

Agency Purpose

The Minnesota State Retirement System (MSRS) provides a comprehensive system of retirement programs for its members. Membership is comprised of state employees, state law enforcement and correctional officers, constitutional officers, legislators, judges, employees of the University of Minnesota, the Metropolitan Council, and employees of various other designated state agencies. MSRS also operates other plans for all public employees in the state. They include a tax-deferred compensation plan, a tax-free health care savings plan, and the Hennepin County Supplemental Retirement Plan. In total, 31 employers are covered by MSRS retirement plans, and 650 different employers are contributing to the Minnesota Deferred Compensation Plan (MNDCP) and the Health Care Savings Plan (HCSP).

Core Functions

MSRS disburses monthly benefit payments to retired members, survivors, and disabled employees. MSRS disburses lump-sum withdrawals and rollovers to members who have terminated their employment. MSRS reimburses health care costs to the participants of HCSP. Also, MSRS provides a long-term savings plan through its MNDCP.

Operations

MSRS operates from its main office in St. Paul and branch offices located in St. Cloud, Mankato, Detroit Lakes, and Duluth. Members receive retirement planning and pension administration services by phone, through onsite visits and through the MSRS interactive web site(s). Services are provided to active members, former members, retired members, survivors and beneficiaries, in addition to all public members who are participants of the MNDCP and HCSP.

Budget

The MSRS revenues are received from employee and employer contributions and investment earnings. As of 6-30-06, contribution rates as a percentage of salary for the various retirement plans were as follows:

	<u>Employee</u>	<u>Employer</u>
General Employees Retirement Plan	4.00%	4.00%
Military Affairs Plan	5.60	5.60
Transportation Department Pilots' Plan	5.60	5.60
State Fire Marshals Plan	6.78	8.20
State Patrol Plan	8.40	12.60
Correctional Employees Retirement Plan	5.69	7.98
Judges Retirement Plan	8.00	20.50
Legislators Plan	9.00	N/A
Unclassified Employees Retirement Plan	4.00	6.00

These funds are dedicated for the payment of monthly retirement and health care benefits, refunds/rollovers and administrative expenses. All benefit payments are determined either by statute or by IRS regulation. Budgets to cover administrative expenses are recommended by the MSRS staff to the Board of Directors for their review and approval. At 6-30-06, MSRS employed a staff of 84.6 full-time equivalent employees. The administrative expenses for MSRS in FY 2006 totaled \$8.583 million, which is .39% of the payroll on which MSRS contributions are based.

At A Glance

Membership on June 30, 2006:

- ◆ 129,488 active members
- ◆ 50,381 inactive members
- ◆ 35,665 retirees and beneficiaries

Benefits paid in FY 2006:

- ◆ \$490.5 million in annuity benefits
- ◆ \$18.2 million in health care benefits
- ◆ \$152.8 million in refunds/rollovers

Actuarial Assets and Liabilities (in 000's):

At 6-30-2005	Assets	Liabilities	Funding Ratio
General Plan	8,081,736	8,455,336	95.58
State Patrol Plan	601,220	566,764	106.08
Correctional Plan	503,573	546,118	92.21
Judges Plan	144,465	191,414	75.47

Membership statistics by fiscal year

At June 30	Active Members	Inactive Members	Retirees and Beneficiaries
2006	129,488	50,381	35,665
2005	117,217	46,493	37,930
2004	138,477	27,427	37,308
2003	134,219	33,076	34,557
2002	104,504	54,117	28,170

