



State Patrol RETIREMENT PLAN



Your foundation for retirement.



About MSRS

The Legislature established the Minnesota State Retirement System (MSRS) in 1929 to provide retirement benefits for state employees.

MSRS administers multiple retirement plans that provide retirement, survivor and disability benefit coverage for Minnesota state employees, the Metropolitan Council, and many non-faculty employees at the University of Minnesota and the Minnesota State university system.

MSRS covers over 56,000 active employees and currently pays monthly benefits to over 44,000 retirees and survivors. We also administer the Minnesota Deferred Compensation Plan (MNDCP) and the Health Care Savings Plan (HCSP).

This handbook is a general summary of the benefit provisions of the retirement plan. The benefits described apply to active members of the plan at the date this handbook was issued. Unless otherwise stated, if there is any difference between the information this handbook and the law or policies that govern MSRS, the law and policies will prevail. Plan provisions may be subject to law changes.

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Our Mission

We empower Minnesota public employees to build a strong foundation for retirement.

How We Work

MSRS is governed by an eleven-member Board of Directors. Three members are appointed by the Governor. Five members are elected by the membership at large. The remaining three members represent the State Patrol Plan, Correctional Plan and 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. While MSRS is ultimately governed by the laws and statutes, the MSRS Board is responsible for

setting policies, hearing disability and benefit appeals, and overseeing the administration of all MSRS plans, including the Health Care Savings Plan (HCSP) and the Minnesota Deferred Compensation Plan (MNDCP). MSRS Board members do not receive a salary for serving in this capacity.

The State Board of Investment (SBI) is responsible for selecting the investments for the pension plan assets. They continually evaluate the performance of the investment managers.



Other Plans Administered by MSRS



The Minnesota Deferred Compensation Plan (MNDCP) is a voluntary savings plan intended for long-term investing for retirement. MNDCP is a smart and easy way to supplement retirement income from your Minnesota public pension and Social Security benefits.

MNDCP offers planning tools and investment options that may help you take positive steps toward achieving your desired retirement lifestyle.



The Health Care Savings Plan (HCSP) is an employer-sponsored program that allows employees to save money tax-free to use after they terminate employment to reimburse eligible health care expenses.

Employees can choose among investment options offered by the plan. Assets in the account will accumulate tax-free, and since reimbursements are used for eligible health care expenses, they will remain tax-free.

Questions?



Contact the MSRS Service Center:
1-800-657-5757 or 651-296-2761



Go online:
www.msrs.state.mn.us



Email us:
info@msrs.us



Make an appointment at our office:
**60 Empire Drive, Suite 300
St. Paul, MN 55103**

Locations

St. Paul Main Office

60 Empire Drive, Suite 300
St. Paul, MN 55103
Monday - Friday
8 a.m. - 4:30 p.m.

Duluth

Medical Arts Building
324 West Superior Street,
Suite 530
Duluth, MN 55802
Tuesday - Friday
8 a.m. - 4:30 p.m.

Detroit Lakes

714 Lake Ave., Suite 102
Detroit Lakes, MN 56501
Tuesday - Friday
8 a.m. - 4:30 p.m.

Mankato

Former Bretts Building
11 Civic Center Plaza,
Suite 150
Mankato, MN 56001
Tuesday - Friday
8 a.m. - 4:30 p.m.

Privacy

MSRS staff follows policies and procedures to ensure the confidentiality of your personal information. We will not release any private information unless we have written authorization from you to do so. When you contact us with questions regarding your account, you will be asked to verify your information in order to safeguard your privacy.

MSRS Account ID

MSRS assigns each plan member a 10-digit account ID to help us quickly identify you.

- MSRS will use your account ID on all correspondence (except tax documents) instead of your Social Security number. We are required to include your Social Security number on any tax-related forms used to complete your income tax return (such as a 1099-R).
- We encourage you to use your account ID when you call or write to MSRS; however, we do not require that you do so. We can identify you in our system by either account ID or Social Security number.
- Your account ID is only available on correspondence from MSRS. We will not give this account ID out over the telephone.
- Unlike passwords or PIN numbers, your account ID cannot be changed.
- Your account ID should only be used in conjunction with MSRS - related correspondence.



State Patrol Retirement Plan

The State Patrol Plan is administered by the Minnesota State Retirement System (MSRS). This plan provides retirement, survivor and disability coverage for eligible employees. You can access your benefit information on the MSRS website, your benefit statements or by contacting one of our retirement counselors. You will also receive newsletters and have opportunities to attend educational retirement seminars.

The State Patrol Plan is a defined benefit, or traditional pension plan, that rewards longevity to public service. Employees who become vested are eligible for a lifetime retirement benefit when they reach the retirement age for the plan. Employees and the employer contribute a percentage of salary. At retirement, the lifetime benefit is calculated using a formula defined in Minnesota law. This type of benefit is valuable because the retiree cannot outlive retirement savings.

