



2025 MSRS Pre-Retirement Seminar

- PDF copies of all slide presentation are available: www.msrs.state.mn.us/pre-retirement-webinar-details
(this link is in your reminder e-mail)

Today's meeting details

- All participants are muted upon entry
- Text chat is available for general questions
 - We are unable to answer Social Security, Medicare or health insurance questions in chat
- PDF copies of all slide presentation are available
 - www.msrs.state.mn.us/pre-retirement-webinar-details
(this link is in your reminder e-mail)
- Q&A sessions after each topic and at the end of the presentation

Who we are



Minnesota State Retirement System

**State Employee
Pension Plans**

**Health Care
Savings Plan
(HCSP)**

**Deferred
Compensation Plan
(MNDCP)**

Seminar topics



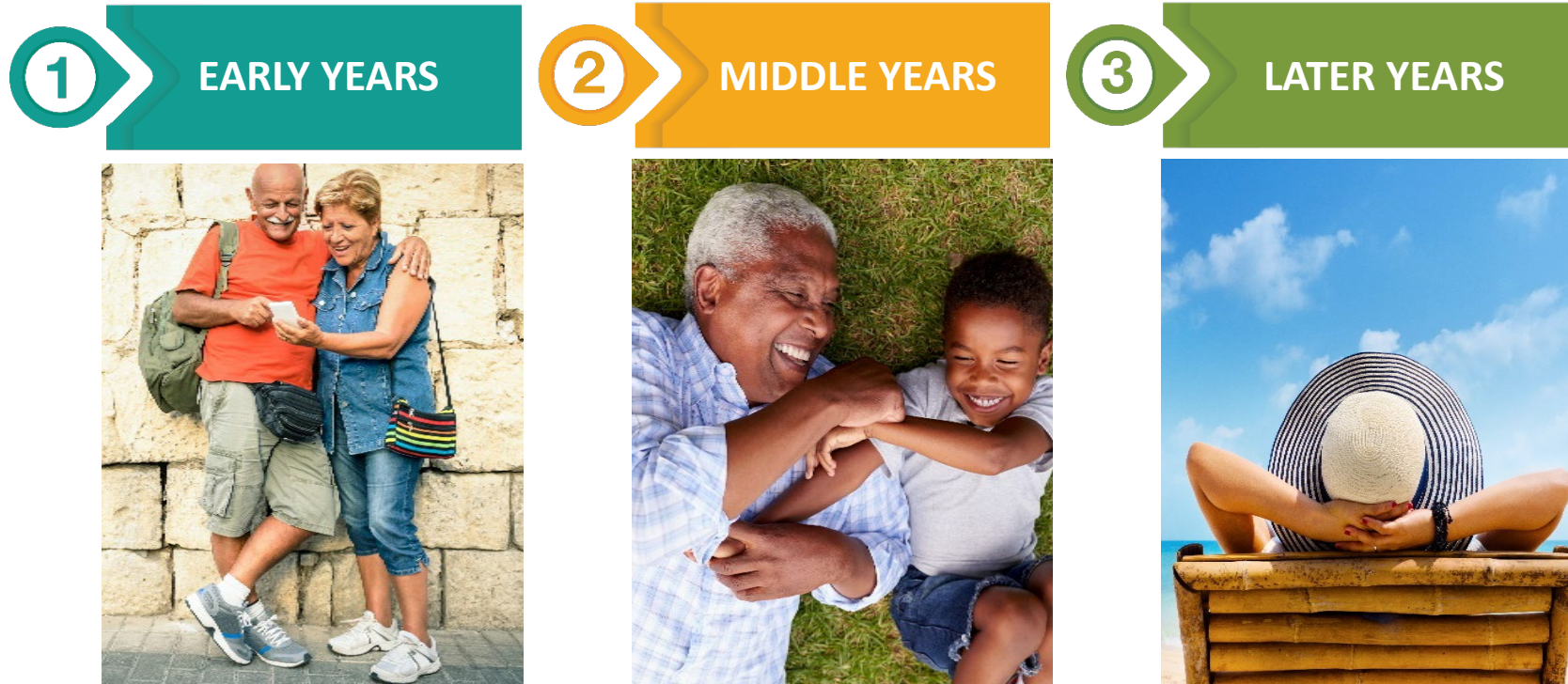


Retirement Readiness

Stages of Retirement

Each stage has its own characteristics and costs

- Travel, Hobbies, Time with Friends & Family, Volunteering, Start a Business?