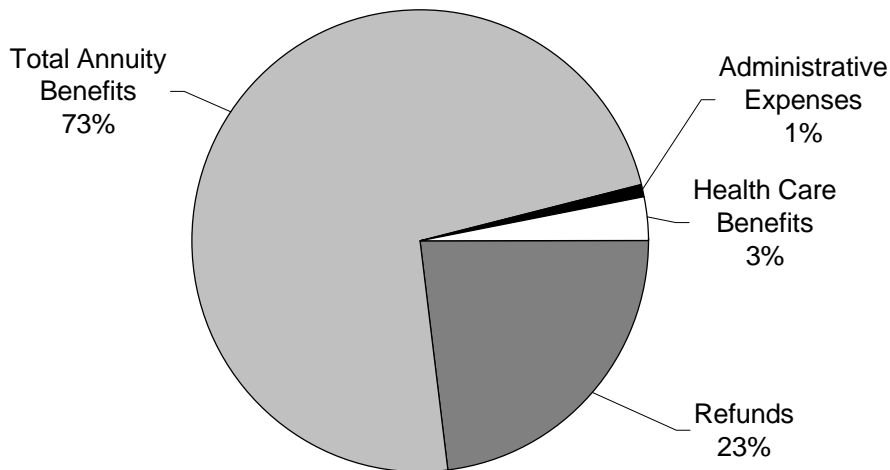
Benefits paid (in 000's) by fiscal year

At June 30	Annuity Benefits	Health Care Benefits	Refunds/ Rollovers
2006	490,457	18,210	152,766
2005	462,510	13,417	122,330
2004	405,013	9,260	17,722
2003	384,511 *	4,056	14,111
2002	365,621 *	389	14,456

* Does not include Deferred Compensation Fund.

**Benefits and Expenses
(FY 2006)**

Minnesota State Retirement System
Division Budgets (Total: \$670 million)



Contact

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Visit us on the web at www.msrs.state.mn.us.
Telecommunications-device-for-the-deaf (TDD)
Minnesota Relay Service at (800) 627-3529 and ask to be connected to (651) 296-2761.

Dollars in Thousands

	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<u>Expenditures by Fund</u>					
Open Appropriations					
General	6,190	1,226	1,450	1,469	2,919
Correctional Employees Retire	27,210	28,120	28,120	28,120	56,240
State Employees Retirement	388,849	398,968	398,968	398,968	797,936
Highway Patrol Retirement	38,936	40,127	40,127	40,127	80,254
Unclassified Employees Retire	6,355	15,818	15,818	15,818	31,636
Postretirement Health Care Ben	18,549	17,460	17,460	17,460	34,920
Henn Cty Supplemental Retirmnt	4,135	3,342	3,342	3,342	6,684
Judicial Retirement	14,302	14,760	14,760	14,760	29,520
Statutory Appropriations					
Legislative Annuities	5,232	5,366	5,366	5,366	10,732
Total	509,758	525,187	525,411	525,430	1,050,841
<u>Expenditures by Category</u>					
Total Compensation	5,633	6,090	6,090	6,090	12,180
Other Operating Expenses	4,082	6,251	6,251	6,251	12,502
Capital Outlay & Real Property	142	0	0	0	0
Other Financial Transactions	499,901	512,846	513,070	513,089	1,026,159
Total	509,758	525,187	525,411	525,430	1,050,841
<u>Expenditures by Program</u>					
Mn State Retirement System	461,350	483,033	483,033	483,033	966,066
Elective Officers Plan	412	424	429	435	864
Judges Plan	14,302	14,760	14,760	14,760	29,520
Legislators Plan	11,010	6,168	6,387	6,400	12,787
Health Care Savings Fund	18,549	17,460	17,460	17,460	34,920
Srhc	4,135	3,342	3,342	3,342	6,684
Total	509,758	525,187	525,411	525,430	1,050,841
Full-Time Equivalents (FTE)	78.7	74.1	74.1	74.1	

MINN STATE RETIREMENT SYSTEM

Agency Revenue Summary

Dollars in Thousands

	Actual FY2006	Budgeted FY2007	Current Law		Biennium 2008-09
			FY2008	FY2009	
<u>Non Dedicated Revenue:</u>					
Other Revenues:					
General	284	247	247	247	494
Correctional Employees Retire	20,957	20,401	20,401	20,401	40,802
State Employees Retirement	174,200	163,381	163,381	163,381	326,762
Highway Patrol Retirement	11,734	11,358	11,358	11,358	22,716
Unclassified Employees Retire	10,684	10,060	10,060	10,060	20,120
Postretirement Health Care Ben	52,546	45,541	45,541	45,541	91,082
Henn Cty Supplemental Retirmnt	884	412	412	412	824
Judicial Retirement	10,191	10,349	10,349	10,349	20,698
Total Non-Dedicated Receipts	281,480	261,749	261,749	261,749	523,498
<u>Dedicated Receipts:</u>					
Other Revenues:					
Miscellaneous Agency	3	0	0	0	0
Total Dedicated Receipts	3	0	0	0	0
Agency Total Revenue	281,483	261,749	261,749	261,749	523,498