



2025 MSRS Pre-Retirement Seminar

- PDF copies of all slide presentation are available: www.mnretire.gov/pre-retirement-webinar-details
(this link is in your reminder e-mail)

Today's meeting details

- All participants are muted upon entry
- Text chat is available for general questions
 - We are unable to answer Social Security, Medicare or health insurance questions in chat
- PDF copies of all slide presentation are available
 - www.mnretire.gov/pre-retirement-webinar-details
(this link is in your reminder e-mail)
- Q&A sessions after each topic and at the end of the presentation

Who we are



Minnesota State Retirement System

**State Employee
Pension Plans**

**Health Care
Savings Plan
(HCSP)**

**Deferred
Compensation Plan
(MNDCP)**

Seminar topics



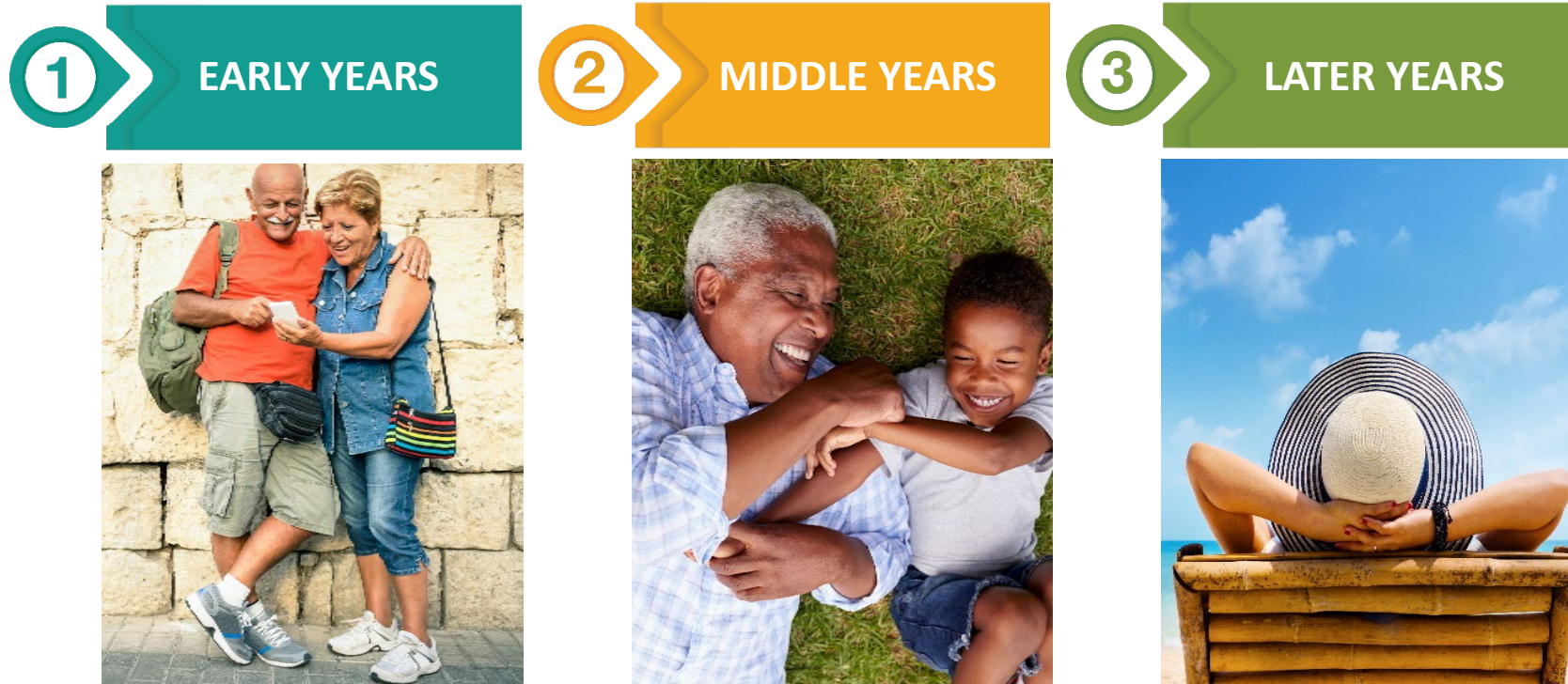


Retirement Readiness

Stages of Retirement

Each stage has its own characteristics and costs

- Travel, Hobbies, Time with Friends & Family, Volunteering, Start a Business?



