



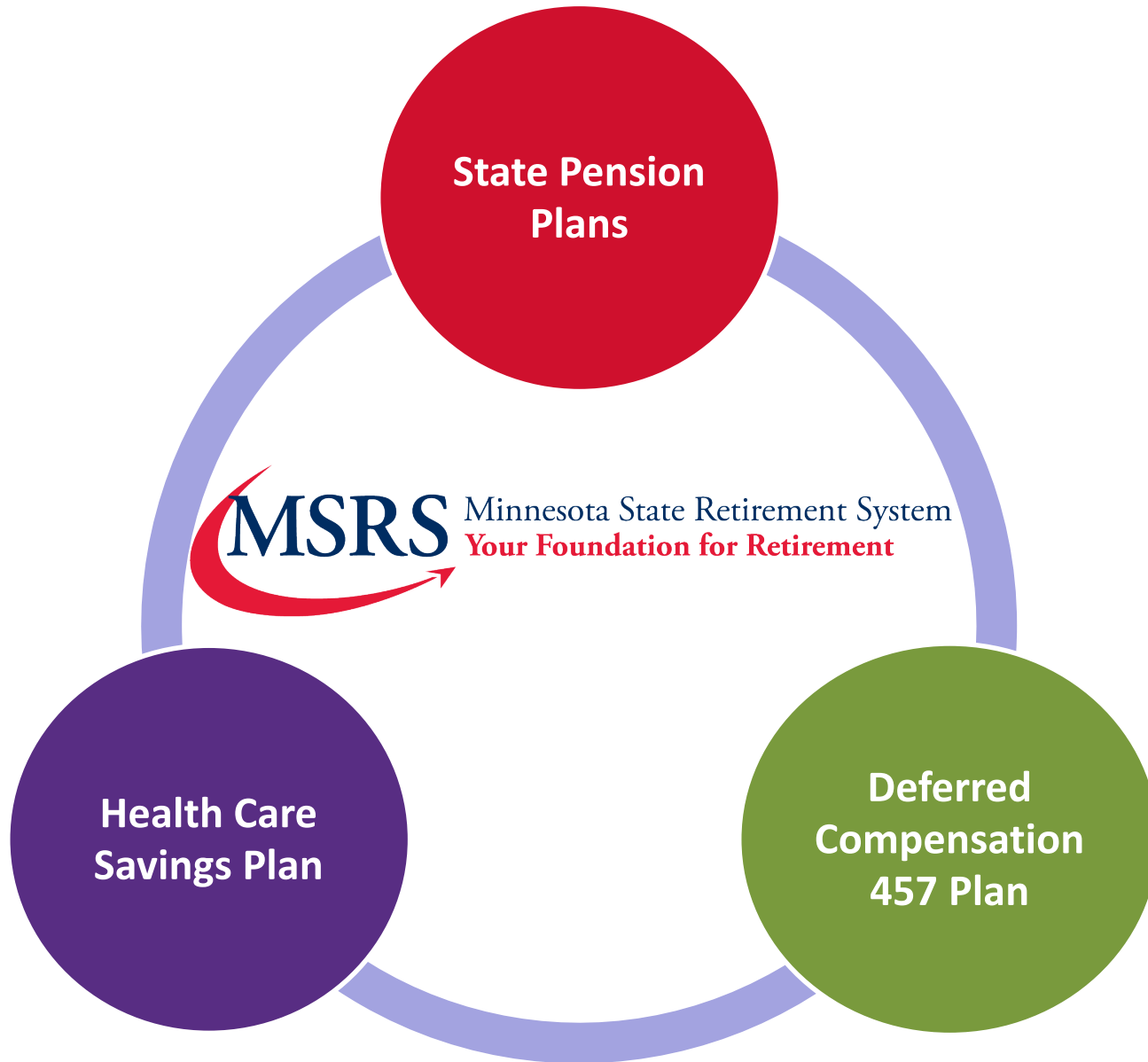
Your Retirement

Building a Strong Foundation

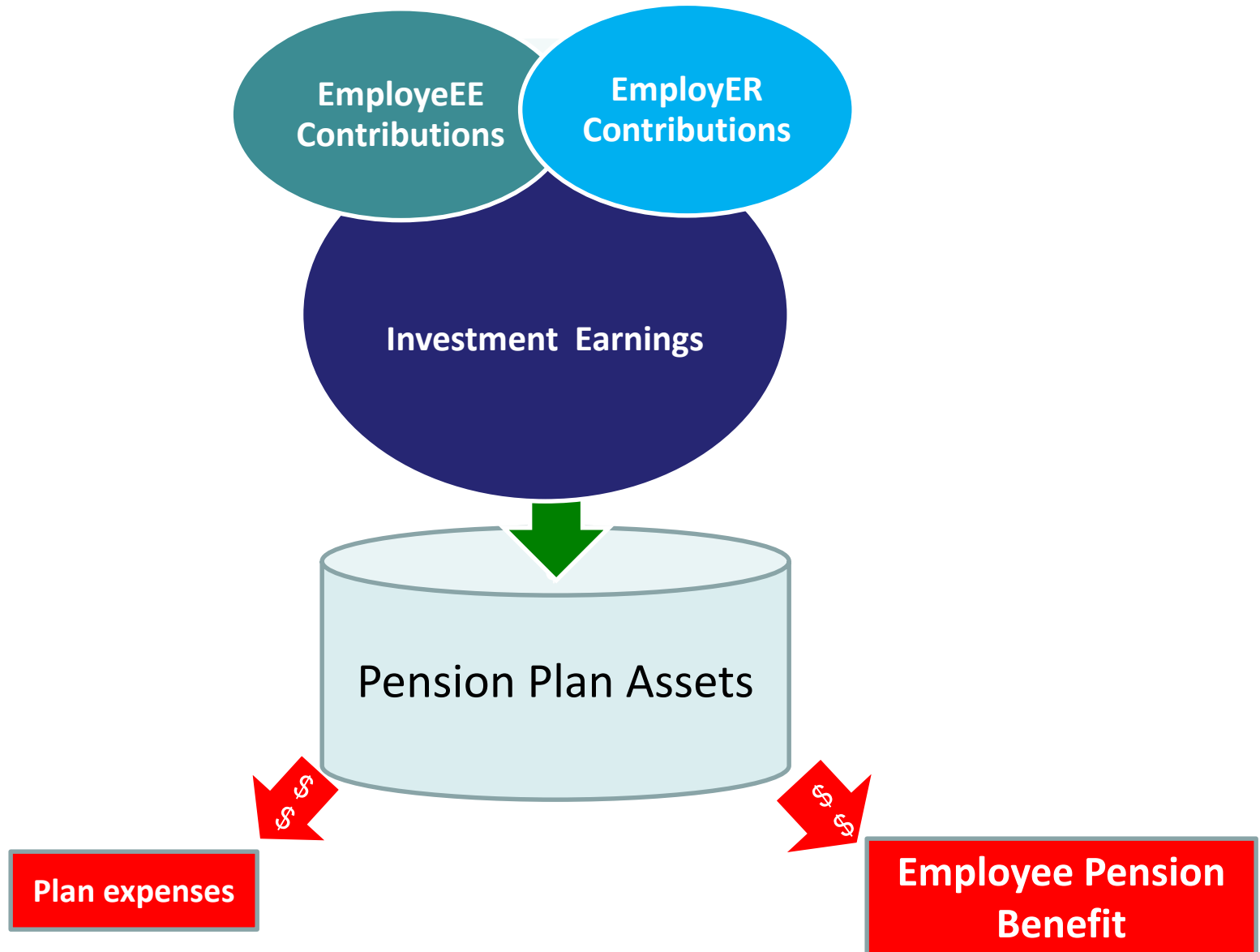
2023 CORRECTIONAL PLAN SUMMARY



Who we are



Pension plan structure



What is a pension benefit?