Be Prepared



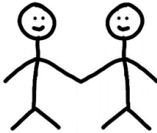


Consider the realities

- High cost of health care

High cost of health care

Amount needed to cover health care costs in retirement

	For a 50% chance of covering	For a 90% chance of covering
 65-year-old man	\$106,000	\$184,000
 65-year-old woman	\$128,000	\$217,000
 65-year-old couple	\$234,000	\$351,000

FOR ILLUSTRATIVE PURPOSES ONLY

Source: Employee Benefit Research Institute Press Release, *Projected Savings Medicare Beneficiaries Need for Health Expenses Increased Again in 2023*. Jan 29, 2024
Includes: Medicare (Part B & D) and Medigap premiums plus median prescription drug expenses. Excludes long-term care

Be Prepared



Consider the realities

- High cost of health care
- **We're living longer**

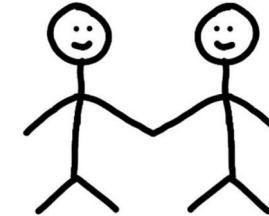
Life expectancy – we're living longer



65-year-old man



65-year-old woman



65-year-old couple*

50% Chance

Age 86

Age 88

Age 92

25% Chance

Age 92

Age 94

Age 96

FOR ILLUSTRATIVE PURPOSES ONLY

Source: Society of Actuaries Mortality MP-2021 Scale and the 2019 Social Security Mortality Table