This Plan Covers:

- **State Troopers**
- **Crime Bureau Agents**
- **Gambling Enforcement Agents**
- **Conservation Officers**
- **Fraud Investigators**
- **Fugitive Apprehension Unit Members**

Your foundation
for retirement.



How Your Retirement Plan Works

As a State Patrol Plan member, you contribute 14.9% of salary beginning July 1, 2018* increasing to 15.4% of salary after July 1, 2019. The employer contributes 22.35% beginning July 1, 2018, increasing to 23.1% after July 1, 2019. Your employer is also contributing a supplemental contribution to ensure the State Patrol Plan is sustainable into the future.

Once you are vested in the plan, after ten years of service, you are eligible for a benefit payable for your lifetime. The benefit has significant nominal value paid over your lifetime.

Benefits Add Up

Take a look at the big picture. What is the value of your retirement benefit? This example provides an estimate of a retirement benefit paid over a 25-year period. The assumptions are made for illustrative purposes.

Assumptions	
Age at retirement:	55
Allowable service:	25 years
Final high-five annual salary:	\$72,000
Annual post-retirement increase:	1.0%
Benefit payment option:	Single-Life
Length of retirement	25 years (to age 80)

Calculations:	
25 years x 3% = 75%	
\$72,000 (your annual high-five monthly salary)	
x 75%	
\$54,000 per year ÷ 12 =	
\$4,500 per month retirement benefit:	

*Assuming 2018 legislation is signed by the governor.

Age	Monthly Benefit	Annual Benefit
55	\$4,500	\$54,000
56	4,545	54,540
57	4,590	55,080
58	4,636	55,632
59	4,683	56,196
60	4,730	56,760
61	4,777	57,324
62	4,825	57,900
63	4,873	58,476
64	4,922	59,064
65	4,971	59,652
66	5,021	60,252
67	5,071	60,852
68	5,121	61,452
69	5,173	62,076
70	5,224	62,688
71	5,277	63,324
72	5,329	63,948
73	5,383	64,596
74	5,436	65,232
75	5,491	65,892
76	5,546	66,552
77	5,601	67,212
78	5,657	67,884
79	5,714	68,568
80	5,771	69,252
	\$132,865	\$1,594,384*

The Value of Your Benefit

Your retirement benefit can add up to a substantial amount of money. MSRS may also provide disability coverage for you and survivor benefits for your family.

After you retire, you may receive post-retirement increases over your lifetime. Survivor benefits are also eligible for increases.

Total Benefits received from age 55 to age 80: over \$1.5 million

Amount you contributed: about \$200,000**

If you live beyond age 80, the value of your benefit will be even greater.

* FOR ILLUSTRATIVE PURPOSES ONLY. Intended to illustrate the effects of a 1% annual post-retirement increase. Assumes beginning monthly single-life benefit of \$4,500 and retirement at age 55. Annual increase is defined in Minnesota Statute and may be subject to change.

** Assumes a final salary of \$76,500, high-five salary of \$72,000, a contribution rate of 15.4% of pay, and 3% salary increases each year during a 25 year career.



Calculating Your Retirement Benefit

Calculating your retirement benefit is a simple formula defined in Minnesota law. The calculation is more specific to your circumstances if you choose to retire early or provide survivor coverage after retirement. Let's walk through the base calculation.

ALLOWABLE SERVICE CREDIT	X	BENEFIT MULTIPLIER	X	HIGH FIVE SALARY	=	MONTHLY BENEFIT
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1 | Allowable Service Credit

Service credit, or allowable service, is the credit you earn each month retirement deductions are withheld from your salary. We use the amount of service credit you have in a formula to determine your retirement benefit.

One of the advantages of your continued employment is to increase the value of your retirement benefit for each additional year and month of service. The more service you have and the higher your annual pay, the higher your monthly retirement benefit.

A number of factors may impact your length of service, such as part-time employment, a leave of absence, or working for another governmental unit.

2 | Benefit Multiplier

The next component used to calculate your monthly retirement benefit is the benefit multiplier. State patrol members receive 3% per year of service. We take your years and months of service and convert these to a percentage through a retirement formula.

DIVORCE & YOUR RETIREMENT BENEFIT

Contact MSRS for information on how divorce may affect your retirement benefit. We can provide sample language for use in a divorce decree.

3 | High-Five Salary

The third part of the calculation used to determine your retirement benefit is your high five years of gross salary. For most employees, the high-five salary is the last five years of employment. This is not always the case for everyone. For example, you may decide to work fewer hours when you get closer to retirement, or maybe you had several years where you earned overtime which will generate a higher average monthly salary.



The High-Five Average Salary Calculation in Detail

Your employer reports your salary along with your retirement deductions to MSRS each pay period. This allows us to accurately calculate your high-five average salary.

When calculating your average salary, we use the highest five years rather than a calendar or fiscal year salary. For example, your high-five average salary could start on March 1 and run through February. The five years do not have to be consecutive. However, each year of your high-five needs to have the same start and end date. If your high-five is being used in a combined service calculation with another plan, it must be 60 consecutive months.

