



What is an income gap?

You might have an income gap if:



your savings does not meet your retirement income needs



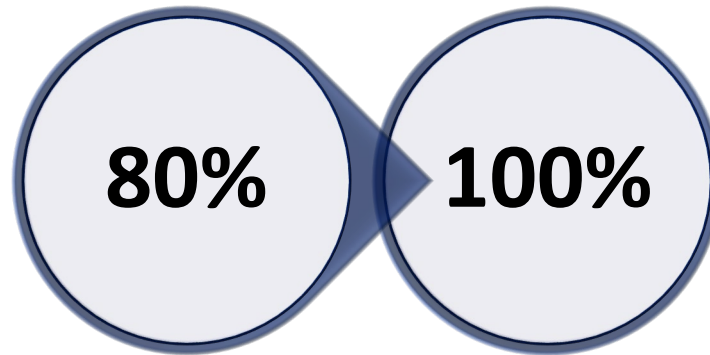
you retire early and need more retirement savings

or

you fear you will outlive your savings

How much income will it take?

You may need



of your current income to
maintain your lifestyle in
retirement

\$60,000 annual salary



FOR ILLUSTRATIVE PURPOSES ONLY
Figure represents 80% of \$60,000 salary

Pension & Social Security may not be enough

Income your MN public pension replaces:¹

- 10 years service = 17%
- 20 years service = 34%
- 30 years service = 51%



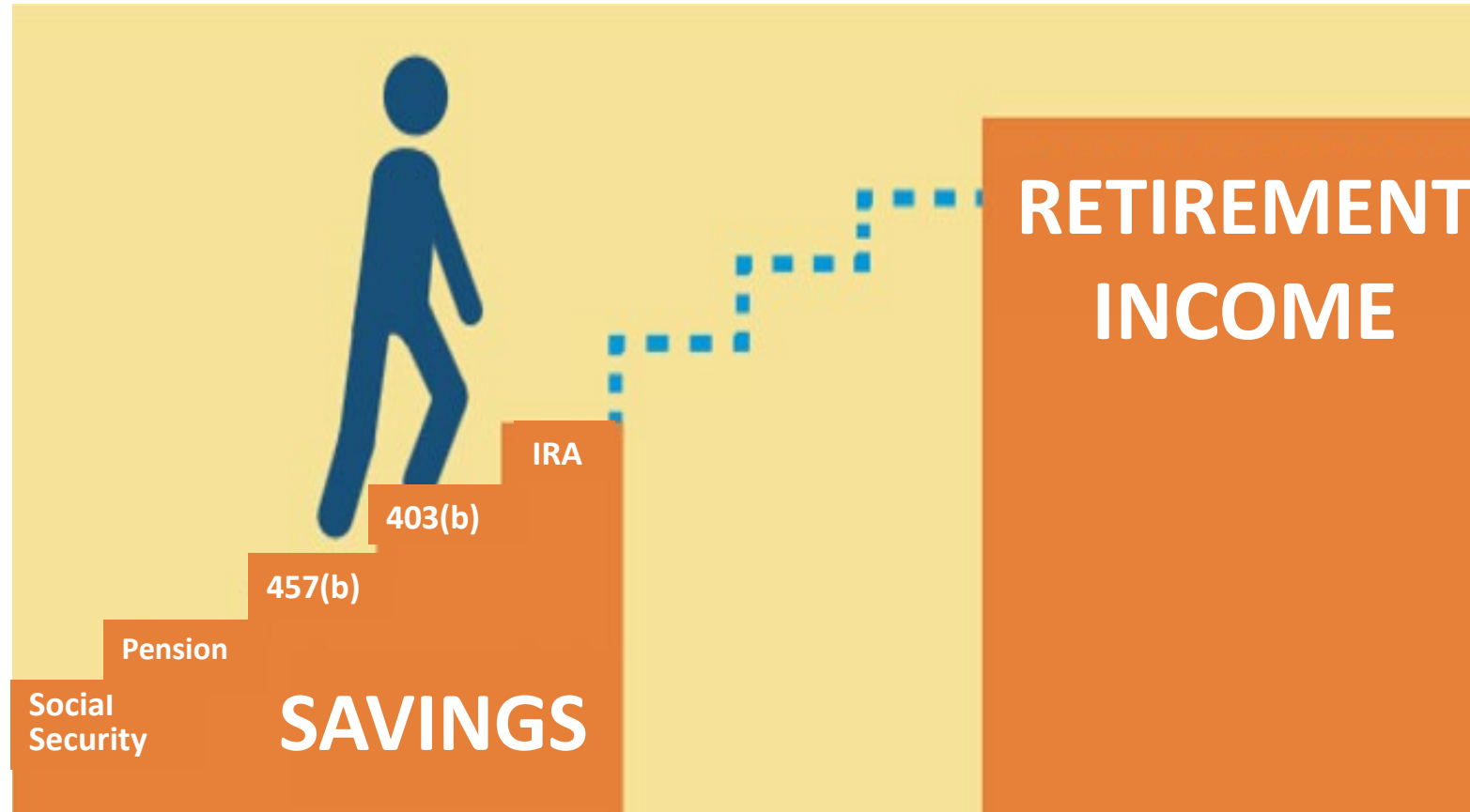
Income your Social Security replaces:²

- Average MN public employee recipient = 32%

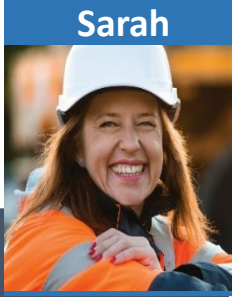
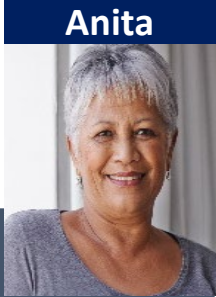
¹ Based on the years of service of MSRS pension recipients, with service prior to July 2025. Assumes full retirement age of 66. A TRA recipient replacement percentage would be higher.

