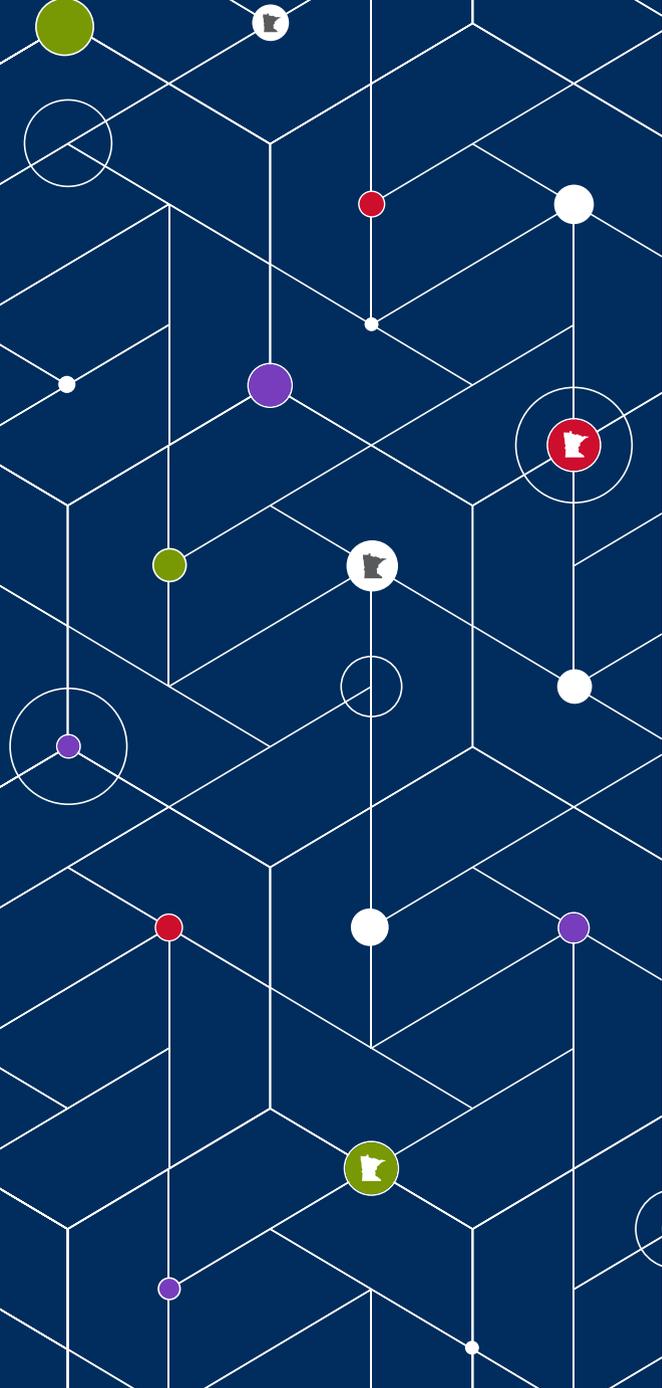




State Patrol
RETIREMENT PLAN



Your foundation for retirement.



About MSRS

The Legislature established the Minnesota State Retirement System (MSRS) in 1929 to provide retirement benefits for state employees.

MSRS administers multiple retirement plans that provide retirement, survivor and disability benefit coverage for Minnesota state employees, the Metropolitan Council, and many non-faculty employees at the University of Minnesota and the Minnesota State university system.

MSRS covers over 56,000 active employees and currently pays monthly benefits to over 44,000 retirees and survivors. We also administer the Minnesota Deferred Compensation Plan (MNDCCP) and the Health Care Savings Plan (HCSP).

This handbook is a general summary of the benefit provisions of the retirement plan. The benefits described apply to active members of the plan at the date this handbook was issued. Unless otherwise stated, if there is any difference between the information this handbook and the law or policies that govern MSRS, the law and policies will prevail. Plan provisions may be subject to law changes.

This communication was created by MSRS. Neither Great-West Life & Annuity Insurance Company nor any of its subsidiaries have reviewed or approved these materials or are responsible for the materials or for providing updated information with respect to the materials.

Our Mission

We empower Minnesota public employees to build a strong foundation for retirement.

How We Work

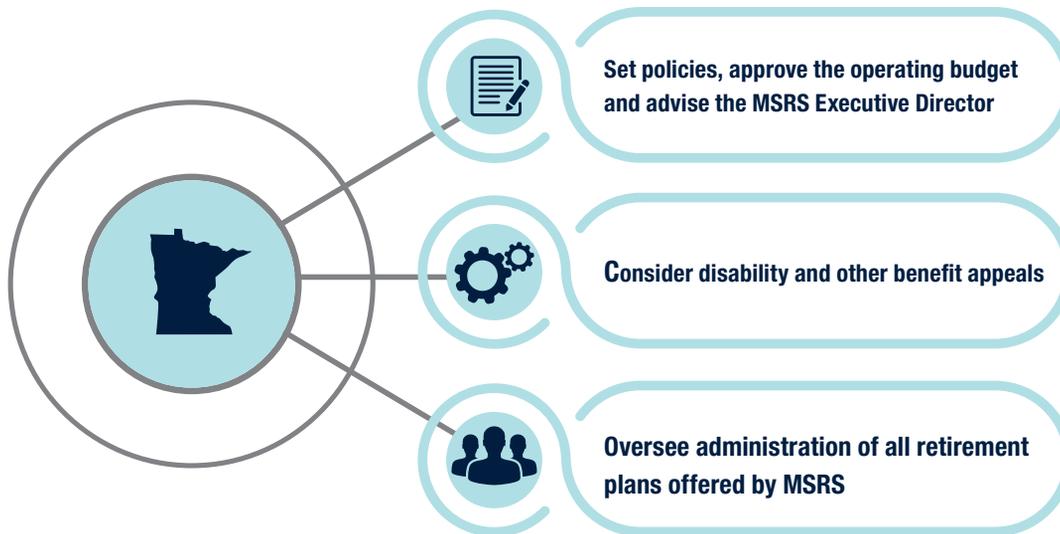
MSRS is governed by an eleven-member Board of Directors. The distribution of membership is:

- 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.

While MSRS is ultimately governed by the laws and statutes, the MSRS Board is responsible for setting policies, hearing disability and benefit appeals, and overseeing the administration of all MSRS plans, including the Health Care Savings Plan (HCSP) and the Minnesota Deferred Compensation Plan (MNDCCP). MSRS Board members do not receive a salary for serving in this capacity.

