

POPULAR ANNUAL

Financial Report 2025.



For the Fiscal Year Ended June 30, 2025

Minnesota State Retirement System
Pension Trust Funds of the State of Minnesota



Minnesota State
Retirement System

The Popular Annual Financial Report (PAFR) is a summary of the Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2025. Both are consistent with generally accepted accounting principles and guidelines established by the Governmental Accounting Standards Board and can be found online at: www.mnretire.gov/annual-reports-fy-2025.



From the Executive Director

It is my pleasure to share the Minnesota State Retirement System (MSRS) Popular Annual Financial Report for the fiscal year ended June 30, 2025. This report provides a snapshot of the performance of your retirement funds.

The state of the MSRS plans in 2025 continues to be strong. Investment returns of 10.9 percent improved the net position of all plans, with the funding status of MSRS' largest retirement plan, the General Employees Retirement Plan, an impressive 98.42 percent (calculated on the fair value of assets) as of June 30, 2025. We continue to focus on strengthening and improving MSRS plans to ensure we provide benefits to our members well into the future.

MSRS accomplished many administrative goals during the year and we continue to carry out initiatives identified in our Strategic Plan. MSRS is progressing in our vision by:

- Attracting, hiring, developing, empowering and retaining an engaged workforce
- Increasing retirement readiness of Minnesota public employees
- Ensuring the long-term viability of MSRS pension plans

We are excited for the future and committed to our mission to *empower Minnesota public employees to build a strong foundation for retirement.*

Erin Leonard, Executive Director

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State Board
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Pension Plans

Employees and employers contribute to a defined benefit plan throughout the working years of the member. At retirement, the member will receive a guaranteed ongoing monthly distribution, with the amount based on years of service, average salary, plan provisions and the distribution option selected by the member.

TOTAL MEMBERSHIP

NET POSITION¹



State Employees (General) Plan

FY25	138,916	\$19.5 billion
FY24	<u>134,925</u>	<u>\$18.1 billion</u>
Change	3,991 member increase	\$1.4 billion increase
% Change	↑ 2.96%	↑ 7.72%



State Patrol Plan

FY25	2,358	\$1.2 billion
FY24	<u>2,302</u>	<u>\$1.1 billion</u>
Change	56 member increase	\$102.6 million increase
% Change	↑ 2.43%	↑ 9.74%



Correctional Employees Plan

FY25	12,454	\$2.0 billion
FY24	<u>11,880</u>	<u>\$1.8 billion</u>
Change	574 member increase	\$193.2 million increase
% Change	↑ 4.83%	↑ 10.78%



Judges Plan

FY25	790	\$319.3 million
FY24	<u>763</u>	<u>\$294.7 million</u>
Change	27 member increase	\$24.6 million increase
% Change	↑ 3.54%	↑ 8.36%



Legislators Plan

FY25	338	No assets. This is a
FY24	<u>357</u>	closed plan funded
Change	19 member decrease	by a General Fund
% Change	↓ 5.32%	Appropriation.

¹An investment return of 10.9% led to the net position increases in fiscal 2025. Net position can be defined as assets available to pay benefits.

Defined Contribution Plans

Employees invest a portion of their salary in a defined contribution plan throughout their career. The balance of the member account is available for withdrawal in a variety of distribution options after employment ends. The funds are distributed until they have been depleted. Each plan is unique and has its own qualifications and limits. Not all employees are eligible for each plan.

TOTAL MEMBERSHIP

NET POSITION¹

Unclassified Employees Plan



FY25	3,659	\$441.1 million
FY24	<u>3,583</u>	<u>\$401.1 million</u>
Change	76 member increase	\$40.0 million increase
% Change	↑ 2.12%	↑ 9.98%

Health Care Savings Plan



FY25	177,644	\$2.4 billion
FY24	<u>169,594</u>	<u>\$2.1 billion</u>
Change	8,050 member increase	\$273.0 million increase
% Change	↑ 4.75%	↑ 13.13%

Minnesota Deferred Compensation Plan (MNDGP)



FY25	105,216	\$11.1 billion
FY24	<u>102,848</u>	<u>\$10.2 billion</u>
Change	2,368 member increase	\$919.5 million increase
% Change	↑ 2.30%	↑ 9.06%

Hennepin County Supplemental Plan



FY25	774	\$183.5 million
FY24	<u>841</u>	<u>\$179.1 million</u>
Change	67 member decrease	\$4.4 million increase
% Change	↓ 7.97%	↑ 2.47%

¹Changes in the defined contribution funds net position were affected by the same investment market conditions that impacted the MSRS defined benefit retirement funds.

