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# Judges Retirement Plan

## H A N D B O O K



**MSRS** | **Minnesota State Retirement System**  
MNDCP | Minnesota State Deferred Compensation Plan  
HCSP | Health Care Savings Plan

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## Defining the terms

**Age at retirement:** You are eligible for full time retirement benefits beginning at age 65. You may begin receiving a reduced benefit at age 60.

**High-five salary:** We use your highest five years of earnings in the last ten years to compute your average monthly salary.

**Years of service:** The number of years and months of service determines the percent of your high-five salary you receive as a monthly benefit. For each month you serve and retirement deductions are withheld from your wages, you will earn one month of service credit. Generally, you become vested once you have five years of service. The Judges Retirement Plan limits service to 24 years. Once you reach 24 years of service as a Judge, you automatically transfer to the Unclassified Employees Retirement Plan.

**Service-credit limit:** The total amount of allowable service credit you may accrue in this plan is 24 years. If your service credit exceeds the maximum, you will pay your employee contributions—8 percent—into the Unclassified Employees Plan. For more information on the Unclassified Employees Plan, call us for a handbook. The dollars contributed to the Unclassified Plan may be invested in any of seven investment accounts. Those accounts are: fixed interest, money market, bond market, income share, common stock, growth share and international share.

**Vesting:** Once you accrue 5 years of service in the Judges Plan, you are vested. A vested judge is eligible for a retirement benefit at retirement age.

**Formula percentage:** Your retirement benefit is a percentage of your high-five salary. We base this percentage on your years of service and a formula. The formula is 3.2 percent per year for every year of service up to a maximum of 76.8 percent.

**Reduction percentage:** We reduce your retirement benefit if you are under normal retirement age when you begin receiving your benefits. The reduction is 6 percent for every year under age 65.

**Single-life monthly retirement benefit:** This benefit covers only your life and does not provide any benefits to your survivor. To provide benefits for a survivor after your death, you may select a survivor option at the time of retirement.

## Defining the terms

### **Enrollment**

All district, appellate and supreme court judges are covered by the Judges Retirement Plan.

### **Contribution rates**

State law sets both the employee and employer contribution rates to the Judges Retirement Plan. The employee contribution to the Plan is 8 percent of your gross salary. The employer contribution rate is 20.5 percent of your gross salary. Contribution rates are set by the Legislature, and may change.

### **Mandatory retirement age**

You must retire on the last day of the month in which you reach age 70.

## Age & service requirements

Eligibility to receive a benefit is based on age and service length.

### Full retirement

A full-retirement benefit means that a benefit is not reduced for early retirement. You are eligible for a full-retirement benefit from MSRS if you:

- Are age 65
- Have at least five years of service

If you serve until age 70, you can qualify for a benefit with as little as one year of service.

### Early retirement

You can apply for early retirement at age 60 and receive a benefit if you have five years or more of allowable service.

If you choose early retirement, your benefit is reduced by 6 percent (one-half of 1 percent per month) for each year that you are under full retirement age 65. The benefit is reduced for early retirement because you receive your benefit over a longer period of time.

## Computing your benefit

Computing your benefit involves calculating your average monthly salary, service-credit percent, any early-retirement reduction and benefit choice.

### Calculating your average monthly salary

We select your five years of highest earnings within your last 10 years of service to compute your average monthly salary. The calculation is not limited to calendar years and can start in any month. For example, your high-five salary can begin on April 1 and run through March 31 five years later.

See the example on page 7.

## Computing your benefit

Year	Earnings
1	\$111,300
2	\$114,700
3	\$118,000
4	\$119,900
5	\$121,700
Total:	\$585,600

To determine your average monthly salary in the example above, divide the total by 60 months (\$585,600 divided by 60). In this example, the average monthly salary is \$9,760 per month.

### Service-credit percent

We use a formula to convert service years and months to a percent of your average monthly salary. For each year of service you earn 3.2 percent per year.

