ANNUAL COMPREHENSIVE Financial Report 2025

For the Fiscal Year Ended June 30, 2025

Minnesota State Retirement System
Pension Trust Funds of the State of Minnesota

Minnesota State Retirement System

MSRS Minnesota State Retirement System

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025
Prepared by MSRS Finance and Executive Division Staff

Retirement Systems of Minnesota Building

60 Empire Drive, Suite 300

St. Paul, MN 55103-3000

1.800.657.5757 | 651.296.2761

info@mnretire.gov | www.mnretire.gov

Member of the Government Finance Officers Association of the United States and Canada

Pension Trust Funds of the State of Minnesota

Executive Director, Erin Leonard

MSRS communications can be made available in alternative formats upon request. Contact MSRS to obtain an alternate format.

Table of Contents

Introductory Section

Financial Section

Investment Section

Table of Contents

Actuarial Section

Statistical Section


SAY Yes
TO NEW
Adventure
MEDITERRANEAN SEA
CYPRUS
ISRAEL
JORDAN
SOMALIA
MALDIVES
SRI LANKA
Colombo
THAILAND
VIETNAM
MALAYSIA
SINGAPORE
INDONESIA
PHILIPPINES
TAIWAN
Taipei
Hong Kong
EAST TIMOR
TRAVELER'S notebook

Introductory

Board Chairperson's Report

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

December 23, 2025

Dear Members, Benefit Recipients, and Employers:

The plans administered by the Minnesota State Retirement Systems (MSRS) continue to be strong in fiscal year 2025. For the third year in a row, the Combined Funds of our Minnesota pension plans met or surpassed both the investment benchmarks and the actuarial assumed rate of return. This year, a 10.9 percent return contributed to the strong position of our pension plans.

Actuarially, based on recent experience studies, a number of assumptions were changed to more closely match actual experience for three of MSRS' retirement plans. In addition, MSRS adopted a layered method of amortizing the actuarial liability, allowing for more transparency and better matching of benefit costs to appropriate time periods. There were also a number of changes made to plan provisions during the last legislative session. Through all of these changes, the funding status of the State Employees Retirement Plan was an impressive 98.42 percent based on the fair value of assets. Funding statuses for the three other large MSRS plans improved over the ratios from fiscal year 2024. These results show that the MSRS Board's ongoing work to monitor and improve the MSRS plans continues to provide stability, even in the face of changes in investment return assumptions, legislative changes, and other actuarial assumption adjustments.

As of June 30, 2025, MSRS' fiduciary net position totaled over $37.0 billion, an increase of 8.68 percent from the prior year, as a result of investment returns. The Board monitors MSRS' financial position on an ongoing basis and reviews, identifies, and proposes proactive measures to ensure that MSRS provides financially secure retirement plans which pay promised retirement benefits both now and in the future.

The MSRS Board remains committed to being a leader in public pension plan policy. We take our fiduciary duty to our plans seriously, and strive to provide our members with a secure, sustainable and reliable retirement plan.

We truly appreciate your continued support.

Sincerely,

Mary Benner

Mary Benner, Chair
Board of Directors

Achievement Awards

GFOA
Government Finance Officers Association

The Government Finance Officers Association (GFOA) recognizes public retirement systems that meet its rigorous reporting standards with its annual Certificate of Achievement for Excellence in Financial Reporting. It is the highest form of recognition for accounting and financial reporting in the public pension sector. MSRS received this award for our 2024 Annual Comprehensive Financial Report.

MSRS published its Popular Annual Financial Report in 2024 and was recognized by the GFOA with an award for Outstanding Achievement in Popular Annual Financial Reporting. This award recognizes conformance with the highest standards of creativity, presentation, understandability and reader appeal in government popular reports.

PPCC
Public Pension Coordinating Council

The Public Pension Coordinating Council (PPCC) recognized MSRS for meeting its professional standards for plan design, funding, member communications and administrative practices. The standards serve as a benchmark by which all public defined benefit plans are managed.

Letter of Transmittal

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

December 23, 2025

Dear MSRS members, benefit recipients, and Board of Directors:

We are pleased to present this Annual Comprehensive Financial Report (ACFR) for the Minnesota State Retirement System (MSRS) for the fiscal year ended June 30, 2025, our 96th year of operation.

Report Contents and Structure

This ACFR is designed to meet the reporting requirements of Minnesota Statutes 356.20. The preparation of this report, including the financial statements contained within, is the result of a collaborative effort of the MSRS Executive Director and the MSRS Finance Division staff under the direction of its Chief Financial Officer.

This report provides complete and reliable information on which management decisions may be based and through which compliance with statutory requirements may be assessed. It is reproduced, in its entirety, on the MSRS website at www.mnretire.gov/annual-reports-fy-2025.

Ultimate responsibility for the integrity of the data presented within this report and the fair presentation of the financial statements, in all material respects, lies with MSRS management. The MSRS Board of Directors provides an oversight role, and is assisted in this responsibility by its five-person Audit Committee. MSRS management is responsible for establishing and maintaining a system of internal controls over financial reporting. The objective of this internal control framework is to provide reasonable, not absolute, assurance that assets are safeguarded against loss or unauthorized disposition, that financial records and reports are reliable, and that MSRS has complied with all finance-related legal provisions. The concept of reasonable assurance recognizes the relationship between the cost of an internal control and the benefit likely to be derived, based on management's judgment. Management asserts, to the best of its knowledge and belief, that the internal controls over financial reporting are operating effectively as of June 30, 2025, to meet the purpose for which they were intended.

Inherent limitations exist in the effectiveness of any internal control system, including the possibility of human error, faulty decision making, fraud or management overriding the system. Accordingly, even a well-conceived and operating internal control system may not prevent or detect misstatements in the preparation of financial statements. Also, any projection of the evaluation of the effectiveness of internal controls to a future period is subject to risk that controls may become inadequate due to changing business conditions, or that the degree of MSRS compliance with established policies and procedures has deteriorated.