² Based on the collecting an unreduced social security benefit at age 66 and a final average salary of 2020 retirees from MSRS, PERA, TRA public pension plans. Does not assume future earnings. Salary Source: MSRS, PERA and TRA 2020 Comprehensive Annual Financial Report. Social Security Source: SSA Benefit Calculator.

Bridge any income gaps

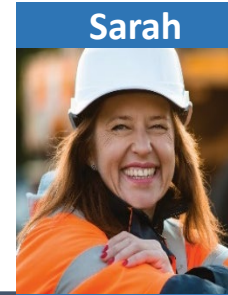


Case study income replacement

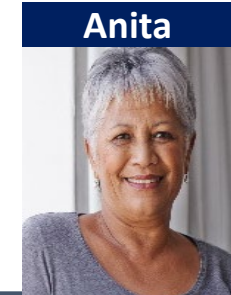
	<div><div>Sarah</div></div>		<div><div>Anita</div></div>	
Retirement Age	62		66	
High-5 monthly salary	\$4,619		\$5,000	
Pension replacement	31%		51%	
Social Security replacement	24%		31%	
TOTAL INCOME REPLACEMENT	55%		82%	

FOR ILLUSTRATIVE PURPOSES ONLY Your actual results will vary.

Case study savings needed



Sarah



Anita

Retirement Age	62	66
TOTAL INCOME REPLACEMENT	55%	82%
Savings needed to replace 80%	\$272,500*	\$0
Savings needed to replace 100%	\$485,000*	\$186,000*

FOR ILLUSTRATIVE PURPOSES ONLY Your actual results will vary.

Based on a 5% annual rate of return (not guaranteed) and 2% inflation. Assuming annual withdrawals to reach stated income replacement lasting until age 90.