<i>Example: Retire at age 65 with 22 years of service.</i>	
Employee's age:	65 years
Service credit percent:	22 years at 3.2 percent = 70.4 percent
Average monthly salary:	\$9,760
Multiply by service percent:	\$9,760 x 70.4 percent
Single-life monthly benefit:	\$6,871

## Computing your benefit

### Early retirement

You can apply for early retirement at age 60 and receive a benefit if you have at least five years of allowable service.

Employee's age:	60 years, $65 - 60 = 5$ years
Reduction applied:	6 percent per year under age 65
Early retirement percent:	6 percent x 5 years = 30 percent
Single-life monthly benefit:	\$6,871
Reduction percent by monthly benefit:	30 percent x \$6,871 = \$2,061
Monthly benefit less reduction:	\$6,871 - \$2,061
Reduced monthly benefit:	\$4,810

### Maximum benefit

When you have up to 24 years of service, your maximum benefit cannot exceed 76.8 percent of your high-five year, average monthly salary.

When we calculate your retirement benefit, we do not include service that exceeds the 24-year limit. However, we do include earnings accumulated beyond the 24 years to determine final average monthly salary and to calculate your benefit.



## Your benefit choices

When you apply for your benefit, you can choose a single life, joint and survivor or period certain benefit.

### Single life

To determine your single-life benefit, we use your service length, high-five salary and your age. The single-life benefit is the highest monthly amount available. However, monthly payments end when you die.

### Joint and survivor options

If you prefer to receive a lesser monthly payment to provide a benefit that continues to your spouse or survivor after you die, you must choose one of the Joint and Survivor benefit options.

**The joint and survivor benefit offers three options:**

- **100 percent**  
Your survivor would receive a monthly benefit amount **equal** to your benefit after your death.
- **75 percent**  
Your survivor would receive **75 percent** of your monthly benefit after your death.
- **50 Percent**  
Your survivor would receive **50 percent** of your monthly benefit after your death.

### Bounce-back feature

The survivor options are available with a bounce-back feature. With this feature, if your survivor dies before you, your monthly benefit would revert to the single-life amount effective the month after your survivor's death. The 100 percent, 75 percent and 50 percent options are also available without the bounce-back feature. These would provide a slightly higher monthly benefit.

With the joint and survivor option, the benefit payment to you and your spouse or survivor equals the amount the Judges Plan expects to pay you under the single-life benefit over your lifetime. Survivor always means the person you name as this recipient on your benefit application.

**Your benefit choices**

**100 percent option with bounce-back feature**

**Example:**

**Employee's age:** 65 years

**Survivor's age:** 61 years

**Single-life monthly benefit:** \$6,871

**Calculated benefit:**

$\$6,871 \times .7668 = \$5,268$

**Employee's monthly benefit:** \$5,268

**Survivor's monthly benefit**

**upon your death:** \$5,268

**Bounce-back benefit:** \$6,871

**100 percent option with bounce-back feature**

Benefit amount per \$100 of single-life benefit

Survivor's Age

		59	61	63	65	67
Employee's Retirement Age	60	82.86	84.00	85.15	86.28	87.40
	61	81.51	82.69	83.89	85.09	86.76
	62	80.08	81.30	82.55	83.80	85.04
	63	78.57	79.83	81.13	82.43	83.74
	64	76.99	78.29	79.63	80.99	82.35
	65	75.34	<b>76.68</b>	78.06	79.46	80.88
	66	73.63	75.00	76.42	77.87	79.34
	67	71.88	73.27	74.72	76.21	77.74
	68	70.08	71.49	72.97	74.50	76.07
	69	68.28	69.66	71.17	72.73	75.99
	70	66.36	67.80	69.32	70.91	74.25