There are no retirement deductions on unused sick or vacation leave paid in a lump sum after you end employment. These unused hours are not included in your high-five average salary. Sick and vacation leave that you use before ending employment are included in your high-five average salary.

REMEMBER

Contributions to a deferred compensation plan, Social Security or health care premiums do not decrease your high-five salary.

Sample High-Five Calculation

Assumptions:	
Year	Earnings
1	\$67,724
2	69,819
3	71,978
4	74,205
5	76,500
Total	\$360,226

Calculations:
\$ 360,226 total high-five salary
÷ 5 years
\$ 72,045 average annual salary
÷ 12 months
\$ 6,003 average monthly salary

Early Retirement Reduction

Using the same example, here is the calculation if you retired early.

If you retire at age 52, your monthly benefit would be reduced using an early retirement factor. Retirement factors are subject to change.

Calculations:	
\$ 4,500	(your monthly benefit)
x 12.24%	(from chart)
<hr/>	
\$ 551	per month
	(early retirement reduction)
<hr/>	
\$ 4,500	(your monthly benefit)
– \$ 551	(early retirement reduction)
<hr/>	
\$ 3,949	monthly benefit

Age at Retirement	Reduction Factor
54	4.08%
53	8.16%
52	12.24%
51	16.32%
50	20.40%



Calculating Your Retirement Benefit

Calculations Worksheet

We can simplify the process by using the chart on the next page. In this chart, you'll see the age at retirement listed across the top. The first column on the left displays the years of service. The chart factors in the early retirement reduction if you retire early.

NOTE!

If you are more than five years from retirement, use your current salary. If you are five years or closer to retirement, go to Step 1A to calculate your high-five salary.

1. Your Assumptions:

Projected retirement age: _____

Allowable service: _____

*Average monthly salary: _____

1A. Your High-Five Salary:

Year	Earnings
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1.	\$
----	----

2.	\$
----	----

3.	\$
----	----

4.	\$
----	----

5.	\$
----	----

Total	\$
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÷ 60 = Average monthly salary

2. Your Calculations:

Average monthly salary: _____

Factor from chart: X _____

Monthly benefit: _____

Age at Retirement						
Years of Service	50	51	52	53	54	55 or older
	13.20	13.56	13.95	14.25	14.64	15
6	15.84	16.27	16.74	17.10	17.57	18
7	18.48	18.98	19.53	19.95	20.50	21
8	21.12	21.69	22.32	22.80	23.43	24
9	23.76	24.40	25.11	25.65	26.36	27
	26.40	27.11	27.90	28.50	29.29	30
11	29.04	29.82	30.69	31.35	32.22	33
12	31.68	32.53	33.48	34.20	35.15	36
13	34.32	35.24	36.27	37.05	38.08	39
14	36.96	37.95	39.06	39.90	41.01	42
	39.60	40.66	41.85	42.75	43.94	45
16	42.24	43.37	44.64	45.60	46.87	48
17	44.88	46.08	47.43	48.45	49.80	51
18	47.52	48.79	50.22	51.30	52.73	54
19	50.16	51.50	53.01	54.15	55.66	57
	52.80	54.21	55.80	57.00	58.59	60
21	55.44	56.92	58.59	59.85	61.52	63
22	58.08	59.63	61.38	62.70	64.45	66
23	60.72	62.34	64.17	65.55	67.38	69
24	63.36	65.05	66.96	68.40	70.31	72
	66.00	67.76	69.75	71.25	73.24	75
26	68.64	70.47	72.54	74.10	76.17	78
27	71.28	73.18	75.33	76.95	79.10	81
28	73.92	75.89	78.12	79.80	82.03	84
29	76.56	78.60	80.91	82.65	84.96	87
	79.20	81.31	83.70	85.50	87.89	90
31		84.02	86.49	88.35	90.82	93
32			89.28	91.20	93.75	96
33				94.05	96.68	99
34					99.61	102
						105



PURCHASING LEAVE

You can make payment after one year, but the cost is based on an actuarial method, which is more expensive.

Other Service Credit

You earn credit each month for which retirement deductions are withheld from your salary. Service credit is important because we use it in the formula to determine your monthly retirement benefit. The more service you have and the higher your annual pay, the higher your monthly retirement benefit.

Service Credit During Leave of Absence

You can take a leave of absence for various reasons, such as education, illness or pregnancy. If you take a leave, you may not earn service credit because you did not earn salary from which deductions were taken. Once you return to work after a leave, you can make a payment to receive service credit for the leave.

If you took your leave after June 30, 2010, you have one year from the date you return to work to make the payment to purchase your service credit. The payment amount is the total of the employee and employer contributions which would have been paid if you did not go on leave, plus interest as stated in statute.

- Your employer has the choice to pay the employer portion.
- You may choose to make a payment using tax-sheltered money from an IRA, your MNDGP or other qualified retirement plans.

