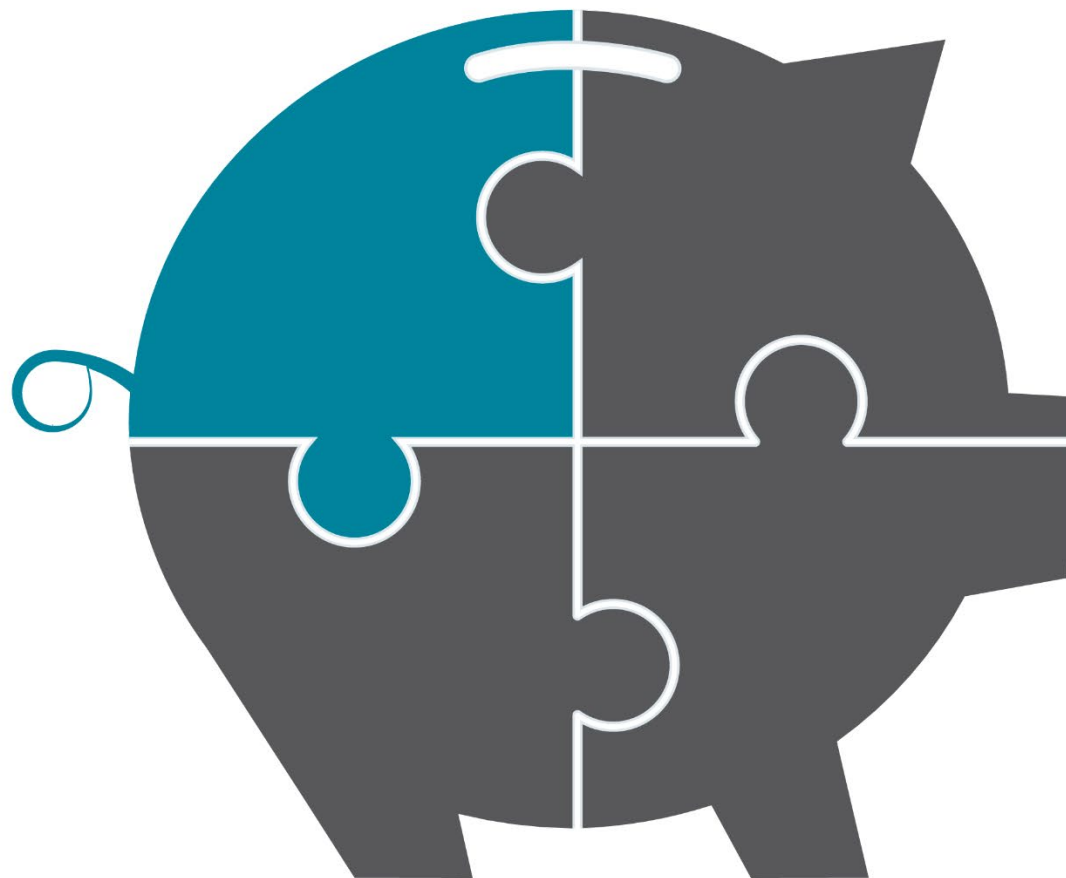




Pensions

About the Correctional Plan



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



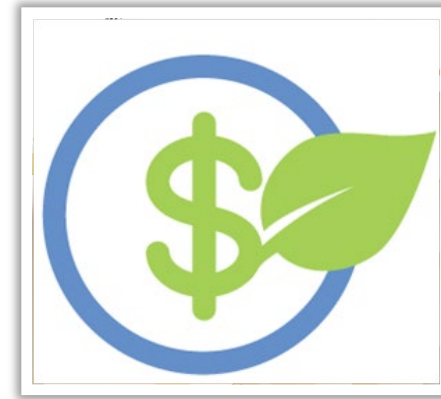
Membership is mandatory



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

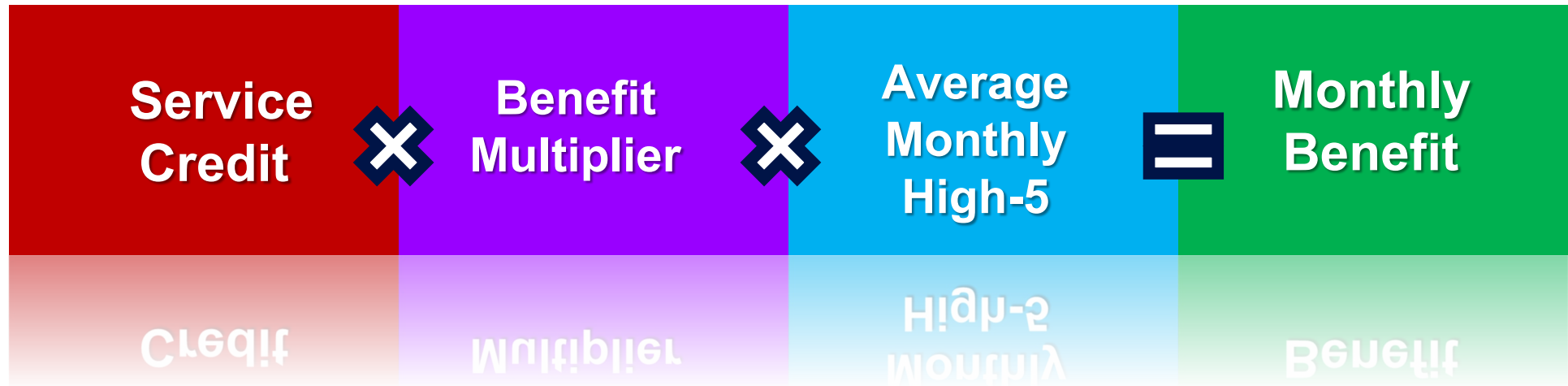
Graded vesting schedule if hired on or after July 1, 2010

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:



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
- NOTE: Social Security uses 35 years of earnings!

Average monthly high-5

Year	Earnings
1	\$45,400
2	\$48,600
3	\$51,500
4	\$54,000
5	\$56,200
Total	\$255,700

