



# Judges RETIREMENT PLAN



ELECTED OR APPOINTED BEFORE JULY 1, 2013

**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 in this handbook and the law or policies that govern MSRS, the law and policies will prevail. Plan provisions may be subject to law changes.

This communication was created by MSRS. Neither Great-West Life & Annuity Insurance Company nor any of its subsidiaries have reviewed or approved these materials or are responsible for the materials or for providing updated information with respect to the materials.

## Our Mission

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

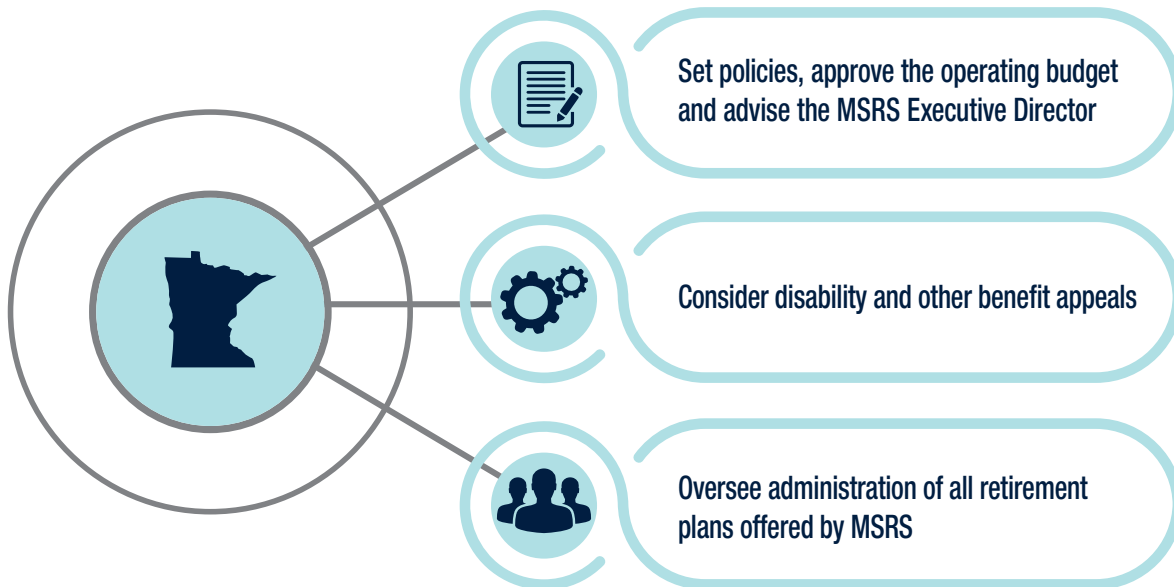
# How We Work

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 Retirement Plan, the Correctional Retirement 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 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 accumulate tax-free, and since reimbursements are used for eligible health care expenses, they remain tax-free.

## Questions?



Contact the MSRS Service Center:  
**1.800.657.5757 or 651.296.2761**



Go online:  
**[www.msrs.state.mn.us](http://www.msrs.state.mn.us)**



Email us:  
**[info@msrs.us](mailto:info@msrs.us)**



Make an appointment to speak with a retirement representative at one of our offices.

## Locations

### **St. Paul - Main Office**

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

### **Additional Offices**

Addresses and hours of operation available online.

- Duluth
- Mankato
- St. Cloud
- Detroit Lakes

# 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 an 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 a PIN, your account ID cannot be changed.
- Your account ID should only be used in conjunction with MSRS-related correspondence.