**100 percent option without bounce-back feature**

**Example:**

**Employee's age:** 65 years

**Survivor's age:** 61 years

**Single-life monthly benefit:** \$6,871

**Calculated benefit:**

$\$6,871 \times .7851 = \$5,394$

**Employee's monthly benefit:** \$5,394

**Survivor's monthly benefit**

**upon your death:** \$5,394

**100 percent option without bounce-back feature**

Benefit amount per \$100 of single-life benefit

Survivor's Age

		59	61	63	65	67
Employee's Retirement Age	60	84.37	85.71	87.06	88.40	89.71
	61	83.04	84.44	85.86	87.27	88.67
	62	81.63	83.08	84.57	86.06	87.54
	63	80.13	81.64	83.19	84.75	86.32
	64	78.56	80.11	81.72	83.36	85.01
	65	76.91	<b>78.51</b>	80.17	81.88	83.61
	66	75.20	76.83	78.54	80.32	82.12
	67	73.42	75.09	76.85	78.68	80.56
	68	71.60	73.29	75.09	76.97	78.92
	69	69.73	71.44	73.27	75.20	77.20
	70	67.82	69.55	71.39	73.36	75.42

**Your benefit choices**

**75 percent option with bounce-back feature**

**Example:**

**Employee's age:** 65 years

**Survivor's age:** 61 years

**Single-life monthly benefit:** \$6,871

**Calculated benefit:**

$\$6,871 \times .8174 = \$5,616$

**Employee's monthly benefit:** \$5,616

**Survivor's monthly benefit**

**upon your death:** \$4,212

**Bounce-back benefit:** \$6,871

**75 percent option with bounce-back feature**

**Benefit amount per \$100 of single-life benefit**

**Survivor's Age**

		<b>59</b>	<b>61</b>	<b>63</b>	<b>65</b>	<b>67</b>
<b>Employee's Retirement Age</b>	60	86.75	87.66	88.57	89.46	90.34
	61	85.66	86.61	87.57	88.52	89.45
	62	84.51	85.50	86.50	87.50	88.48
	63	83.29	84.31	85.36	86.40	87.45
	64	82.00	83.06	84.15	85.24	86.34
	65	80.64	<b>81.74</b>	82.87	84.01	85.16
	66	79.23	80.36	81.53	82.72	83.91
	67	77.76	78.92	80.13	81.36	82.61
	68	76.25	77.43	78.67	79.95	81.24
	69	74.68	75.89	77.16	78.47	79.81
	70	73.07	74.31	75.60	76.95	78.33

**75 percent option without bounce-back feature**

**Example:**

**Employee's age:** 65 years

**Survivor's age:** 61 years

**Single-life monthly benefit:** \$6,871

**Calculated benefit:**

$\$6,871 \times .8323 = \$5,718$

**Employee's monthly benefit:** \$5,718

**Survivor's monthly benefit**

**upon your death:** \$4,289

**75 percent option without bounce-back feature**

**Benefit amount per \$100 of single-life benefit**

**Survivor's Age**

		<b>59</b>	<b>61</b>	<b>63</b>	<b>65</b>	<b>67</b>
<b>Employee's Retirement Age</b>	60	87.95	89.01	90.07	91.12	92.14
	61	86.89	88.00	89.12	90.24	91.33
	62	85.76	86.92	88.10	89.28	90.45
	63	84.55	85.76	87.00	88.25	89.49
	64	83.27	84.53	85.83	87.14	88.40
	65	81.93	<b>83.23</b>	84.58	85.96	87.34
	66	80.52	81.86	83.26	84.70	86.15
	67	79.05	80.43	81.88	83.37	84.89
	68	77.53	78.94	80.43	81.98	83.57
	69	75.95	77.39	78.92	80.52	82.17
	70	74.93	75.79	77.35	79.00	80.70