Lifetime income paid
monthly once you retire



About the Correctional Plan



Employees are covered in the **Correctional Retirement Plan**



Membership is mandatory



Both Employee and Employer contribute a % of the employee's gross salary to fund their pension

Contribution rates

Contribution Rates		
	Employee	Employer
Current	9.6%	18.85%



Both Employee and Employer contribute a % of the employee's gross salary to fund their pension

Vesting

Am I automatically eligible for a pension benefit?

Vesting

Refers to the time period you must work before you are eligible for a lifetime pension benefit

Correctional Plan Vesting

After **three** years of service if hired before July 1, 2010

Graded vesting schedule if hired on or after July 1, 2010

10 years	100% Vested
9 years	90% vested
8 years	80% vested
7 years	70% vested
6 years	60% vested
5 years	50% vested

Benefit calculation

Full Retirement Age

MSRS uses many factors to determine your monthly pension benefit, including:

**Service
Credit**



**Benefit
Multiplier**



**Average
Monthly
High-5**



**Monthly
Benefit**

Credit

Multiplier

High-5
Monthly

Benefit

Receive service credit for

- Every month that deductions are taken
 - Part-time (<50%) is pro-rated
- Workers' Compensation leaves of absence
- Leaves of absence, if purchased
- Repaid refunds

EXAMPLE

**Service Credit
25 Years**

Combined service credit

Service in each Minnesota public retirement plan counts towards your total service credit

Requirements:

- Minimum six months of coverage with each plan
 - *3 years of total service – if hired before 7-1-2010*
 - *5 years of total service – if hired after 7-1-2010 – graded vesting*
- Must terminate from all plans when pension begins
- Must collect from all plans within one year

Benefit multiplier

The formula dictated by Minnesota law used to calculate your pension benefit

Years and months of service are converted to a percent through a benefit formula

- 2.4% - hired before July 1, 2010
- 2.2% - hired after June 30, 2010

EXAMPLE

**Service Credit
(25 Years)**



**Benefit Multiplier
(2.4%)**



**Pension Benefit
Replacement
(60%)**

Average monthly salary

- Highest five successive years' wages
(High-5)
- Includes gross salary earned during High-5 period
- Excludes unused vacation and sick leave payout
- NOT reduced by contributions to your MNDCP or HCSP account

Average monthly high-5

EXAMPLE

Year	Earnings
1	\$38,640
2	\$41,625
3	\$42,500
4	\$44,000
5	\$45,000
Total	\$211,765

Calculation

\$211,765	Total Earnings
÷ 60	Months
<hr/>	
\$3,529	Average Monthly High-5

**Service Credit
(25 Years)**



**Benefit Multiplier
(2.4%)**



**Monthly High-5
(\$3,529)**

Retirement ages

EARLY RETIREMENT AGE

- Age 50 - 55

FULL RETIREMENT AGE

- Age 55 and older

If you collect your pension benefit before your FULL RETIREMENT AGE, benefit subject to a reduction

Benefit calculation

full retirement age

**Service
Credit**



**Benefit
Multiplier**



**Average
Monthly
High-5**



**Monthly
Benefit**

25 YEARS



2.4%



\$3,529



\$2,117

Benefit calculation early retirement age

**Service
Credit**



**Benefit
Multiplier**



**Average
Monthly
High-5**



**Monthly
Benefit**



**Early
Retirement
Reduction**



**Reduced
Monthly
Benefit**

Early retirement reduction

Age	Reduction 5% per year (0.417% / month)
50	75%
51	80%
52	85%
53	90%
54	95%

Joint & Survivor benefit options

Benefit Type	Your Benefit	Survivor Benefit	Bounce Back
<u>Single Life</u>	\$2,117	N/A	N/A
<u>Joint & Survivor</u> (retiree & survivor are both age 55)			
100% Option	\$1,935	\$1,935	\$2,117
75% Option	\$1,978	\$1,483	\$2,117
50% Option	\$2,022	\$1,011	\$2,117
<u>Life Income 15-Year Certain</u>			
	\$2,072	\$2,072	N/A

- 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

For illustrative purposes only Your actual results will vary.