Service Credit for Military Service

Military Service During State Employment

If you leave state service to serve in the military and return to state employment within 90 days of discharge, you may buy your service credit for that time. There is a limited amount of time to purchase this service credit, so it is important to contact us as soon as you return from military service.

Military leave after June 30, 2004

To receive service credit for military leave, you may pay into the retirement fund the retirement salary deductions you would have contributed had you been employed by the state during your time of military service. Your employer will pay the employer share of the retirement contributions– plus interest. You must make payment within a time period that equals three times the length of the leave up to five years. For example, if your leave was for one year, you must make payment for this time within three years.

Military leave prior to July 1, 2004

If you took a military leave before July 1, 2004, which interrupted your time as a State Patrol Plan member, you automatically receive credit for your military time.

Military Service Prior To State Employment

You cannot purchase service for military service before working for the state.



Combined Service

Combined Service Between Plans With Different Retirement Ages

Combined Service works well with plans that have similar benefit and retirement age requirements, but not quite as well if you have plans with different retirement age requirements.

The State Patrol Plan allows full retirement at age 55, while the age of full retirement for most public employees is age 66 or the Rule of 90. The early retirement provisions of each plan apply to the service attributable to the plan.

If you have service with the MSRS State Patrol Plan and the General Employees Retirement Plan, you are retiring under retirement plans that have very different benefit structures.

When calculating the benefit under Combined Service, the benefit from the General Plan will be subject to an early retirement penalty unless you qualify for the Rule of 90, while the benefit from the State Patrol Plan will not be reduced.

Reinstating Service With Another Public Retirement Plan

Many state employees who had service with another Minnesota public retirement plan forfeited that other service by taking a refund of the contributions. If you are currently working for a Minnesota public employer, you may be able to reinstate this time by repaying the refund to the other public retirement plan. By repaying the refund, your service is reinstated and the other fund will use that service to calculate their benefit. To repay a refund, contact the plan from which you received the refund.

Leaving State Employment

Refunding Your Contributions

If you end employment with the state, you can request a refund of your retirement contributions. To apply for a refund, contact MSRS to obtain the information. The refund includes your deductions plus interest. The interest you receive is compounded daily. The refund does not include your employer's contributions to your retirement account.

If you take a refund of your retirement deductions, you forfeit all of your service credit and right to a monthly retirement benefit with the plan.

There are also tax implications when you take a refund of your retirement contributions. You will receive detailed tax information with your refund application. Please review this information carefully.



Benefit Choices

When you apply to receive monthly retirement or disability benefits you will have to decide whether you want to provide a monthly benefit to your survivor when you die. You can name a single or multiple survivors to receive benefits. Your choice will affect your monthly retirement benefit. This section will explain the options available to help you make a decision.



Your Options

If you choose survivor coverage, you will receive a lower monthly benefit. If you are married, you must provide at least a 50% survivor option for your spouse unless your spouse waives this coverage.

You can name anyone to receive survivor benefits. If you choose a Joint-and-Survivor option, the reduction in your monthly benefit is based on the age difference between you and your survivor. The younger the survivor is, the greater the reduction in your monthly benefit. The age(s) of your survivor(s) may also limit the survivor options available to you.

Single-Life Benefit

> Provides benefits for your lifetime only

If you do not select survivor coverage, you will receive a monthly benefit for your lifetime. When you die, the monthly benefit stops.

If you die after you retire, your beneficiary will receive any remaining employee contributions in your account.



IMPORTANT DECISION: CHOOSING SURVIVOR COVERAGE

Once payments begin, you **cannot change your choice** of survivor coverage or the person(s) you elect to cover. Contact MSRS with any questions you may have.

Benefit Choices

100% Joint-and-Survivor Benefit

> Provides maximum survivor coverage

If you select the 100% Joint-and-Survivor benefit, you will receive payments for your lifetime. When you die, your named survivor will continue to receive the same amount you were receiving. This survivor benefit is payable for the lifetime of your named survivor. This option provides maximum survivor coverage, but results in lower monthly payments during your lifetime.

If your named survivor dies before you, your monthly benefit will increase or “bounce back” to the Single-Life benefit amount the first of the month after notifying MSRS of the survivor’s death.

100% Option With Survivor Coverage							
When you die, this option pays your survivor 100% of the amount you receive							
Survivors Age							
Employee's Retirement Age	50	51	52	53	54	55	56
50	94.28	93.69	93.05	92.55	91.99	91.36	90.65
51	94.53	93.96	93.34	92.86	92.32	91.70	91.01
52	94.78	94.23	93.62	93.17	92.64	92.05	91.38
53	95.02	94.49	93.91	93.47	92.97	92.39	91.74
54	95.26	94.75	94.19	93.77	93.29	92.73	92.10
55	95.49	95.00	94.46	94.06	93.60	93.07	92.47
56	95.72	95.25	94.73	94.35	93.91	93.40	92.82

75% Joint-and-Survivor Benefit

> Provides some survivor coverage

If you select the 75% Joint-and-Survivor benefit, you will receive payments for your lifetime. When you die, your named survivor will receive 75% of the amount you were receiving. This survivor benefit is payable for the lifetime of your named survivor.