**Your benefit choices**

**50 percent option with bounce-back feature**

**Example:**

**Employee's age:** 65 years

**Survivor's age:** 61 years

**Single-life monthly benefit:** \$6,871

**Calculated benefit:**

$\$6,871 \times .8680 = \$5,964$

**Employee's monthly benefit:** \$5,964

**Survivor's monthly benefit**

**upon your death:** \$2,982

**Bounce-back benefit:** \$6,871

**50 percent option with bounce-back feature**

**Benefit amount per \$100 of single-life benefit**

**Survivor's Age**

		<b>59</b>	<b>61</b>	<b>63</b>	<b>65</b>	<b>67</b>
<b>Employee's Retirement Age</b>	60	90.63	91.31	91.98	92.64	93.28
	61	89.81	90.53	91.24	91.94	92.63
	62	88.94	89.69	90.44	91.19	91.92
	63	88.00	88.79	89.58	90.37	91.15
	64	87.00	87.82	88.66	88.49	90.32
	65	85.93	<b>86.80</b>	87.68	88.56	89.43
	66	84.82	85.71	86.63	87.56	88.48
	67	83.64	84.57	85.53	86.50	87.47
	68	82.41	83.37	84.37	85.39	86.41
	69	81.12	82.12	83.15	84.21	85.28
	70	79.78	80.81	81.88	82.98	84.10

**50 percent option without bounce-back feature**

**Example:**

**Employee's age:** 65 years

**Survivor's age:** 61 years

**Single-life monthly benefit:** \$6,871

**Calculated benefit:**

$\$6,871 \times .8796 = \$6,043$

**Employee's monthly benefit:** \$6,043

**Survivor's monthly benefit**

**upon your death:** \$3,022

**50 percent option without bounce-back feature**

**Benefit amount per \$100 of single-life benefit**

**Survivor's Age**

		<b>59</b>	<b>61</b>	<b>63</b>	<b>65</b>	<b>67</b>
<b>Employee's Retirement Age</b>	60	91.52	92.31	93.08	93.84	94.58
	61	90.74	91.56	92.39	93.21	94.00
	62	89.89	90.76	91.64	92.51	93.36
	63	88.97	89.89	90.82	91.75	92.66
	64	87.99	88.96	89.94	90.92	91.90
	65	86.95	<b>87.96</b>	88.99	90.04	91.07
	66	85.84	86.90	87.98	89.08	90.18
	67	84.68	85.77	86.91	88.07	89.23
	68	83.45	84.59	85.77	86.99	88.22
	69	82.17	83.34	84.57	85.84	87.13
	70	80.83	82.04	83.31	84.63	85.99

## Your benefit choices

### **Period-Certain**

Also, you can choose either a 15-year-Certain-and-Life-Thereafter or a 10-year-Certain-and-Life-Thereafter benefit.

The benefit payment to you and your spouse or survivor equals the amount the Judges Plan expects to pay to you under the single-life benefit.

If you choose either Period-Certain benefit, you receive a benefit for life. If you die within the period, payment continues to your survivor through the period only.

You can name your estate as survivor. If you do and die during the period, your estate receives a lump-sum payment. The amount equals the value of the payments remaining in the period.

**Your benefit choices**

**15-Year-Certain-and-Life-Thereafter**

**Example:**

**Employee's age:** 65 years

**Single-life monthly benefit:** \$6,871

**Calculated benefit:**

$\$6,871 \times .8875 = \$6,098$

**Employee's monthly benefit:** \$6,098

<b>Period-Certain Benefit</b> <b>15-Year-Certain-and-Life-Thereafter</b> <b>Benefit amount per \$100 of single-life benefit</b>		
<b>Employee's Retirement Age</b>	60	93.60
	61	92.83
	62	91.96
	63	91.00
	64	89.93
	65	<b>88.75</b>
	66	87.46
	67	86.06
	68	84.56
	69	82.95
	70	81.23

**15-Year-Certain-and-Life-Thereafter**

This provides reduced payments and guarantees a benefit for a minimum of 15 years. If you live more than 15 years, payment continues for your lifetime. If you live fewer than 15 years, the payment continues to your survivor for the balance of those years.

