



POPULAR ANNUAL

Financial Report

Minnesota State Retirement System
Pension Trust Funds of the State of Minnesota

*For the Fiscal Year
Ended June 30, 2024*

The Popular Annual Financial Report (PAFR) is a summary of the Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2024. Both are consistent with generally accepted accounting principles and guidelines established by the Governmental Accounting Standards Board and can be found online at: www.msrs.state.mn.us/annual-reports-fy-2024.



From the Executive Director

It is my pleasure to share the Minnesota State Retirement System (MSRS) Popular Annual Financial Report for the fiscal year ending June 30, 2024. This report provides a snapshot of the performance of your retirement funds.

The state of the MSRS plans in 2024 continues to be strong. Investment returns of 12.3 percent improved the net position of all plans, and the funding status of MSRS’ largest retirement plan, the General Employees Retirement Plan, increased to 99.82 percent (calculated on the fair value of assets) as of June 30, 2024. Continuing to focus on strengthening and improving the resilience of MSRS plans allows the plans to successfully distribute retirement benefits to our members now and well into the future.

MSRS accomplished many administrative goals during the year. Continuing to carry out initiatives identified in our Strategic Plan, MSRS is progressing in our vision to be a nationally recognized leader in public retirement by:

- Attracting, hiring, developing, empowering and retaining an engaged workforce that reflects the diversity of our state and the populations that we serve
- Enhancing customer service to each other and our participants
- Improving retirement readiness of Minnesota public employees
- Ensuring the long-term viability of MSRS with a commitment to governance and adaptive leadership

We are excited for the future and committed to our mission to *empower Minnesota public employees to build a strong foundation for retirement.*

Erin Leonard, Executive Director

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Pension Plans

Employees and employers contribute to a defined benefit plan throughout the working years of the member. At retirement, the member will receive a guaranteed ongoing monthly distribution, with the amount based on years of service, average salary, plan provisions and the distribution option selected by the member.

TOTAL MEMBERSHIP

NET POSITION¹



State Employees (General) Plan

FY24	134,925	\$18.1 billion
FY23	<u>130,298</u>	<u>\$16.6 billion</u>
Change	4,627 member increase	\$1.5 billion increase
% Change	↑ 3.55%	↑ 8.97%



State Patrol Plan

FY24	2,302	\$1.1 billion
FY23	<u>2,277</u>	<u>\$943.1 million</u>
Change	25 member increase	\$109.9 million increase
% Change	↑ 1.10%	↑ 11.65%



Correctional Employees Plan

FY24	11,880	\$1.8 billion
FY23	<u>11,368</u>	<u>\$1.6 billion</u>
Change	512 member increase	\$197.0 million increase
% Change	↑ 4.50%	↑ 12.34%



Judges Plan

FY24	763	\$294.7 million
FY23	<u>760</u>	<u>\$269.0 million</u>
Change	3 member increase	\$25.7 million increase
% Change	↑ 0.39%	↑ 9.56%



Legislators Plan

FY24	357	No assets. This is a
FY23	<u>375</u>	closed plan funded
Change	18 member decrease	by a General Fund
% Change	↓ 4.80%	Appropriation.

¹An investment return of 12.3% led to the net position increases in fiscal 2024. Net position can be defined as assets available to pay benefits.

Defined Contribution Plans

Employees invest a portion of their salary in a defined contribution plan throughout their career. The balance of the member account is available for withdrawal in a variety of distribution options after employment ends. The funds are distributed until they have been depleted. Each plan is unique and has its own qualifications and limits. Not all employees are eligible for each plan.

TOTAL MEMBERSHIP

NET POSITION¹



Unclassified Employees Plan

FY24	3,583	\$401.1 million
FY23	<u>3,521</u>	<u>\$358.2 million</u>
Change	62 member increase	\$42.9 million increase
% Change	↑ 1.76%	↑ 11.98%



Health Care Savings Plan

FY24	169,594	\$2.1 billion
FY23	<u>160,551</u>	<u>\$1.8 billion</u>
Change	9,043 member increase	\$282.0 million increase
% Change	↑ 5.63%	↑ 15.69%



Minnesota Deferred Compensation Plan (MNDCCP)

FY24	102,848	\$10.2 billion
FY23	<u>100,138</u>	<u>\$9.2 billion</u>
Change	2,710 member increase	\$907.4 million increase
% Change	↑ 2.71%	↑ 9.81%



Hennepin County Supplemental Plan

FY24	841	\$179.1 million
FY23	<u>894</u>	<u>\$163.9 million</u>
Change	53 member decrease	\$15.2 million increase
% Change	↓ 5.93%	↑ 9.25%

¹Changes in the defined contribution funds net position were affected by the same investment market conditions that impacted the MSRS defined benefit retirement funds.

MSRS is committed to empowering Minnesota public employees to build a strong foundation for retirement.