# Judges Retirement Plan

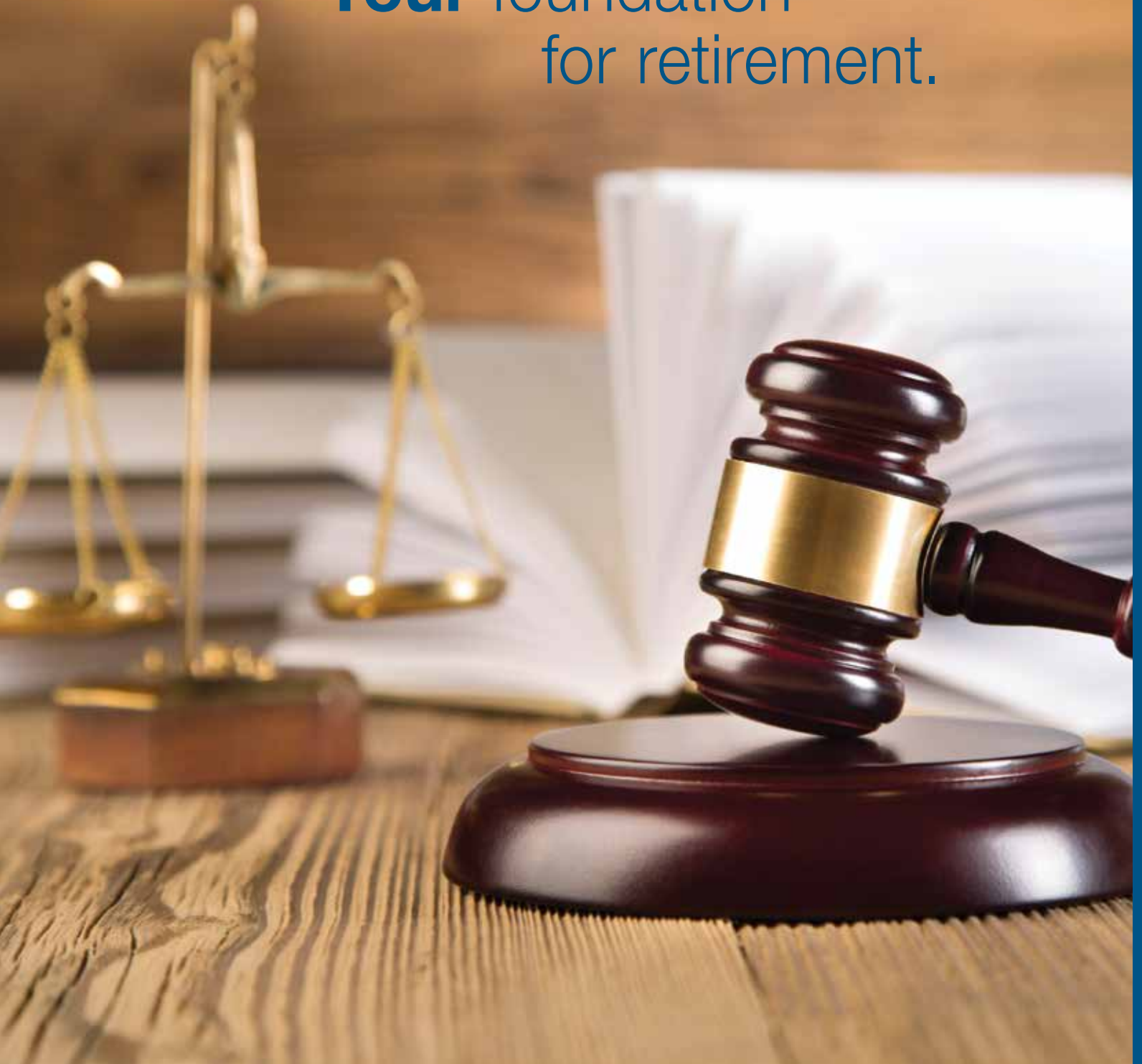
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The Judges Plan is administered by the Minnesota State Retirement System (MSRS). This plan provides retirement, survivor and disability coverage for a judge or justice. You can access your benefit information on the MSRS website, your benefit statements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

The Judges 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.



**Your** foundation  
for retirement.



# How Your Retirement Plan Works

As a Judges Plan member, you contribute 9% of salary. The courts contribute 22.5%.

Once you are vested in the plan, after five 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 earned after 20 years of service. The assumptions are made for illustrative purposes.