**At least one surviving individual.*

Be Prepared

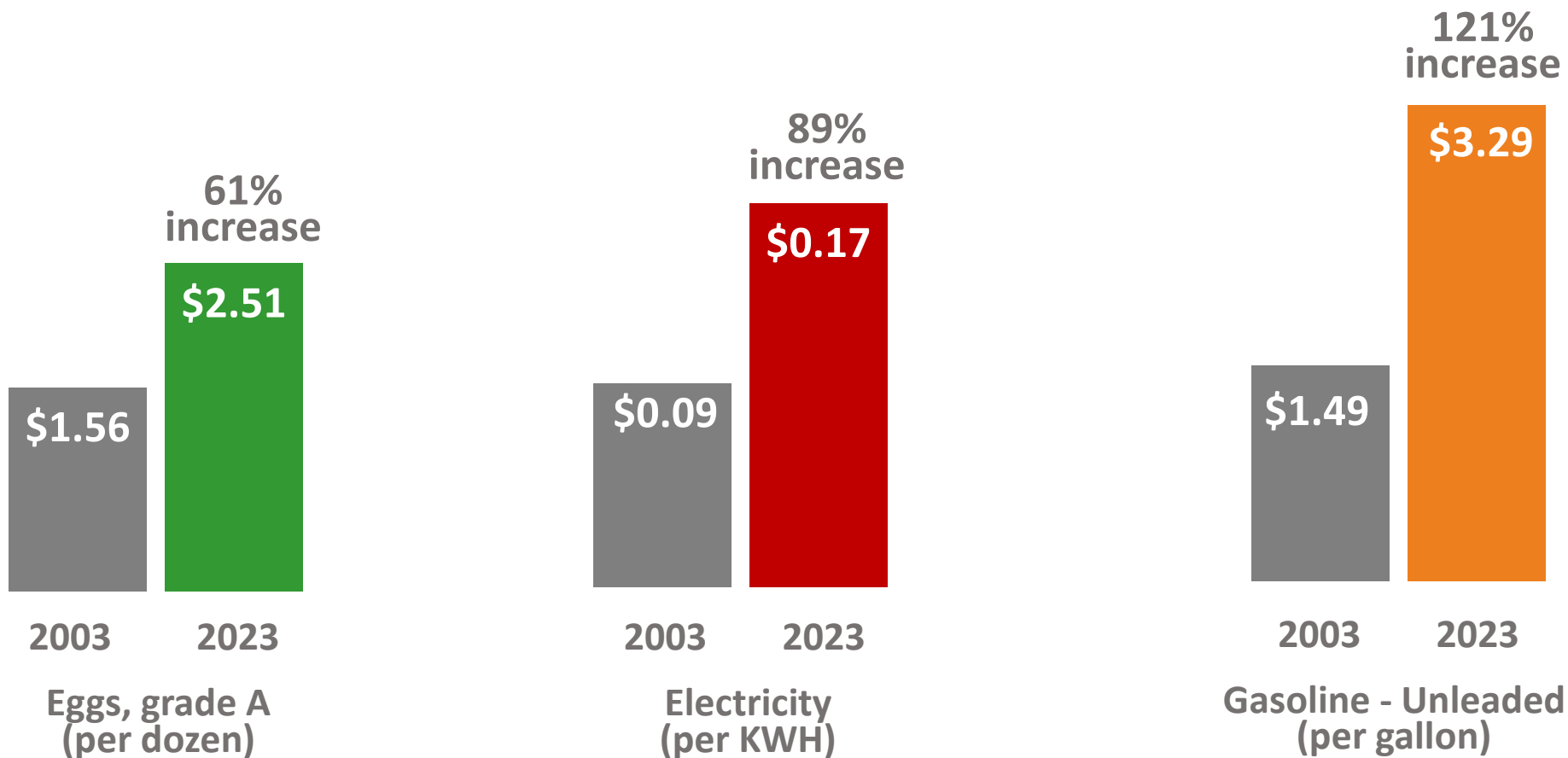
Consider the realities

- High cost of health care
- We're living longer
- **Inflation**



Inflation – what money will buy

The effect of inflation over 20 years



FOR ILLUSTRATIVE PURPOSES ONLY

Source: U.S. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average Price Data (12/2003 – 12/2023)