State law permits the Office of the Legislative Auditor (OLA), a professional, nonpartisan office in the legislative branch of Minnesota state government, to audit the financial statements and related note disclosures contained in this report. The OLA completed this audit in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in Government Auditing Standards. The OLA also reviewed the adequacy of our internal controls over financial reporting and compliance with certain legal provisions. The Legislative Auditor's opinion letters are presented in the *Financial Section* of this ACFR. The auditors reported no material weaknesses in our internal controls.

The *Financial Section* of this report also contains *Management's Discussion and Analysis*. This narrative presents financial highlights and an overview of the MSRS financial statements for fiscal year 2025, along with an analysis the MSRS defined benefit and defined contribution retirement funds. This letter of transmittal complements *Management's Discussion and Analysis* and these items should be read together. MSRS' financial activities are also reflected in the pension trust fund financial statements included in the Fiduciary Funds section of the State of Minnesota's Annual Comprehensive Financial Report. This report is available online at www.mn.gov/mmb/accounting/reports.

Letter of Transmittal

About MSRS Funds

MSRS administers five defined benefit and four defined contribution funds. The fiduciary net position (total assets minus total liabilities) of these funds that is reserved for payments of pension benefits is over $37.0 billion as of June 30, 2025.

For the defined benefit funds, MSRS serves 63,655 active employees from 15 employers and component units, 56,156 benefit recipients, and 35,045 members who are no longer contributing, but are eligible for either future monthly benefits or a lump-sum distribution. The fiduciary net position for these funds is almost $23.0 billion as of June 30, 2025.

Alternatively, for the defined contribution funds, member participation and financial position as of June 30, 2025, varied significantly among the funds. MSRS serves 105,216 participants in the Minnesota Deferred Compensation Fund with a fiduciary net position of nearly $11.1 billion. The Health Care Savings Fund has 177,644 participants and a fiduciary net position of almost $2.4 billion. The Unclassified Employees Retirement Fund has 3,659 participants with a fiduciary net position of over $441.1 million. Finally, the Supplemental Retirement Fund for Hennepin County has 774 participants with a fiduciary net position of $183.5 million.

Major Initiatives

Fiscal year 2025 accomplishments included additional progress in talent management, service delivery, participant success, and financial sustainability and organizational resilience strategic initiatives. These accomplishments contributed to MSRS fulfilling its mission of empowering Minnesota public employees to build a strong foundation for retirement.

The year also included MSRS kicking off new strategic projects that will carry into the future. Accomplishments and goals are highlighted in the columns that follow.

Talent Management. MSRS had several fiscal year 2025 strategic accomplishments in talent management.

Successes included:

- Completing IDI (Intercultural Development Inventory) assessments for all staff;
- Developing and communicating a FY25-27 Operational Plan; and
- CliftonStrengths training for teams and for new staff.

Service Delivery. Fiscal year 2025 service delivery success included:

- Implementing bank account verification enhancements;
- Enhancing and increasing the usage of visual analytics and dashboard platforms; and
- Implemented a customer relationship management software.

Participant success. Participant success achievements in fiscal year 2025 included:

- Increased Communication with plain language to provide information that is understandable and supports participant decision-making; and
- Continuing work to review and modify outreach methods and materials with an inclusive lens.

Financial Sustainability and Organizational Resilience. Successes in financial sustainability and organizational resilience in fiscal year 2025 included:

- Reviewing and enhancing current security policies to include third-party risk management;
- Development of an MSRS LinkedIn Profile; and
- Updating the Board of Director governance manual and policies.

MSRS fiscal year 2026 goals continue to be based on the MSRS Strategic Plan categories of talent management, service delivery, participant success, and financial sustainability and organizational resilience.

Specific fiscal year 2026 objectives within talent management include:

- Complete a biennial employee engagement survey;
- Roll out enhancements to the MSRS performance management software; and
- Develop a Diversity, Equity, Inclusion & Belonging (DEIB) training curriculum.

Fiscal year 2026 projects within service delivery include:

- Complete scanning and linking of legacy documents;
- Implement a scheduling application; and
- Implement process improvements within the Health Care Savings Plan.

Participant success fiscal year 2026 projects include:

- Develop and track a digital newsletter;
- Evaluate the MSRS website design for usability and enhanced accessibility; and
- Create and implement targeted communication campaigns to enhance savings and retirement readiness.

Finally, objectives in fiscal year 2026 for financial sustainability and organizational resilience include:

- Create a risk management dashboard; and
- Implement a solution to detect and prevent unwanted data exfiltration.

Financial Information

MSRS prepares its financial statements in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). Transactions are reported on the accrual basis of accounting. Contributions from members and employers are recognized as revenue when earned. Expenses are recorded when corresponding liabilities are incurred, regardless of when payment is made. Most financial transactions are processed through our accounting system, Microsoft Dynamics GP, and interfaced with the Statewide Integrated Financial Tools system under the oversight of the department of Minnesota Management and Budget.

Exhibit 1 is a comparative summary of total additions and total deductions that determine the change in fiduciary net position for the MSRS defined benefit and defined contribution funds for the fiscal years ended June 30, 2025, and 2024. Total additions represent employee and employer contributions and net investment income. Total deductions include annuity payments, refunds, health care reimbursements, ongoing deferred compensation and other defined contribution plan withdrawals, and administrative expenses. With a 10.9 percent investment return in fiscal year 2025, MSRS realized an increase of almost $3.0 billion in the fiduciary net position for all MSRS pension trust funds for fiscal year 2025. This amount includes an increase of more than $1.2 billion for the MSRS defined contribution funds and over $1.7 billion for the MSRS defined benefit funds.

Exhibit 1: Summary Statement of Changes in Fiduciary Net Position for all MSRS Pension Trust Funds

For the Fiscal Years Ended June 30, 2025 and 2024

(Dollars in thousands)

	Defined Benefit Funds		Defined Contribution Funds	
Source	**FY 2025**	**FY 2024**	**FY 2025**	**FY 2024**
Total Additions	$3,038,870	$3,113,260	$2,116,108	$2,047,916
Total Deductions	1,316,872	1,287,580	879,218	800,443
Net Increase (Decrease) in Net Position	$1,721,998	$1,825,680	$1,236,890	$1,247,473
Fiduciary Net Position - beginning of year	$21,278,627	$19,452,723	$12,811,919	$11,564,446
Change in Accounting Principle	(1,136)	224	0	0
Fiduciary Net Position - end of year	**$22,999,489**	**$21,278,627**	**$14,048,809**	**$12,811,919**

Letter of Transmittal

Actuarial Valuations

MSRS contracted with Gabriel Roeder Smith & Company (GRS) to perform two annual actuarial valuations for each MSRS defined benefit fund and to provide other actuarial consulting and advisory services during fiscal year 2025.