Assumptions	
Age at retirement:	65
Allowable service:	20 years
Final high-five annual salary:	\$150,000
Annual post-retirement increase:	1.75%
Benefit payment option:	Single-Life
Length of retirement	17 years (to age 82)

Calculations:
20 years x 3.2% = 64%
<div><div>\$150,000 (your annual high-five monthly salary)</div><div>x 64%</div><div>\$96,000 per year ÷ 12 =</div></div>
<b>\$8,000 per month retirement benefit</b>



Age	Monthly Benefit	Annual Benefit
65	\$8,000	\$96,000
66	8,140	97,680
67	8,282	99,389
68	8,427	101,129
69	8,575	102,898
70	8,725	104,699
71	8,878	106,531
72	9,033	108,396
73	9,191	110,293
74	9,352	112,223
75	9,516	114,187
76	9,682	116,185
77	9,852	118,218
78	10,024	120,287
79	10,199	122,392
80	10,378	124,534
81	10,559	126,713
82	10,744	128,931
	\$167,557	\$2,010,685*

## 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.

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**Total Benefits received age 82:**  
**\$2,010,685\***

**Amount you contributed:**  
**\$180,000- \$220,000**

If you live beyond age 82, the value of your benefit will be even greater.

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\* FOR ILLUSTRATIVE PURPOSES ONLY.  
Intended to illustrate the effects of a 1.75% annual post-retirement increase. Assumes beginning monthly single-life benefit of \$8,000 and retirement at age 65. Annual increase is defined in Minnesota Statute and may be subject to change.



# 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.

<b>ALLOWABLE SERVICE CREDIT</b>	<b>X</b>	<b>BENEFIT MULTIPLIER</b>	<b>X</b>	<b>HIGH FIVE SALARY</b>	<b>=</b>	<b>MONTHLY BENEFIT</b>
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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 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. Judicial plan members receive 3.2% per year of service. We take your years and months of service and convert these to a percentage through a retirement formula.

## 3 | High-Five Salary

The third part of the calculation used to determine your retirement benefit is your highest five years of the last ten years of statutory earnings. For most employees, the high-five salary is the last five years of employment. This is not always the case for everyone.

### 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.





Stearns County Courthouse St. Cloud, Minnesota

## The High-Five Average Salary Calculation in Detail

When calculating your high-five salary, we use the highest five years of statutory earnings in the last ten years of service as a judge (5 years x 12 months = 60 months).

The Court Administration reports your salary along with your retirement deductions each pay period to MSRS. This allows us to accurately calculate your high-five salary.

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	\$141,004
2	145,365
3	149,861
4	154,496
5	159,274
<b>Total</b>	<b>\$750,000</b>

Calculations:
\$ 750,000 total high-five salary ÷ 5 years \$ 150,000 average annual salary ÷ 12 months \$ 12,500 average monthly salary



# Early Retirement Reduction

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

If you retire before age 65, your monthly benefit would be reduced using an early retirement factor.

Here is an example if your retire at age 62.

Calculations:	
\$ 8,000	(your monthly benefit)
x 18%	(reduction 6% x 3 years)
<hr/>	
\$ 1,440	per month
<hr/>	
\$ 8,000	(your monthly benefit)
– \$ 1,440	(early retirement reduction)
<hr/>	
\$ 6,560	monthly benefit

Age at Retirement	Reduction Factor
65	0%
64	6%
63	12%
62	18%
61	24%
60	30%



Minnesota Judicial Building- St. Paul, MN

# 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 as your average monthly 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
1. _____	\$ _____
2. _____	\$ _____
3. _____	\$ _____
4. _____	\$ _____
5. _____	\$ _____