Be Prepared



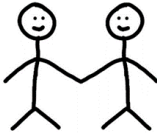


Consider the realities

- High cost of health care

High cost of health care

Amount needed to cover health care costs in retirement

	For a 50% chance of covering	For a 90% chance of covering
 65-year-old man	\$106,000	\$184,000
 65-year-old woman	\$128,000	\$217,000
 65-year-old couple	\$234,000	\$351,000

FOR ILLUSTRATIVE PURPOSES ONLY

Source: Employee Benefit Research Institute Press Release, *Projected Savings Medicare Beneficiaries Need for Health Expenses Increased Again in 2023*. Jan 29, 2024
Includes: Medicare (Part B & D) and Medigap premiums plus median prescription drug expenses. Excludes long-term care

Be Prepared



Consider the realities

- High cost of health care
- **We're living longer**

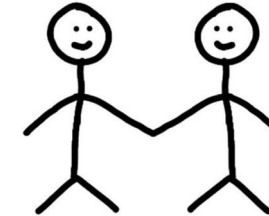
Life expectancy – we're living longer



65-year-old man



65-year-old woman



65-year-old couple*

50% Chance

Age 86

Age 88

Age 92

25% Chance

Age 92

Age 94

Age 96

FOR ILLUSTRATIVE PURPOSES ONLY

Source: Society of Actuaries Mortality MP-2021 Scale and the 2019 Social Security Mortality Table

**At least one surviving individual.*

Be Prepared

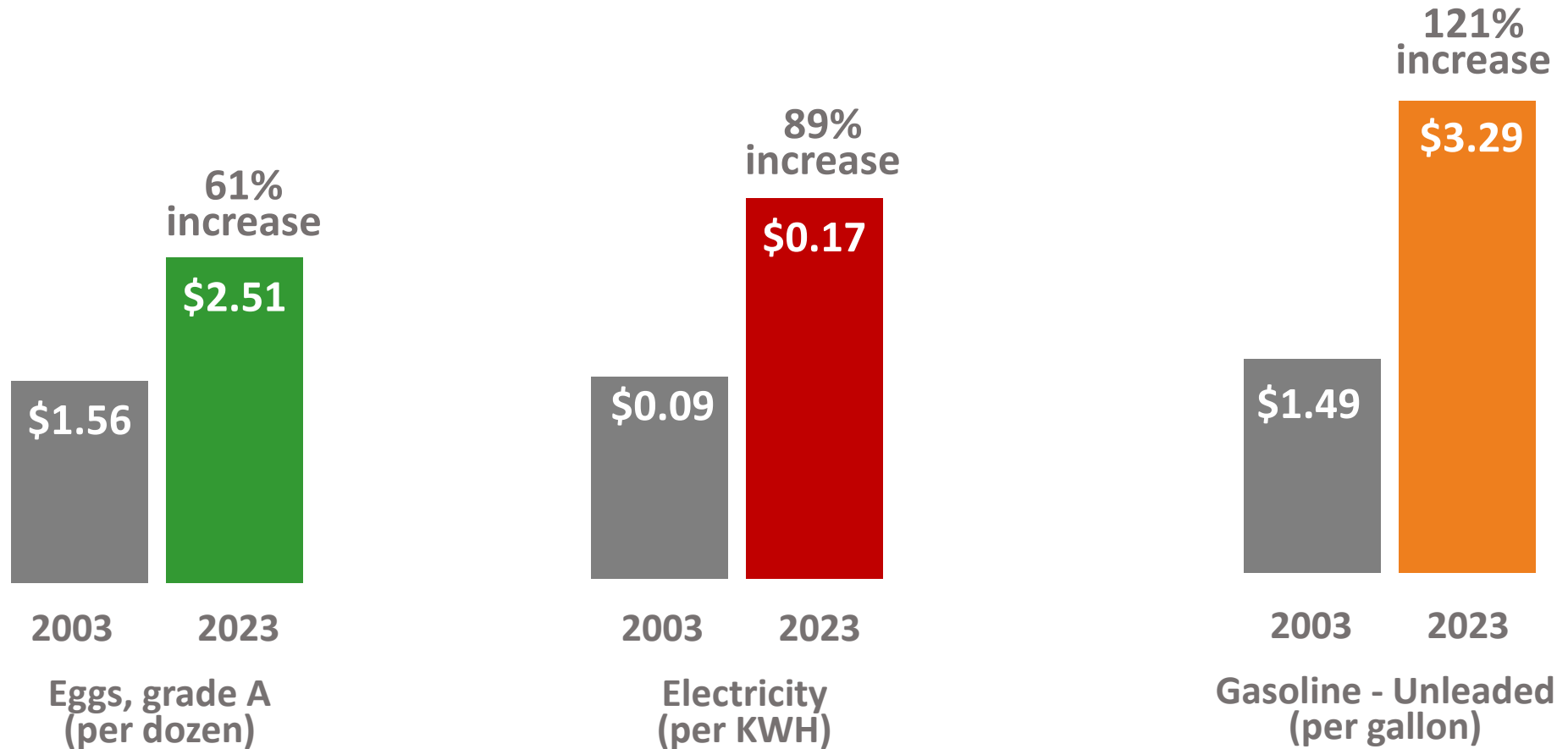
Consider the realities

- High cost of health care
- We're living longer
- **Inflation**



Inflation – what money will buy

The effect of inflation over 20 years



FOR ILLUSTRATIVE PURPOSES ONLY

Source: U.S. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average Price Data (12/2003 – 12/2023)