Summary Statement - Changes in Net Position

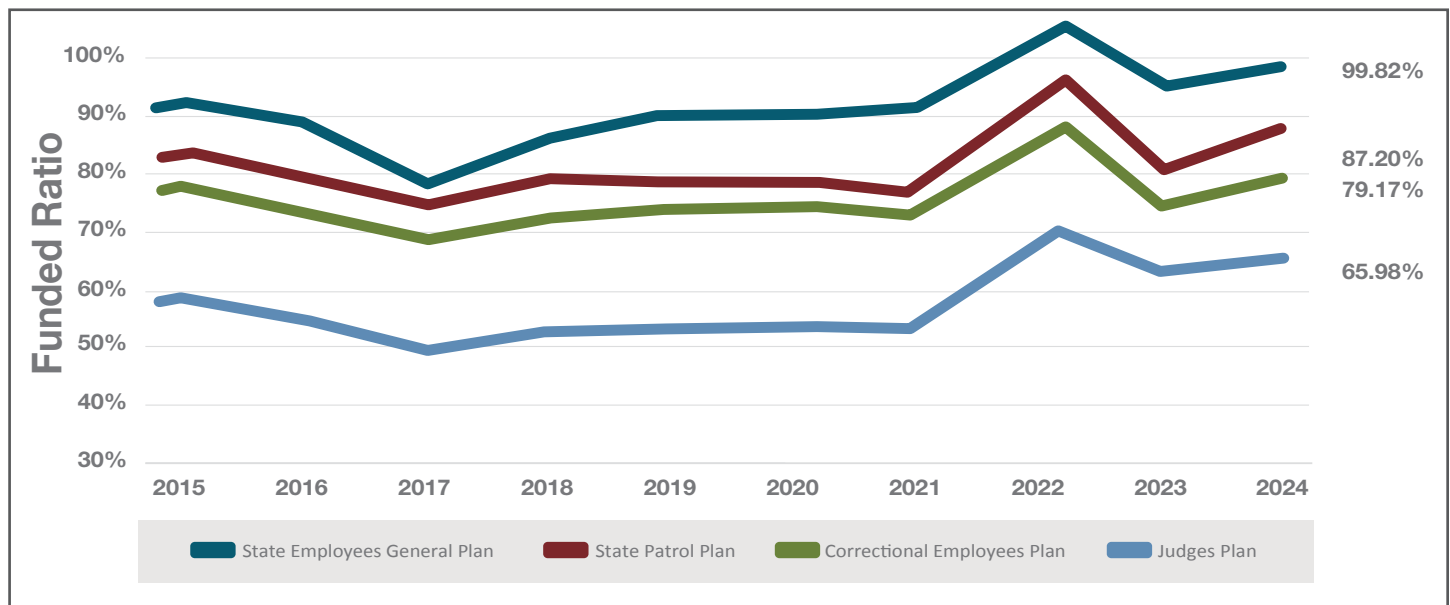
This chart shows changes in net position for all MSRS pension trust funds for the fiscal years ended June 30, 2024, and 2023. Dollars shown in thousands.

Additions (by Major Source)	FY24	FY23	Change	% Change
Plan Member Contributions	\$870,312	\$829,061	\$41,251	4.98%
Employer Contributions	381,720	346,874	34,846	10.05
State of MN General Fund Contributions	113,963	14,699	99,264	675.31
Investment Income (Net)	3,760,963	2,693,885	1,067,078	39.61
Other	34,218	40,719	(6,501)	(15.97)
Total Additions	\$5,161,176	\$3,925,238	\$1,235,938	31.49%
Deductions (by Type)				
Benefits, Withdrawals & Reimbursements	\$1,450,068	\$1,397,489	\$52,579	3.76%
Refunds	576,568	447,054	129,514	28.97
Recordkeeper Expenses	4,213	4,067	146	3.59
Administrative Expenses	23,289	21,436	1,853	8.64
Other	33,885	40,294	(6,409)	(15.91)
Total Deductions	\$2,088,023	\$1,910,340	\$177,683	9.30%
Net Increase (Decrease) in Net Position Restricted for Pensions	\$3,073,153	\$2,014,898	\$1,058,255	52.52%

- Total additions increased 31.49%. Higher investment returns, member and employer contributions, and increased growth in membership all contributed. In addition, all plans received a one-time contribution from the State General Fund.
- Total deductions increased 9.30% due to increases in refunds, post-retirement benefit increases and the growth in the number of benefits recipients. Refunds are variable and this year increased almost 29%.