Total \$ \_\_\_\_\_

÷ 60

Average monthly salary: \$ \_\_\_\_\_

### 2. Your Calculations:

Average monthly salary: \$ \_\_\_\_\_

Factor from chart: x \_\_\_\_\_

= Monthly Benefit: \$ \_\_\_\_\_



## Age at Retirement

Years of Service	60	61	62	63	64	65
<b>5</b>	11.20%	12.16%	13.12%	14.08%	15.04%	16.00%
<b>6</b>	13.44	14.59	15.74	16.90	18.05	19.20
<b>7</b>	15.68	17.02	18.37	19.71	21.06	22.40
<b>8</b>	17.92	19.46	20.99	22.53	24.06	25.60
<b>9</b>	20.16	21.89	23.62	25.34	27.07	28.80
<b>10</b>	22.40	24.32	26.24	28.16	30.08	32.00
<b>11</b>	24.64	26.75	28.86	30.98	33.09	35.20
<b>12</b>	26.88	29.18	31.49	33.79	36.10	38.40
<b>13</b>	29.12	31.62	34.11	36.61	39.10	41.60
<b>14</b>	31.36	34.05	36.74	39.42	42.11	44.80
<b>15</b>	33.60	36.48	39.36	42.24	45.12	48.00
<b>16</b>	35.84	38.91	41.98	45.06	48.13	51.20
<b>17</b>	38.08	41.34	44.61	47.87	51.14	54.40
<b>18</b>	40.32	43.78	47.23	50.69	54.14	57.60
<b>19</b>	42.56	46.21	49.86	53.50	57.15	60.80
<b>20</b>	44.80	48.64	52.48	56.32	60.16	64.00
<b>21</b>	47.04	51.07	55.10	59.14	63.17	67.20
<b>22</b>	49.28	53.50	57.73	61.95	66.18	70.40
<b>23</b>	51.52	55.94	60.35	64.77	69.18	73.60
<b>24</b>	53.76	58.37	62.98	67.58	72.19	76.80

# Combined Service Annuity

Many employees have worked for a Minnesota city, county or school district. If you were covered by another Minnesota public retirement plan, this may combine with your Judges Plan service. We call this a Combined Service Annuity (CSA).

Your service with other plans counts toward vesting in the Judges Plan. In addition, we use the same high-five salary to calculate the monthly retirement benefit from all plans, which can increase the overall value of your retirement benefit.

## Reinstating Service With Another Public Retirement Plan

Many state employees who had service with another Minnesota public retirement plan forfeited that service by taking a refund of the contributions. If you currently work 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, you can request a refund of your retirement contributions. The refund includes your deductions plus interest 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.

To apply for a refund, contact MSRS to obtain the information.



Washington County courthouse Stillwater, MN

# 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 that 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.

### PURCHASING LEAVE

You must make all payments within one year of your retirement date.



# Service Credit for Military Service

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 Service Prior to State Employment

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



# 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 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, the greater the reduction in your monthly benefit. The age of your survivor may 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 with Bounce-Back Feature

### > Provides maximum survivor coverage

If you select the 100% Joint-and-Survivor option, you will receive a monthly benefit for your lifetime. When you die, your named survivor will continue to receive the same amount you were receiving payable for their lifetime. 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% Joint-and-Survivor Benefit without Bounce-Back Feature

### > Provides maximum survivor coverage

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

If your named survivor dies before you, your benefit will not change.

100% Option With Bounce-Back Feature					
Benefit amount per \$100 of Single-Life benefit					
Survivor's Age					
Employee's Retirement Age	59	61	63	65	67
60	88.48	89.25	90.00	90.76	91.49
61	87.59	88.40	89.20	90.00	90.78
62	86.63	87.48	88.33	89.18	90.02
63	85.62	86.51	87.41	88.30	89.20
64	84.54	85.47	86.41	87.36	88.31
65	83.4	84.36	85.34	86.35	87.35
66	82.18	83.18	84.21	85.25	86.31
67	80.89	81.92	82.99	84.09	85.20
68	79.53	80.59	81.69	82.83	84.00
69	78.09	79.18	80.32	81.50	82.72
70	76.58	77.69	78.86	80.09	81.35