Calculate how much retirement income you will need



MNDGP



Enrollment

Contribution effects on your paycheck calculator

How much should I save calculator



Investments

Investor Profile Quiz

Target Date Funds

Interactive PDF

Target Date Funds Video



Withdrawals

Plan Withdrawal Calculator

How long will my savings last? Calculator

ROTH Conversion and Distribution Calculator



Pretax vs. Roth After Tax

ROTH Decision Tree

ROTH vs. Pretax Calculator

Do your own calculation

www.mnretire.gov/toolbox#mndcp

Take action

Ways to bridge the income gap



MNDCP account assets

Increase your annual contribution if possible



HCSP account assets

Learn how to use your HCSP account assets



Pension & Social Security

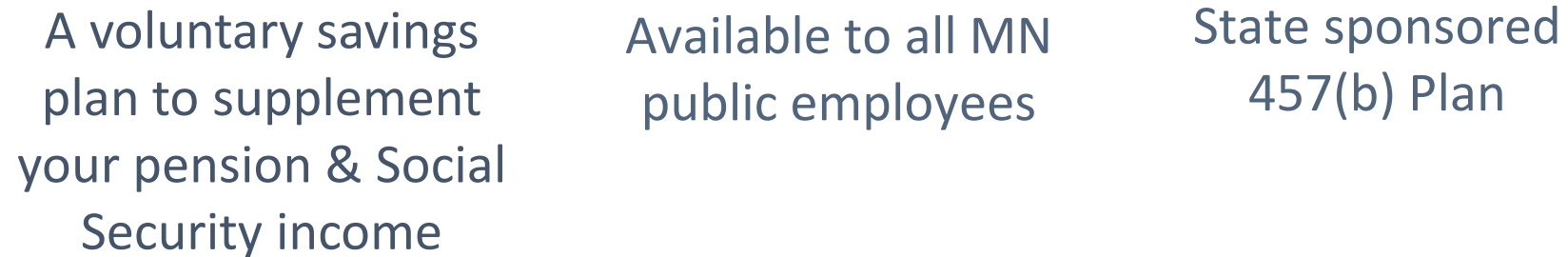
Defer, if possible, the date of your retirement





Minnesota Deferred
Compensation Plan

What is the MNDCP?