MSRS is committed to empowering Minnesota public employees to build a strong foundation for retirement.

Summary Statement - Changes in Net Position

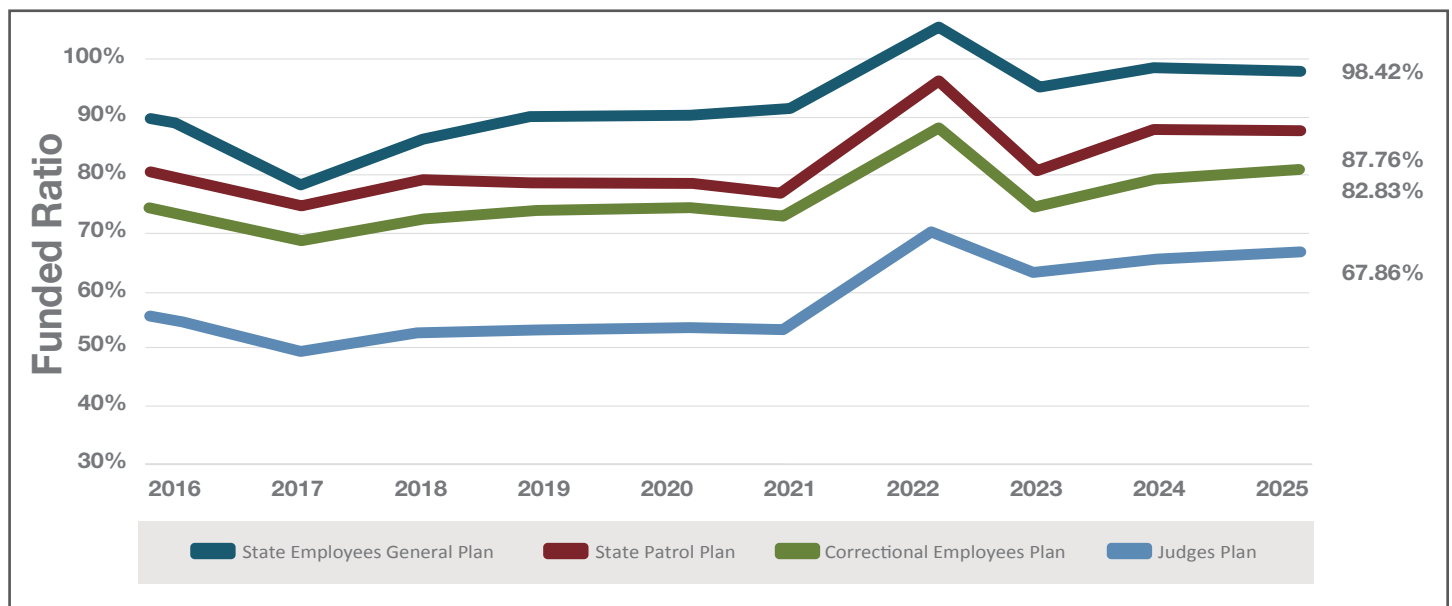
This chart shows changes in net position for all MSRS pension trust funds for the fiscal years ended June 30, 2025, and June 30, 2024. Dollars shown in thousands.

Additions (by Major Source)	FY25	FY24	Change	% Change
Plan Member Contributions	\$938,614	\$870,312	\$68,302	7.85%
Employer Contributions	425,618	381,720	43,898	11.50
State of MN General Fund Contributions	14,364	113,963	(99,599)	(87.40)
Investment Income (Net)	3,735,948	3,760,963	(25,015)	(0.67)
Other	40,434	34,218	6,216	18.17
Total Additions	\$5,154,978	\$5,161,176	\$(6,198)	(0.12)%
Deductions (by Type)				
Benefits, Withdrawals & Reimbursements	\$1,507,654	\$1,450,068	\$57,586	3.97%
Refunds	617,677	576,568	41,109	7.13
Recordkeeper Expenses	4,224	4,213	11	0.26
Administrative Expenses	25,459	23,289	2,170	9.32
Other	41,076	33,885	7,191	21.22
Total Deductions	\$2,196,090	\$2,088,023	\$108,067	5.18%
Net Increase (Decrease) in Net Position Restricted for Pensions	\$2,958,888	\$3,073,153	\$(114,265)	(3.72)%

- Total additions remain similar between fiscal year 2024 and fiscal year 2025. One-time state General Fund contributions in the previous year were not received in fiscal 2025, but that reduction was offset by increases in member and employer contributions.
- Total deductions increased due to increases in refunds, post-retirement benefit increases and the growth in the number of benefits recipients. Refunds are variable and this year increased just over 7%.