100% Option Without Bounce-Back Feature					
Benefit amount per \$100 of Single-Life benefit					
Survivor's Age					
Employee's Retirement Age	59	61	63	65	67
60	89.45	90.32	91.18	92.03	92.85
61	88.59	89.50	90.41	91.32	92.21
62	87.66	88.62	89.59	90.55	91.50
63	86.67	87.68	88.70	89.72	90.74
64	85.61	86.67	87.74	88.82	89.90
65	84.49	85.58	86.71	87.85	89.00
66	83.28	84.42	85.60	86.8	88.01
67	82.01	83.18	84.41	85.66	86.94
68	80.65	81.87	83.13	84.44	85.79
69	79.22	80.47	81.78	83.14	84.55
70	77.71	78.99	80.33	81.74	83.21

# 75% Joint-and-Survivor Benefit with Bounce-Back Feature

## > Provides some survivor coverage

If you select the 75% Joint-and-Survivor option, you will receive a monthly benefit for your lifetime. When you die, your named survivor will receive 75% of the amount you were receiving payable for their 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.

75% Option With Bounce-Back Feature					
Benefit amount per \$100 of Single-Life benefit					
Survivor's Age					
Employee's Retirement Age	59	61	63	65	67
60	91.10	91.71	92.31	92.90	93.48
61	90.39	91.03	91.67	92.31	92.92
62	89.63	90.31	90.99	91.66	92.32
63	88.81	89.53	90.25	90.96	91.67
64	87.94	88.69	89.45	90.21	90.97
65	87.01	87.79	88.59	89.40	90.20
66	86.01	86.83	87.67	88.52	89.37
67	84.95	85.80	86.68	87.57	88.47
68	83.82	84.70	85.61	86.55	87.50
69	82.61	83.53	84.47	85.45	86.45
70	81.34	82.28	83.26	84.28	85.33

# 75% Joint-and-Survivor Benefit without Bounce-Back Feature

## > Provides some survivor coverage

If you select the 75% Joint-and-Survivor option, you will receive a monthly benefit for your lifetime. When you die, your named survivor will receive 75% of the amount you were receiving payable for their lifetime.

If your named survivor dies before you, your monthly benefit will not change.

75% Option Without Bounce-Back Feature					
Benefit amount per \$100 of Single-Life benefit					
Survivor's Age					
Employee's Retirement Age	59	61	63	65	67
60	91.88	92.56	93.24	93.90	94.54
61	91.19	91.91	92.63	93.34	94.04
62	90.45	91.22	91.98	92.74	93.49
63	89.66	90.46	91.28	92.09	92.89
64	88.81	89.66	90.51	91.37	92.23
65	87.89	88.78	89.69	90.6	91.51
66	86.92	87.84	88.79	89.76	90.73
67	85.87	86.83	87.83	88.85	89.88
68	84.75	85.75	86.79	87.86	88.95
69	83.56	84.60	85.68	86.80	87.94
70	82.30	83.37	84.49	85.65	86.86

# 50% Joint-and-Survivor Benefit with Bounce-Back Feature

## > Provides some survivor coverage

If you select the 50% Joint-and-Survivor option, you will receive a monthly benefit for your lifetime. When you die, your named survivor will receive 50% of the amount you were receiving payable for their 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.

50% Option With Bounce-Back Feature					
Benefit amount per \$100 of Single-Life benefit					
Survivor's Age					
Employee's Retirement Age	59	61	63	65	67
60	93.89	94.32	94.74	95.15	95.55
61	93.38	93.84	94.29	94.73	95.17
62	92.84	93.32	93.81	94.28	94.75
63	92.25	92.77	93.28	93.79	94.29
64	91.62	92.16	92.71	93.25	93.79
65	90.95	91.52	92.09	92.67	93.25
66	90.22	90.82	91.43	92.04	92.65
67	89.44	90.06	90.70	91.35	92.01
68	88.6	89.25	89.92	90.61	91.30
69	87.7	88.38	89.08	89.81	90.54
70	86.74	87.45	88.18	88.94	89.72

# 50% Joint-and-Survivor Benefit without Bounce-Back Feature

## > Provides some survivor coverage

If you select the 50% Joint-and-Survivor option, you will receive a monthly benefit for your lifetime. When you die, your named survivor will receive 50% of the amount you were receiving payable for their lifetime.

