

Messenger

WINTER 2021

Pension Plan Funding Updates

The staff of the Minnesota State Retirement System (MSRS) wish you continued good health as we all navigate through these unprecedented challenges. We want to provide you with an update on the financial health of your pension plan.

The State Board of Investment (SBI) reported a 4.2% investment return for the fiscal year ending June 30, 2020. While the return is less than our assumed rate of return of 7.5%, the MSRS pension plans remain in a strong financial position and are on a sustainable path toward full funding.

At the January 2021 MSRS Board of Directors meeting, our actuaries reported the results of the most recent valuation for fiscal year 2020. After reviewing the funded health and projections of the plans, the Board determined no benefit or contribution rate changes are needed this legislative session.

MSRS FY2020 financial, actuarial, and most recent experience study reports are available on our website:



View online:

www.msrs.state.mn.us/annual-reports-fy-2020

Membership Profile

**\$1
Billion**
MSRS PENSION
BENEFITS PAID
ANNUALLY

**49
Thousand**
MSRS PENSION
BENEFIT RECIPIENTS

**41
Thousand**
MSRS PENSION
BENEFIT RECIPIENTS
LIVING IN
MINNESOTA

83%
OF MSRS RETIREES
ARE MINNESOTA
RESIDENTS

● ● ● See inside for the latest

MNDP 50 Years of Service
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Minnesota Deferred Compensation Plan

50 Years of Helping Employees Plan their Financial Future

In 1971, the Minnesota Deferred Compensation Plan (MNDCP) was created to allow Minnesota public employees to supplement their retirement savings. The MNDCP has grown to be the fifth largest plan of its kind with over 91,300 participants with \$7.7 billion in assets.

MNDCP is a voluntary savings plan intended for long-term investing for retirement. Authorized under Section 457 of the Internal Revenue Code, the MNDCP is a smart and easy way to save for the future and supplement your pension and Social Security benefits.

You may contribute pre-tax and/or Roth after-tax dollars through payroll deductions with the flexibility to change or stop your contribution at any time. Consider enrolling in the MNDCP or increasing your contribution amount today.



Learn more about MNDCP online:
www.msrs.state.mn.us/about-mndcp



Contact MSRS:
1.800.657.5757 or 651.296.2761

The sooner you **start to save**, the sooner your money can start working for you!

Contribution Per Paycheck (Annual)		\$25 (\$650)	\$50 (\$1,300)	\$100 (\$2,600)	\$300 (\$7,800)	\$500 (\$13,000)
Account Value	After 10 Years	\$8,891	\$17,782	\$35,564	\$106,691	\$177,819
	After 20 Years	\$25,061	\$50,122	\$100,245	\$300,734	\$501,223
	After 30 Years	\$54,366	\$108,732	\$217,465	\$652,395	\$1,087,325

For illustrative purposes only. This hypothetical example assumes bi-weekly contributions (26 pay periods per year) and 6% average annual return, compounded monthly. Not intended to depict the performance of any investment. Actual rate of return may be more or less than shown and will depend on a number of different factors, including your choice of investment options.

Securities offered by GWFS Equities, Inc., Member FINRA/SIPC. This material has been prepared for informational and educational purposes only and is not intended to provide investment, legal or tax advice. Investing involves risk, including possible loss of principal.

Features of MNDCP

Matching Contributions

Most State bargaining units match a portion of your contributions. Check your bargaining agreement or personnel plan to find out about matching contributions.

Low Minimum Contributions

Contribute as little as \$10 each paycheck. Small contributions add up over time.

Low Fees

Take advantage of the competitive fees that result from MNDCP's economies of scale. This allows more of your money the potential for growth.

It's Your Money

- You are always 100% vested. All account assets are held in trust for your exclusive benefit and your account assets are never subject to the claims of creditors in the event of the State or public employer's bankruptcy.
- You are eligible to withdraw savings from your MNDCP account at any age once you separate from service or if you become disabled.
- If you are still employed and over age 59½, you are eligible to withdraw your MNDCP savings anytime.



View the MNDCP brochure online:
www.msrs.state.mn.us/mndcp-plan-now.pdf

Plan for Retirement Today!

Attend a free, half-day retirement planning seminar sponsored by MSRS. Learn more about your retirement options and get your questions answered.



TOPICS:

- Retirement income & survivor options for your pension
- Health Care Savings Plan (HCSP) overview & how to access your savings
- Minnesota Deferred Compensation Plan (MNDCP) retirement income options
- Social Security retirement benefit
- State Employee Retiree Insurance Benefits (SEGIP)

SIGN-UP:

Find webinar dates & reserve a spot to attend a virtual seminar:

www.msrs.state.mn.us/pre-retirement-seminars



View a pre-recorded video on our website if you cannot attend:

www.msrs.state.mn.us/toolbox



Featured Retirement Story

We love to hear your stories as you plan for retirement and how you spend your time after you move through that next phase of life. We are excited to share the story of one of our long-term employees who took the retirement leap this month.

Sheryl retired on March 3rd with over 43 years of state service. Her Minnesota public service began in January 1978, and all but two years of her career was spent working at MSRS. Sheryl worked in our accounting, records and retirement services divisions with ten promotions and various responsibilities over that time. Her last position before retiring was Retirement Services Director, overseeing a staff of pension retirement specialists.

When Sheryl began working at MSRS, there were around 30 employees in the agency and the MNDGP was a new plan. The staff has more than quadrupled during her tenure as the result of the growth of the MNDGP, the introduction of the HCSP in 2001, and multiple system upgrades. Sheryl was happy to be a part of the evolution of this agency.

