

Vote 2022: MSRS Board Elections

The Minnesota State Retirement System (MSRS) Board of Directors election begins soon. Active and eligible deferred members of the General, Unclassified and State Patrol Retirement Plans will receive a ballot in the mail by early February. Voters may choose to vote online or by mail.

Correctional Retirement Plan members and retirees will not vote in this year's election; elections for those positions will be held in 2024.

Three positions are up for election this year:



General Employees and Unclassified Retirement Plans – **2 positions**



State Patrol Retirement Plan – **1 position**

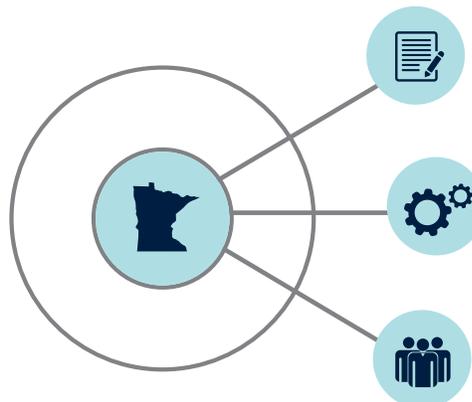
The deadline to vote is **Tuesday, March 1, 2022.**

- **If voting by mail**, the ballot must be postmarked by the deadline date.
- **If voting online**, the ballot must be submitted by 11:59 p.m. on that date.

Ballots will be tabulated on March 17. Winners will be announced on the MSRS website following the election certification at the March Board meeting. New Board members begin their four-year terms on May 2, 2022.

Board Governance & Responsibilities

Membership, elections and duties of the MSRS Board of Directors are specified in Minnesota Statutes 352.03.



Board Duties:

Oversee administration of all retirement plans offered by MSRS

Set policies, approve the operating budget and advise the MSRS Executive Director

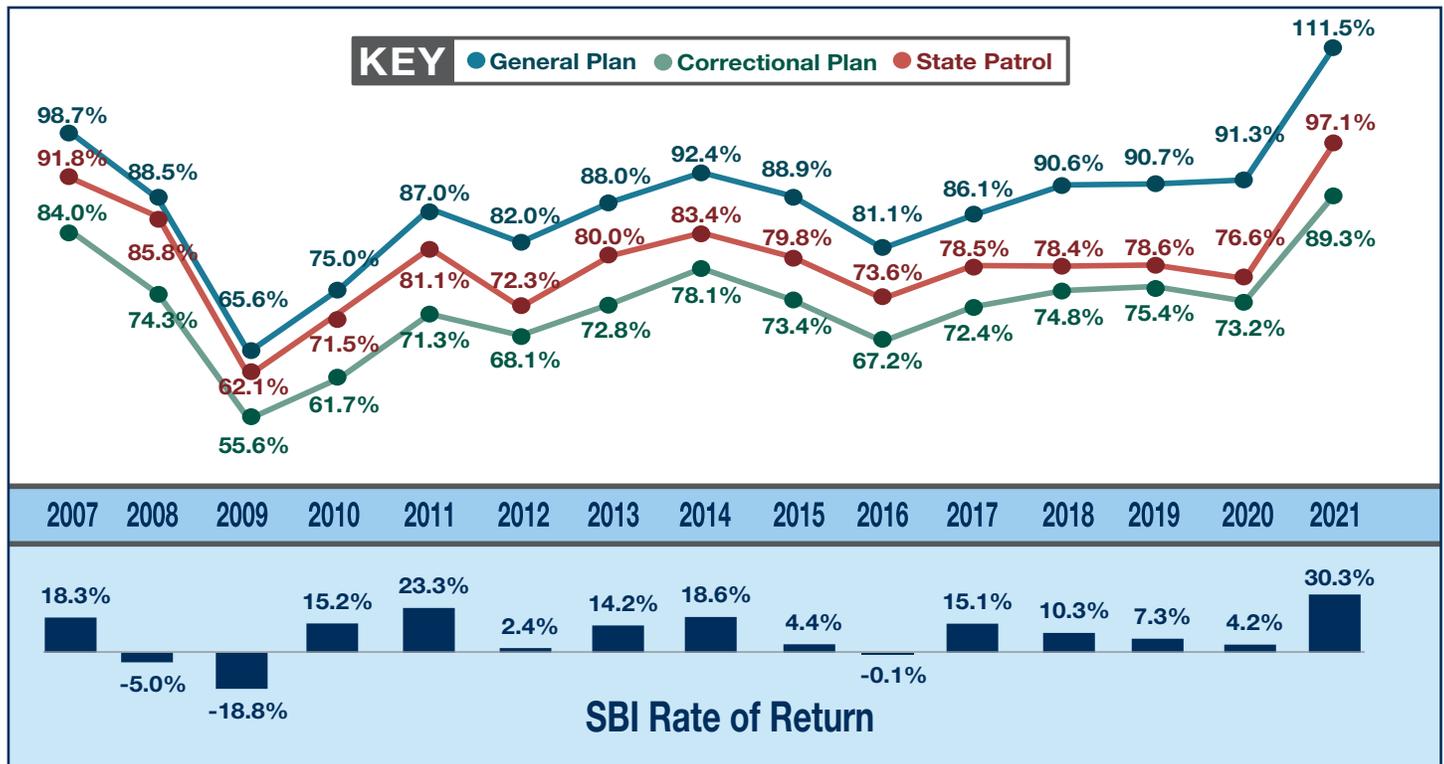
Review disability and other benefit appeals