The first set of actuarial valuations is the traditional funding valuations. These valuations report funding progress, the required contribution rate, contribution sufficiency or deficiency levels and other actuarial information necessary for monitoring each defined benefit retirement plan's funding status. The actuarial methods, assumptions and funding status of the MSRS defined benefit retirement plans are detailed in the *Actuarial Section* of this report.

The second set of actuarial valuations is to determine actuarial valuation information necessary to prepare financial reports in compliance with GASB Statements No. 67 and Statement No. 68, including the computation of the net pension liability, pension income or expense, enhanced note disclosures and expanded Required Supplementary Information. More detail regarding these financial reporting actuarial valuations may be found in the *Notes to the Financial Statements* in the *Financial Section* of this ACFR.

Retirement Plan Funding Status

The traditional funding actuarial valuations for each defined benefit fund measure current costs and contribution requirements to determine how much members and employers should contribute to maintain appropriate funding levels to pay current and future benefits. These funding actuarial valuations also measure assets and actuarial accrued liabilities to determine the funding status for each defined benefit plan that MSRS administers. Improvement in the funding status leads to a larger ratio of assets to actuarial accrued liabilities and a greater level of investment income potential. A high funded ratio gives members assurance that their pensions are financially secure and that existing assets and projected investment earnings on those assets are sufficient to cover the liabilities for present and future annuities, survivor and disability benefits, refunds and administrative expenses.

Exhibit 2 on the next page highlights the actuarial value of assets, actuarial accrued liability, funded ratio and the contribution sufficiency or deficiency (expressed as a percent of payroll except for Legislators Retirement Fund, which is expressed in dollars because it is a closed plan) for each defined benefit fund as of the latest actuarial valuation date, July 1, 2025.

For the largest defined benefit retirement fund, the State Employees Retirement Fund, contribution sufficiency as well as the funded ratio (determined on an actuarial value of assets basis) as of the July 1, 2025, valuation date, decreased in comparison to the sufficiency and funded ratio as of July 1, 2024. This change can be attributed to changes in plan provisions, including improvements to the benefit formula, to higher than expected salaries, and the annual post-employment benefit increase.

The other three large plans had changes in actuarial assumptions as the result of recent experience studies. All the plans also implemented a new actuarial method - layered amortization - which adjusts the periods over which unfunded actuarial accrued liabilities are amortized. The combination of these things led to improved contribution sufficiency in the three plans as of the July 1, 2025, valuation date, as rates increased in comparison to the contribution sufficiency as of July 1, 2024.

The Legislators fund has no assets, so continues to be unfunded. Please refer to *Management's Discussion and Analysis* in the *Financial Section* for additional actuarial valuation details.

The MSRS Board of Directors continues to monitor funding status and contribution sufficiency rates and will take appropriate action, as necessary, to ensure the financial security of the retirement funds.

Exhibit 2: Highlights of the 2025 Actuarial Valuations

(Dollars in thousands)

Defined Benefit Retirement Fund	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio	Contribution Sufficiency/ (Deficiency)
State Employees	$18,861,933	$19,851,695	95.01 %	0.61 %
State Patrol	1,114,694	1,316,790	84.65	10.50
Correctional Employees	1,914,959	2,397,424	79.88	2.97
Judges	308,031	470,543	65.46	3.51
Legislators [1]	0	140,859	0.00	$(141,358)

[1] The Legislators Fund is closed to new hires and is funded on a pay-as-you-go basis by annual appropriations from the State's general fund. The deficiency is expressed as an annual dollar amount rather than a percent of payroll.

Investment Results

In accordance with the Minnesota Constitution, the State Board of Investment (SBI) invests the assets of the MSRS funds. The Board includes the Governor, Attorney General, Secretary of State and State Auditor. For all investments under the SBI's management, the Board, the 17-member Investment Advisory Council (IAC) to the board (which includes the MSRS executive director), and the SBI staff are governed by the prudent person rule and fiduciary standards detailed in Minnesota Statutes, Chapters 11A and 356A. The Board, in consultation with the IAC and the SBI staff, establishes asset allocation and other investment policies and guidelines, and conducts detailed investment analysis of the funds under its control.

MSRS does not own specific securities, but instead owns shares in various pools invested by the SBI. The Combined Funds, which represent all defined benefit pension assets under the SBI's control, reported a 10.9 percent return (net of fees) for the 2025 fiscal year. The Combined Funds generated an 8.9 percent return (net of fees) when annualized over the latest ten-year period, outperforming a composite market index by 0.2 percentage points.

During fiscal year 2025, the Combined Funds public equity investments, which include domestic, international, and global equities, reported a 15.6 percent return (net of fees), performing slightly lower than its benchmarks, the Russell 3000 and the Morgan Stanley Capital International All Country World Index excluding USA, by 0.6 percentage points. The Combined Funds fixed income investments, which include core bonds, return seeking fixed income, treasury protection, and laddered bonds, returned 5.8 percent for fiscal year 2025, 0.7 percentage points higher than benchmarks. Invested Private markets reported a return of 6.1 percent in fiscal year 2025.

Please refer to the *Investment Section* for additional details on the investment results of the largest MSRS defined benefit retirement funds for fiscal year 2025.