Make the most of the MNDCP

1

Maximize your contributions

2

Minimize stock market volatility

3

Take advantage of lower fees

Maximize your contribution

Bridge the income gap

Comp Time if eligible

Age 50 & over

\$31,000

Ages 60 to 63

\$34,750

Within 3 years of
normal retirement age

\$47,000

Shift Differential
if eligible

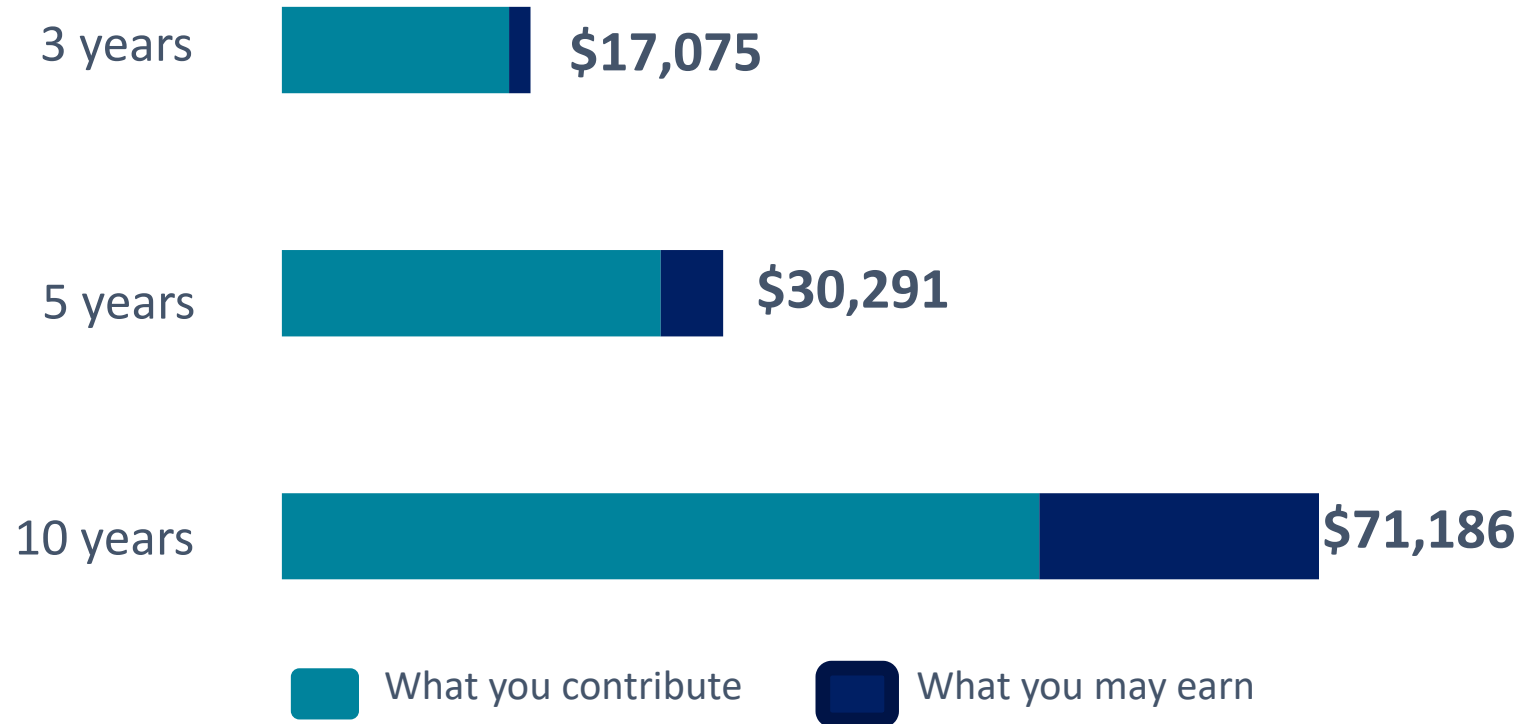
Annual limits

Unused sick /vacation
if eligible

Bonus/Commission
if eligible

The impact of saving more

Ramping up contributions by \$200/paycheck can add up



FOR ILLUSTRATIVE PURPOSES ONLY Figures represent the growth of bi-weekly contributions at 6% rate of return (not guaranteed) compounded monthly, reinvestment of earnings with no withdrawals. The tax-deferred amounts shown do not reflect any charges, expenses or fees.

Minimize market fluctuation impact

Investment diversification: Spreading your investments over multiple asset classes