The State Board of Investment (SBI) is responsible for selecting the investments for the pension plan assets. They continually evaluate the performance of the investment managers.



Other Plans Administered by MSRS



The Minnesota Deferred Compensation Plan (MNDCP) is a voluntary savings plan intended for long-term investing for retirement. MNDCP is a smart and easy way to supplement retirement income from your Minnesota public pension and Social Security benefits.

MNDCP offers planning tools and investment options that may help you take positive steps toward achieving your desired retirement lifestyle.



The Health Care Savings Plan (HCSP) is an employer-sponsored program that allows employees to save money tax-free to use after they terminate employment to reimburse eligible health care expenses.

Employees can choose among investment options offered by the plan. Assets in the account accumulate tax-free, and since reimbursements are used for eligible health care expenses, remain tax-free.

Questions?



Contact the MSRS Service Center:
1.800.657.5757 or 651.296.2761



Go online:
www.msrs.state.mn.us



Email us:
info@msrs.us



Make an appointment to speak to a retirement representative at one of our offices.

Locations

St. Paul - Main Office

60 Empire Drive, Suite 300
St. Paul, MN 55103
Monday – Friday
8 a.m. - 4:30 p.m.

Additional Offices

Addresses and hours of operation available online.

- Duluth
- Mankato
- St. Cloud
- Detroit Lakes

Privacy

MSRS staff follows policies and procedures to ensure the confidentiality of your personal information. We will not release any private information unless we have written authorization from you to do so. When you contact us with questions regarding your account, you will be asked to verify your information in order to safeguard your privacy.

MSRS Account ID

MSRS assigns each plan member a 10-digit account ID to help us quickly identify you.

- MSRS will use your account ID on all correspondence (except tax documents) instead of your Social Security number. We are required to include your Social Security number on any tax-related forms used to complete your income tax return (such as a 1099-R).
- We encourage you to use your account ID when you call or write to MSRS but we do not require that you do so. We can identify you in our system by account ID or Social Security number.
- Your account ID is only available on correspondence from MSRS. We will not give this account ID out over the telephone.
- Unlike a password or PIN, your account ID cannot be changed.
- Your account ID should only be used in conjunction with MSRS - related correspondence.



State Patrol Retirement Plan

The State Patrol Plan is administered by the Minnesota State Retirement System (MSRS). This plan provides retirement, survivor and disability coverage for eligible employees. You can access your benefit information on the MSRS website, your benefit statements or by contacting one of our retirement counselors. You will also receive newsletters and have opportunities to attend educational retirement seminars.

The State Patrol Plan is a defined benefit pension plan, that rewards longevity to public service. Employees who become vested are eligible for a lifetime retirement benefit when they reach the retirement age for the plan. Employees and the employer contribute a percentage of salary. At retirement, the lifetime benefit is calculated using a formula defined in Minnesota law. This type of benefit is valuable because the retiree cannot outlive retirement savings.

This Plan Covers:

- State Troopers
- Crime Bureau Agents
- Gambling Enforcement Agents
- Conservation Officers
- Fraud Investigators
- Fugitive Apprehension Unit Members

Your foundation
for retirement.



How Your Retirement Plan Works

As a State Patrol Plan member, you contribute 15.4% of salary. The employer contributes 23.1%. Your employer is also contributing a supplemental contribution to ensure the State Patrol Plan is sustainable into the future.

You are eligible for a monthly benefit, or what we call “vested”, after 10 years of service.

Vested members are eligible to collect a full retirement benefit at age 55. State Patrol members can begin collecting a reduced monthly benefit at age 50 or later.

Benefits Add Up

Take a look at the big picture. What is the value of your retirement benefit? This example provides an estimate of a retirement benefit paid over a 25-year period. The assumptions are made for illustrative purposes.

Assumptions	
Age at retirement:	55
Allowable service:	25 years
Final high-five annual salary:	\$72,000
Annual post-retirement increase:	1.0%
Benefit payment option:	Single-Life
Length of retirement	25 years (to age 80)

Calculations:
$25 \text{ years} \times 3\% = 75\%$
$\$72,000 \text{ (your annual high-five monthly salary)}$ $\times 75\% = \$54,000 \text{ per year} \div 12 =$
\$4,500 per month retirement benefit

Age	Monthly Benefit	Annual Benefit
55	\$4,500	\$54,000
56	4,545	54,540
57	4,590	55,080
58	4,636	55,632
59	4,683	56,196
60	4,730	56,760
61	4,777	57,324
62	4,825	57,900
63	4,873	58,476
64	4,922	59,064
65	4,971	59,652
66	5,021	60,252
67	5,071	60,852
68	5,121	61,452
69	5,173	62,076
70	5,224	62,688
71	5,277	63,324
72	5,329	63,948
73	5,383	64,596
74	5,436	65,232
75	5,491	65,892
76	5,546	66,552
77	5,601	67,212
78	5,657	67,884
79	5,714	68,568
80	5,771	69,252
		\$1,594,404*

The Value of Your Benefit

Your retirement benefit can add up to a substantial amount of money. MSRS may also provide disability coverage for you and survivor benefits for your family.

After you retire, you may receive post-retirement increases over your lifetime. Survivor benefits are also eligible for increases.

Total Benefits received from age 55 to age 80 equal \$1,594,404.

If you live beyond age 80, the value of your benefit will be even greater.

* FOR ILLUSTRATIVE PURPOSES ONLY. Intended to illustrate the effects of a 1% annual post-retirement increase. Assumes beginning monthly single-life benefit of \$4,500 and retirement at age 55. Annual increase is defined in Minnesota Statute and may be subject to change.



Calculating Your Retirement Benefit

Calculating your retirement benefit is a simple formula defined in Minnesota law. The calculation is more specific to your circumstances if you choose to retire early or provide survivor coverage after retirement. Let's walk through the base calculation.

ALLOWABLE SERVICE CREDIT	X	BENEFIT MULTIPLIER	X	HIGH-FIVE SALARY	=	MONTHLY BENEFIT
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1 | Allowable Service Credit

Service credit, or allowable service, is the credit you earn each month retirement deductions are withheld from your salary. We use the amount of service credit you have in a formula to determine your retirement benefit.