Exhibit 3: Combined Funds Asset Mix & Market Indices

Investment Type	Target Allocation
Public Equity	50 %
Russell 3000, Morgan Stanley Capital International All Country World Index ex-US	
Fixed Income	25
Bloomberg U.S. Aggregate Index, Bloomberg Treasury 5+ Years Index, ICE BofA US 3 Month Treasury Bill	
Private Markets	25
Private Markets	

Letter of Transmittal

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Minnesota State Retirement System for its annual comprehensive financial report for the fiscal year ended June 30, 2024. This was the sixteenth consecutive year that MSRS has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. We believe our current ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the GFOA has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to MSRS for its Popular Annual Financial Report for the fiscal year ended June 30, 2024. This was the seventh consecutive year MSRS received the award. The award is valid for one year. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

We are also very pleased to report that MSRS received the Public Pension Coordinating Council's (PPCC) Public Pension Standards 2025 Award, in recognition of meeting professional standards for plan funding and administration as set forth in the Public Pension Standards. These standards were developed by a coalition of three associations that represent public pension funds covering the vast majority of public employees in the U.S. They are intended to reflect minimum expectations for public retirement systems management and administration, and serve as a benchmark by which all defined benefit public plans should be measured. The PPCC has offered this award program to public retirement systems for the past nineteen years. MSRS is proud to be a recipient of this award.

Acknowledgments

As the MSRS Chief Financial Officer, I wish to express my utmost appreciation to the team who have partnered with me to produce this ACFR including: Financial Reporting and Risk Management Director, Cheryl Jahnke; Accounting Director, Doris Hall; Accounting Officer, Jason White; and the entire MSRS Finance Division. It is a pleasure to work with this team to complete our MSRS ACFR together.

We would also like to thank the Board of Directors for their continued dedication to create funding policies and advocate for legislation that preserves our defined benefits plans. We are grateful for their commitment to advance initiatives to allow us to administer financially secure retirement plans, a low-cost deferred compensation plan and a tax-free health savings plan.

Finally, we would like to recognize all of the staff at MSRS for their dedication to MSRS members during another year. Their adaptability and resilience directly contributes to MSRS fulfilling its mission of *empowering Minnesota public employees to build a strong foundation for retirement.*

Respectfully submitted,

Erin Leonard	Jacquelyn Reckmann
Executive Director	Chief Financial Officer

MSRS Board of Directors, Management, and Consultants

As of June 30, 2025

MSRS Board of Directors

All board member positions are four-year terms, unless specified otherwise.

Mary Benner, Chair
Appointed by Governor
Term expires: January 2027

Wesley Skoglund, Vice Chair
Elected by retirees of all plans
Term expires: May 2028

David Stiggers
Appointed representative for employees of Metropolitan Council's Transit Division
Term expires: at the discretion of the Executive Board for the Amalgamated Transit Union, Local 1005

Erin Campbell, Commissioner of Minnesota Management & Budget
Appointed by Governor
Term expires: January 2027

Amanda Biggins
Elected by Correctional Plan membership
Term expires: May 2028

Chester Jorgenson
Elected by General & Unclassified Plans membership
Term expires: May 2026

Michael LeDoux
Elected by State Patrol Plan membership
Term expires: May 2026

Michael Roelofs
Appointed by Governor
Term expires: January 2029

Jason Bonnett
Elected by General & Unclassified Plans membership
Term expires: May 2028

Joseph Sullivan
Elected by General & Unclassified Plans membership
Term expires: May 2028

Jacqueline Terry
Elected by General & Unclassified Plans membership
Term expires: May 2026

Executive Management

Executive Director:
Erin Leonard

Deputy Director:
Tim Rekow

Chief Financial Officer:
Colleen Hazel (retired July 8, 2025)

Chief Benefits Officer - External:
Mark Manion

Chief Benefits Officer - Internal:
Linda Henderson

Chief Information Officer:
Kurt Augustin

Consultants

Actuary:
Gabriel Roeder Smith & Company

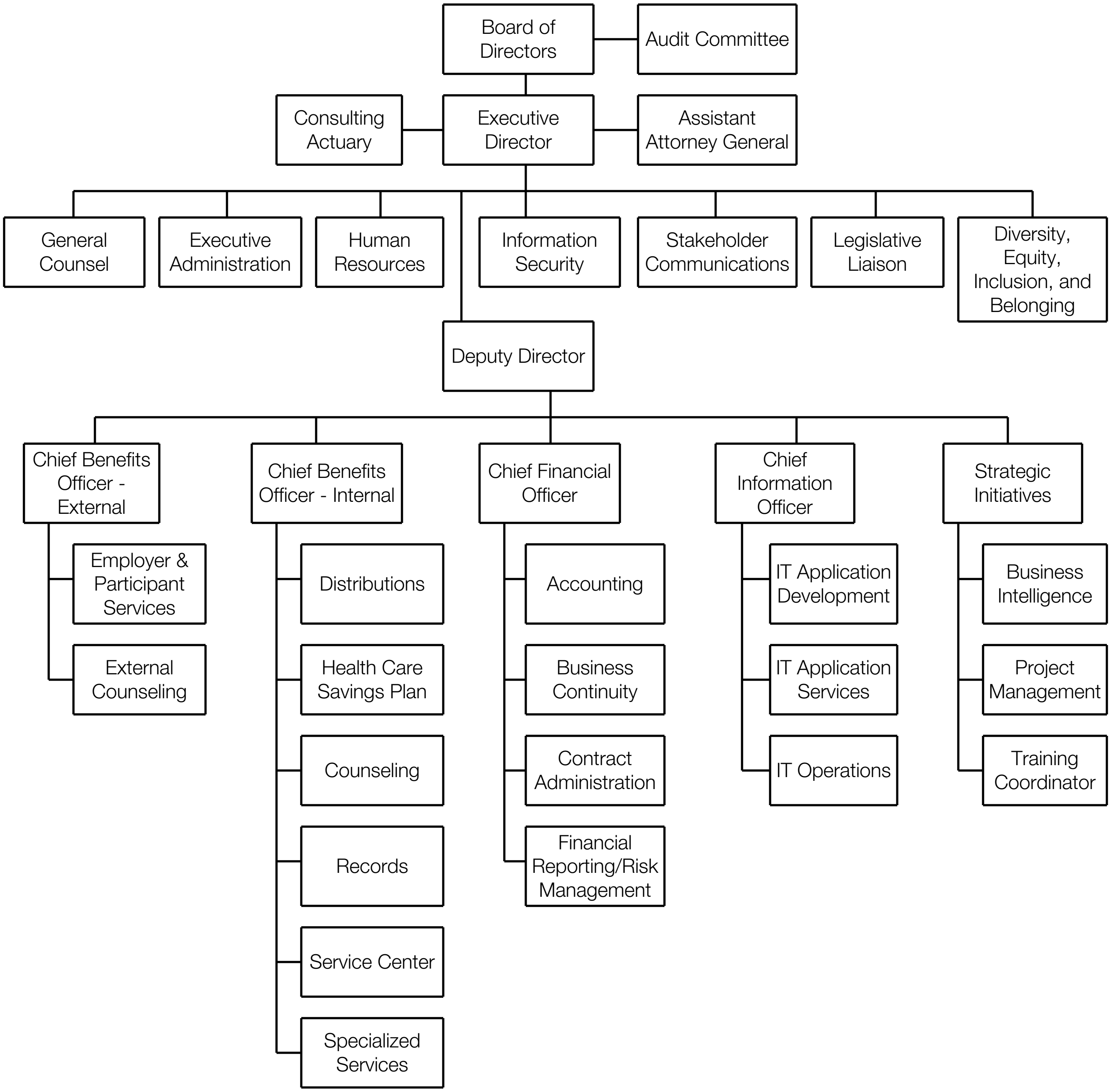
Legal Counsel:
Office of the Minnesota Attorney General