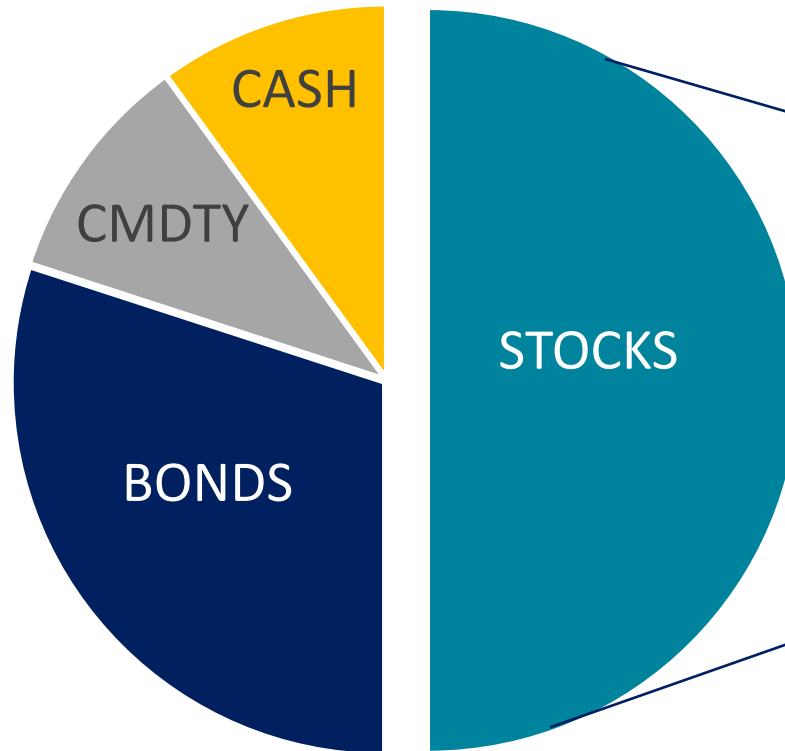
Less Diverse



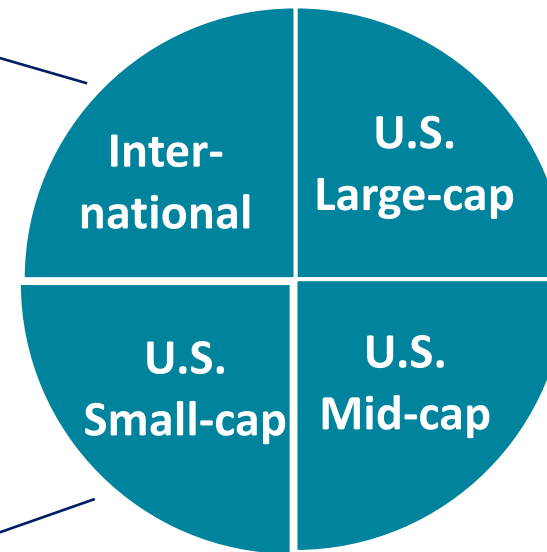
More Diverse

How diversification works

Sample asset allocation of an investment portfolio



Diversification within the stock allocation

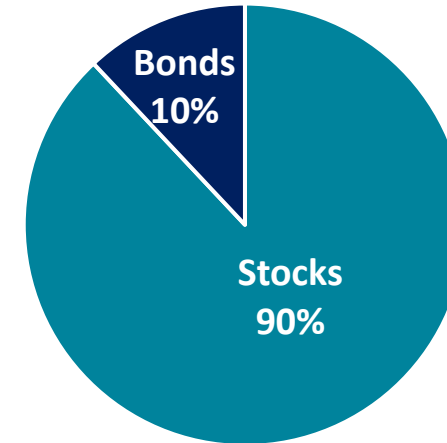


FOR ILLUSTRATIVE PURPOSES ONLY Diversification does not ensure a profit or protect against loss in declining markets.

Sample asset allocation models

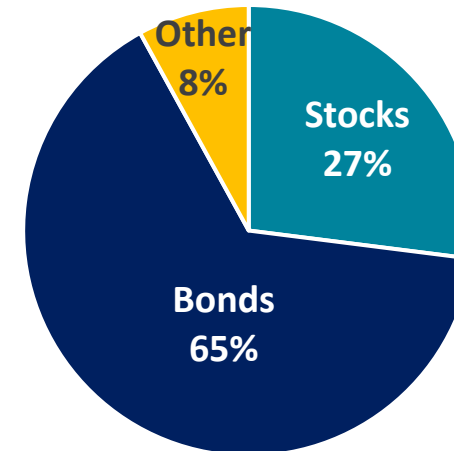
Aggressive Portfolio

Best year..... 33.7%
Worst year..... -34.7%
Average..... 9.5%



Conservative Portfolio

Best year..... 20.2%
Worst year..... -14.4%
Average..... 6.4%



FOR ILLUSTRATIVE PURPOSES ONLY The models shown illustrate hypothetical investment allocations for Aggressive & Conservative risk profiles. Index returns were used to provide calendar year returns from 1/1/1994 to 12/31/2023 based on asset allocations used for each model. Results are hypothetical and are not based on the performance of actual portfolios. Intended to illustrate possible investment portfolio allocations that represent an investment strategy based on risk and return. Investing involves risk, including possible loss of principal. (See last slide for additional information)

Source: State Street Global Advisor with data provided by Morningstar & Factset.



Investment Disclosure

Please consider the investment objectives, fees and expenses carefully before investing. The prospectus and/or disclosure documents contain this and other important information about the investments offered through your plan. To obtain a prospectus or disclosure document, or to learn more about the investment options, visit www.mnretire.gov or call 800-657-5757. Read such materials carefully before investing.

Avoid rollover regret



Upon separation of employment:

- You are not required to close or rollout your 457(b) or 403(b) account to an IRA
- Consider consolidating your retirement plan accounts
- Discuss rolling money from one account to another with your financial advisor/planner and consider any potential fees and/or limitations of available investment options

Rollover remorse



One final point!