If your named survivor dies before you, your monthly benefit will increase or “bounce back” to the Single-Life benefit amount the first of the month after notifying MSRS of the survivor’s death.

75% Option With Survivor Coverage							
When you die, this option pays your survivor 75% of the amount you receive							
Survivors Age							
Employee's Retirement Age	50	51	52	53	54	55	56
50	95.65	95.19	94.70	94.31	93.87	93.37	92.82
51	95.84	95.40	94.92	94.55	94.13	93.64	93.10
52	96.03	95.61	95.14	94.79	94.38	93.91	93.39
53	96.22	95.81	95.36	95.02	94.63	94.18	93.67
54	96.40	96.01	95.58	95.25	94.88	94.45	93.96
55	96.58	96.21	95.79	95.48	95.12	94.71	94.24
56	96.76	96.40	95.99	95.70	95.36	94.97	94.52

50% Joint-and-Survivor Benefit

> Provides some survivor coverage

If you select the 50% Joint-and-Survivor benefit, you will receive payments for your lifetime. When you die, your named survivor will receive 50% of the amount you were receiving. This survivor benefit is payable for the lifetime of your named survivor.

If your named survivor dies before you, your monthly benefit will increase or “bounce back” to the Single-Life benefit amount the first of the month after notifying MSRS of your survivor’s death.

If you are married, you must provide at least a 50% survivor option for your spouse unless your spouse waives survivor coverage.

50% Option With Survivor Coverage							
When you die, this option pays your survivor 50% of the amount you receive							
Survivors Age							
Employee's Retirement Age	50	51	52	53	54	55	56
50	97.06	97.19	97.34	97.45	97.57	97.70	97.81
51	96.74	96.88	97.03	97.17	97.30	97.44	97.57
52	96.40	96.55	96.71	96.86	97.00	97.15	97.29
53	96.13	96.30	96.46	96.62	96.78	96.94	97.09
54	95.83	96.01	96.18	96.35	96.53	96.70	96.86
55	95.48	95.67	95.86	96.04	96.23	96.41	96.59
56	95.09	95.29	95.49	95.69	95.89	96.09	96.28

Life Income 15-Year Certain

> Provides you a lifetime monthly benefit

If you die before you have collected retirement benefits for 15 years, your survivor will continue to receive the benefit for the balance of the 15 year period. For example, if you die after collecting a benefit for 10 years, your named survivor may receive a monthly benefit for the remaining five years.

You may name more than one survivor. If you die before collecting a monthly benefit for 15 years, your survivor(s) may choose either to receive monthly payments or a lump sum payment of the value. Each survivor may choose a different option.

If you and your survivor die before the 15 years, the balance will be paid to your estate. If you live longer than 15 years, your monthly benefit continues for your lifetime. When you die, your survivor will receive no benefits.

This option is most commonly used by members who want to preserve assets for their children and do not have a spouse. Remember, by selecting this option, your monthly benefit amount is permanently reduced and there is no bounce back as the Joint-and-Survivor options offer.

Employee's Retirement Age	Percentage of single life amount
50	98.79
51	98.63
52	98.44
53	98.40
54	98.33
55	98.22
56	98.09

Comparing Benefit Choices

Here is an example that compares your various options. This comparison chart assumes a \$4,500 Single-Life monthly pension and the retiree and survivor are age 55.

Benefit Type	Your Benefit	Survivor Benefit	Bounce Back
Single Life	\$4,500	N/A	N/A
Joint-and-Survivor			
100% option	\$4,188	\$4,188	\$4,500
75% option	\$4,261	\$3,196	\$4,500
50% option	\$4,338	\$2,169	\$4,500
Life Income - 15-Year Certain			
	\$4,419	\$4,419*	N/A

*Only until the 15-year term has ended



Beneficiary & Survivor Benefits Before Retirement

If you die before you retire from the plan, your benefits will be distributed based on the following factors.

Surviving Spouse Coverage

> Working UNDER age 55 with at least three years of service (ten years if hired after June 30, 2013)

If you die before age 55, your spouse is entitled to a benefit equal to 50% of your high-five salary. When you would have reached age 55, your spouse can receive the 100% option benefit if it is higher.

> Working, OVER age 55 with at least three years of service (ten years if hired after June 30, 2013)

If you die, your spouse is entitled to 50% of your average monthly salary or the 100% option benefit whichever is higher.

> Inactive, at least three years of service (ten years if hired after June 30, 2013)

If you die and left your deductions with MSRS, your spouse is entitled to the 100% option benefit when you would have reached 55.

Dependent Child Benefit

A dependent child is any natural or adopted, unmarried child of a deceased active member under 18 years of age. Any child at least 18 but under age 23 is included if the child is a full-time student of an accredited school. For each dependent child, your spouse or legal guardian receives 10% of your high-five salary. The State Patrol Plan pays \$20 per month, distributed equally among your dependent children. The monthly family benefit for a spouse and any children can't exceed 70% of your average monthly salary.