Pension Plans - 2021 Funding Update

The State Board of Investment (SBI) reported a 30.3% investment return for the fiscal year ending June 30, 2021. This exceptional return is the largest investment return earned since 1984 and has rapidly improved the financial health of MSRS pension plans. For example, the 2020 analysis suggested that the General Plan would reach 100% funding in 2033; the return from 2021 expedited that by twelve years and the plan reached full funding this year. The funding improved 20% in just one year.

It is important to look back over the last fifteen years of history to see the funding improvement from investments, more conservative assumptions and shared sacrifice among all members of the pension plans.

Past Performance & Funding Chart (market value)



While the 2021 investment performance is above the 7.5% assumed rate of return used to value the funding of our plans, the investment market projections are suggesting that returns in the next twenty-year period will be less favorable.

The MSRS Board of Directors reviewed the preliminary funding results, recommendations from the actuary regarding future investment projections, national trends, and historic investment performance of the SBI to determine whether to pursue any changes during the 2022 legislative session.

Based on the recommendations of the actuary and reviewing the other factors, the MSRS Board of Directors has proposed reducing the assumed rate of return to 7.0% during the 2022 legislative session. Some key points to understand regarding this proposed change:

- The actuaries use the return assumption to calculate current and future plan liabilities. It does not change how SBI invests the pension funds.
- Because of the strong financial position of the plans, this change will not require any benefit structure or contribution rate changes at this time.
- During less favorable investment markets, a lower assumption increases the probability of achieving or exceeding the expected return over the life of the plan.
- Pensions plans are designed to provide lifetime income to all plan members—current retirees and current workers. They must be sustainable during all phases of life for workers and retirees.



View the MSRS FY2021 financial and actuarial reports on our website:
www.msrs.state.mn.us/annual-reports-fy-2021

Financial Health Evaluation Factors

Here are the measurements used by the Board of Directors to evaluate plan health:

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 \$17.4 billion held in trust to pay \$15.6 billion in liabilities, resulting in a funded ratio of 111.5%. In 2020, the funded ratio of the plan was 91.25%.