Once all assets are out of the plan,
you may not rejoin

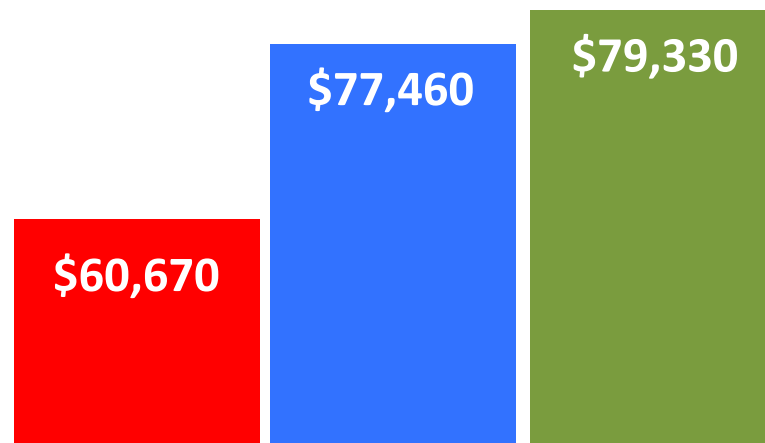


Assumptions

- Starting balance: \$65,000
- No contributions
- 5% annual rate of return
- Annual 4% withdrawal of account balance
- After 25 years

For illustrative purposes only This hypothetical illustration is not intended as a projection of future investment results, nor is it intended as financial planning or investment advice. Rates of any return may vary. The illustration does not reflect other associated charges, expenses or fees. The tax-deferred accumulation shown would be reduced if these fees had been deducted.

Fees can erode your gains



Account balance with a 1.12% Advisor fee¹



MNDCP account with a 0.10% Administrative fee²



No Account Fee

¹ Source: 2021 Advisory HQ study; Average Financial Advisor Fees based on assets under management for a \$100,000 account

² MNDCP administrative fee as of 1/1/2024 capped at \$125/year

Withdrawal considerations



Goals

- Number of years savings should last
- Leave savings to heirs
- Philanthropic wishes

Realities

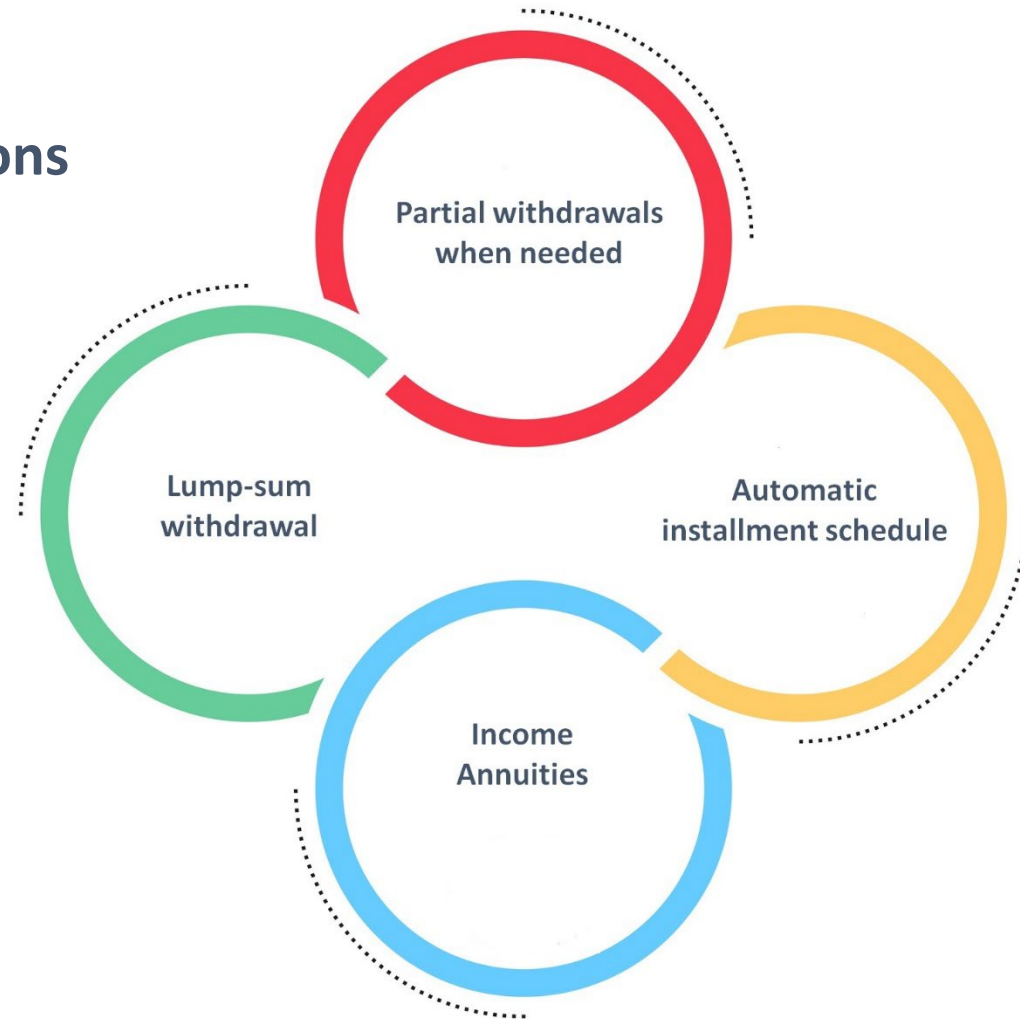
- Meet fixed expenses
- Allow for discretionary expenses
- Cover emergency expenses