Medical Advisor:
MMRO - Managed Medical Review Organization

NOTE: MSRS invests its funds in various investment pools administered by the Minnesota State Board of Investment (SBI). The SBI retains various investment advisors whose fees are paid by the pool participants, including MSRS. A schedule of these advisors and the MSRS share of their fees is included beginning on page 126 of the *Investment Section*.

Organization Chart

As of June 30, 2025



Mission Statement

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

The vision of MSRS is to be a nationally recognized leader in public retirement plans by leveraging our engaged workforce, customer-focused culture and innovative technologies to promote sustainable retirement options for Minnesota public employees.

Summary of Plan Provisions - Defined Benefit Plans

The following table is a summary of the major plan provisions for the MSRS defined benefit retirement plans. Within the General Employees Retirement Plan are three special groups: Military Affairs, Transportation Pilots, and Fire Marshals Retirement Plans. These special groups have the same plan provisions as the General Employees Retirement Plan, except as noted below.

Plan descriptions are not all inclusive, and provide general information only. Plan provisions specific to the MSRS defined contribution plans follow this section.

GENERAL EMPLOYEES	MILITARY AFFAIRS, TRANSPORTATION PILOTS, AND FIRE MARSHALS	STATE PATROL
STATUTORY OR LEGAL REFERENCES:		
Minn. Stat. §352.01 - 352.76	Minn. Stat. §352.85 - 352.87	Minn. Stat. §352B
COVERAGE:		
• Most state employees, University of Minnesota non-instructional employees, and selected metropolitan agency employees	• **Military Affairs:** Minnesota Department of Military Affairs personnel on active duty who elect coverage within 90 days of employment • **Transportation Pilots:** Pilots and chief pilots employed by the Minnesota Department of Transportation who elected coverage before June 1, 2008. All current pilots began employment after 2008, therefore this is a closed plan. • **Fire Marshals:** Employees of the State Fire Marshal Division of the Minnesota Department of Public Safety who are employed as a deputy state fire marshal or fire/arson investigator, and who elect coverage within 90 days of employment	• State troopers, conservation officers, Department of Commerce fraud investigators, members of the Department of Corrections fugitive apprehension unit, and certain crime bureau and gambling enforcement agents
VESTING:		
• Three years of allowable service	• Same as General Employees	**Members hired before July 1, 2013:** • Three years of allowable service **Members hired after June 30, 2013:** • Ten years of allowable service

Summary of Plan Provisions - Defined Benefit Plans

CORRECTIONAL EMPLOYEES	JUDGES	LEGISLATORS
STATUTORY OR LEGAL REFERENCES:		
Minn. Stat. §352.90 - 352.955	Minn. Stat. §490	Minn. Stat. §3A
COVERAGE:		
• Certain state employees who spend at least 75 percent working time in direct contact with inmates or patients at Minnesota Correctional Facilities, the state-operated forensic services program, or the Minnesota Sex Offender Program	• District, appellate and supreme court judges • Retirees include former municipal and county court judges • Members belong to either the Tier 1 or Tier 2 benefit program • Tier 1 includes judges first appointed or elected before July 1, 2013 • Tier 2 includes judges first appointed or elected after June 30, 2013 • A Tier 1 judge with less than five years of allowable service as of December 30, 2013, may make a one-time irrevocable election into the Tier 2 benefit program.	• Legislators first elected before July 1, 1997. Legislators elected after this date are covered by the Unclassified Employees Retirement Plan.
VESTING:		
Members hired before July 1, 2010: • 100 percent vested after three years of allowable service **Members hired after June 30, 2010:** • Graded vesting, ranging from 50 percent vested after five years of allowable service to 100 percent vested after ten years of allowable service	• Five years of allowable service	• Six years of allowable service

Continued on next page

Summary of Plan Provisions - Defined Benefit Plans

GENERAL EMPLOYEES	MILITARY AFFAIRS, TRANSPORTATION PILOTS, AND FIRE MARSHALS	STATE PATROL
CONTRIBUTION RATES:		
• **Employee:** 5.50 percent of salary – Rate increases to 6.0 percent on July 1, 2025 • **Employer:** 6.25 percent of salary • Employee contributions are "picked up" according to the provisions of Internal Revenue Code 414(h).	**Military Affairs:** • Employee: 7.1 percent of salary – Rate increases to 7.6 percent on July 1, 2025 • Employer: 7.85 percent of salary **Transportation Pilots:** • There are no active, contributing transportation pilots. **Deputy Fire Marshals:** • Employee: 8.28 percent of salary – Rate increases to 8.78 percent on July 1, 2025 • Employer: 10.45 percent of salary	• **Employee:** 15.4 percent of salary • **Employer:** 23.1 percent of salary • **Supplemental Contribution:** An employer contribution of 7.0 percent remains in effect until the plan is 110 percent funded on a fair value of assets basis for three consecutive years. • **Supplemental Aid:** $1 million is paid annually to the fund until both the Public Employees Retirement Association (PERA) Police and Fire Retirement Fund and the MSRS State Patrol Retirement Fund become 100 percent funded on an actuarial value of assets basis for three consecutive years. • Employee contributions are "picked up" according to the provisions of Internal Revenue Code 414(h).
REFUNDS:		
• When a member ends employment with the state, member contributions can be refunded. Refund will include 6.0 percent interest compounded daily until June 30, 2011, 4.0 percent until June 30, 2018, and 3.0 percent thereafter.	• Same as General Employees	• Same as General Employees

