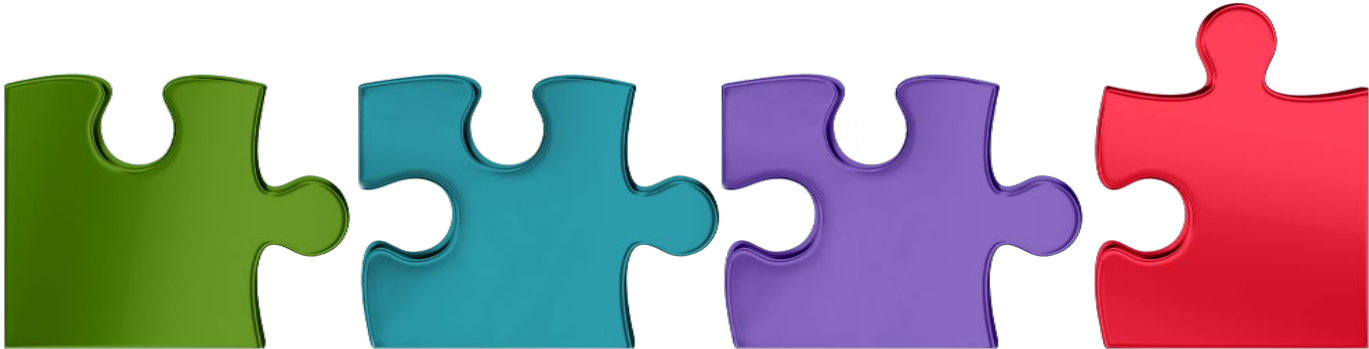


Pensions

Pension benefit factors



**Service
Credit**

**High-5
Salary**

**Benefit
Multiplier**

**Possible
Reduction**



Service Credit

What you receive credit for

- Every month that deductions from pay are taken
Part-time (<50%) is pro-rated
- Workers' Compensation leave of absence
- Leaves of absence, if purchased
- Repaid refunds
- Vesting requirements
3 years of total service if working after June 30, 2023



Service Credit

Combined service annuity (CSA)

Service with another MN public plan
(e.g., TRA or PERA)

Requirements for a **coordinated** benefit:

- Minimum six months with each plan
- Must terminate from all plans
- Must collect from all plans within one year



Average monthly salary

- Highest five successive years' wages (High-5)
- Includes gross salary
- Excludes unused vacation & sick leave payouts
- NOT reduced by contributions to your 457(b) or 403(b) or HCSP account



Benefit Multiplier

A set multiplier

The formula dictated by Minnesota law
used to calculate your benefit

1.7% for service through June 2025

1.9% for service earned after June 2025



**Possible
Reduction**

Depends on age

Full Retirement Age

if hired prior to 7-1-1989

- Age 65, or
- Rule of 90

Full Retirement Age

if hired after 7-1-1989

- Age 66

Apply reduction if you collect
pension benefit before your **FULL
RETIREMENT AGE**

Meet Anita & Sarah

Each began employment at the same time

Each earn the same salary



Anita

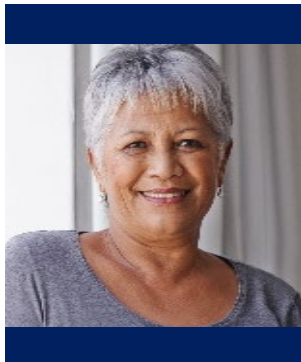
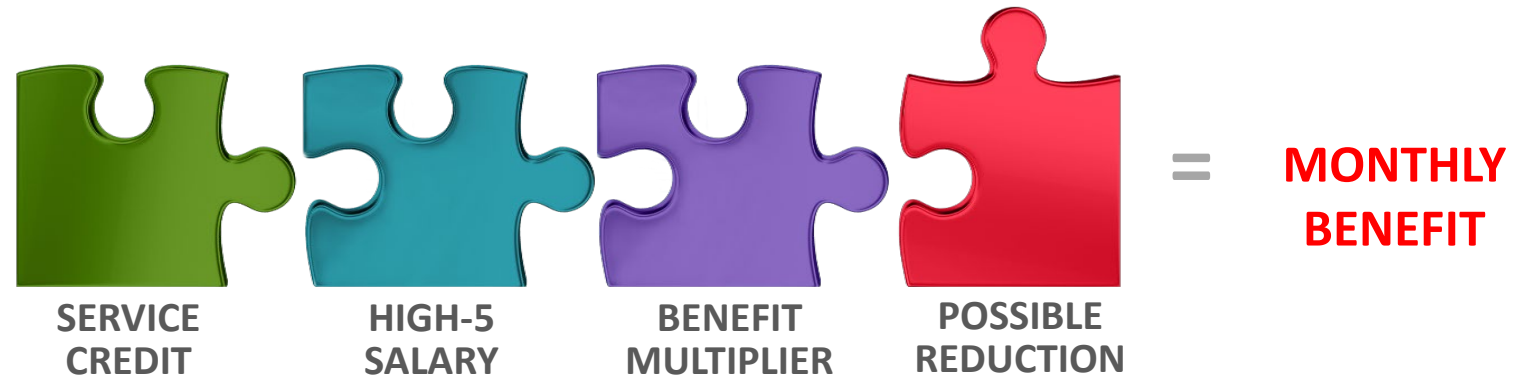
- Plans to retire at age 66
- With 30 years at DNR



Sarah

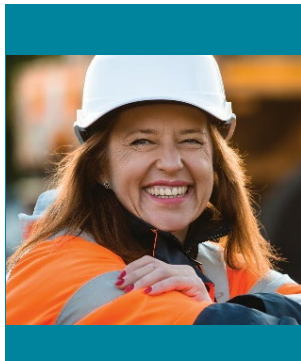
- Plans to retire at age 62
- With 26 years at DOT