**Your benefit choices**

**10-Year-Certain-and-Life-Thereafter**

**Example:**

Employee's age: 65 years

Single-life monthly benefit: \$6,871

Calculated benefit:

$\$6,871 \times .9446 = \$6,490$

Employee's monthly benefit: \$6,490

<b>Period-Certain Benefit</b>		
<b>10-Year-Certain-and-Life-Thereafter</b>		
Benefit amount per \$100 of single-life benefit		
<b>Employee's Retirement Age</b>	60	97.03
	61	96.65
	62	96.20
	63	95.69
	64	95.11
	65	<b>94.46</b>
	66	93.73
	67	92.92
	68	92.03
	69	91.05
	70	89.97

**10-Year-Certain-and-Life-Thereafter**

This provides reduced payments and guarantees a benefit for a minimum of 10 years. If you live more than 10 years, payment continues for your lifetime. If you live fewer than 10 years, the payment continues to your survivor for the balance of those years.

**Benefit Choices Can't Be Changed**

Once you have retired and 30 days have passed since the letter authorizing your benefit was issued, you cannot change your survivor or your benefit choice.

## Preparing to retire

There are additional issues to consider before you retire. How will you spend your time after retirement? On average, a person retiring at age 70 lives another 15 years. Careful planning helps make the most of those years. Before you retire, complete the following steps.

### **Benefit estimate**

When you request a benefit estimate, include your Social Security number or retirement identification number and spouse's date of birth so we can estimate the benefit amounts. If you want to provide survivor coverage to a person other than your spouse, include that person's date of birth.

### **Benefit application**

You apply to the governor to set your date for retirement. You apply to MSRS for a retirement benefit payment. If you are eligible to collect, your benefit begins to accrue the day after your termination. Request a benefit application from MSRS about two months before you retire unless you decide to wait to collect your monthly benefit. Be sure to complete the *Public Safety Health Insurance Premium Withholding Enrollment* form if you served until or after age 65 and want MSRS to withhold your premium to reduce your federal taxable income up to \$3,000.

### **Proof of age**

We need proof of your age. If you choose the Joint and Survivor benefit, we need your survivor's birth record, too. Photocopies of a birth records are acceptable.

### **Spousal notice**

Retirement law requires that we inform your spouse of the types of benefits available. If you are married, your spouse's signature is necessary on the application. This verifies that your spouse understands the benefit choice you've made.

### **Insurance**

If you have questions about your insurance, call the Judicial branch's human resource office at 651-284-3863.

If you serve to age 65 or later, you can request MSRS to withhold your health insurance premiums from your monthly payment and have your federal taxable income reduced by up to \$3,000. Contact MSRS if you have questions.



## After you retire

### Monthly payment

You receive your first benefit payment about four to six weeks after retirement. We mail you a benefit authorization letter shortly before you receive your first payment. The letter:

- Tells you the amounts of your first check and ongoing payments
- Tells you whether or not an optional form of payment was chosen
- Specifies whether your payment is directly deposited or mailed to you
- Provides you with important tax information

With the exception of the first payment, we pay benefits the first week of every month for that month. The U.S. Postal Service does not forward retirement checks, so it is important to inform us if you change your address.

To ensure safe, efficient deposit of your benefits, you can have your monthly benefit transferred electronically to a bank, credit union or other financial institution. This transfer is deposited into your account or a joint account. If you would like to have direct deposit, request the *Agreement for Direct Deposit* form from MSRS. If you use direct deposit, keep us informed of any address change so other mailings, such as newsletters and tax forms, reach you.

### Increases in benefits

The law provides for possible annual increases of benefit amounts after retirement. When you retire or begin receiving payments, we transfer money to fund your lifetime benefit to a special reserve fund, the Post Retirement Investment Fund (Post Fund). This invested money must earn at least 6 percent return to finance your benefit. Additional earnings finance your post retirement increases. Each year's increase consists of:

- Cost of living
- Investment performance

The cost-of-living adjustments provide automatic increases to benefits up to a 2.5 percent annual maximum. We base the increases on the U.S. Consumer Price Index.