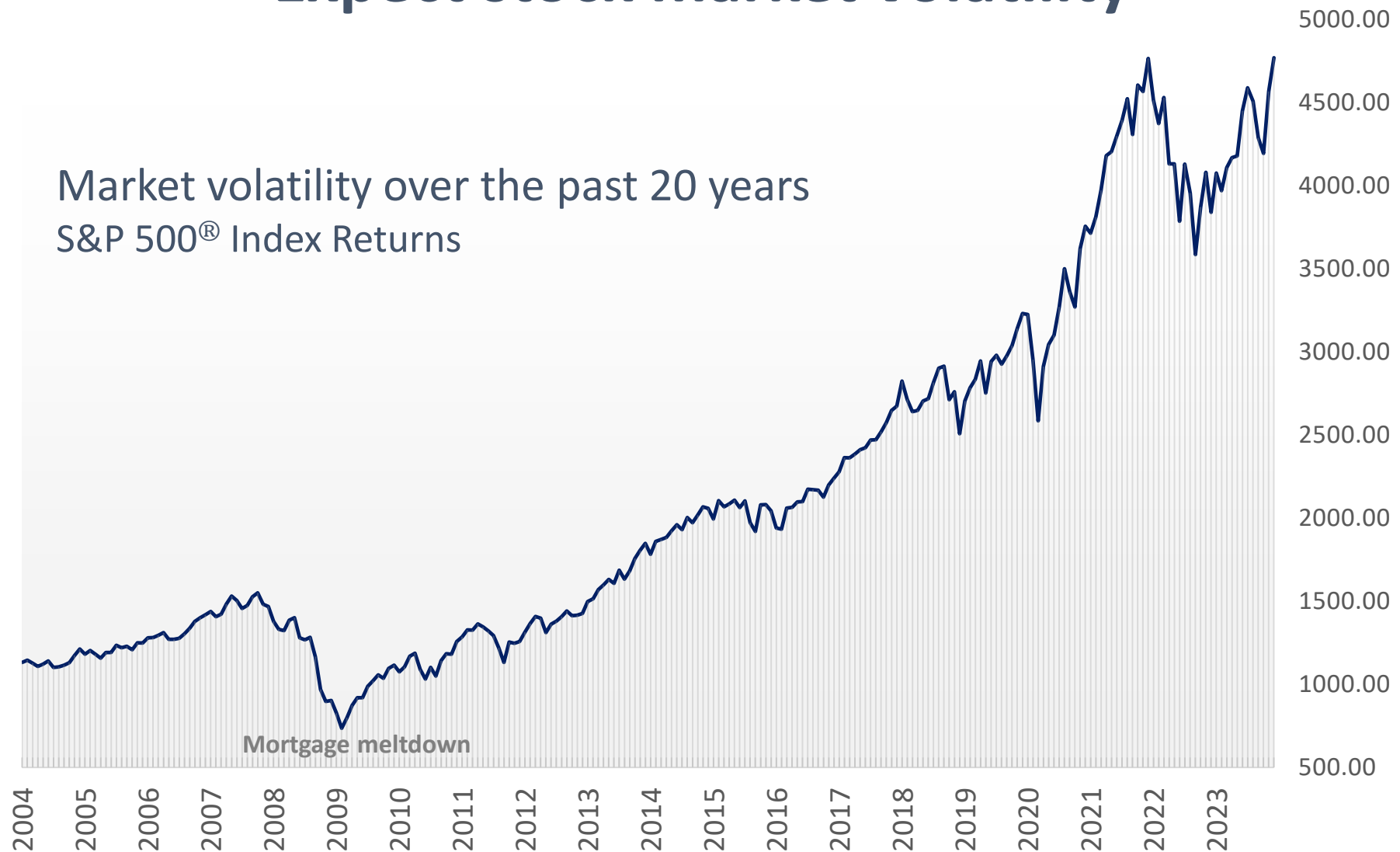
Be Prepared



Consider the realities

- High cost of health care
- We're living longer
- Inflation
- **Market volatility**

Expect stock market volatility

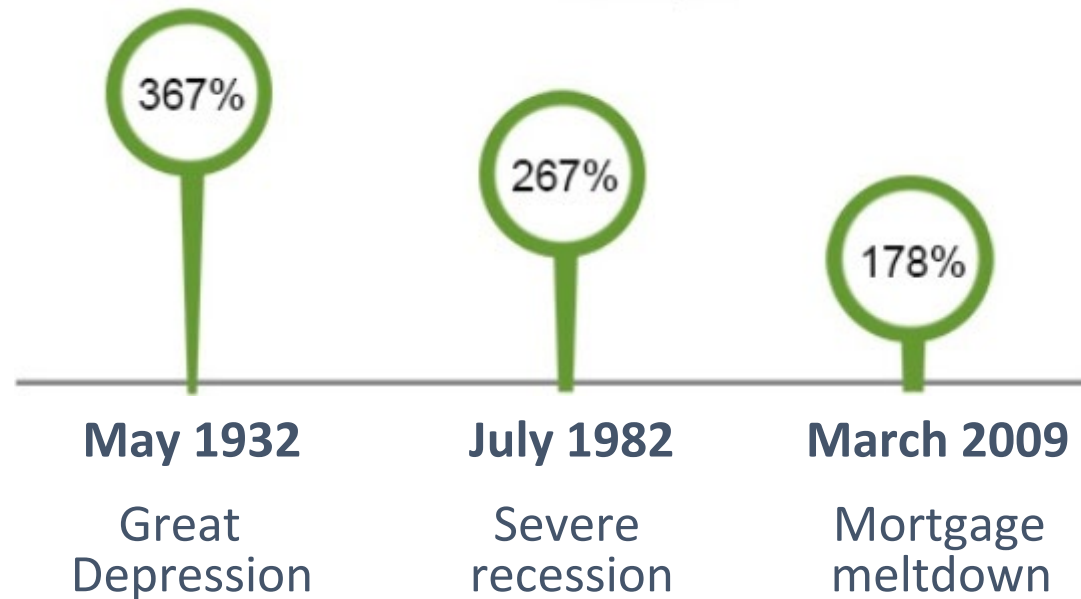


FOR ILLUSTRATIVE PURPOSES ONLY Past performance is not a guarantee or prediction of future results. You cannot invest directly in a benchmark index. The S&P 500® Index measures the performance of the domestic large-cap equity market and is used as a proxy of the stock market in general. The S&P 500® is a registered trademark of Standard & Poor's Financial Services LLC. **Source:** CBOE®, Chicago Board Options Exchange® Data from 1/1/2004 – 12/31/2023

Keep perspective

It has paid to stay invested in U.S. stocks during troubled times

Subsequent 5-year return



FOR ILLUSTRATIVE PURPOSES ONLY Past performance is not a guarantee or prediction of future results. You cannot invest directly in a benchmark index. U.S. stock market returns represented by total return of S&P 500[®], which is an index used as a proxy for the stock market in general.

Source: Fidelity Investments. https://institutional.fidelity.com/app/item/RD_13569_23965.html With data provided by Ibbotson, Factset, FMR Co., Fidelity Asset Allocation Research Team (AART) as of 3/31/2015.

Be Prepared

Prepare your retirement budget

How much will you need to maintain your standard of living?