Benefit example



Anita retires age 66

$$30 \text{ years} \times \$5,000 \times 1.7\% \times \text{N/A} = \$2,550$$

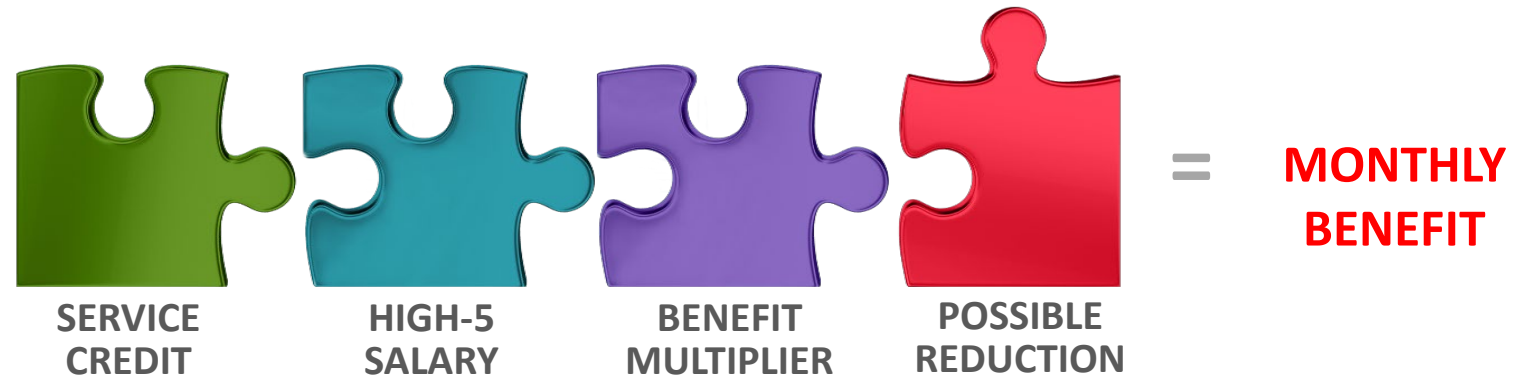


Sarah retires age 62

$$26 \text{ years} \times \$4,619 \times 1.7\% \times 0.6924 = \$1,414$$

FOR ILLUSTRATIVE PURPOSES ONLY Your actual results will vary based on your retirement date.

Benefit example



Sarah retires age 62

$$26 \text{ years} \times \$4,619 \times 1.7\% \times 0.6924 = \$1,414$$



Sarah retires age 62 BUT DEFERS TO AGE 66

$$26 \text{ years} \times \$4,619 \times 1.7\% \times \text{N/A} = \$2,042$$

FOR ILLUSTRATIVE PURPOSES ONLY Your actual results will vary based on your retirement date.

Joint & Survivor benefit options

Benefit Type	Your Benefit	Survivor Benefit	Bounce Back
<u>Single Life</u>	\$2,550	N/A	N/A
<u>Joint & Survivor (retiree & survivor are age 66)</u>			
100% Option	\$2,238	\$2,238	\$2,550
75% Option	\$2,308	\$1,731	\$2,550
50% Option	\$2,384	\$1,192	\$2,550
<u>Life Income 15-Year Certain</u>			
	\$2,385	\$2,385	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.

Plan for taxes

Your pension benefit is taxable

- Withhold federal & state tax (for MN only)
- 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

- First increase pro-rated

1.75%

- Correctional Plan is 1.5%
- State Patrol Plan is 1.25%



Working after retirement

If you return to MSRS eligible position ONLY:

- Notify MSRS of re-employment
- 30 day break in service is required
- No retirement deductions taken
- When under Social Security's full-retirement age, pension benefit suspends at earnings limit (\$24,480 - 2026)
- Restarts at end of employment or January 1st of next year
- May affect eligibility to access your MNDCP & HCSP assets

Death prior to retirement

Surviving Spouse Benefit

- 100% Joint & Survivor lifetime monthly benefit, or
- Monthly payment for 10, 15 or 20 years, or
- Lump-sum payment of employee contributions only plus 3% interest

Non Spouse Benefit

- Lump-sum payment of employee contributions only plus 3% interest
- If no surviving spouse, minor child benefit

Pension benefit Application process



**Contact your pension plan
provider when applying for
your pension benefit**

Forms needed

1. Application for Retirement Benefit
2. Direct Deposit form
3. Birth records
4. Copy of Marriage Certificate
(if applicable)
5. Certified copy of Divorce Decree
or
Domestic Relations Order
(if applicable)

Take action



Review your estimated pension benefit

- Annual statement
- Online account
- Schedule an appointment with an MSRS Representative



Understand the impact of retiring before your full retirement age

Further you are from your full retirement age, greater the benefit reduction



Update your online account information



Log into your account at www.mnretire.gov



Click My Profile, update your **personal** phone & e-mail address

The screenshot shows a navigation menu with the following items: Home, Pension, MNDCP, My Documents, My Profile, Go to Savings Plans (with an external link icon), and Forms & Documents. The 'My Profile' item is circled in red, and a red arrow points down to a dropdown menu. This dropdown menu is divided into two columns: 'My Info' and 'Account Credentials'. Under 'My Info', there are links for 'Address', 'Email', and 'Phone'. The 'Email' and 'Phone' links are circled in red. Under 'Account Credentials', there are links for 'Username' and 'Password'. At the bottom of the page, there is a 'Pension plan' section with a person icon.

We'll be right back

We need and welcome your feedback

During the break or after this webinar, please help us improve these pre-retirement webinars by completing an online survey.

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