Summary of Plan Provisions - Defined Benefit Plans

CORRECTIONAL EMPLOYEES	JUDGES	LEGISLATORS
CONTRIBUTION RATES:		
• **Employee:** 9.6 percent of salary • **Employer:** 14.4 percent of salary • **Supplemental Contribution:** A supplemental employer contribution of 4.45 percent remains in effect until the plan is 110 percent funded on a fair value of assets basis for three consecutive years. • Employee contributions are "picked up" according to the provisions of Internal Revenue Code 414(h).	**Tier 1:** • Employee: 9.0 percent of salary • Employer: 22.5 percent of salary • Tier 1 employee contributions are redirected to the Unclassified Employees Retirement Plan after the member reaches the maximum retirement benefit limit. **Tier 2:** • Employee: 7.0 percent of salary • Employer: 22.5 percent of salary **Tier 1 and Tier 2:** • A supplemental state aid of $6 million is paid to the fund annually until the plan is 110 percent funded on an actuarial value of assets basis for three consecutive years. • Employee contributions are "picked up" according to the provisions of Internal Revenue Code 414(h).	• **Employee:** 9.0 percent of salary • **Employer:** funded by annual appropriation, as needed, from the State's General Fund • Employee contributions are "picked up" according to the provisions of Internal Revenue Code 414(h).
REFUNDS:		
• Same as General Employees	• Same as General Employees	• Same as General Employees

Continued on next page

Summary of Plan Provisions - Defined Benefit Plans

GENERAL EMPLOYEES	MILITARY AFFAIRS, TRANSPORTATION PILOTS, AND FIRE MARSHALS	STATE PATROL
RETIREMENT ELIGIBILITY:		
Vested employees hired before July 1, 1989: • Full retirement benefits at age 65 • Reduced benefits at age 55 • Full retirement benefits if age plus years of service total 90 or more (Rule of 90) • Reduced benefits at any age with 30 years of service **Vested employees hired after June 30, 1989:** • Full retirement benefits at the age eligible for full Social Security retirement benefits (but not later than age 66) • Reduced benefits at age 55	**For vested Military Affairs members:** • Full retirement benefits at age 60 **For vested Transportation Pilots:** • All pilots have retired. **For vested Fire Marshals:** • Full retirement benefits at age 55	**For vested employees:** • Full retirement benefits at age 55 • Reduced retirement benefits at age 50
ANNUITY OPTIONS:		
Single-Life annuity: • Benefit for the life of the member only **50, 75, or 100 percent Joint-and-Survivor annuity with a bounce-back feature:** • Monthly benefits for the life of the member, then benefits at the chosen percentage for the life of the survivor after the member death • Monthly benefits increase (bounce back) to the higher, single-life amount if the survivor dies before the member **15-Year Certain and Life Thereafter:** • Lifetime benefit for the member for a minimum of 15 years • If the member dies before he or she has received a benefit for 15 years, the named survivor receives a benefit for the balance of the 15 years.	• Same as General Employees	• Same as General Employees

Summary of Plan Provisions - Defined Benefit Plans

CORRECTIONAL EMPLOYEES	JUDGES	LEGISLATORS
RETIREMENT ELIGIBILITY:		
For vested employees: • Full retirement benefits at age 55 • Reduced retirement benefits at age 50	**For vested employees:** **Tier 1:** • Full retirement benefits at age 65 **Tier 2:** • Full retirement benefits at age 66 **Tier 1 and Tier 2:** • Reduced retirement benefits at 60 • Mandatory retirement age is 70	**For vested employees:** • Full retirement benefits at age 62 • Reduced retirement benefits at 55
ANNUITY OPTIONS:		
• Same as General Employees	• Single-Life annuity • 50, 75, or 100 percent Joint-and-Survivor annuity with the bounce-back feature • 50, 75, or 100 percent Joint-and-Survivor annuity without the bounce-back feature (monthly benefits will remain the same if the survivor dies before the member) • 15-year Certain and Life Thereafter	• Single-Life annuity with automatic 50 percent survivor coverage • 100 percent Joint-and-Survivor with the bounce-back feature

Continued on next page

Summary of Plan Provisions - Defined Benefit Plans

GENERAL EMPLOYEES	MILITARY AFFAIRS, TRANSPORTATION PILOTS, AND FIRE MARSHALS	STATE PATROL
BENEFIT FORMULA:		
Employees hired before July 1, 1989: • The benefit formula is the greater of: (a) 1.2 percent of high-five average salary for the first 10 years of allowable service, then 1.7 percent (1.9 percent for service earned after July 1, 2025) of high-five average salary for each subsequent year. The benefit is reduced for each month the member is under age 65 at the time of retirement, or reduced for each month the member is under age 62 with 30 years of allowable service. **OR** (b) 1.7 percent (1.9 percent for service earned after July 1, 2025) of high-five average salary for each year of allowable service, with benefit reduced for each month the member is under age 65. • There is no benefit reduction if the member's age plus years of allowable service total 90 or more. **Employees hired after June 30, 1989:** • 1.7 percent (1.9 percent for service earned after July 1, 2025) of high-five average salary for each year of allowable service. The benefit is reduced for each month the member is under the normal retirement age. **For all benefit calculations:** • The high-five average salary is the average salary from the sixty successive month period with the highest gross salary.	**Military Affairs:** • Same as General Employees **Transportation Pilots:** • Same as General Employees **Deputy Fire Marshals:** • 2.0 percent of high-five average salary for each year of allowable service	• 3.0 percent of high-five average salary for each year of allowable service up to 33 years. Contributions above the service cap are refunded at retirement. • Members with at least 28 years of service as of July 1, 2013, are not subject to the allowable service limit.