If your named survivor dies before you, your benefit will not change.

50% Option Without Bounce-Back Feature					
Benefit amount per \$100 of Single-Life benefit					
Survivor's Age					
Employee's Retirement Age	59	61	63	65	67
60	94.43	94.91	95.39	95.85	96.29
61	93.95	94.46	94.97	95.46	95.94
62	93.43	93.97	94.51	95.04	95.56
63	92.86	93.43	94.01	94.58	95.14
64	92.25	92.86	93.47	94.08	94.68
65	91.59	92.23	92.88	93.53	94.18
66	90.88	91.55	92.24	92.93	93.62
67	90.11	90.82	91.54	92.28	93.02
68	89.29	90.03	90.79	91.57	92.35
69	88.41	89.18	89.97	90.79	91.63
70	87.46	88.26	89.09	89.96	90.84

# Life Income 15-Year Certain

## > Provides you a lifetime monthly benefit

This option is most commonly used by someone who wants to preserve assets for their children and does not have a spouse. You may name more than one survivor. If you die before collecting monthly benefits for 15 years, your survivor(s) will receive monthly payments for the remainder of the 15-year term.

If you live longer than 15 years, your monthly benefit continues for your lifetime. When you die, your survivor will receive no benefit.

If both you and your survivor die before the 15 years, the balance would be paid to your estate.

## How We Determine the Amount

For this option, you would receive a percentage of the Single-Life benefit amount. For example, at age 62, you would receive 95.86% of the Single-Life Benefit amount. We use only your age to calculate the Life Income, 15-Year Certain amount. By selecting this option, your monthly benefit amount is permanently reduced and there is no bounce-back as the joint-and-survivor options offer.

Life Income 15-Year Certain	
Benefit amount per \$100 of Single-Life benefit	
Employee's Retirement Age	Percentage of single life amount
60	96.67
61	96.27
62	95.81
63	95.29
64	94.72
65	94.09
66	93.38
67	93.25
68	92.58
69	91.66
70	89.56



# Comparing Benefit Choices

Here is an example that compares your various options. This comparison chart assumes a \$6,560 Single-Life monthly pension and the retiree and survivor are age 65.

Benefit Type	Your Benefit	Survivor Benefit	Bounce Back
Single Life	\$6,560	N/A	N/A
Joint-and-Survivor <b>with</b> Bounce-Back Feature			
100% option	\$5,664	\$5,664	\$6,560
75% option	\$5,864	\$4,398	\$6,560
50% option	\$6,079	\$3,039	\$6,560
Joint-and-Survivor <b>without</b> Bounce-Back Feature			
100% option	\$5,762	\$5,762	\$5,762
75% option	\$5,943	\$4,457	\$5,943
50% option	\$6,135	\$3,067	\$6,135
Life Income - 15-Year Certain			
	\$6,197	\$6,197*	N/A

\* Only until the 15-yr term has ended.



# Beneficiary and Survivor Benefits Before Retirement

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% of the full retirement benefit you earned as of the date of death, or equal to 25% of your high-five salary, whichever is larger. Your spouse is automatically the beneficiary for this survivor benefit. If you are at least 60 and have five or more years of service as a judge and die, your spouse is eligible for the 100% Joint-and-Survivor benefit.

## Dependent Child Benefit

If you have no spouse, but have a dependent child or children, then payment of the survivor benefit is paid to the guardian or directly to the child(ren). The benefit is divided by the number of children. Payments continue to your dependent child until age 18 or age 22, if the child is a full-time student and unmarried.

## No Surviving Spouse or Children

If there is neither a spouse nor dependent child(ren), then your beneficiary, or if none, your estate receives a lump-sum refund of your contributions plus interest.