Funding

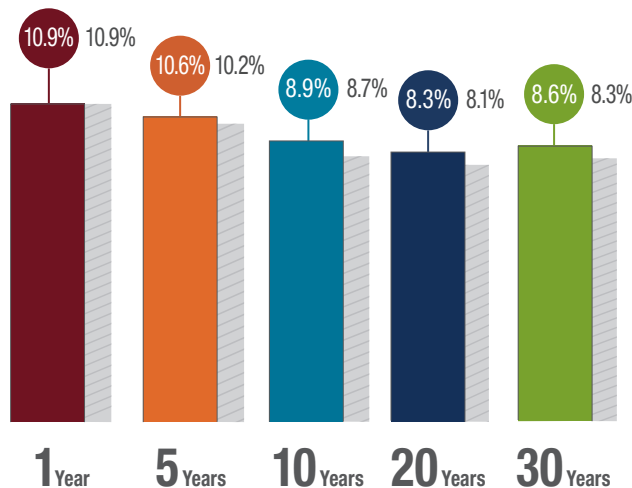
The funded ratio, which is the value of a plan's assets in proportion to the pension liability, is measured on June 30th of each year. Funding for pension plans consists of investment returns, employee contributions and employer contributions.



State Board of Investment (SBI)

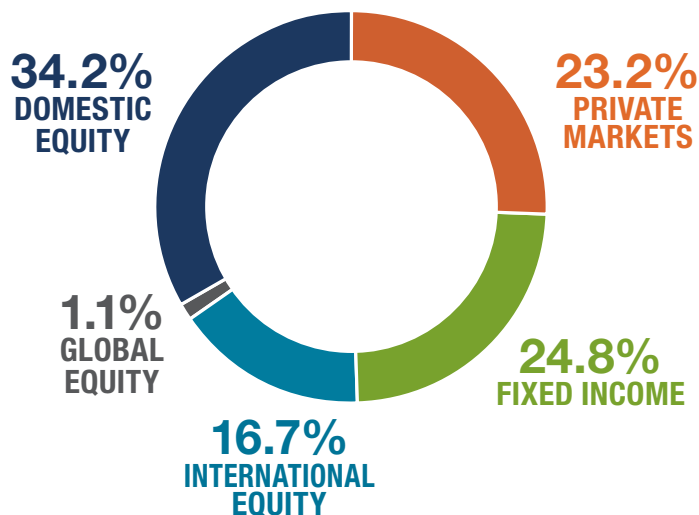
The SBI is responsible for the investment management of all funds for the State of Minnesota, including MSRS assets. On June 30, 2025, the fair value of all assets under SBI management was \$155.9 billion. The combined funds of various retirement systems, including MSRS, totaled \$101.2 billion. Below is a breakdown of the combined retirement assets with historical annualized returns and how the assets are allocated.

Historical Annualized Returns



■ Investment Benchmarks

Asset Allocation June 30, 2025

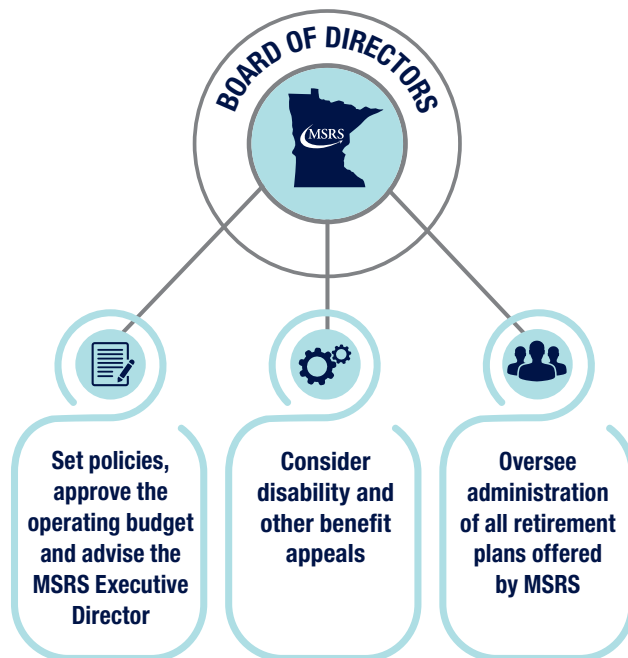


How We Work

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.



Questions? Contact Us!

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MSRS communications can be made available in alternative formats upon request. Contact MSRS to obtain an alternate format.