No Surviving Spouse or Child Benefits Payable

If you die and no monthly survivor benefits are payable, your beneficiary receives a refund of the accumulated deductions plus interest, compounded annually. If you have no beneficiary, your refund goes to your estate.

Retirement Timetable & Checklist -

It's never too early to start planning for retirement. Dream! What does your perfect retirement look like? Does it include starting your own business or volunteering for your favorite cause? Advanced planning can help you achieve your personal financial goals. Planning will allow you to have a more realistic understanding of your retirement income needs and expenses.



Retirement Checklist

Two Months Before Retirement

When you are within two months of retirement, complete the following:

1. Submit your Retirement Application

You can download an application from the MSRS website or contact us to have it mailed to you. Sign the application in the presence of a notary public. If you are married, the application requires your spouse's notarized signature acknowledging your benefit selection.

2. Complete a Direct Deposit form

MSRS recommends using direct deposit to have your funds electronically deposited to your financial institution. Direct deposit is the safest, fastest and most convenient way to receive your monthly benefit. Complete the form and we'll take care of the rest.

3. Apply for other Minnesota public pension benefits (if applicable)

If you are eligible for retirement benefits from another Minnesota public pension plan - Public Employees Retirement Association (PERA) or Teachers Retirement Association (TRA), - then you will need to complete additional paperwork to apply for those retirement benefits.

4. Contact your tax advisor

Determine how much, if any, federal and Minnesota state taxes should be withheld from your monthly retirement benefit.

5. Contact your human resources department

Check with your human resources department regarding your retiree insurance options.

6. Contact your payroll office

You may or may not be eligible to receive a severance payment. If paid in cash, you may want to consider contributing it to your MNDGP account.

7. Follow-up with Social Security and Medicare

If you applied for benefits and have not received an acknowledgment in the mail, you may want to contact Social Security and Medicare to verify eligibility.

8. Beneficiary designation

Review your beneficiary designation information on file for your MSRS retirement, as well as your MNDGP and HCSP accounts.

Retirement Timetable

It's important to map out a retirement planning strategy well in advance of your retirement date, but it's never too late to start planning or saving. MSRS retirement counselors are available to assist you along the way.



Throughout Your Career

- Establish savings goals that will generate the income you want to have when you retire.
- Evaluate your personal finances periodically as they relate to meeting your financial needs at retirement.
- Research purchasing eligible service credit as soon as possible. This includes any active military service or time worked in other covered retirement plans.
- Review information online or contact an MSRS retirement counselor with questions regarding your retirement benefits. Stay informed!
- Enroll and take advantage of the Minnesota Deferred Compensation Plan (MNDCP). You will receive a yearly match from your employer. The match is a bargained benefit.



Mid Career

- Continue to pursue prior service credit possibilities.
- Review your savings goals to determine if you're still on track.
- Age 50 or older? Consider maximizing your contribution amount to MNDCP. The IRS permits you to contribute more than the standard contribution amount.
- If you're not enrolled in MNDCP, contact MSRS to enroll and determine your investment allocation to make sure you carry the right amount of risk.



3 5 Years From Retirement

- Attend a free MSRS pre-retirement seminar.
- Determine Catch-Up eligibility. The Catch-Up Provision allows you to contribute up to double the standard maximum contribution limit for three consecutive calendar years prior to reaching your normal retirement age. Contact an MSRS representative to see if you are eligible.



12 Months From Retirement

- Contact MSRS for an audited estimate of your retirement benefits. Ask about survivor coverage options.
- Attend a free MSRS retirement seminar.
- Review MNDGP distribution options available at retirement.
- Gather information to prepare your retirement budget.
- Calculate your expected Social Security income.



6 Months From Retirement

- Discuss your benefit estimate and payment options with your family and financial advisor.
- Prepare a retirement budget. Compare your retirement expenses against your MSRS benefit, Social Security, MNDGP and any other retirement income that will be available to you.
- Contact your employer about health and life insurance options available after you retire.
- Check to see if you are eligible for severance pay. If so, determine if it will be deposited in the MSRS Health Care Savings Plan (HCSP) account.



3 Months From Retirement

- Ensure that purchases/ transfers of prior service are complete.
- Notify your department personnel office regarding your intention to retire. Find out when you should submit a letter of resignation.
- Contact your local Social Security office to file for benefits (if age 62 or older and are eligible for benefits).

IMPORTANT!

Review your MSRS benefit statement and contact MSRS if you find any discrepancies.

Applying for Retirement

Applying for retirement is easy, but your retirement decisions can be complex. Contact MSRS two months before you plan to retire. We want to make sure you fully understand your retirement benefit and options before you submit your application. Retirement counselors are also available for individual sessions at one of our offices.