One of the advantages of your continued employment is to increase the value of your retirement benefit for each additional year and month of service. The more service you have and the higher your annual pay, the higher your monthly retirement benefit. A number of factors may impact your length of service, such as part-time employment, a leave of absence or working for another governmental unit.

2 | Benefit Multiplier

The next component used to calculate your monthly retirement benefit is the benefit multiplier. State Patrol members receive 3% per year of service. We take your years and months of service and convert these to a percentage through a retirement formula.

DIVORCE & YOUR RETIREMENT BENEFIT

Contact MSRS for information on how divorce may affect your retirement benefit. We can provide sample language for use in a divorce decree.

3 | High-Five Salary

The third part of the calculation used to determine your retirement benefit is your high-five years of gross salary. For most employees, the high-five salary is the last five years of employment. This is not always the case for everyone. For example, you may decide to work fewer hours when you get closer to retirement, or maybe you had several years where you earned overtime which will generate a higher average monthly salary.



The High-Five Average Salary Calculation in Detail

Your employer reports your salary along with your retirement deductions to MSRS each pay period. This allows us to accurately calculate your high-five average salary.

When calculating your average salary, we use the highest five years rather than a calendar or fiscal year salary. The five years do not have to be consecutive. However, each year of your high-five needs to have the same start and end date. For example, your high-five average salary could start on March 1 and run through February. If your high-five is being used in a combined service calculation with another plan, it must be 60 consecutive months.

There are no retirement deductions on unused sick or vacation leave paid in a lump sum after you end employment. These unused hours are not included in your high-five average salary. Sick and vacation leave that you use before ending employment are included in your high-five average salary.

REMEMBER

Contributions to a deferred compensation plan, Social Security or health care premiums do not decrease your high-five salary.

Sample High-Five Calculation

Assumptions:	
Year	Earnings
1	\$67,724
2	69,819
3	71,978
4	74,205
5	76,500
Total \$360,226	

Calculations:
$\$360,226$ (total high-five salary) $\div 60$ months
\$6,003 average monthly salary



When You are Eligible for Retirement

You are eligible for monthly benefits, or what we call vested, after ten years of service if you were first hired after June 30, 2010. If you were first hired before July 1, 2010, you are eligible for monthly benefits after five years of service.

Vested employees can start collecting full retirement benefits at age 55 or older. This is called an **unreduced benefit** because you receive your full retirement amount on a monthly basis.

If you retire before full retirement age, your monthly benefit is reduced because you collect a benefit for a longer period of time. This is called a **reduced benefit**.

Benefit Formula

Monthly benefits payable under the State Patrol Plan are computed using a formula based on years of service and your high-five average salary. You receive 3.0% for each year of service.

For example, an employee with 10 years of service would receive 30% ($10 \times 3.0\% = 30\%$) of their high-five average salary if they retire at age 55. An employee with 20 years of service would receive 60% ($20 \times 3.0\% = 60\%$) of their high-five average salary. And an employee with 30 years of service would receive 90% ($30 \times 3.0\% = 90\%$) of their high-five average salary.

Full Retirement Benefit

To show how we calculate your full retirement benefit, we will use the example from page 8.

Assumptions	
Age at Retirement	55
Allowable Service	25 years
Final High-Five Salary	\$72,000
Benefit Payment Option	Single-Life
Length of Retirement	25 years (to age 80)

Calculations
$25 \text{ years} \times 3.0\% = 75\%$
$\$72,000 \text{ (your annual high-five monthly salary)}$ $\times 75\%$ $\$54,000 \text{ per year} \div 12 =$
\$4,500 per month retirement benefit

Early Retirement Reduction

If you retire at age 52, your monthly benefit would be reduced using an early retirement factor. Retirement factors are subject to change.

Calculations:
$\begin{array}{r} \$4,500 \text{ (your monthly benefit)} \\ \times 12.24\% \text{ (from chart)} \\ \hline \$551 \text{ per month} \\ \text{(early retirement reduction)} \end{array}$
$\begin{array}{r} \$4,500 \text{ (your monthly benefit)} \\ -\$ 551 \text{ (early retirement reduction)} \\ \hline \$3,949 \text{ monthly benefit} \end{array}$

Age at Retirement	Reduction Factor
54	4.08%
53	8.16%
52	12.24%
51	16.32%
50	20.40%



Calculating Your Retirement Benefit

Calculation Worksheet

We can simplify the process by using the chart on the next page. In this chart, you'll see the age at retirement listed across the top. The first column on the left displays the years of service.

The chart factors in the early retirement reduction if you retire early.

NOTE!

If you are **more than** five years from retirement, use your current salary as your average monthly salary.

If you are **five years or closer** to retirement, go to Step 1A to calculate your high-five salary.

1. Your Assumptions:

Projected retirement age: _____

Allowable service: _____

Average monthly salary: \$ _____

1A. Your High-Five Salary:

Year	Earnings
1. _____	\$ _____
2. _____	\$ _____
3. _____	\$ _____
4. _____	\$ _____
5. _____	\$ _____
	Total \$ _____

÷ 60

Average monthly salary: \$ _____

2. Your Calculations:

Average monthly salary: \$ _____

% Factor from chart: x _____

= Monthly Benefit: \$ _____

Age at Retirement

Years of Service	50	51	52	53	54	55 or older
5	11.94%	12.55%	13.16%	13.78%	14.39%	15.00%
6	14.33	15.06	15.80	16.53	17.27	18.00
7	16.72	17.57	18.43	19.29	20.14	21.00
8	19.10	20.08	21.06	22.04	23.02	24.00
9	21.49	22.59	23.70	24.80	25.90	27.00
10	23.88	25.10	26.33	27.55	28.78	30.00
11	26.27	27.61	28.96	30.31	31.65	33.00
12	28.66	30.12	31.59	33.06	34.53	36.00
13	31.04	32.64	34.23	35.82	37.41	39.00
14	33.43	35.15	36.86	38.57	40.29	42.00
15	35.82	37.66	39.49	41.33	43.16	45.00
16	38.21	40.17	42.12	44.08	46.04	48.00
17	40.60	42.68	44.76	46.84	48.92	51.00
18	42.98	45.19	47.39	49.59	51.80	54.00
19	45.37	47.70	50.02	52.35	54.67	57.00
20	47.76	50.21	52.66	55.10	57.55	60.00
21	50.15	52.72	55.29	57.86	60.43	63.00
22	52.54	55.23	57.92	60.61	63.31	66.00
23	54.92	57.74	60.55	63.37	66.18	69.00
24	57.31	60.25	63.19	66.12	69.06	72.00
25	59.70	62.76	65.82	68.88	71.94	75.00
26	62.09	65.27	68.45	71.64	74.82	78.00
27	64.48	67.78	71.09	74.39	77.70	81.00
28	66.86	70.29	73.72	77.15	80.57	84.00
29	69.25	72.80	76.35	79.90	83.45	87.00
30	71.64	75.31	78.98	82.66	86.33	90.00

Other Service Credit

You earn credit each month for which retirement deductions are withheld from your salary. Service credit is important because we use it in the formula to determine your monthly retirement benefit. The more service you have and the higher your annual pay, the higher your monthly retirement benefit.