Review your financial situation to determine:

- all your sources of retirement income
- how your expenses will differ in retirement



Consider your income

Take into account all of your assets, including:

- Projected Social Security benefit
- Projected Pension benefit
- Money saved in retirement plan accounts
 - MNDP 457(b) plan, 403(b) plan, 401(k) plan, IRAs
- Money saved in Health Savings Plans
 - HCSP, HRA, HSA, VEBA
- Spouse's retirement plan accounts



At
Different
Ages

Consider your expenses

Retirement expenses may decrease

- Housing
- Payroll taxes (e.g., FICA)
- Transportation
- Retirement plan contributions

Retirement expenses may increase

- Health Care
- Travel



Take action



Prepare a retirement budget



Consider how the following factors could affect your retirement savings

- Higher health care costs
- Increasing life expectancies
- Inflation
- Stock market volatility



Time Table

Pre-retirement timetable

PRIOR TO RETIREMENT	ACTION
5 years	<ul style="list-style-type: none">• Maximize contributions to your MNDCP account in your final working years• Calculate your retirement budget• Adjust your MNDCP & HCSP investment allocation as appropriate
1 year	<ul style="list-style-type: none">• Explore your retirement income & expenses• Prepare your retirement budget
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">• Complete pension application File with pension plan• Contact H.R. Office about insurance & HCSP eligibility

Post-retirement timetable

AFTER RETIREMENT	ACTION
Immediately	Enjoy Enjoy Enjoy Enjoy Enjoy
About 6 weeks	Receive pension authorization letter & first payment
30 days after receipt of pension authorization letter	Your joint & survivor benefit option becomes 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	1-800-657-5757
TRA	www.minnesotatra.org	1-800-657-3669
PERA	www.mnpera.org	1-800-652-9026
<hr/>		
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
<hr/>		
Social Security	www.ssa.gov	1-800-772-1213
<hr/>		
Medicare	www.medicare.gov	
<hr/>		
Administration for Community Living	www.acl.gov	
<hr/>		

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 -	525 S Lake Ave · Suite 325

Contact Us!

Receive more details about the
information you just saw

or

Make an appointment to speak to one
of our retirement specialists



www.msrs.state.mn.us



1.800.657.5757 or 651.296.2761



Follow us on Twitter: mnretire

! 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*



Asset Allocation Model Disclosure

The hypothetical illustrations are for informational and educational purposes only. They are not intended to be a recommendation of a specific investment or investment strategy. In applying a particular asset allocation model to your individual situation, you should consider other assets, income, and investments in addition to the account you are considering for investment, to the extent the model does not consider these additional assets.

Index returns shown are not those of an actual fund or portfolio, and are used to provide calendar year returns back to 1994 based on hypothetical asset allocations used for a Conservative and Aggressive model, respectively. They are not backtested returns and do not reflect the changes to glide paths over time. A benchmark index is not actively managed, does not have a defined investment objective, and does not incur fees or expenses. You cannot invest directly in a benchmark index.

For calendar year return calculations, the following index data from 1/1/1994 to 12/31/2020 was used, reflective of the underlying indices used for the asset allocations. US Large Cap Equities: S&P 500 Index; Global REIT: FTSE EPRA/NAREIT Developed Index; Commodities: Bloomberg Roll Select Commodity Index; US Core Bonds: Bloomberg Barclays US Aggregate; Small/Mid Cap US Equities: Russell Small Cap Completeness Index; Long Government Bonds: Bloomberg Barclays Long Government Bond Index; US Short-Term Government/Credit: Bloomberg Barclays Capital 1-3 Year Government Credit Index.

For returns back to 1994 for indices with insufficient track records, used current indices for existing track records and replaced with equivalent indices with longer track records for the periods prior to index inception. US Intermediate TIPS: Bloomberg Barclays US Treasury Inflation Protected Notes (1-10 Y) from 1/1/1998 to 12/31/2020 and the Bloomberg Barclays US Aggregate Index from 1/1/1991 to 12/31/1997; US High Yield Bonds: Bloomberg Barclays High Yield Very Liquid from 1/1/1995 to 12/31/2020 and the FTSE High Yield Index from 1/1/1991 to 12/31/1994; and International Equity: MSCI ACWI ex USA IMI Index from 1/1/1995 to 12/31/2020 and the MSCI ACWI Index from 1/1/1991 to 12/31/1994.