024 MSRS Presentation

# Who we are



## Minnesota State Retirement System





Pensions

# Pension benefit factors



**Service  
Credit**

**High-5  
Salary**

**Benefit  
Multiplier**

**Possible  
Reduction**



## Service Credit

# What you receive credit for

- Every month that deductions from pay are taken
  - Part-time (<50%) is pro-rated*
- Workers' Compensation leave of absence
- Leaves of absence, if purchased
- Repaid refunds
- Vesting requirements

*3 years of total service –hired < 7-1-2010  
or if active after 6-30-2023  
5 years of total service –hired > 7-1-2010*



## Service Credit

# Combined service annuity (CSA)

Service with another MN public plan (e.g., TRA or PERA)

### Requirements:

- Minimum six months with each plan
- Must terminate from all plans
- Must collect from all plans within one year



## High-5 Salary

# Average monthly salary

- Highest five successive years' wages (High-5)
- Includes gross salary
- Excludes unused vacation & sick leave payouts
- NOT reduced by contributions to your MNDCP 457(b) or 403(b) or HCSP account



## Benefit Multiplier

# A set multiplier

The formula dictated by Minnesota law used to calculate your benefit

**1.7%**





**Possible  
Reduction**

# Reduction factor Depends on age

## Full Retirement Age

*if hired prior to 7-1-1989*

- *Age 65, or*
- *Rule of 90*

## Full Retirement Age

*if hired after 7-1-1989*

- *Age 66*

**Apply reduction if you collect  
pension benefit before your  
FULL RETIREMENT AGE**

# Meet Anita & Sarah

Each began employment at the same time  
Each earn the same salary



## Anita

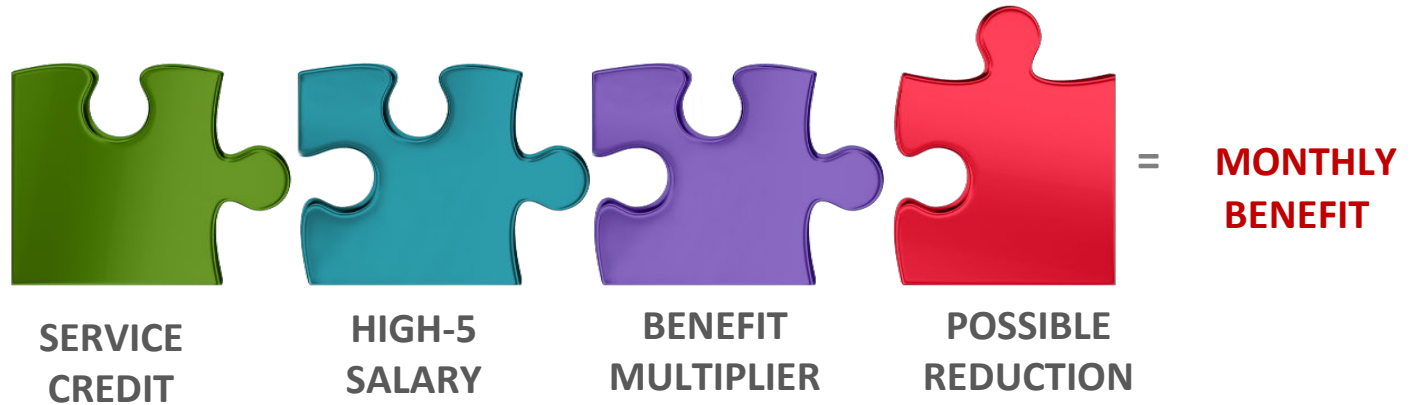
- Plans to retire at age 66
- With 30 years at DNR