Investment performance provides additional monies to your benefit when state-managed investments are successful. This happens after investment earnings cover the cost-of-living increase and the 6 percent, investment-earning requirement.

Minnesota law limits annual increases of the Post Fund at five percent, effective July 1, 2010. By law, the Post Fund must be fully funded before any pension increases can exceed the inflation adjustment of up to 2.5 percent per year.

## After you retire

If payable, your first increase occurs seven to 19 months after you retire, and always on January 1. We prorate the increase based on the number of months you have been retired during the previous fiscal year—ending June 30. For example, if you retire at the end of April, you receive your first post-retirement increase the next January. We base the increase on your two months of retirement—May and June—and amounts to a two-twelfths increase. If the full increase is 4 percent, the increase generated by those two months is two-twelfths of 4 percent or  $.16667 \times 4 \text{ percent} = .666$  of 1 percent.

Since we prorate increases by the month, there is no advantage on post-retirement increases by retiring in one month as opposed to another.

## Tax information

### Federal tax on monthly benefit

All of your monthly benefit is taxable unless you made voluntary payments such as repaying a refund if payment was not made using tax-sheltered monies.

### Minnesota Income Tax on Monthly Payment

Generally, the portion of your monthly benefit that is taxable income for federal income tax is also taxable income for Minnesota income tax. Minnesota income tax applies to residents of Minnesota and residents of other states who spend more than one-half of the year in Minnesota.

### Withholding for Federal and Minnesota income tax

Federal and Minnesota income tax withholding can be started, changed or cancelled online at [www.msrs.state.mn.us](http://www.msrs.state.mn.us) or call MSRS at 651-296-2761 or 1-800-657-5757. If MSRS receives no federal tax withholding request from you, the IRS directs MSRS to assume you are married and claim three allowances. If MSRS receives no state tax withholding request, no tax is withheld.

Every January, MSRS sends you a 1099-R form. The form shows the total benefit payments you received during the previous year, the amount that is taxable income, and the amount withheld on either tax, if any.

For further information about tax withholding, call your tax advisor, an IRS district office or the Minnesota Department of Revenue. Filing a *Quarterly Report of Estimated Income Tax* form is an alternative for meeting advance payment requirements on your tax liability.

## Re-employment after retirement

If you return to state service as a judge after retirement, that service has no effect on your benefit payments.

If you become re-employed, please call the judicial branch's human resources office at 651-284-3863.

## Disability benefit

### Eligibility

If you are serving as a judge and become unable to perform your judicial duties, you may apply to the Governor for a disability benefit. If the Governor determines that you are disabled, your full salary would continue for one year after the disability date, but not beyond age 70. During the one-year period, retirement deductions continue. You earn service credit and improve your high-five salary. After the one year, you would start receiving a lifetime disability benefit.

MSRS computes the Judges Plan disability benefit the same as a regular retirement benefit. We base the disability benefit on service length and your high-five salary. The minimum benefit is no less than 25 percent of your high-five salary. No early-retirement reduction is applied.

You may be eligible for disability benefits from Social Security. This is payable in addition to the Judges Plan benefit.

### Survivor coverage

Joint-and-Survivor benefit options or Period-Certain benefit options can be chosen when you apply for a disability; that is, just prior to the time salary payment ends.

If you die while receiving full salary for the one-year period, your surviving spouse is eligible for a monthly benefit equal to 60 percent of the full retirement benefit earned at date of death, but not less than 25 percent of your high-five salary. If there is no spouse but there is a dependent child or children, then payment continues until age 18 or until age 22, if your child is a full-time student.

For more information about a disability benefit, contact MSRS.

## If you die before retiring

You want to be aware of the plan's survivor coverage in case you die before retirement.