Summary of Plan Provisions - Defined Benefit Plans

CORRECTIONAL EMPLOYEES	JUDGES	LEGISLATORS
BENEFIT FORMULA:		
Employees hired before July 1, 2010: • 2.4 percent of high-five average salary for each year of allowable service **Employees hired after June 30, 2010:** • 2.2 percent of high-five average salary for each year of allowable service **For all benefit calculations:** • Members have the option of choosing an accelerated annuity to age 62 or 65, with an actuarially-adjusted benefit thereafter. This will provide a higher benefit until the chosen age, then a lower, permanent amount to cover the remaining retirement years.	**Tier 1 Benefit Program:** • 2.7 percent of high-five average salary for each year of allowable service prior to July 1, 1980, then 3.2 percent of high-five average salary for each year of allowable service after June 30, 1980 • The maximum benefit is capped at 76.8 percent of the high-five average salary. **Tier 2 Benefit Program:** **Judges elected before July 1, 2013:** • 3.2 percent of high-five average salary for each year of allowable service prior to January 1, 2014, then 2.5 percent of high-five average salary for each year of allowable service after December 31, 2013 **Judges elected after June 30, 2013:** • 2.5 percent of high-five average salary for each year of allowable service • No maximum benefit limit applies to Tier 2 members. **Tier 1 and Tier 2 Benefit Programs:** • The high-five average salary is determined using only the final ten years of employment.	**Legislators elected prior to January 1, 1979:** • 5.0 percent of high-five average salary for the first eight years of allowable service prior to January 1, 1979, then 2.5 percent for subsequent years **Legislators elected after December 31, 1978:** • 2.5 percent of high-five average salary

Continued on next page

Summary of Plan Provisions - Defined Benefit Plans

GENERAL EMPLOYEES	MILITARY AFFAIRS, TRANSPORTATION PILOTS, AND FIRE MARSHALS	STATE PATROL
POST-RETIREMENT BENEFIT INCREASES:		
• Benefit recipients received a 1.5 percent benefit increase on January 1. – Rate increases to 1.75 percent on January 1, 2026 • Retirees who have been receiving a benefit for at least 12 full months as of June 30 of the calendar year immediately before the post-retirement benefit increase adjustment will receive the full increase. Members receiving benefits for at least one month, but less than 12 full months, will receive a pro rata increase.	• Same as General Employees	• Benefit recipients received a 1.0 percent benefit increase on January 1. – Rate increases to 1.25 percent on January 1, 2026 • Retirees who have been receiving a benefit for at least 12 full months as of June 30 of the calendar year immediately before the post-retirement benefit increase adjustment will receive the full increase. Members receiving benefits for at least one month, but less than 12 full months, will receive a pro rata increase.

Summary of Plan Provisions - Defined Benefit Plans

CORRECTIONAL EMPLOYEES	JUDGES	LEGISLATORS
POST-RETIREMENT BENEFIT INCREASES:		
• Benefit recipients receive an annual 1.5 percent benefit increase on January 1. • Retirees who have been receiving a benefit for at least 12 full months as of June 30 of the calendar year immediately before the post-retirement benefit increase adjustment will receive the full increase. Members receiving benefits for at least one month, but less than 12 full months, will receive a pro rata increase.	• Benefit recipients receive a 1.5 percent benefit increase on January 1. • Retirees who have been receiving a benefit for at least 12 full months as of June 30 of the calendar year immediately before the post-retirement benefit increase adjustment will receive the full increase. Members receiving benefits for at least one month, but less than 12 full months, will receive a pro rata increase.	• Same as General Employees

Continued on next page

Summary of Plan Provisions - Defined Benefit Plans

GENERAL EMPLOYEES	MILITARY AFFAIRS, TRANSPORTATION PILOTS, AND FIRE MARSHALS	STATE PATROL
SURVIVOR BENEFITS:		
• If a member dies while still an active employee, the spouse is eligible for a refund or for a 100 percent survivor annuity if the member had at least three years of service at death, • Dependent children are eligible for the monthly benefit until age 20 if there is no surviving spouse.	• Same as General Employees	• If a member dies while still an active employee, the spouse is eligible for 50 percent of the final average salary if: (a) The member was hired before July 1, 2013, had three or more years of allowable service, and died before attaining age 55, **OR** (b) The member was hired after June 30, 2013, and had at least five years of allowable service. • The spouse's benefit changes to a 100 percent Joint-and-Survivor annuity when the employee would have reached age 55. • A dependent child's benefit is 10 percent of the member's final average salary plus $20 per month prorated among all dependent children.

Summary of Plan Provisions - Defined Benefit Plans

CORRECTIONAL EMPLOYEES	JUDGES	LEGISLATORS
SURVIVOR BENEFITS:		
• Generally, the spouse of a vested employee is eligible for a 100 percent survivor annuity.	• If a member dies while still an active employee, the spouse is eligible for the larger of: (a) 25 percent of average salary **OR** (b) 60 percent of the normal retirement benefit, had the member retired at the date of death. • If a vested judge is 60 or over with at least five years of service, the surviving spouse may elect to receive a 100 percent Joint-and-Survivor benefit.	• The spouse is eligible for 50 percent of the benefit if, upon death, the legislator was serving as a member, or was a former member with six years of service. The survivor benefit is computed as though the member were age 62 on date of death and is based on the member's allowable service or eight years, whichever is greater. • First child's benefit is 25 percent of the retirement benefit (computed as for surviving spouse) with 12.5 percent of the retirement benefit for each additional child. • The maximum benefit payable to children and the spouse is 100 percent of the retirement benefit.