Calculation

\$255,700	Total Earnings
÷ 60	Months
\$4,261	Average Monthly High-5

EXAMPLE

**Service Credit
(25 Years)**



**Benefit Multiplier
(2.4%)**



**Monthly High-5
(\$4,261)**

Retirement ages

EARLY RETIREMENT AGE

- Age 50 - 55

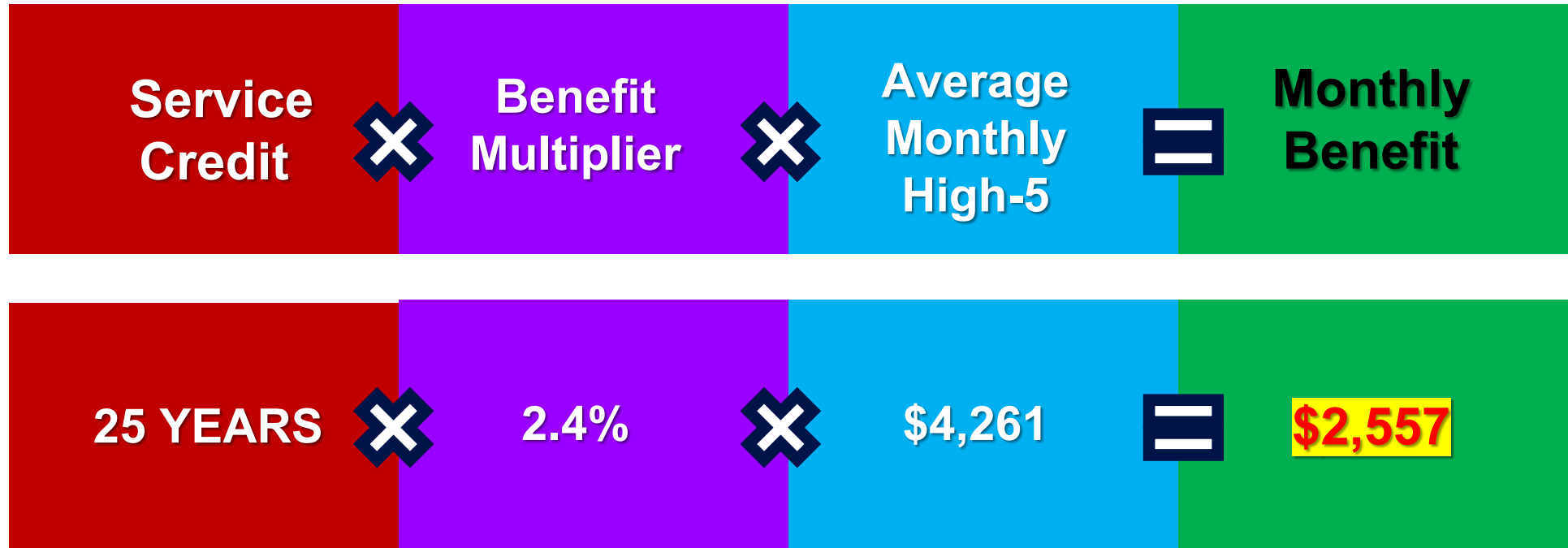
FULL RETIREMENT AGE

- 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



Benefit calculation early retirement age



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>	\$2,557	N/A	N/A

Joint & Survivor (retiree & survivor are both age 55)

100% Option	\$2,337	\$2,337	\$2,557
75% Option	\$2,389	\$1,791	\$2,557
50% Option	\$2,442	\$1,221	\$2,557

Life Income 15-Year Certain

\$2,502	\$2,502	N/A
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For illustrative purposes only Your actual results will vary.

- 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

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 \$2,557;
accelerating to age 62

$\$2,557 \times 1.23 = \$3,145$ from age 55 to 62

$\$2,557 \times 0.82 = \$2,096$ thereafter

Value of pension benefit

Example

Contributions to MSRS over 25 years	\$84,064
Monthly pension benefit at age 55	\$2,557
Total pension benefits paid in retirement (live to age 80)	\$767,100
Difference between contributions & pension benefits paid	\$683,036

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

1.50%

- First increase pro-rated
- General Plan is 1.75%
- 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 (\$24,480 for 2026)
- 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 – 1 year 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

- *Lifetime pension benefit (must be vested)*

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 (PSO)

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

- *Must retire on or after age 55*
- *Lifetime eligibility*
- *Medical insurance premiums are withheld from pension payment (SEGIP only) between ages 55 and 65*