### **Surviving-spouse coverage**

If you die while serving or leave the bench but maintain a deferred benefit, your surviving spouse is eligible for a benefit. This monthly payment is equal to 60 percent of the full retirement benefit you earned as of the date of death, or is equal to 25 percent of your high-five salary, whichever is larger. Your spouse is automatically the beneficiary for this survivor benefit.

If you are at least age 60 and have five or more years of service as a judge and die, your spouse is eligible for the joint and survivor 100 percent benefit.

### **Dependent child**

If you have no spouse, but do have a dependent child or children, then payment of the survivor benefit is paid to the children's guardian, or the child or children.

Payment continues to your dependent child until age 18 or age 22, if the child is a full-time student.

### **No surviving spouse or child benefit payable**

If there is neither a spouse nor dependent children, then your beneficiary, or if none, your estate receives a lump-sum refund of your deductions plus 6 percent interest compounded annually. For a *Beneficiary Designation* form, visit our website at [www.msrs.state.mn.us](http://www.msrs.state.mn.us) or call us.

## Previous school, city, county or other public jobs

If you have worked in positions covered by other Minnesota public retirement funds, your employment and retirement coverage with two or more retirement plans can work together when you retire.

### Combined service benefit law

The combined service benefit law permits you to receive benefits from each plan if you have:

- Five years of service credit in two or more retirement plans.
- Six months of coverage with each plan. You count the service period once, if you have allowable service with more than one plan at the same time.
- Six months of service credit with the fund that covered your last employment.
- Applied for benefit payments from all your retirement funds within one year.

The state-level retirement agencies covered are the:

- Minnesota State Retirement System (MSRS)
- Public Employees Retirement Association (PERA)
- Teachers Retirement Association (TRA)

The city-level retirement funds covered are the:

- Minneapolis Municipal Employees Retirement Fund
- St. Paul and Duluth Teachers Retirement Associations

### How a combined service benefit works

All plans use the same high-five salary when computing benefits.

Each plan considers your total service in all plans when it applies its particular provisions, such as early retirement or length of service features.

The law in effect when you terminate service, with the last plan under which you had six months of service, is used to calculate the benefits in all plans. Therefore, you take advantage of all law changes.

All benefits -- retirement, deferred retirement, disability and survivor -- are covered by this provision.

Note: The Unclassified Plan is a defined contribution plan and the benefit amount is based on your account value and does not use your high-five salary as a judge.

## Previous school, city, county or other public jobs

You can repay refunds to reinstate service with other plans, while employed or within six months of termination. The cost of repayment is the amount refunded plus 8.5 percent interest per year, compounded annually. We calculate the repayment amount from the date you received the refund through its repayment.

Example:

You are age 68 with 10 years of service as a county attorney covered by PERA's Coordinated Plan and 20 years of service as a judge covered by MSRS Judges Plan.

We compute your total retirement benefit as:

**PERA** (with Social Security)

10 years at 1.7 percent per year = 17 percent

**MSRS**

20 years at 3.2 percent per year = 64 percent

**Total:** 81 percent

PERA pays a benefit equal to 17 percent of your average salary. MSRS pays a benefit equal to 64 percent of your average salary. The total benefit amounts to 81 percent of your high-five salary.

The 76.8 percent maximum of your five high-year salary applies only to your service as a judge (for more information, see *Service-credit limit* on page 4). Service in another plan can exceed this limitation to the Judges Plan.

## Terminating before retirement

### Deferred benefit

If you have earned service credit as a judge for five years or more, you are eligible for a benefit. If you leave the bench before retirement age, you can maintain your deductions in the Judges Plan and receive a monthly benefit at age 60 or later. We calculate the amount of your benefit as provided by the law in effect on the day you end your service.

If you die as a vested judge before reaching retirement age, your surviving spouse is eligible for a survivor benefit that equals 60 percent of your full retirement benefit. This benefit can be no less than 25 percent of your high-five salary. The benefit begins the month after you die. If you are at least age 60 and have five or more years of service, your spouse would be eligible for the joint and survivor 100 percent benefit.