### To receive a Beneficiary Designation Form:



Contact an MSRS representative at  
**651.296.2761 or 1.800.657.5757**



Available online at **[www.msrs.state.mn.us](http://www.msrs.state.mn.us)**



Rock County courthouse - Luverne, MN

# Retirement Checklist & Timetable

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

### 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. 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 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 such as the Public Employees Retirement Association (PERA) or Teachers Retirement Association (TRA), you will need to contact that retirement plan administrator 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, 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 pension plan, as well as your MNDGP and HCSP accounts.

#### NOTE

Your pension beneficiary only applies if you elect the Single-Life option.

# 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

- Enroll and take advantage of the Minnesota Deferred Compensation Plan (MNDCP). You may receive a yearly match from your employer. The match is a bargained benefit.
- 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.
- Stay informed! Review plan information online or contact MSRS with questions about your retirement benefits.



## Mid Career

- Review your savings goals to determine if you're still on track.
- 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.
- If you are age 50 or older, consider maximizing your MNDCP contribution amount. The IRS permits you to contribute more than the standard contribution amount.
- Continue to pursue prior service credit purchases.



## 3 5 Years From Retirement

- Attend a free MSRS pre-retirement seminar. More information about seminars is available at: [www.msrs.state.mn.us](http://www.msrs.state.mn.us)
- Determine MNDCP Catch-Up eligibility. The Catch-Up Provision allows you to contribute up to double the standard maximum contribution limit for three consecutive calendar year prior to reaching your normal retirement age. Contact MSRS to find out if you are eligible.
- Prepare a retirement budget. Compare your budget against your MSRS pension benefit, Social Security, MNDCP and any other retirement income to see if you may need to save more.





### 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. Forms are available on the MSRS website.

## 1 | Retirement Plan Benefit Application

**(required)**

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.

Your retirement benefit is taxable income. You will need to complete the tax withholding sections of your application. If you do not choose one of the options on the form, federal taxes will be withheld as if you are married with three allowances, regardless of your marital status. MSRS will not withhold Minnesota state taxes unless directed to do so.

## 2 | 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. You may choose to have qualified medical, dental or long-term care insurance premiums deducted from your retirement benefit.