Forms to Complete

You will need to complete a retirement application when you are ready to retire and begin collecting monthly benefits. MSRS will also need additional documents in order to complete your application. All forms are available on the MSRS website.

1 | Retirement Plan Benefit Application

You must sign the application in the presence of a notary. If you are married, your spouse must sign the application in the presence of a notary to acknowledge the benefit option you selected.

2 | Direct Deposit Agreement

(optional, but recommended)

Monthly payments can be deposited into your bank account through direct deposit. It is the safest, fastest, and most convenient way to receive your monthly payment. Generally your benefit is sent to your financial institution the first business day of each month. If you do not want direct deposit, a paper check will be mailed to you. You can sign up for direct deposit when you apply for a monthly benefit or any time in the future.

3 | Authorization for Insurance Premium Deductions

(optional, but must meet eligibility requirements)

The Pension Protection Act of 2006 allows certain retired and disabled public safety officers to reduce taxable income by up to \$3,000 annually to pay qualified insurance premiums. If you are a public safety officer, you may choose to have qualified medical, dental, or long-term care insurance premiums deducted from your retirement benefit.

4 | Tax Withholding Election

(required, if applicable)

Your retirement benefit is taxable income. Complete the Substitute W-4P Tax form to have federal and/or Minnesota income tax withheld from your monthly benefit.

AN IMPORTANT DECISION: CHOOSING SURVIVOR OPTIONS

It is important when applying for a benefit to carefully consider the survivor options available. Your spouse must sign the retirement application in the presence of a notary. If your spouse does not sign the application and no survivor option is selected, we are required to pay the 50% joint and-survivor option.



Documents to Provide

1 | Birth Records

(required for you and your survivor)

Payments cannot begin until you provide MSRS with a copy of your birth record. In addition, if you select a survivor option, you must provide a copy of your survivor's birth record. Please write your MSRS Account ID or Social Security number on your survivor's birth record.

2 | Copy of Your Marriage Certificate

(required, if applicable)

3 | Certified Copy of Divorce Decree and/or Domestic Relations Order

(required, if applicable)

During a marriage dissolution proceeding, the court may decide to divide the assets of the MSRS retirement plan between the parties. If you are currently divorced, or have been divorced, you must provide MSRS with certified copies of any divorce decrees and/or domestic relations order (DRO) before you can collect a retirement or disability benefit, even if the assets will not be divided between the parties. For more information on how divorce may affect your benefit, please contact MSRS.

Service with Another Minnesota Public Employer

If you had service with another Minnesota public employer, for example, Teachers Retirement Association (TRA) or Public Employees Retirement Association (PERA), the service credit earned from all plans can be combined with your MSRS service to qualify for a retirement benefit. We call this a Combined Service Annuity (CSA).

The service credit that you have accumulated will remain with the retirement plan where it was earned. When you retire, you will receive a separate payment from that retirement plan provider.

Be sure to contact your other retirement plan administrators to learn how to apply for benefits and when you can expect payments. You will need to obtain and submit the necessary paperwork to the appropriate plan administrator to receive benefits.

Contact Information:



Contact a **PERA** representative at
651-296-7460 or 1-800-652-9026

Contact a **TRA** representative at
651-296-2409 or 1-800-657-3669



Online at **www.mnpera.org**

Online at **www.minnesotatra.org**

Re-Employment After Retirement

For many, retirement means pursuing a second career. Perhaps it is a hobby that you pursue as a paid position. Maybe it means returning to work, but working fewer hours or part-time. Your MSRS monthly benefits do not stop if you are employed by private industry, federal or local government, or a state government other than Minnesota.

Things you should consider if you return to work with the State of Minnesota:

- In most cases you must wait at least 30 days after your retirement date to be re-employed in a position normally covered by MSRS. Contact MSRS for more detail.
- Retirement deductions are not withheld from your salary if you return to a position covered by MSRS.
- If you are under full Social Security retirement age, you may be subject to an earnings limitation. If you exceed the earnings limit, your benefit payment will be stopped for the remainder of the calendar year. Contact MSRS for more information.



After Retirement

First Benefit Payment

You will receive your first benefit payment from MSRS about **SIX WEEKS** after your benefit start date. Please plan accordingly. Around the time your first benefit is paid, you will receive a benefit authorization letter from MSRS which will:

- Verify the amount of your first payment and the ongoing benefit amount
- Confirm your optional benefit selection (for example, 100% Joint-and-Survivor benefit)
- Verify when you will receive your ongoing monthly benefit
- Provide important tax information

Subsequent Monthly Payments

If you sign up for direct deposit, payments will typically be available in your bank account the first business day of the month. If you receive payment by check, add five business days for mailing time.

NOTE!

You have 30 days from the date of the benefit authorization letter to change the benefit option.



Tax Withholding from Benefit Payments

At your request, federal and/or Minnesota state taxes can be withheld from your benefit payments. There are three ways to start, stop or change income tax withholding:



Log in to your pension account online
www.msrs.state.mn.us



Speak to an MSRS representative
651-296-2761 or 1-800-657-5757.



