



Pensions

Pension benefit factors





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 if working after June 30, 2023



Service Credit

Combined service annuity (CSA)

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

Requirements for a **coordinated** benefit:

- 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 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

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

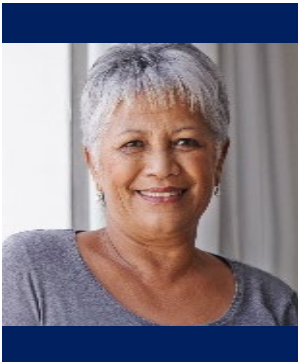
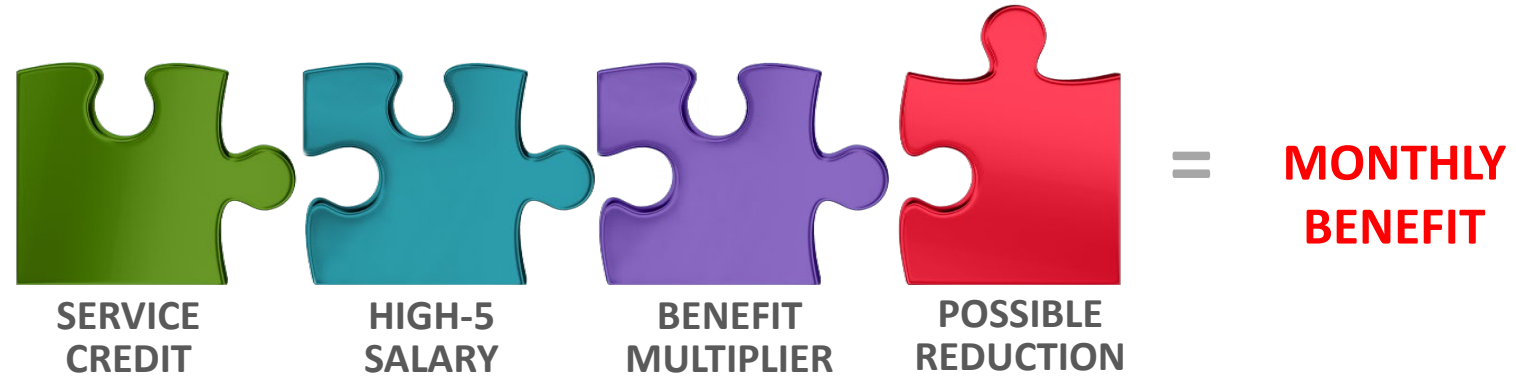
- Plans to retire at age 66
- With 30 years at DNR



Sarah

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

Benefit example



Anita retires age 66

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

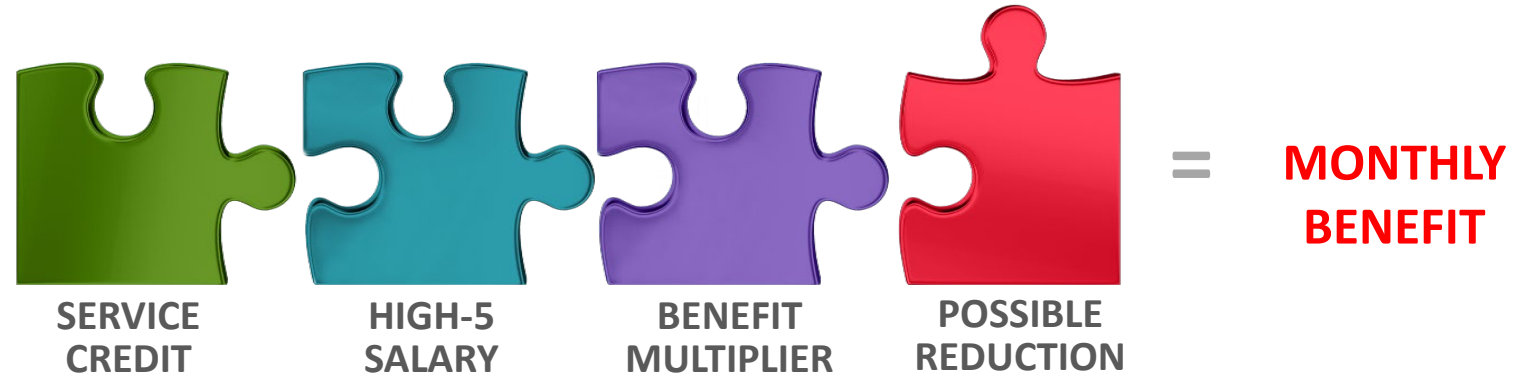


Sarah retires age 62

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

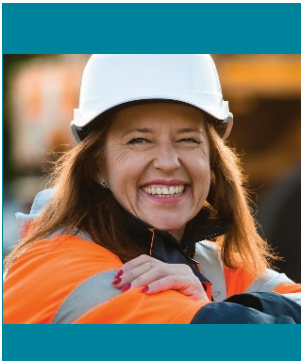
FOR ILLUSTRATIVE PURPOSES ONLY Your actual results will vary based on your retirement date.

Benefit example



Sarah retires age 62

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



Sarah retires age 62 BUT DEFERS TO 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
<u>Single Life</u>	\$2,550	N/A	N/A
<u>Joint & Survivor</u> (retiree & survivor are age 66)			
100% Option	\$2,238	\$2,238	\$2,550
75% Option	\$2,308	\$1,731	\$2,550
50% Option	\$2,384	\$1,192	\$2,550
<u>Life Income 15-Year Certain</u>			
	\$2,385	\$2,385	N/A

FOR ILLUSTRATIVE PURPOSES ONLY Your actual results will vary.

- 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

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

- First increase pro-rated

1.5%

- 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 (\$23,400 - 2025)
- Restarts at end of employment or January 1st 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



Update your online account information



Log into your account at
www.msrs.state.mn.us



Click My Profile, update
your **personal** cell number
and e-mail address:

The screenshot shows the MSRS online account interface. The navigation bar includes links for Home, Pension, MNDCP, My Documents, My Profile, Go to Savings Plans, and Forms & Documents. The 'My Profile' dropdown menu is open, displaying two columns: 'My Info' and 'Account Credentials'. In the 'My Info' column, the 'Email' and 'Phone' fields are highlighted with a red circle. A red arrow points from the 'My Profile' link in the navigation bar to the dropdown menu. The 'Account Credentials' column shows fields for Username and Password. The footer of the page displays the 'Pension plan' logo.

My Info	Account Credentials
<u>Address</u>	Username
Email	Password
Phone	