## Sarah

- Plans to retire at age 62
- With 26 years at DOT

# Benefit comparison



## Anita retires age 66

$$30 \text{ years} \times \$5,000 \times 1.7\% \times \text{N/A} = \$2,550$$

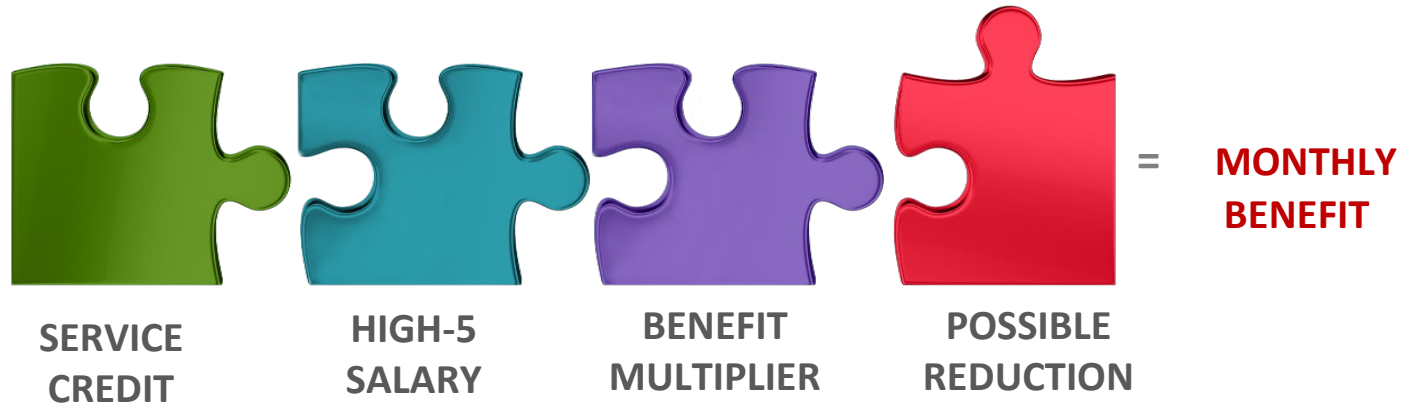


## Sarah retires age 62

$$26 \text{ years} \times \$4,619 \times 1.7\% \times 0.6924 = \$1,414$$

*FOR ILLUSTRATIVE PURPOSES ONLY Your actual results will vary based on your retirement date.*

# Benefit deferral comparison



## Sarah retires age 62

$$26 \text{ years} \times \$4,619 \times 1.7\% \times 0.6924 = \$1,414$$



## Sarah retires age 62 BUT DEFERS T AGE 66

$$26 \text{ years} \times \$4,619 \times 1.7\% \times \text{N/A} = \$2,042$$

FOR ILLUSTRATIVE PURPOSES ONLY Your actual results will vary based on your retirement date.

# Joint & Survivor benefit options

Benefit Type	Your Benefit	Survivor Benefit	Bounce Back
<b><u>Single Life</u></b>	\$2,550	N/A	N/A
<b><u>Joint &amp; Survivor (retiree &amp; survivor both age 66)</u></b>			
<b>100% Option</b>	\$2,238	\$2,238	\$2,550
<b>75% Option</b>	\$2,308	\$1,731	\$2,550
<b>50% Option</b>	\$2,384	\$1,192	\$2,550
<b><u>Life Income 15-Year Certain</u></b>			
	\$2,385	\$2,385	N/A

- Irrevocable election
- Survivor(s) doesn't have to be a spouse
- Younger age survivor(s) = smaller benefit
- Non-spouse survivor(s) between 10 and 19 years younger may select 75% or 50% option
- Non-spouse survivor(s) more than 19 years younger may only select 50% option

FOR ILLUSTRATIVE PURPOSES ONLY Your actual results will vary.

# Value of pension benefit

Sarah



Anita



## Example

Retirement age	62	66
Contributions to MSRS (6% of salary)	\$65,927	\$80,471
Monthly benefit	\$1,414	\$2,550
Total benefit paid in retirement (live to age 90)	\$585,082	\$876,186
NET GAIN	\$519,155	\$795,715

# Plan for taxes

## Your pension benefit is taxable

- Withhold federal & state tax (for MN only)
- Adjust tax withholding at any time
- Receive tax form 1099-R each January



# Post retirement benefit increase

Retirees receive an annual pension benefit increase each January

**1.5%\***

- First increase pro-rated

\*State Patrol Plan is 1%





# Working after retirement

If you return to MSRS eligible position ONLY:

- Notify MSRS of re-employment
- 30 day break in service is required
- No retirement deductions taken
- When under Social Security's full-retirement age, pension benefit suspends at earnings limit (\$22,320 - 2024)
- Restarts at end of employment or January 1<sup>st</sup> of next year
- May affect eligibility to access your MNDCP & HCSP assets