Service Credit During Leave of Absence

You can take a leave of absence for various reasons, such as education, illness or pregnancy. If you take a leave, you may not earn service credit because you did not earn salary from which deductions were taken. Once you return to work after a leave, you can make a payment to receive service credit for the leave.

If you took your leave after June 30, 2010, you have one year from the date you return to work to make the payment to purchase your service credit. You may pay using the actuarial method after one year. The payment amount is the total of the employee and employer contributions which would have been paid if you did not go on leave, plus interest as stated in statute.

- The maximum leave period that can be purchased, with the exception of military leave, is one year.
- You may choose to make a payment using tax-sheltered money from an IRA, your MNDGP or other qualified retirement plans.
- Your employer has the choice to pay the employer portion.

PURCHASING LEAVE

You can make payment after one year, but the cost is based on an actuarial method, which is more expensive.

Service Credit for Military Service

Military Service During State Employment

If you take a leave of absence from state service to serve in the military and return to state employment within 90 days of discharge, you may purchase your service credit for that time. There is a limited period of time to purchase this service credit, so it is important to contact us as soon as you return from military service.

To receive service credit for military leave, you may pay into the retirement fund the retirement salary deductions you would have contributed had you been employed by the state during your time of military service. Your employer will pay the employer share of the retirement contributions plus interest. You must make a payment within a time period that equals three times the length of the leave up to five years. For example, if your leave was for one year, you must make payments for this time within three years or before you end employment, whichever is earlier.

Military service prior to state employment

You cannot purchase credit for military service before working for the state.



Combined Service

Combined Service Between Plans With Different Retirement Ages

Combined Service works well with plans that have similar benefit and retirement age requirements, but not quite as well if you have plans with different retirement age requirements.

If you have service with the MSRS State Patrol Plan and the General Employees Retirement Plan, you are retiring under retirement plans that have very different benefit structures.

The State Patrol Plan allows full retirement at age 55, while the age of full retirement for most public employees is age 66 or the Rule of 90. The early retirement provisions of each plan apply to the service attributable to the plan.

When calculating the benefit under Combined Service, the benefit from the General Plan will be subject to an early retirement penalty unless you qualify for the Rule of 90, while the benefit from the State Patrol Plan may not be reduced.

Reinstating Service With Another Public Retirement Plan

Many state employees who had service with another Minnesota public retirement plan forfeited that other service by taking a refund of the contributions. If you are currently working for a Minnesota public employer, you may be able to reinstate this time by repaying the refund to the other public retirement plan. By repaying the refund, your service is reinstated and the other fund will use that service to calculate their benefit. To repay a refund, contact the plan from which you received the refund.

High-Five Salary with Combined Service Annuity

If a State Patrol Plan member has service with another Minnesota public pension plan, they may qualify for a Combined Service Annuity (CSA). It is important to understand how the five-high salary is calculated under CSA law and the impact on the retirement benefit amount.

A unique feature of the State Patrol Plan is that the five-high average salary is based on the highest five years of earnings, which do not have to be consecutive years. Under CSA law,

both pension plans must use the same high-five calculation; therefore, the calculation is based on the highest five consecutive years of gross salary.

Plan members with combined service will want to compare their total benefit amount under the CSA law to each plan calculated separately to determine which option is best for their situation. The example shows why it is important to review your options carefully.

Combined Service Annuity Calculation
Consecutive High-Five used for both calculations \$6,916.04
PERA Coordinated Benefit (with early retirement reduction)
8 months x 1.2% = .80% \$6,916.04 x .8% x 79% = \$43.71 per month
State Patrol Benefit
30 years 1 month x 3.0% = 90.249% \$6,916.04 x 90.249% = \$6,241.66
\$6,285.37 Total Monthly Retirement Income

Benefits Calculated Separately
Different High-Five used for each benefit calculation
PERA Coordinated Benefit
8 months x 1.2% = 0.80% \$1,339.15 x 0.80% x 79% = \$8.46 per month
State Patrol Benefit
30 years 1 month x 3.0% = 90.249% \$6,941.64 x 90.249% = \$6,264.76
\$6,273.22 Total Monthly Retirement Income

Leaving State Employment

Refunding Your Contributions

If you end employment with the state, you can request a refund of your retirement contributions. To apply for a refund, contact MSRS. The refund includes your deductions plus interest. The interest you receive is compounded daily. The refund does not include your employer's contributions to your retirement account.

There are also tax implications when you take a refund of your retirement contributions. You will receive detailed tax information with your refund application. Please review this information carefully.