Acceleration Factor

Age at Retirement	Accelerated to Age		Thereafter
	62	65	
50	115%	110%	76%
53	119%	112%	79%
55	123%	113%	82%

Example: Monthly Annuity at age 55 is \$2,117;
accelerating to age 62

$\$2,117 \times 1.23 = \$2,604$ from age 55 to 62

$\$2,117 \times 0.82 = \$1,735$ thereafter

Value of pension benefit

Example

Contributions to MSRS over 25 years	\$79,064
Monthly pension benefit at age 55	\$2,117
Total pension benefits paid in retirement (live to age 80)	\$654,999
Difference between contributions & pension benefits paid	\$575,938

Remember to plan for taxes

Your pension benefit is taxable

- Withhold federal & State (for MN only) income tax
- 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

1.5%

- First increase pro-rated
- State Patrol Plan is 1.0%

Working After Retirement?

If you return to an MSRS eligible position ONLY:

- Notify MSRS of re-employment
- 30 day break in service is required
- No retirement deductions taken
- If under Social Security's full-retirement age, pension benefit suspends at earnings limit (\$21,240 for 2023)
- Pension re-starts at end of employment or January 1st of next year

Disability benefit

Duty related disability

- Immediately eligible
- Minimum 50% of High-5

Regular (non-duty) disability

- Hired before 7-1-2009 –1year service required
 - Minimum 36% of High-5
- Hired after 7-1-2009 –vesting schedules apply
 - No minimum benefit – Based on actual service credit at time of disability



Death prior to retirement

Surviving Spouse Benefit

- Must be vested
- Lifetime pension benefit OR
- Refund of contributions plus 3%

Dependent Child Benefit if no Surviving Spouse

- Under age 20
- Benefit is payable to age 20 or for five years, whichever is later

No Surviving Spouse or Dependent Children

- Refund of contributions plus 3% interest to beneficiary

Special benefit for public safety officers

Eligible for up to a \$3,000 reduction in taxable income

- Must retire on or after age 55
- Medical insurance premiums are withheld from pension payment & paid directly to insurance provider
 - Health
 - Dental
 - Long-term care

Where can I get more information?



Annual Statement

You will receive a statement in your birth month, showing your estimated pension benefit.

Online

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

Handbook

The complete Correctional Pension Plan Handbook is also available online

Pre-retirement timetable

PRIOR TO RETIREMENT	ACTION
6 - 12 months	Contact MSRS to request an audited pension estimate
3 months	Call Social Security, if retiring at age 62+
1 - 2 months	<ul style="list-style-type: none">■ Complete pension application File with MSRS■ Contact H.R. Office about insurance and Health Care Savings Plan eligibility

Post-retirement timetable

AFTER RETIREMENT	ACTION
Immediately	Enjoy Enjoy Enjoy Enjoy
Up to 6 weeks	Receive pension authorization letter & first payment
1st week of the next month	Receive monthly pension payment
December	Receive notification of post retirement increase
January	Receive tax Form 1099-R for pension payments

More information

Pension Plans

MSRS www.msrs.state.mn.us 1-800-657-5757

PERA www.mnpera.org 1-800-652-9026

TRA www.minnesotatra.org 1-800-657-3669

Social Security (FICA) www.ssa.gov 1-800-772-1213

American Association of Retired Persons (AARP) –
www.aarp.org

First Gov for Seniors - www.firstgov.gov/Topics/Seniors

U.S. Administration on Aging - www.aoa.gov

Medicare - www.medicare.gov

These Web sites are for general education and information only and are provided as a benefit to the users of the site.



Locations:

St. Paul - 60 Empire Drive · Suite 300
St. Cloud - 4150 2nd Street South · Suite 330
Mankato - 11 Civic Center Plaza · Suite 150
Detroit Lakes - 714 Lake Ave · Suite 102
Duluth - 625 E Central Entrance

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My Plans

Run your own estimate request

**Toggle to your MNDCP & HCSP
Account Information**

Savings plans

As of 8/02/2020:

Minnesota Deferred Compensation Plan (MNDCP)

Balance: \$52,494.38

Health Care Savings Plan (HCSP)

Balance: \$5,809.92

Pension plans

General Employees Retirement Plan (GERP)