Funded Ratio	7.5 % Return Assumption	7.0 % Return Assumption
General Plan	111.5%	105.4%
Correctional Plan	89.3%	83.6%
State Patrol Plan	96.6%	91.3%

2. Contribution Rates

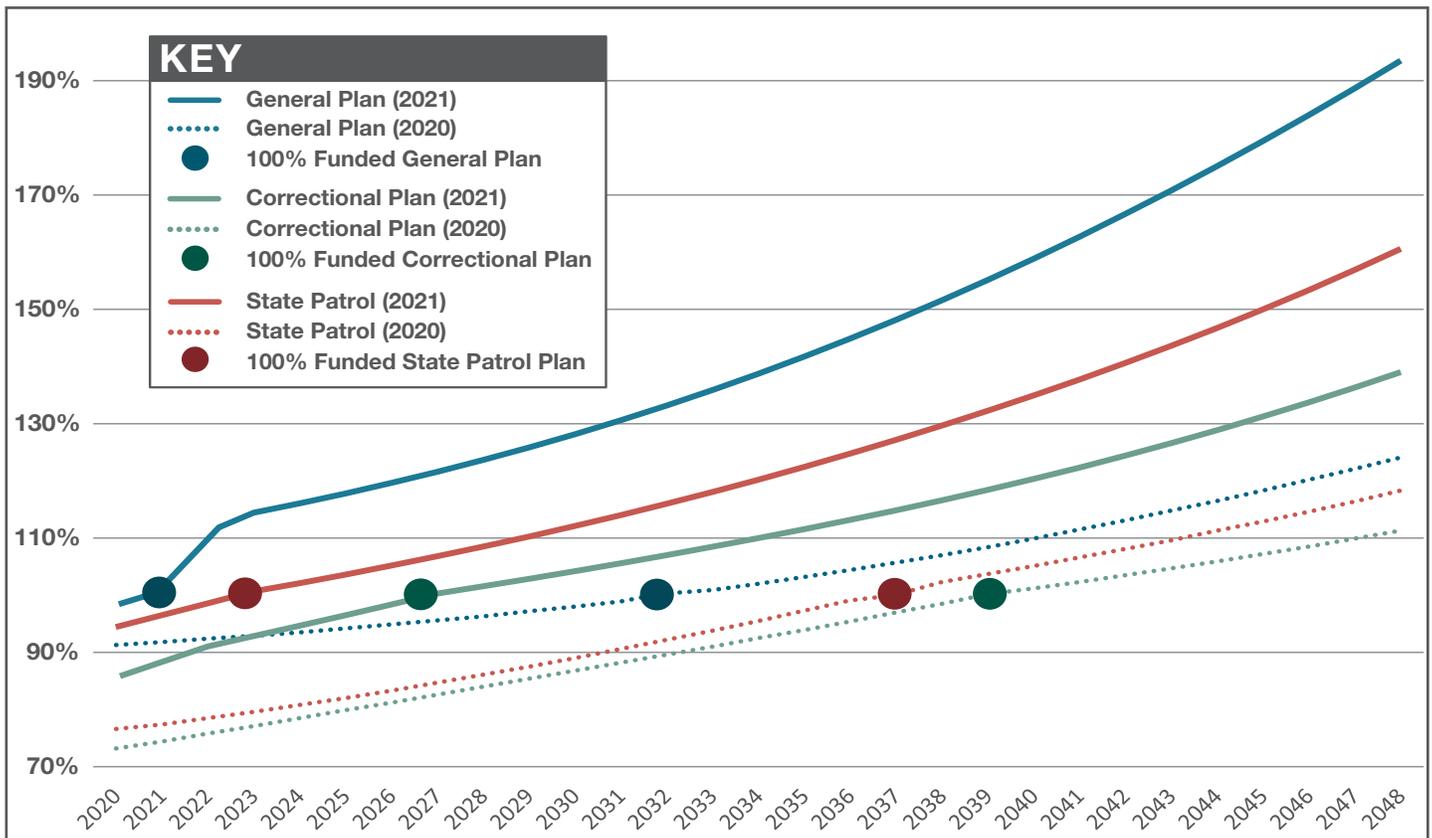
Pension plans are designed to be “pre-funded”, which means that the current contributions collected are enough to pre-fund benefits earned by current workers. When there is a contribution deficiency, benefits must be reduced or contributions must be increased to ensure future benefits are properly funded. 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.