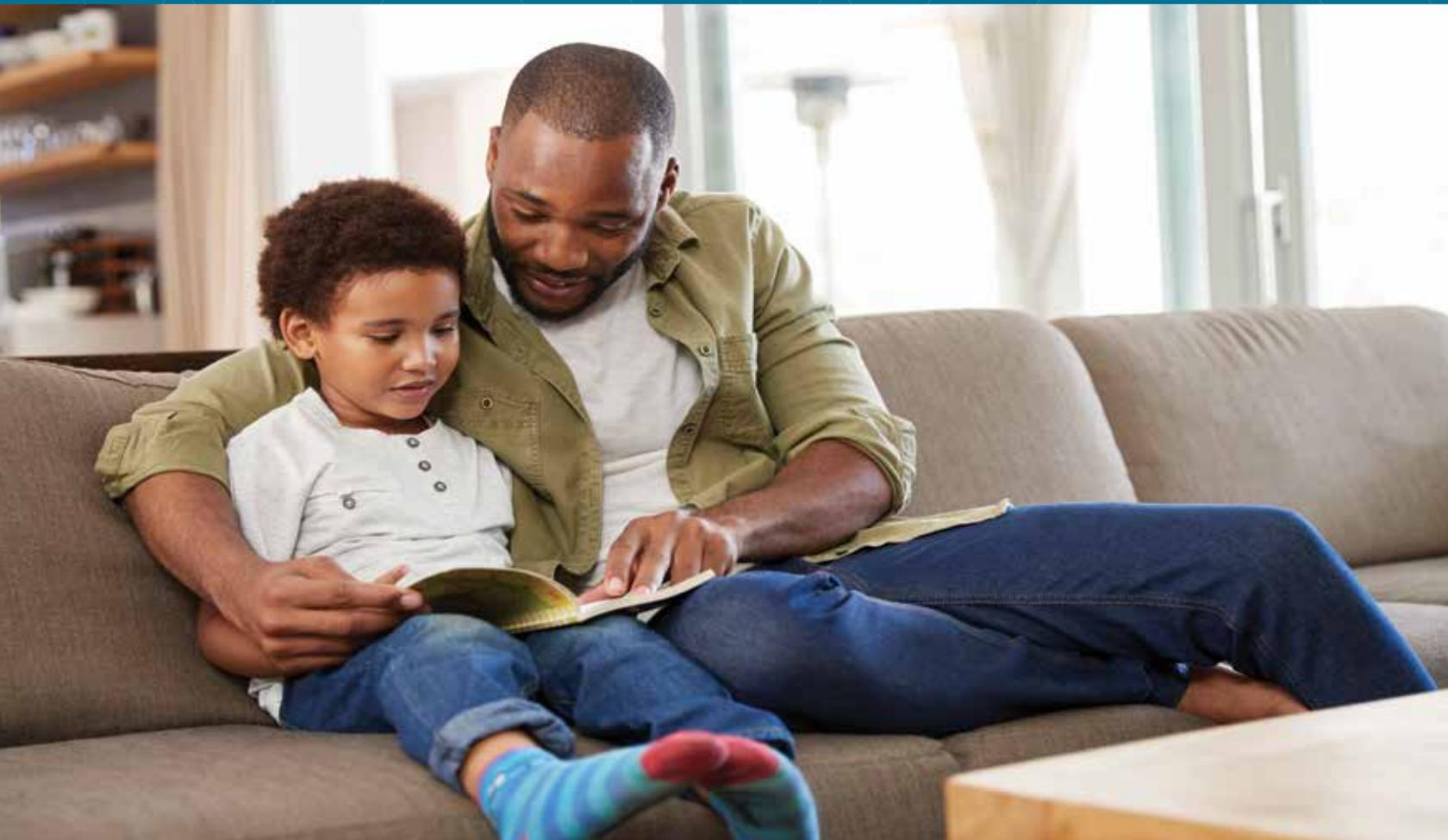
RETIREMENT DEDUCTIONS:

If you take a refund of your retirement deductions, you forfeit all of your service credit and right to a monthly retirement benefit with the plan.



Benefit Choices

When you apply to receive monthly retirement or disability benefits you will have to decide whether you want to provide a monthly benefit to your survivor when you die. You can name a single or multiple survivors to receive benefits. Your choice will affect your monthly retirement benefit. This section will explain the options available to help you make a decision.



Your Options

If you choose survivor coverage, you will receive a lower monthly benefit. If you are married, you must provide at least a 50% survivor option for your spouse unless your spouse waives this coverage.

You can name anyone to receive survivor benefits. If you choose a joint-and-survivor option, the reduction in your monthly benefit is based on the age difference between you and your survivor. The younger the survivor is, the greater the reduction in your monthly benefit. The age(s) of your survivor(s) may limit the survivor options available to you.

Single-Life Benefit

> Provides benefits for your lifetime only

If you do not select survivor coverage, you will receive a monthly benefit for your lifetime. When you die, the monthly benefit stops.

If you die after you retire, your beneficiary will receive any remaining employee contributions in your account.



IMPORTANT DECISION: CHOOSING SURVIVOR COVERAGE

Once payments begin, you **cannot change your choice** of survivor coverage or the person(s) you elect to cover. Contact MSRS with any questions you may have.

Benefit Choices

100% Joint-and-Survivor Benefit

> Provides maximum survivor coverage

If you select the 100% Joint-and-Survivor option, you will receive a monthly benefit for your lifetime. When you die, your named survivor will continue to receive the same amount you were receiving payable for their lifetime. This option provides maximum survivor coverage, but results in lower monthly payments during your lifetime.

If your named survivor dies before you, your monthly benefit will increase or “bounce back” to the single-life benefit amount after notifying MSRS of the survivor’s death.

Benefit amount per \$100 of Single-Life benefit							
Employee's Retirement Age	Survivors Age						
	50	51	52	53	54	55	56
50	92.95	93.19	93.42	93.65	93.88	94.11	94.34
51	92.45	92.69	92.94	93.18	93.43	93.68	93.92
52	91.90	92.16	92.42	92.68	92.94	93.20	93.46
53	91.32	91.59	91.87	92.14	92.42	92.70	92.97
54	90.70	90.99	91.27	91.56	91.86	92.15	92.44
55	90.04	90.34	90.64	90.94	91.25	91.56	91.87
56	89.33	89.64	89.96	90.27	90.60	90.92	91.25

75% Joint-and-Survivor Benefit

> Provides some survivor coverage

If you select the 75% Joint-and-Survivor benefit, you will receive monthly payments for your lifetime. When you die, your named survivor will receive 75% of the amount you were receiving. This survivor benefit is payable for the lifetime of your named survivor.

If your named survivor dies before you, your monthly benefit will increase or “bounce back” to the single-life benefit amount after notifying MSRS of the survivor’s death.

Benefit amount per \$100 of Single-Life benefit							
Employee's Retirement Age	Survivors Age						
	50	51	52	53	54	55	56
50	94.62	94.80	94.98	95.16	95.34	95.52	95.70
51	94.22	94.42	94.61	94.80	94.99	95.18	95.37
52	93.80	94.00	94.21	94.41	94.61	94.81	95.02
53	93.35	93.56	93.77	93.99	94.20	94.42	94.64
54	92.86	93.08	93.31	93.54	93.76	93.99	94.22
55	92.34	92.57	92.81	93.05	93.29	93.53	93.78
56	91.78	92.02	92.27	92.52	92.78	93.03	93.29

50% Joint-and-Survivor Benefit

> Provides some survivor coverage

If you select the 50% Joint-and-Survivor benefit, you will receive payments for your lifetime. When you die, your named survivor will receive 50% of the amount you were receiving. This survivor benefit is payable for the lifetime of your named survivor.