- *Reduce taxable income by total of health, dental, and long-term care premiums (up to \$3,000 each year) for any eligible insurance plans*

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.mnretire.gov

Handbook

The complete Correctional Pension Plan Handbook is also available online

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

Home Pension MNDCP My Documents **My Profile** Go to Savings Plans Forms & Documents

My Info **Account Credentials**

Address Username

Email Password

Phone

Pension plan



Time Table

Pre-retirement timetable

PRIOR TO RETIREMENT	ACTION
5 years	• 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	• 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	• 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

Get more information

Pension Plan		
MSRS	www.mnretire.gov	1-800-657-5757
TRA	www.minnesotatra.org	1-800-657-3669
PERA	www.mnpera.org	1-800-652-9026
Retiree insurance (health, dental, life)	Contact your designated retiree insurance dept, or:	
	State employees	651-355-0100
	University of MN employees	612-624-8647
	Met Council employees	651-602-1601
Social Security	www.ssa.gov	1-800-772-1213
Medicare	www.medicare.gov	
Administration for Community Living	www.acl.gov	

NOTE: These Web sites are for general education & 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 Second Street S · Suite 330
Mankato -	11 Civic Center Plaza · Suite 150
Detroit Lakes -	714 Lake Ave · Suite 100
Duluth -	525 S Lake Ave · Suite 325

Contact Us!

Receive more details about the
information you just saw

or

Login to your account online to make
an appointment to speak to one of
our retirement specialists



www.mnretire.gov



1.800.657.5757 or 651.284.7730



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! Important Notes

Today's workshop was designed to:

- *Provide you with fundamental information on your MSRS retirement plans*
- *Objectively highlight your investment options*
- *Outline other sources of information for your decisions*

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