Complete and mail a Tax Withholding Election form that can be obtained on the MSRS website.

Income Tax Reporting

All or most of your monthly benefit is subject to federal and state income taxes. Each January, MSRS will send you a Form 1099-R tax form. This form shows the total benefit payments you received during the previous year; the amount that is taxable income; and the amount withheld for federal or Minnesota state taxes, if any.

Marriage Dissolution after Retirement

When a marriage dissolution occurs after retirement, a percentage or dollar amount of your benefit can be awarded to your former spouse. Both parties are granted a post-retirement increase on their portion of the benefit. The benefit option elected at retirement can be revoked only if the payment will not be split between the parties. Please contact MSRS in advance of a divorce so we can explain your option.

POST-RETIREMENT INCREASES

Each January you may be eligible to receive a post-retirement benefit increase. There could be a waiting period for your first increase, and depending on when you retired, the first increase may be prorated. You will receive a letter each December to confirm your benefit increase.



Form **1040** Department of the Treasury Internal Revenue Service
U.S. Individual Income Tax Return
For the year Jan. 1-Dec. 31, 2011
Your first name and last name
If a joint return, spouse's first name and initial
Address (number and street). If you have a P.O. box, see instructions
City, town or post office, state, and ZIP code. If you have a foreign address, a foreign country name
Filing Status
Check only one box.
1 ☐ Single
2 ☐ Married filing jointly (even if only one spouse has income)
3 ☐ Married filing separately. Enter name and full name of spouse on separate return.
Exemptions

Disability Retirement Benefits

As a member of the State Patrol Plan, you have disability protection. This is an important benefit. If eligible, it will pay you a disability benefit for your lifetime or until you are no longer disabled.



State Patrol Disability

Definition of Disability

The law defines a disability as a physical or psychological condition lasting at least one year that prevents a member from performing normal job duties.

Types of Disability Benefits

Duty Disability

The disability condition or injury must occur during job duties that bear an inherent risk of the position. To be eligible for duty disability, you need a minimum of one day of service. The disability benefit provides a minimum of 60% of your high-five average salary.

Regular Disability

To qualify for a regular disability benefit, an employee must have at least one year of service. The disability benefit provides a minimum of 45% of your high-five average salary.

Disability Application and Review Process

To receive more information about applying for a disability benefit we recommend that you contact our office to obtain the necessary documents to apply.

There are important timelines you need to consider when applying for a disability. Please consider the following:

- You cannot apply for a disability benefit until after your last work day.
- After that time, apply for a benefit immediately. We strongly recommend not waiting for your sick leave or vacation to run out.
- You cannot apply for a disability benefit more than 18 months after you end your employment.

When you apply for a disability benefit, MSRS will need documentation of your disability.

The following documents are required:

- Completed **Disability Retirement Application**.
- A **Physician's Statement** must be completed by two doctors regarding your disability.
- An **Employer Certification** must be completed by your employing department.

The documents will be reviewed by the MSRS medical consultant, who makes a recommendation to the MSRS Executive Director about the extent of your disability.

If your disability application is approved, your benefit will begin after you receive payment for all your accumulated overtime, vacation and sick leave hours. Your disability benefit will end in the month that you die unless you select survivor coverage.

Following disability approval, you must submit medical records supporting the ongoing disabling condition once a year for the first five years, then once every three years until you reach normal retirement age. You must submit these medical documents for your disability benefit to continue.

If your disability application is denied, you may appeal the decision to the MSRS Board of Directors.

DISABILITY BENEFIT APPLICATION DEADLINE

You must apply for a disability benefit within 18 months after you end state employment.

Survivor Coverage With a Disability Benefit

When you apply for a disability benefit you can choose the **Single-Life benefit**, the **Joint-and-Survivor benefit** with one of its three options (100, 75, or 50 percent) or the **Life Income, 15-Year Certain**. Refer to the **Benefit Choice section** for more information.

With a disability, if you choose the Single-Life benefit you have another chance to select a benefit to provide coverage for your survivor. You can make this choice within 60 days of normal retirement age or after five years, whichever is later. It is important to note that if you die before you change your selection, no survivor coverage is provided.

If you did not select a Joint-and- Survivor option and die, any balance in your retirement account is refunded, in the following order: beneficiary, spouse, children, parents, estate. Generally, your account balance is gone approximately two to three years of receiving benefits.

Workers' Compensation and Your Disability Benefit

If you are receiving a disability benefit and qualify for Workers' Compensation, your Workers' Compensation may be reduced by the amount you are receiving for a retirement disability benefit.



Review compensation information:
mn.gov/admin/government/risk/workers-comp/



Contact the Minnesota Department of Administration:
651.201.2555

RE-EMPLOYMENT AFTER YOU ARE DISABLED

There may be restrictions on your earnings if you return to work and are no longer disabled. Please call MSRS for more information.





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

1.800.657.5757 or 651.296.2761
www.msrs.state.mn.us