If your named survivor dies before you, your monthly benefit will increase or “bounce back” to the Single-Life benefit amount after notifying MSRS of the survivor’s death.

If you are married, you must provide at least a 50% survivor option for your spouse unless your spouse waives survivor coverage.

Benefit amount per \$100 of Single-Life benefit							
Employee's Retirement Age	Survivors Age						
	50	51	52	53	54	55	56
50	96.35	96.47	96.60	96.72	96.84	96.97	97.09
51	96.07	96.21	96.34	96.47	96.60	96.73	96.87
52	95.78	95.92	96.06	96.20	96.34	96.48	96.62
53	95.45	95.61	95.76	95.91	96.06	96.21	96.36
54	95.13	95.28	95.44	95.60	95.76	95.91	96.07
55	94.76	94.92	95.09	95.26	95.42	95.59	95.76
56	94.37	94.54	94.71	94.89	95.07	95.24	95.42

Life Income 15-Year Certain

> Provides you a lifetime monthly benefit

This option is most commonly used by someone who wants to preserve assets for their children and does not have a spouse. You may name more than one survivor. If you die before collecting monthly benefits for 15 years, your survivor(s) will receive monthly payments for the remainder of the 15-year term.

If you live longer than 15 years, your monthly benefit continues for your lifetime. When you die, your survivor will receive no benefit.

If both you and your survivor die before the 15 years, the balance would be paid to your estate.

Remember, by selecting this option, your monthly benefit amount is permanently reduced and there is no bounce back like the joint-and-survivor options.

Benefit amount per \$100 of Single-Life benefit	
Employee's Retirement Age	Benefit Amount per \$100
50	98.47
51	98.36
52	98.24
53	98.12
54	97.98
55	97.83
56	97.66

Comparing Benefit Choices

Here is an example that compares your various options. This comparison chart assumes a \$4,500 Single-Life monthly pension and the retiree and survivor are age 55.

Benefit Type	Your Benefit	Survivor Benefit	Bounce Back
Single-Life	\$4,500	N/A	N/A
Joint-and-Survivor			
100% option	\$4,120	\$4,120	4500
75% option	\$4,208	\$3,156	4500
50% option	\$4,301	\$2,150	4500
Life Income - 15-Year Certain			
	\$4,402	\$4,402*	N/A

*Only until the 15-year term has ended



Beneficiary & Survivor Benefits Before Retirement

If you die before you retire from the plan, your benefits will be distributed based on your individual circumstances. Below is a summary of the survivor benefits payment by the State Patrol Plan.

Surviving Spouse Benefit If NOT Vested

If you die before you are vested, your spouse is entitled to 50% of your high-five salary.

Surviving Spouse Benefit If Vested

> Working UNDER age 55

If you die before age 55, your spouse is entitled to a benefit equal to 50% of your high-five salary. The survivor benefit may increase to the 100% option beginning when you would have reached age 55, if that provides a higher amount.

> Working OVER age 55

If you die, your spouse is entitled to 50% of your average monthly salary or the 100% option benefit whichever is higher.

> Inactive

If you die and did not take a refund of contributions, your spouse is entitled to the 100% option benefit beginning when you would have reached 55.

Dependent Child Benefit

A dependent child is any natural or adopted, unmarried child of a deceased active member under 18 years of age. Any child that is at least 18 but under age 23 is considered a dependent child if a full-time student at an accredited school.

The dependent child benefit provides 10% of your high-five for each eligible child. In addition, the plan provides \$20 per month to be distributed equally among the eligible children.

The maximum monthly benefit paid to a family is 70% of the high-five salary.

No Surviving Spouse or Child Benefits Payable

If you die and no monthly survivor benefits are payable, your beneficiary receives a refund of the accumulated deductions plus interest, compounded annually. If you have no beneficiary, your refund goes to your estate.

To receive a Beneficiary Designation Form:



Contact an MSRS representative at **651.296.2761** or **1.800.657.5757**



Available online at **www.msrs.state.mn.us**.

Retirement Checklist & Timetable

It's never too early to start planning for retirement. Dream! What does your perfect retirement look like? Does it include starting your own business or volunteering for your favorite cause? Advanced planning can help you achieve your personal financial goals. Planning will allow you to have a more realistic understanding of your retirement income needs and expenses.



Retirement Checklist

Two Months Before Retirement

1. Submit your Retirement Application

You can download an application from the MSRS website or contact us to have it mailed to you. Sign the application in the presence of a notary. If you are married, the application requires your spouse's notarized signature acknowledging your benefit selection.

2. Complete a Direct Deposit form

MSRS recommends using direct deposit to have your funds electronically deposited to your financial institution. Direct deposit is the safest, fastest and most convenient way to receive your monthly benefit. Complete the form and we'll take care of the rest.

3. Apply for other Minnesota public pension benefits (if applicable)

If you are eligible for retirement benefits from another Minnesota public pension plan such as the Public Employees Retirement Association (PERA) or Teachers Retirement Association (TRA), you will need to contact that retirement plan administrator to complete additional paperwork to apply for those retirement benefits.

4. Contact your tax advisor

Determine how much, if any, federal and Minnesota state taxes should be withheld from your monthly retirement benefit.

5. Contact your human resources department

Check with your human resources department regarding your retiree insurance options.

6. Contact your payroll office

You may or may not be eligible to receive a severance payment. If paid in cash, you may want to consider contributing it to your MNDCP account.

7. Follow-up with Social Security and Medicare

If you applied for benefits and have not received an acknowledgment, you may want to contact Social Security and Medicare to verify eligibility.

8. Beneficiary designation

Review your beneficiary designation information on file for your MSRS pension plan, as well as your MNDCP and HCSP accounts.

NOTE

Your pension beneficiary only applies if you elect the Single-Life option.

Retirement Timetable

It's important to map out a retirement planning strategy well in advance of your retirement date, but it's never too late to start planning or saving. MSRS retirement counselors are available to assist you along the way.