Fun Fact

As a retirement specialist, Sheryl calculated more than 20,000 final pension benefits for MSRS retirees, which happened to be her favorite job.

What is your favorite thing about being a state employee?

“Working for MSRS, I always thought it was an honor working for other state employees. We do not work directly with the public, what we do at MSRS is provide retirement and supplemental benefits for state employees.”

Tell Us Your Retirement Story

Please share your retirement stories or those of your co-workers! With the permission of each participant, the stories will appear in future newsletters and on Twitter.



Contact us online to share your story:
www.msrs.state.mn.us/user-feedback



Pension Plan Funding Summaries

1 CURRENT FINANCIAL HEALTH

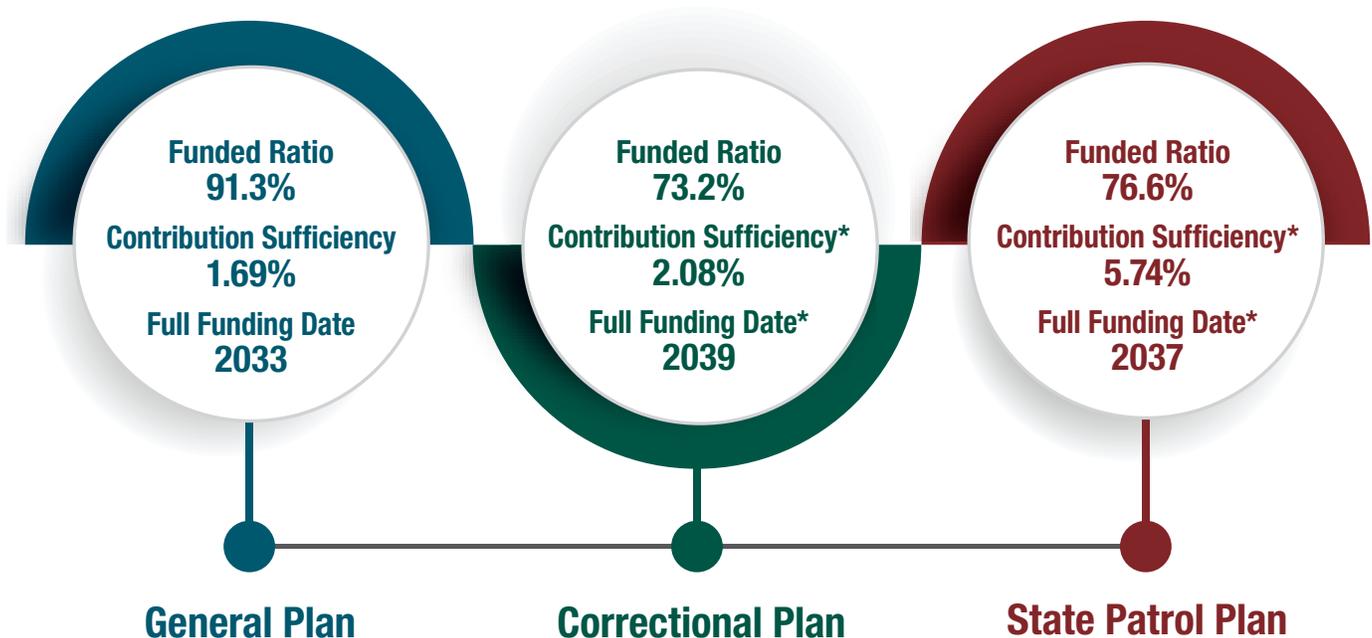
Current health is measured by the funded ratio on June 30 of each year. This measurement is a ratio of the calculated liabilities versus assets on hand. Another way to think of this measurement is having enough money in your checkbook to pay your expected bills. For example, the General Employees Retirement Plan (General Plan) has \$13.9 billion held in trust to pay \$15.2 billion in liabilities, resulting in a funded ratio of 91.3%. The national average of public pension plan funded ratio is 72.4%.

2 CONTRIBUTION SUFFICIENCY/DEFICIENCY

Pension plans are designed to be “pre-funded”, which means that the current contributions collected are enough to pre-fund benefits earned by current workers. When there is a contribution deficiency, benefits must be reduced or contributions must be increased to ensure future benefits are properly funded. A contribution sufficiency means that current contributions are enough to pre-fund future benefits within the funding period. Having a sufficiency provides a cushion to absorb potential market downturns or future assumption changes.

3 CURRENT FUNDING PROJECTIONS

Current projections indicate that MSRS plans are heading toward the goal of 100% funding before the 2048 deadline. Legislation passed in 2018 and positive market returns have greatly improved the funding outlook of MSRS pension plans.



*Assuming full implementation of phased contribution increases in 2018 legislation

We're Here to Help

There are several ways we can assist you with your retirement plan when we can't meet in-person.

- ▶ Schedule a phone appointment or Zoom meeting. Complete and submit a *Request an Appointment* form online.
 - If **phone appointment**, a representative will call you on the date and time indicated on the form.
 - If **Zoom meeting**, MSRS will email you a confirmation with a link to the meeting.
- ▶ Call MSRS during our normal business hours
Mon - Fri, 8 a.m. to 4:30 p.m.
651.296.2761 or 1.800.657.5757
- ▶ Mail completed forms/documents to our office. You can also place them in the locked drop box in the lobby of the Retirement Systems Building of Minnesota in St Paul. Mon - Fri, 8 a.m. - 4 p.m.
- ▶ Complete the *Contact Us* form online to ask MSRS your general questions.

 www.msrs.state.mn.us/request-appointment

 www.msrs.state.mn.us/user-feedback