# Death prior to retirement

## Surviving Spouse Benefit

- 100% Joint & Survivor lifetime monthly benefit, or
- Monthly payment for 10, 15 or 20 years, or
- Lump-sum payment of employee contributions only plus 3% interest

## Non Spouse Benefit

- Lump-sum payment of employee contributions only plus 3% interest
- If no surviving spouse, minor child benefit

# Pension benefit Application process



**Contact your pension plan  
provider when applying for  
your pension benefit**

## Forms needed

1. Application for Retirement Benefit
2. Direct Deposit form
3. Birth records
4. Copy of Marriage Certificate  
(if applicable)
5. Certified copy of Divorce Decree  
or  
Domestic Relations Order  
(if applicable)

# Take action



## Review your estimated pension benefit

- Annual statement
- Online account
- Schedule an appointment with an MSRS Representative



## Understand the impact of retiring before your full retirement age

Further you are from your full retirement age, greater the benefit reduction





**Time table**

# Pre-retirement timetable

PRIOR TO RETIREMENT	ACTION
5 years	<ul style="list-style-type: none"><li>• Maximize contributions to your MNDCP account in your final working years</li><li>• Calculate your retirement budget</li><li>• Adjust your MNDCP &amp; HCSP investment allocation as appropriate</li></ul>
1 year	<ul style="list-style-type: none"><li>• Explore your retirement income &amp; expenses</li><li>• Prepare your retirement budget</li></ul>
6 - 12 months	Contact your pension plan provider to request an audited pension estimate
3 months	Contact Social Security, if retiring at age 62+
1 - 2 months	<ul style="list-style-type: none"><li>• Complete pension application File with pension plan</li><li>• Contact H.R. about insurance &amp; HCSP eligibility</li></ul>

# Post-retirement timetable

AFTER RETIREMENT	ACTION
Immediately	ENJOY ENJOY ENJOY ENJOY
Up to 6 weeks	Receive pension authorization letter & first payment
30 days after receipt of pension authorization letter	Your joint & survivor benefit option is irrevocable
1st week of the next month	Receive monthly pension payment
December	Receive notification of post-retirement increase
January	Receive tax Form 1099-R for pension & MNDCP payments

# Get more information

## Pension Plan

MSRS

[www.msrs.state.mn.us](http://www.msrs.state.mn.us)

1-800-657-5757

TRA

[www.minnesotatra.org](http://www.minnesotatra.org)

1-800-657-3669

PERA

[www.mnpera.org](http://www.mnpera.org)

1-800-652-9026

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## Retiree insurance (health, dental, life)

Contact your designated retiree insurance dept, or:

State employees

651-355-0100

University of MN employees

612-624-8647

Met Council employees

651-602-1601

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## Social Security

[www.ssa.gov](http://www.ssa.gov)

1-800-772-1213

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## Medicare

[www.medicare.gov](http://www.medicare.gov)

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## Administration for Community Living

[www.acl.gov](http://www.acl.gov)

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*NOTE: These Web sites are for general education & information only and are provided as a benefit to the users of the site.*





**Locations:**

- St. Paul -** 60 Empire Drive · Suite 300
- St. Cloud -** 4150 Second Street S · Suite 330
- Mankato -** 11 Civic Center Plaza · Suite 150
- Detroit Lakes -** 714 Lake Ave · Suite 100
- Duluth -** 625 East Central Entrance

# Contact us

Receive more details about the information you just saw

*or*

Make an appointment to speak to one of our retirement counselors



**[www.msrs.state.mn.us](http://www.msrs.state.mn.us)**



**1.800.657.5757 or 651.296.2761**

# ! Important Notes

*Securities, when presented, are offered and/or distributed by Empower Financial Services, Inc., Member FINRA/SIPC.*

*This material is for informational purposes only and is not intended to provide investment, legal or tax recommendations or advice.*

## *Today's workshop was designed to:*

- *Provide you with fundamental information on your MSRS retirement plans*
- *Objectively highlight your investment options*
- *Outline other sources of information for your decisions*