Throughout Your Career

- Enroll and take advantage of the Minnesota Deferred Compensation Plan (MNDCP). You may receive a yearly match from your employer. The match is a bargained benefit.
- Establish savings goals that will generate the income you want to have when you retire.
- Evaluate your personal finances periodically as they relate to meeting your financial needs at retirement.
- Research purchasing eligible service credit as soon as possible. This includes any active military service or time worked in other covered retirement plans.
- Stay informed! Review plan information online or contact MSRS with questions about your retirement benefits.



Mid-Career

- Review your savings goals to determine if you're still on track.
- If you're not enrolled in MNDCP, contact MSRS to enroll and determine your investment allocation to make sure you carry the right amount of risk.
- If you are age 50 or older, consider maximizing your MNDCP contribution amount. The IRS permits you to contribute more than the standard contribution amount.
- Continue to pursue prior service credit purchases.



3-5 Years From Retirement

- Attend a free MSRS pre-retirement seminar. More information about seminars is available at: www.msrs.state.mn.us
- Determine MNDCP Catch-Up eligibility. The Catch-Up Provision allows you to contribute up to double the standard maximum contribution limit for three consecutive calendar year prior to reaching your normal retirement age. Contact MSRS to find out if you are eligible.
- Prepare a retirement budget. Compare your budget against your MSRS retirement benefit, Social Security, MNDCP and any other retirement income to see if you may need to save more.



12 Months From Retirement

- Contact MSRS for an audited estimate of your retirement benefits. Ask about survivor coverage options.
- Attend a free MSRS retirement seminar.
- Review MNDCP distribution options available at retirement.
- Gather information to prepare your retirement budget.
- Calculate your expected Social Security income if you are eligible.



6 Months From Retirement

- Discuss your benefit estimate and payment options with your family and financial advisor.
- Prepare a retirement budget. Compare your retirement expenses against your MSRS benefit, Social Security, MNDCP and any other retirement income that will be available to you.
- Contact your employer about health and life insurance options available after you retire.
- Check to see if you are eligible for severance pay. If so, determine if it will be deposited in the MSRS Health Care Savings Plan (HCSP) account.



3 Months From Retirement

- Ensure that purchases/ transfers of prior service are complete.
- Notify your department personnel office regarding your intention to retire. Find out when you should submit a letter of resignation.
- Contact your local Social Security office to file for benefits (if age 62 or older and are eligible for benefits).

IMPORTANT!

Review your MSRS benefit statement and contact MSRS if you find any discrepancies.

Applying for Retirement

Applying for retirement is easy, but your retirement decisions can be complex. Contact MSRS two months before you plan to retire. We want to make sure you fully understand your retirement benefit and options before you submit your application. Retirement counselors are also available for individual sessions at one of our offices.



Forms to Complete

You will need to complete a retirement application when you are ready to retire and begin collecting monthly benefits. MSRS will also need additional documents in order to complete your application. Forms are available on the MSRS website.

1 | Retirement Plan Benefit Application

(required)

You must sign the application in the presence of a notary. If you are married, your spouse must sign the application in the presence of a notary to acknowledge the benefit option you selected.

Your retirement benefit is taxable income. You will need to complete the tax withholding sections of your application. If you do not choose one of the options on the form, federal taxes will be withheld as if you are married with three allowances, regardless of your marital status. MSRS will not withhold Minnesota state taxes unless directed to do so.

2 | Direct Deposit Agreement

(optional, but recommended)

Monthly payments can be deposited into your bank account through direct deposit. It is the safest, fastest, and most convenient way to receive your monthly payment. Generally your benefit is sent to your financial institution the first business day of each month. If you do not want direct deposit, a paper check will be mailed to you. You can sign up for direct deposit when you apply for a monthly benefit or any time in the future.

3 | Authorization for Insurance Premium Deductions

(optional, but must meet eligibility requirements)

The Pension Protection Act of 2006 allows certain retired and disabled public safety officers to reduce taxable income by up to \$3,000 annually to pay qualified insurance premiums. If you are a public safety officer, you may choose to have qualified medical, dental or long-term care insurance premiums deducted from your retirement benefit.

CHOOSING A SURVIVOR OPTION

It is important when applying for a benefit to carefully consider the survivor options available. Your spouse must sign the retirement application in the presence of a notary. If your spouse does not sign the application and no survivor option is selected, we are required to pay the 50% Joint and-Survivor option.



Documents to Provide

1 | Birth Records

(required for you and your survivor)

Payments cannot begin until you provide MSRS with a copy of your birth record. In addition, if you select a survivor option, you must provide a copy of your survivor's birth record. Please write your MSRS Account ID or Social Security number on your survivor's birth record.

2 | Copy of Your Marriage Certificate

(required, if applicable)

3 | Certified Copy of Divorce Decree and/or Domestic Relations Order

(required, if applicable)

During a marriage dissolution proceeding, the court may decide to divide the assets of the MSRS retirement plan between the parties. If you are currently divorced, or have been divorced, you must provide MSRS with certified copies of any divorce decrees and/or domestic relations order (DRO) before you can collect a retirement or disability benefit, even if the assets will not be divided between the parties. For more information on how divorce may affect your benefit, please contact MSRS.

Service with Another Minnesota Public Employer

If you had service with another Minnesota public employer, for example, Teachers Retirement Association (TRA) or Public Employees Retirement Association (PERA), the service credit earned from all plans can be combined with your MSRS service to qualify for a retirement benefit. We call this a Combined Service Annuity (CSA).

The service credit that you have accumulated will remain with the retirement plan where it was earned. When you retire, you will receive a separate payment from that retirement plan provider.

Be sure to contact your other retirement plan administrators to learn how to apply for benefits and when you can expect payments. You will need to obtain and submit the necessary paperwork to the appropriate plan administrator to receive benefits.

Contact Information:



Contact a **PERA** representative at **651.296.7460** or **1.800.652.9026**

Contact a **TRA** representative at **651.296.2409** or **1.800.657.3669**



Online at **www.mnpera.org**

Online at **www.minnesotatra.org**

Re-Employment After Retirement

For many, retirement means pursuing a second career. Perhaps it is a hobby that you pursue as a paid position. Maybe it means returning to work, but working fewer hours or part-time. Your MSRS monthly benefits do not stop if you are employed by private industry, federal or local government, or a state government other than Minnesota.