## 3 | 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.

### 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](http://www.mnpera.org)**

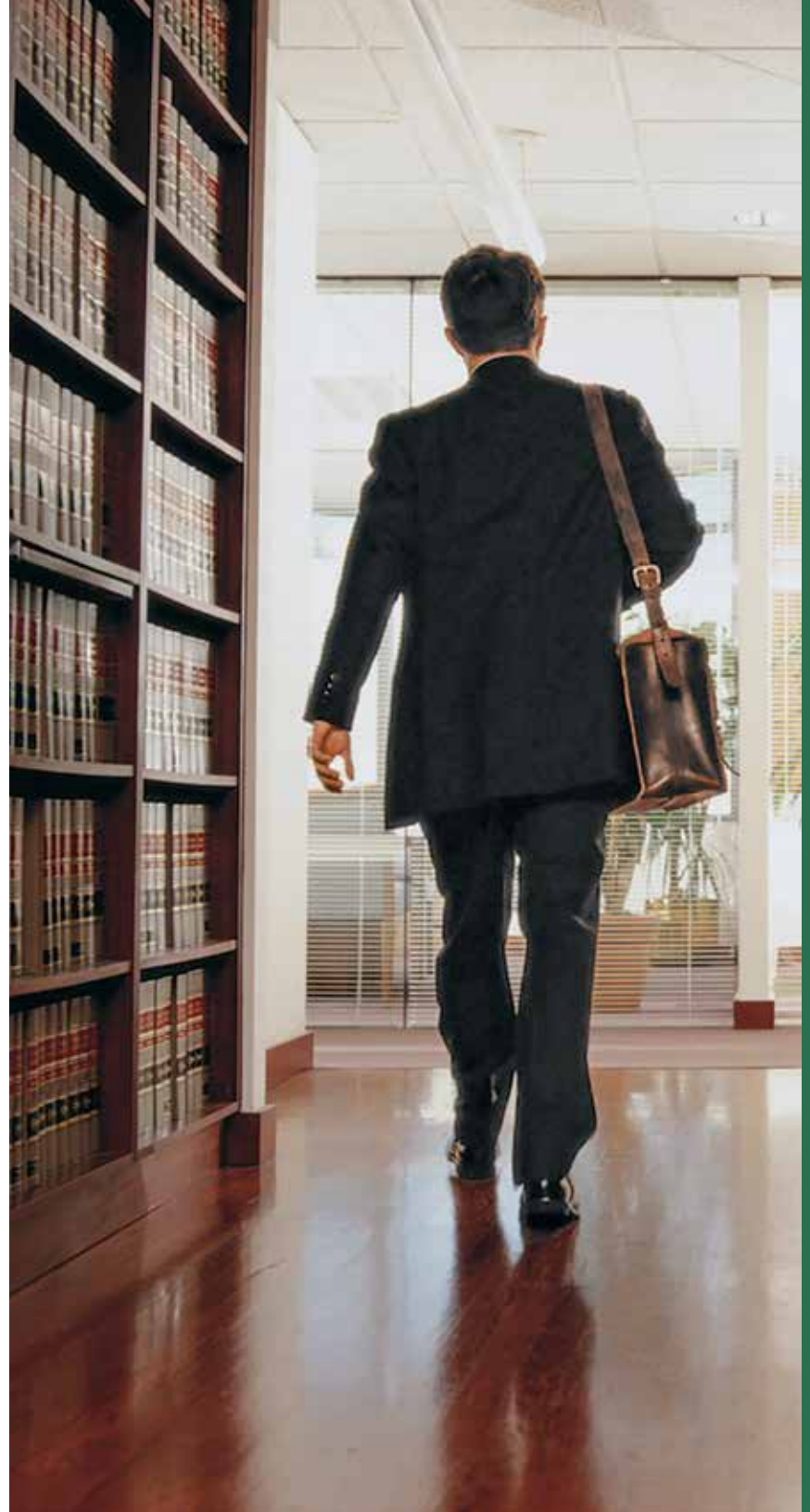
Online at **[www.minnesotatra.org](http://www.minnesotatra.org)**

# 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.

## Considerations for Returning 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](http://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.  
☐ Single  
☐ Married filing jointly (even if only one spouse has income)  
☐ Married filing separately



# Disability Retirement Benefits

As a member of the Judges Retirement 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. Your age at the time of your disability is not a factor.



# Judges Disability

## Definition of Disability

The law defines a disability as the permanent inability to continue to perform the functions of a judge by reason of physical or psychological impairment resulting from sickness or injury.

## Eligibility

To qualify for disability benefits, you need five years of service and must meet the definition of disability. The governor determines whether you are disabled. If the governor determines, based on medical reports, that you are no longer able to perform your judicial duties, the governor may grant you a disability.

## Calculations for Disability Benefits

As a disabled judge, you are entitled to full salary for one year after the disability date, but not beyond age 70. During the one-year period, retirement deductions continue from your salary. You earn service credit and increase your high-five average salary. MSRS disability benefits start after the year of paid salary. If you have ended your employment, the disability must have occurred while employed in an MSRS covered position.

We calculate your disability benefit the same way we calculate your retirement benefit. We base your disability benefit on your length of service and your high-five average salary. The minimum benefit is no less than 25% of your high-five average salary. The one difference in how we calculate your disability benefit is that we do not apply a reduction in your benefit if you are under age 65.

## Survivor Coverage With a Disability Benefit

When you apply for a disability benefit you can choose the **Single-Life benefit**, a **Joint-and-Survivor benefit** with one of its six options (100, 75, or 50% with or without the bounce-back feature) or the **Life Income, 15-Year Certain**. Refer to the **Benefit Choice** section for more information.

If you die while receiving full salary for the one-year period, your surviving spouse is eligible for a monthly benefit equal to 60% of the full retirement benefit earned at the date of death, but not less than 25% 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 and unmarried.

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 depleted approximately two to three years of receiving benefits.



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](http://www.msrs.state.mn.us)