Contribution Sufficiency	7.5 % Return Assumption	7.0 % Return Assumption
General Plan	7.08%	4.56%
Correctional Plan	8.09%	4.07%
State Patrol Plan	20.62%	14.05%

3. Current Funding Projections

Current projections indicate that MSRS plans are either fully funded or 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. Here were the projected full funding dates last year compared to this year.

Projected Full Funding Chart



Protect Yourself from Scams

We are all potential targets for scammers. Here are some red flags and tips to protect yourself and your family members.

Scammers use common tactics to intimidate and frighten individuals to gain access to personal information. It is likely a scam if someone contacts you via phone, email, text or through social media and does the following:

- Attempts to trick you to disclose private information such as account identification, login ID, passwords or banking information
- Threatens to suspend your Social Security number or seize your bank account
- Warns of arrest or legal action
- Demands or requests immediate payment
- Requires payment by gift card, prepaid debit card or by mailing cash
- Pressures you for personal information
- Requests banking information via email.
- Promises to increase your retirement or Social Security benefit
- Tries to gain your trust by providing fake “documentation”, false “evidence” or the name of a relative or government official

Tactics to Avoid Scams

If you are contacted in this manner, consider using the following tactics to react:

- Do not provide anyone with money or personal information when you feel pressured, threatened or scared.
- If you receive a suspicious call, text or email, hang up or do not respond. Government employees will not threaten you or demand immediate payment. If in doubt, contact the agency directly.
- If you receive a suspicious call, text or email that mentions Social Security or MSRS, ignore it and report it to the specific agency.

For the latest information on Social Security-related scams follow online:



SSA OIG on Twitter [@TheSSAOIG](#)
Facebook [@SSA Office of the Inspector General](#)

For information on other government scams, visit:



www.consumer.ftc.gov/features/scam-alerts

Online Security Practices

1. Create Strong Passwords

Use a mix of characters and choose a unique password for each account. Your passwords should also not include any personal information.

- Use long passwords
- Update your passwords regularly
- Don't share or write down your passwords

2. Be Careful What You Click

Don't click on links or open attachments from unsolicited emails or texts. Clicking may lead to sites that host malware that will automatically, and often silently, compromise your computer.

3. Use Secure Wi-Fi Connections

Avoid using public computers or free Wi-Fi to access your personal account information. Without proper security protection, your personal information could be exposed.

4. Embrace 2-Step Verification

Also called multi-factor verification, adding a second layer of security will authenticate your identity and reduce the risk of your account being accessed by hackers. With 2-step verification, you'll protect your account with something you know (password) and something you have (security code).

5. Keep Devices Secure

Physical and technical security of your devices are equally important. Protect your desktop computers, laptops, tablets, smart phones and wearables.

- Only install software or applications from trusted sources.
- Update your operating system and software patches on all devices. Use updated anti-virus and security features.
- Lock your device with a PIN or password and never leave it unprotected in public.



Mid-Career & Pre-Retirement Seminars

Now Available for Registration through June 2022!

MSRS offers educational opportunities to help you better understand your retirement plan accounts. These **FREE** webinars are intended to help you make informed savings decisions as you prepare for retirement.

Pre-Retirement Webinar: This half-day retirement planning webinar provides those within five years of retirement with valuable information about retirement planning strategies, retirement income needs and plan payout options. Learn about the benefits and features of your retirement plans:

- Minnesota Deferred Compensation Plan (MNDCP)
- Health Care Savings Plan (HCSP)
- State employees' pension
- Social Security benefits

Mid-Career Webinar: This 90-minute webinar will help you examine your retirement income sources, how your retirement plans work together and how much you may need to save for your desired retirement lifestyle. Learn about tools available to help you achieve your retirement goals. The webinar dives deeper into basic investing topics, market risk and volatility, plan investments and strategies and your income replacement needs in retirement.



Register today:

www.msrs.state.mn.us/webinar-opportunities