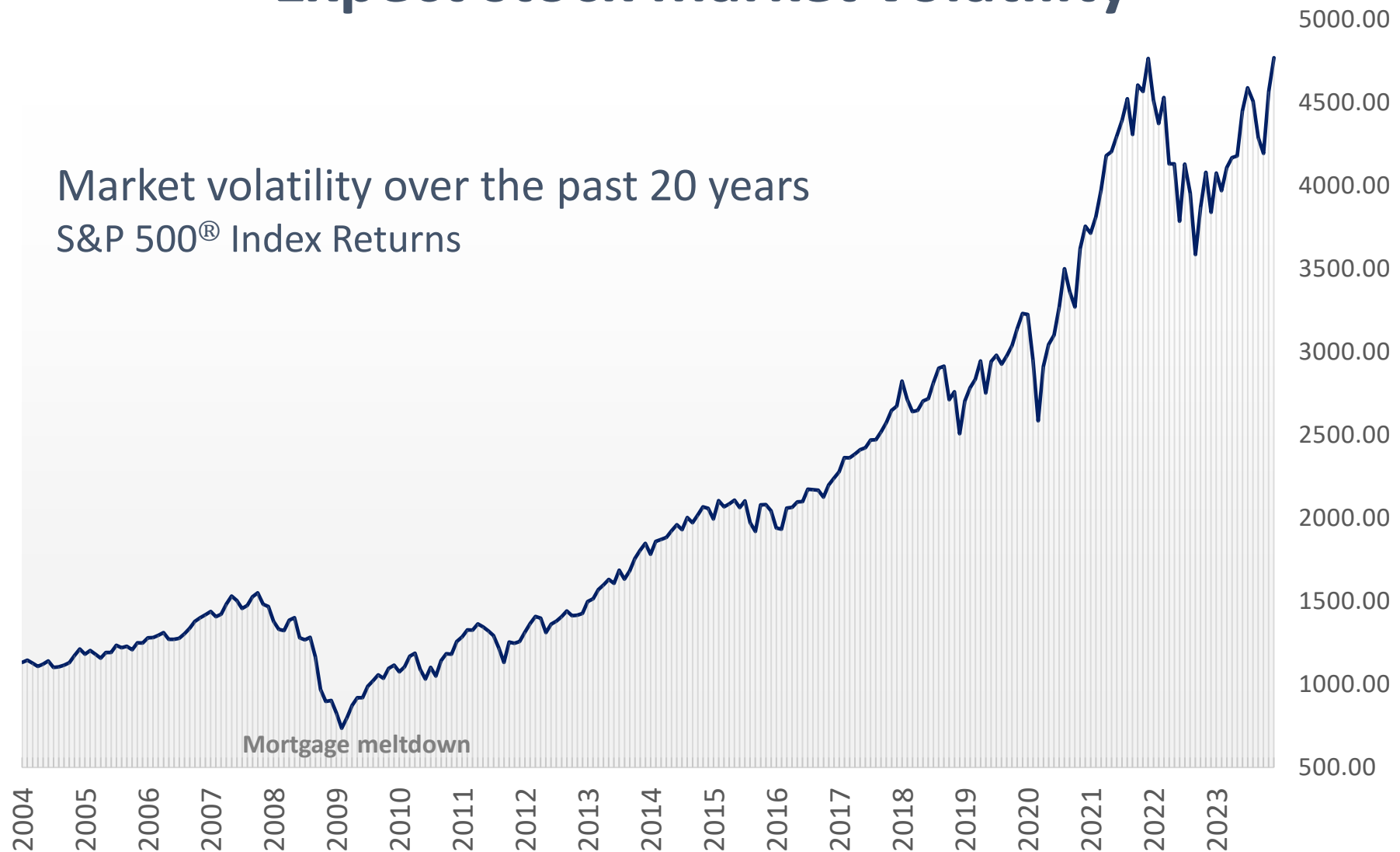
Be Prepared



Consider the realities

- High cost of health care
- We're living longer
- Inflation
- **Market volatility**