If you have no spouse but have a dependent child or children, then payment continues until age 18 for each child, or until age 22 if your child is a full-time student. If you have neither spouse nor children, your beneficiary or estate receives a lump-sum refund of your deductions plus 6 percent interest compounded annually. To name your beneficiary, complete a *Beneficiary Designation* form available on our website at [www.msrs.state.mn.us](http://www.msrs.state.mn.us). A beneficiary receives payment only if there are no survivor benefits payable to your spouse or children.

### Refund after terminating

After termination from service, you can request a refund of your deductions. Refund applications are available only from MSRS. Your refund includes interest at 6 percent per year, compounded annually. If you have five years or more of service, consider carefully the advantages of leaving the money in the retirement fund for a deferred benefit, and the potential death benefits to your survivors.

Tax law requires that MSRS withhold 20 percent for federal income taxes, unless you arrange a direct roll over of your refund into an IRA or other qualified retirement plan. Generally, you are assessed a 10 percent federal excise tax penalty if you are less than age 59 ½ and don't roll over your refund. This tax is assessed when you file your next tax return. Your refund application provides more detailed tax and estimate information.

Acceptance of a refund forfeits all service credit with the Judges Plan. You can regain the forfeited service by repaying the refund plus 8.5 percent interest, if you return to the bench or to other combined service employment.

## Divorce

A brochure is available that provides information about how your retirement account is handled if you divorce. It explains how state law applies to a retirement account and contains sample language for use in a divorce decree.

## Social Security

Social Security covers almost all judges. For a Social Security estimate, call 1-800-772-1213.

## Minnesota State Deferred Compensation Plan (MNDCP)

The Minnesota State Deferred Compensation Plan (MNDCP) is a voluntary program that allows you to shelter a portion of your income and accumulate it on a tax-deferred basis. That means less of your salary is subject to current income tax, and your savings and investment earnings accumulate as tax deferred, until you start drawing from the plan at retirement.

For more information on MNDCP, visit [www.mndcplan.com](http://www.mndcplan.com) or call our office at 1-877-457-6466.

## Health Care Savings Plan (HCSP)

The Minnesota Judges are participating in the Health Care Savings Plan (HCSP). If you have questions about your HCSP account, contact MSRS or visit [www.msrs.state.mn.us](http://www.msrs.state.mn.us)

## Fund Investment

The State Board of Investment has the responsibility for investment of MSRS retirement plan funds. Actual investing is done by money management firms on contract with the State Board of Investment. The Board continually evaluates these firms' investment performance. Minnesota Statutes, Section 11A.24, sets forth the type of investments allowed. Up to 75 percent of the total assets of the fund can be invested in equities. The remainder is invested in short-term and long-term, fixed income securities and other investments.

## Management

The MSRS Board of Directors has 11 members. Four are appointed and seven are elected. The board hears all appeals. To begin the appeal process, request a hearing within 60 days of the executive director's decision.



## Contact us

Our retirement counselors are available to help you with your MSRS retirement plan, Minnesota Deferred Compensation Plan (MNDCP) or your Health Care Savings Plan (HCSP). For more information, please contact our main office.

### Main Office

60 Empire Drive | Suite 300 | St. Paul, MN 55103

Telephone: 651-296-2761 | 1-800-657-5757

[www.msrs.state.mn.us](http://www.msrs.state.mn.us) | [www.mndcplan.com](http://www.mndcplan.com)

This handbook can be made available in alternate formats, such as large print, Braille or cassette tape. Teletypewriter users and telecommunication device for the deaf users, call the Minnesota Relay Service at 1-800-627-3529. Ask to be connected to MSRS at 651-296-2761.



**MSRS** | **Minnesota State Retirement System**  
MNDCP | Minnesota State Deferred Compensation Plan  
HCSP | Health Care Savings Plan

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