Other

- Coordinate withdrawals with the use of other assets
- Tax efficient withdrawals

How to generate income from your retirement plan

Flexible Withdrawal Options



How long will your savings last?



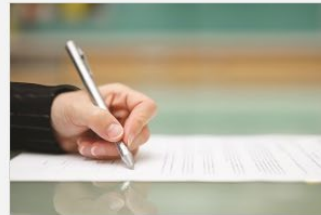
Gross Withdrawal	Savings Balance		
	\$50,000	\$100,000	\$150,000
\$500/month	11 yrs 4 mos	> 50 yrs	> 50 yrs
\$1,000/month	4 yrs 9 mos	11 yrs 4 mos	22 yrs 3 mos
\$1,500/month	3 yrs	6 yrs 8 mos	11 yrs 4 mos

FOR ILLUSTRATIVE PURPOSES ONLY Your actual results will vary. This hypothetical example assumes a 6% annual rate of return. Rate of return not guaranteed.

Calculate how long your savings will last



MNDcp



Enrollment

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ROTH Conversion and
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Pretax vs. Roth After Tax

ROTH Decision Tree
ROTH vs. Pretax Calculator

Do your own calculation

www.mnretire.gov/toolbox#mndcp

Understand the tax landscape

Pre-tax savings

- Withdrawals are **taxable**
- 20% mandatory federal withholding, except
 - Withdrawal schedules lasting 10 or more years
 - RMD payments

Roth after-tax savings

- Withdrawals are **tax-free** if:
 - Withdrawal made after age 59 ½ (death or disability)
 - AND**
 - Roth account established at least five tax years

Withdrawals made prior to age 59 ½ that are attributable to rollovers from another type of plan may incur a 10% early withdrawal IRS penalty

Calculation

1. MNDCP account balance
as of previous December 31 \$_____
2. Life expectancy factor (see table)
The age you will turn this year _____
3. RMD Amount (line 1 ÷ line 2) \$_____

Uniform Lifetime Table II

For use by:

- Unmarried owner
- Married owner whose spouse is not more than 10 years younger
- Married owner whose spouse is not the sole beneficiary

Age	Life Expectancy Factor
72	27.4
73	26.5
74	25.5
75	24.6

RMD rules to remember



Required Minimum Distribution

- Age 73
- Every year thereafter
- Not required if still employed



Excess accumulation penalty

- 25% of amount not distributed as required

Keep beneficiary designations up to date

What happens if something happens to you?

A beneficiary will inherit your money

Plan ahead
**AVOID
PROBATE**



Take action



Maximize
your contributions



Minimize
account fluctuations
with a diversified
investment strategy



Consider
a withdrawal plan that
is right for you



Keep in mind
you are not required
to roll out or close
your MNDCP account