Things you should consider if you return to work with the State of Minnesota:

- In most cases you must wait at least 30 days after your retirement date to be re-employed in a position normally covered by MSRS. Contact MSRS for more detail.
- Generally, retirement deductions are not withheld from your salary if you return to a position covered by MSRS. There are some exceptions.
- If you are under full Social Security retirement age, you may be subject to an earnings limitation. If you exceed the earnings limit, your benefit payment will be stopped for the remainder of the calendar year. Contact MSRS for more information.



After Retirement

First Benefit Payment

You will receive your first benefit payment from MSRS about **SIX WEEKS** after your benefit start date. Please plan accordingly. Around the time your first benefit is paid, you will receive a benefit authorization letter from MSRS which will:

- Verify the amount of your first payment and the ongoing benefit amount
- Confirm your optional benefit selection (for example, 100% Joint-and-Survivor benefit)
- Verify when you will receive your ongoing monthly benefit
- Provide important tax information

Subsequent Monthly Payments

If you sign up for direct deposit, payments will typically be available in your bank account the first business day of the month. If you receive payment by check, add five business days for mailing time.

NOTE!

You have 30 days from the date of the benefit authorization letter to change the benefit option.



Tax Withholding from Benefit Payments

At your request, federal and/or Minnesota state taxes can be withheld from your benefit payments. There are three ways to start, stop or change income tax withholding:



Log in to your pension account online
www.msrs.state.mn.us



Contact to an MSRS representative
651.296.2761 or **1.800.657.5757**



Complete and mail a MSRS Tax Withholding Election form that can be obtained on the MSRS website

Income Tax Reporting

All or most of your monthly benefit is subject to federal and state income taxes. Each January, MSRS will mail you a Form 1099-R that provides the following:

- Total benefits paid during the previous year
- Total taxable income
- Any amount withheld for federal or Minnesota taxes

Marriage Dissolution after Retirement

When a marriage dissolution occurs after retirement, a percentage or dollar amount of your benefit can be awarded to your former spouse. Both parties are granted a post-retirement increase on their portion of the benefit. The benefit option elected at retirement can be revoked only if the payment will not be split between the parties. Please contact MSRS in advance of a divorce so we can explain your option.

POST-RETIREMENT INCREASES

Each January you may be eligible to receive a post-retirement benefit increase. There could be a waiting period for your first increase, and depending on when you retired, the first increase may be prorated. You will receive a letter each December to confirm your benefit increase.



Form **1040** Department of the Treasury Internal Revenue Service
U.S. Individual Income Tax Return
For the year Jan. 1–Dec. 31, 2011
Your first name and last name
If a joint return, spouse's first name and initial
Last name
address (number and street). If you have a P.O. box, see instructions
City, town or post office, state, and ZIP code. If you have a foreign address, a foreign country name
Filing Status
Check only one box.
 Single
2 Married filing jointly (even if only one spouse has income)
3 Married filing separately

Disability Retirement Benefits

As a member of the State Patrol Retirement Plan, you have disability protection. This is an important benefit. If eligible, it will pay you a disability benefit for your lifetime or until you are no longer disabled.



State Patrol Disability

Definition of Disability

The law defines a disability as a physical or psychological condition lasting at least one year that prevents a member from performing normal job duties.

Types of Disability Benefits

Duty Disability

The disability condition or injury must occur during job duties that bear an inherent risk of the position. To be eligible for duty disability, you need a minimum of one day of service. The disability benefit provides a minimum of 60% of your high-five average salary.

Regular Disability

To qualify for a regular disability benefit, an employee must have at least one year of service. The disability benefit provides a minimum of 45% of your high-five average salary.

Disability Application and Review Process

To receive more information about applying for a disability benefit we recommend that you contact our office to obtain the necessary documents to apply.

There are important timelines you need to consider when applying for a disability. Please consider the following:

- You cannot apply for a disability benefit until after your last work day.
- After that time, apply for a benefit immediately. We strongly recommend not waiting for your sick leave or vacation to run out.
- You cannot apply for a disability benefit more than 18 months after you end your employment.

When you apply for a disability benefit, MSRS will need documentation of your disability.

The following documents are required:

- Completed **Application for MSRS Disability Benefit**
- A **Physician's Statement** must be completed by two doctors regarding your disability.
- An **Employer Certification** must be completed by your employing department.

The documents will be reviewed by the MSRS medical consultant, who makes a recommendation to the MSRS Executive Director about the extent of your disability.

If your disability application is approved, your benefit will begin after you receive payment for all your accumulated overtime, vacation and sick leave hours. Your disability benefit will end in the month that you die unless you select survivor coverage.

Following disability approval, you must submit medical records supporting the ongoing disabling condition once a year for the first five years, then once every three years until you reach normal retirement age. You must submit these medical documents for your disability benefit to continue.

If your disability application is denied, you may appeal the decision to the MSRS Board of Directors.

DISABILITY BENEFIT APPLICATION DEADLINE

You must apply for a disability benefit within 18 months after you end state employment.

Survivor Coverage With a Disability Benefit

When you apply for a disability benefit you can choose the **Single-Life benefit**, the **Joint-and-Survivor benefit** with one of its three options (100, 75, or 50 percent) or the **Life Income, 15-Year Certain**. Refer to the **Benefit Choice section** for more information.

If you choose the Single-Life benefit you have another chance to select a benefit to provide coverage for your survivor. You can make this election within 60 days of normal retirement age or after five years, whichever is later. It is important to note that if you die before you change your selection, no survivor coverage is provided.

If you choose a Single-Life benefit and die before the benefit begins or while you are receiving the benefit, your spouse is entitled to receive a benefit equal to 50% of your average high-five monthly salary. This is a lifetime benefit for the surviving spouse.

If you did not select a survivor option and die, any balance in your retirement account is refunded, in the following order: beneficiary, spouse, children, parents, estate. Generally, your account balance is gone approximately two to three years of receiving benefits.

Workers' Compensation and Your Disability Benefit

If you are receiving a disability benefit and qualify for Workers' Compensation, your Workers' Compensation may be reduced by the amount you are receiving for a disability benefit.



Review compensation information:
mn.gov/admin/government/risk/workers-comp/



Contact the Minnesota Department of Administration:
651.201.2555

RE-EMPLOYMENT AFTER YOU ARE DISABLED

There may be restrictions on your earnings if you return to work. Please call MSRS for more information.





Minnesota State Retirement System
MNDCP Minnesota Deferred Compensation Plan
HCSP Health Care Savings Plan

1.800.657.5757 or 651.296.2761
www.msrs.state.mn.us