Expect stock market volatility

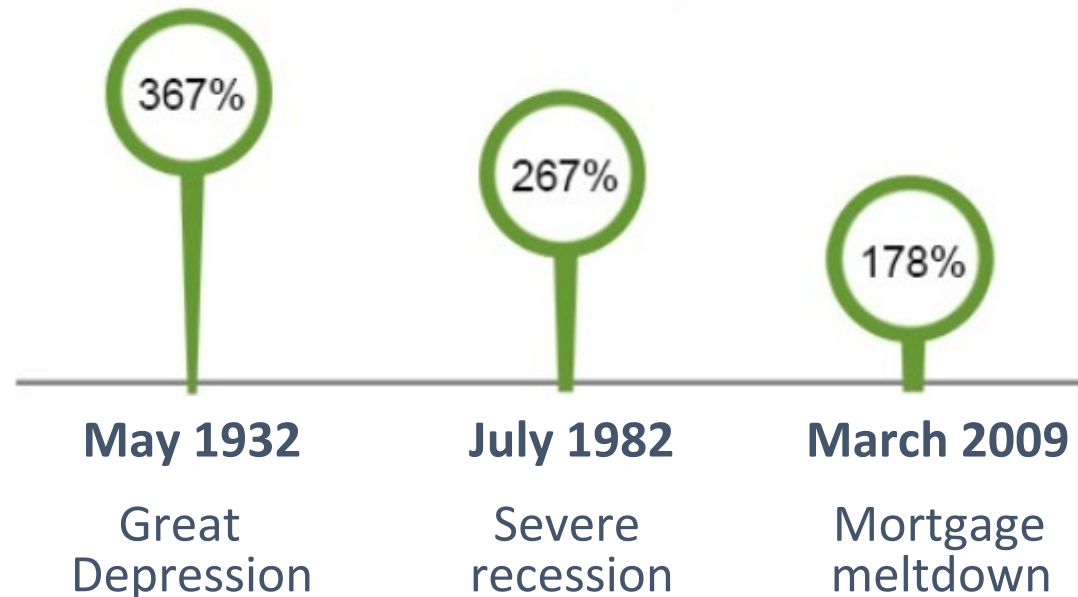


FOR ILLUSTRATIVE PURPOSES ONLY Past performance is not a guarantee or prediction of future results. You cannot invest directly in a benchmark index. The S&P 500® Index measures the performance of the domestic large-cap equity market and is used as a proxy of the stock market in general. The S&P 500® is a registered trademark of Standard & Poor's Financial Services LLC. **Source:** CBOE®, Chicago Board Options Exchange® Data from 1/1/2004 – 12/31/2023

Keep perspective

It has paid to stay invested in U.S. stocks during troubled times

Subsequent 5-year return



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Source: Fidelity Investments. https://institutional.fidelity.com/app/item/RD_13569_23965.html With data provided by Ibbotson, Factset, FMR Co., Fidelity Asset Allocation Research Team (AART) as of 3/31/2015.

Be Prepared

Prepare your retirement budget

How much will you need to maintain your standard of living?

Review your financial situation to determine:

- all your sources of retirement income
- how your expenses will differ in retirement



Consider your income

Take into account all of your assets, including:

- Projected Social Security benefit
- Projected Pension benefit
- Money saved in retirement plan accounts
 - MNDP 457(b) plan, 403(b) plan, 401(k) plan, IRAs
- Money saved in Health Savings Plans
 - HCSP, HRA, HSA, VEBA
- Spouse's retirement plan accounts



At
Different
Ages

Consider your expenses

Retirement expenses may decrease

- Housing
- Payroll taxes (e.g., FICA)
- Transportation
- Retirement plan contributions

Retirement expenses may increase

- Health Care
- Travel



Take action



Prepare a retirement budget



Consider how the following factors could affect your retirement savings

- Higher health care costs
- Increasing life expectancies
- Inflation
- Stock market volatility



Time Table

Pre-retirement timetable

PRIOR TO RETIREMENT	ACTION
5 years	<ul style="list-style-type: none">• Maximize contributions to your MNDCP account in your final working years• Calculate your retirement budget• Adjust your MNDCP & HCSP investment allocation as appropriate
1 year	<ul style="list-style-type: none">• Explore your retirement income & expenses• Prepare your retirement budget
6 - 12 months	Contact your pension plan provider to request an audited pension estimate
3 months	Contact Social Security, if retiring at age 62+
1 - 2 months	<ul style="list-style-type: none">• Complete pension application File with pension plan• Contact H.R. Office about insurance & HCSP eligibility

Post-retirement timetable

AFTER RETIREMENT	ACTION
Immediately	Enjoy Enjoy Enjoy Enjoy Enjoy
About 6 weeks	Receive pension authorization letter & first payment
30 days after receipt of pension authorization letter	Your joint & survivor benefit option becomes irrevocable
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 & MNDCP payments

Thanks for attending!

We need and welcome your feedback

Please help us improve these pre-retirement webinars by completing our online survey.

https://www.surveymonkey.com/r/MSRS_webinar_survey