Funding

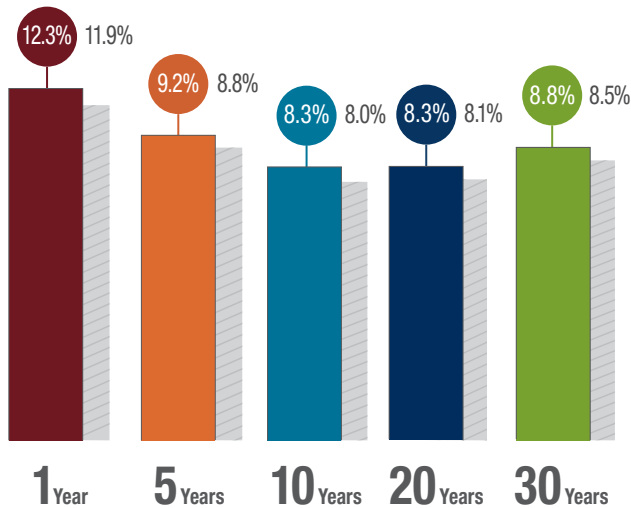
The funded ratio, which is the value of a plan's assets in proportion to the pension liability, is measured on June 30th of each year. Funding for pension plans consists of investment returns, employee contributions and employer contributions.



State Board of Investment (SBI)

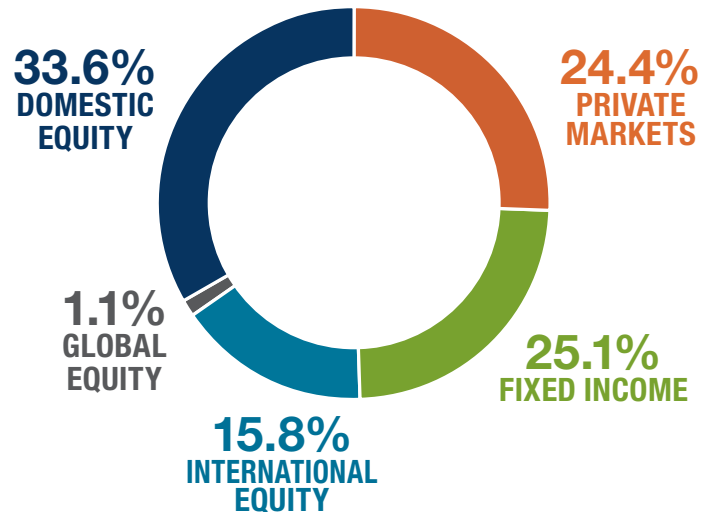
The SBI is responsible for the investment management of all funds for the State of Minnesota, including MSRS assets. On June 30, 2024, the fair value of all assets under SBI management was \$146.0 billion. The combined funds of various retirement systems, including MSRS, totaled \$93.7 billion. Below is a breakdown of the combined retirement assets and how they are allocated, as well as a historical breakdown of annualized returns.

Historical Annualized Returns



■ Investment Benchmarks

Asset Allocation June 30, 2024

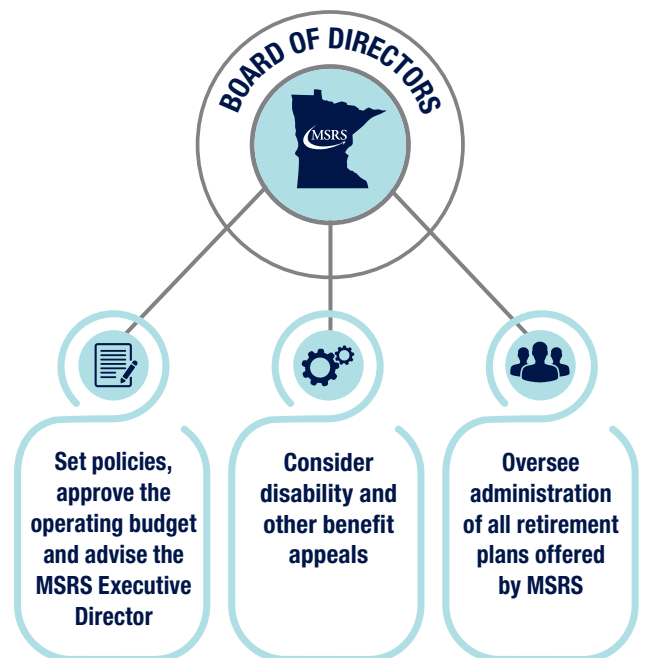


How We Work

MSRS is governed by an eleven-member Board of Directors. The distribution of membership is:

- 3 Governor appointees
- 4 members elected by the General and Unclassified Plan
- 1 member elected by the Correctional Plan
- 1 member elected by the State Patrol Plan
- 1 member elected by retirees
- 1 member representing the Metropolitan Council Transit Operations

The MSRS Board has a fiduciary responsibility to act in the exclusive interest of the members and beneficiaries of all MSRS plans, the taxpayers and the State of Minnesota.



Questions? Contact Us!

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MSRS communications can be made available in alternative formats upon request. Contact MSRS to obtain an alternate format.