Continued on next page

Summary of Plan Provisions - Defined Benefit Plans

GENERAL EMPLOYEES	MILITARY AFFAIRS, TRANSPORTATION PILOTS, AND FIRE MARSHALS	STATE PATROL
DISABILITY ELIGIBILITY AND BENEFIT CALCULATION:		
Disability Eligibility: • At least three years of allowable service and meeting the definition of disability. • Totally and permanently disabled is defined as the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that has existed or is expected to continue for a period of at least one year. **Calculation:** • Disability benefits are calculated following the same formula as a regular retirement benefit.	**Disability Eligibility:** • Unable to perform job duties due to injury, sickness, or other disability **Calculation:** • **Military Affairs:** Same as General Employees • **Pilots:** All pilots have retired. • **Deputy Fire Marshals:** Minimum benefit is calculated as though the member had 20 years of service for a job-related disability, 15 years of service for a non job-related disability	**Disability Eligibility:** • **Job-related:** Unable to perform job duties as a direct result of a disability relating to an act of duty. There is no service time requirement. Psychological treatment is required prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation. • **Regular (non job-related):** At least one year of service and unable to perform duties • **Both Regular and Job Related:** Member is reclassified from disabled to retired at age 55 (age 65 if disabled prior to July 1, 2015) **Calculation:** • **Job Related:** 60 percent of high-five average salary, plus 3 percent for each year beyond 20 years of allowable service • **Regular:** Normal State Patrol benefit based on salary and years of service. If disability occurs before 15 years of service, the benefit is calculated with a service credit of 15 years.

Summary of Plan Provisions - Defined Benefit Plans

CORRECTIONAL EMPLOYEES	JUDGES	LEGISLATORS
DISABILITY ELIGIBILITY AND BENEFIT CALCULATION:		
Disability Eligibility: • **Job-related:** The disability must result from an incident while performing duties of the job which present inherent dangers to the employee. There is no service time requirement • **Regular (non job-related):** – For employees hired before July 1, 2009: one year of covered correctional service – For employees hired after June 30, 2009: employee must be vested • **Both Regular and Job Related:** Member is reclassified from disabled to retired at age 55 (age 65 if disabled prior to July 1, 2009) **Calculation:** • **Job Related:** 50 percent of the average of the high-five average salary plus 2.4 percent (2.2 percent if hired after June 30, 2010) for each year beyond 20 years and ten months of allowable service • **Regular:** Normal Correctional benefit based on salary and years of service. If hired before July 1, 2009, the benefit is calculated with a minimum of 15 years of service. If hired after June 30, 2009, there is no minimum benefit.	**Disability Eligibility:** • Member is permanently unable to perform duties of a judge. **Calculation:** • Prior to commencement of disability benefits, the member will receive a continuation of full salary for one year, but not beyond age 70. • If disability continues after one year, disability benefits are equal to the normal retirement benefit or 25 percent of high-five average salary, whichever is larger. There is no early-retirement reduction applied.	• None

Continued on next page

Summary of Plan Provisions - Defined Contribution Plans

The following table is a summary of the major plan provisions for the MSRS defined contribution retirement plans. Plan provisions specific to the MSRS defined benefit plans precede this section.

Plan descriptions are not all inclusive. Descriptions provide general information only.

UNCLASSIFIED EMPLOYEES	HEALTH CARE SAVINGS
STATUTORY OR LEGAL REFERENCES:	
• Minn. Stat. §352D • Internal Revenue Code (IRC) Section 401(a) Plan	• Minn. Stat. §352.98 • The trust is exempt from federal income tax through Private Letter Ruling.
COVERAGE:	
• Specified employees in unclassified positions	• Available to all public employees in the state of Minnesota • Negotiated by bargaining unit or personnel department
CONTRIBUTION RATES:	
• Employee: 5.5 percent of salary – Rate increases to 6.0 percent on July 1, 2025 • Employer: 6.25 percent of salary	• Employee or negotiated employer funding criteria is bargained per labor contract • May include severance pay
BENEFITS:	
• Account balance (contributions and investment gains or losses) or annuity benefit withdrawal based on age and 6.0 percent interest assumption	• Account balance which must be used for qualifying health-related expenses • The annual maximum reimbursement limit in 2025 is $43,000 for non-insurance premium, qualified health care expenses.
INVESTMENT OPTIONS:	
• The SBI Supplemental Investment Fund Stable Value Fund and Money Market Fund • Target Date Retirement Funds managed by State Street Global Advisors • Various retail mutual funds contracted by the Minnesota State Board of Investment (SBI)	• The SBI Supplemental Investment Fund Stable Value Fund and Money Market Fund • Various retail mutual funds contracted by the Minnesota State Board of Investment (SBI)

Summary of Plan Provisions - Defined Contribution Plans

MN DEFERRED COMPENSATION	HENNEPIN COUNTY SUPPLEMENTAL
STATUTORY OR LEGAL REFERENCES:	
• Minn. Stat. §352.965 - 352.97 • IRC Section 457(b) Plan	• Minn. Stat. §383B.46 - 383B.52 • Non-qualified Plan
COVERAGE:	
• Optional for all state employees and political subdivision employees	• Optional for employees of Hennepin County, MN, who began employment prior to April 14, 1982
CONTRIBUTION RATES:	
• Member selected tax-deferred amount, with a $10 per pay period minimum • After-tax Roth contribution option is available for eligible employees. • Subject to annual calendar year 2025 IRS contribution limit of $23,500 for members under 50 years old, $31,000 for members over 50, and $34,750 for members ages 60, 61, 62, or 63.	• **Employee:** 1.0 percent of salary • **Employer:** 1.0 percent of salary
BENEFITS:	
• Account balance	• Account balance
INVESTMENT OPTIONS:	
• Various retail mutual funds contracted by the Minnesota State Board of Investment (SBI) • Self-directed brokerage account through TD Ameritrade • The SBI Supplemental Investment Fund Stable Value Fund and Money Market Fund • Target Date Retirement Funds managed by State Street Global Advisors	• The SBI Supplemental Investment Fund Money Market Fund • Various retail mutual funds contracted by the Minnesota State Board of Investment (SBI)

Continued on next page

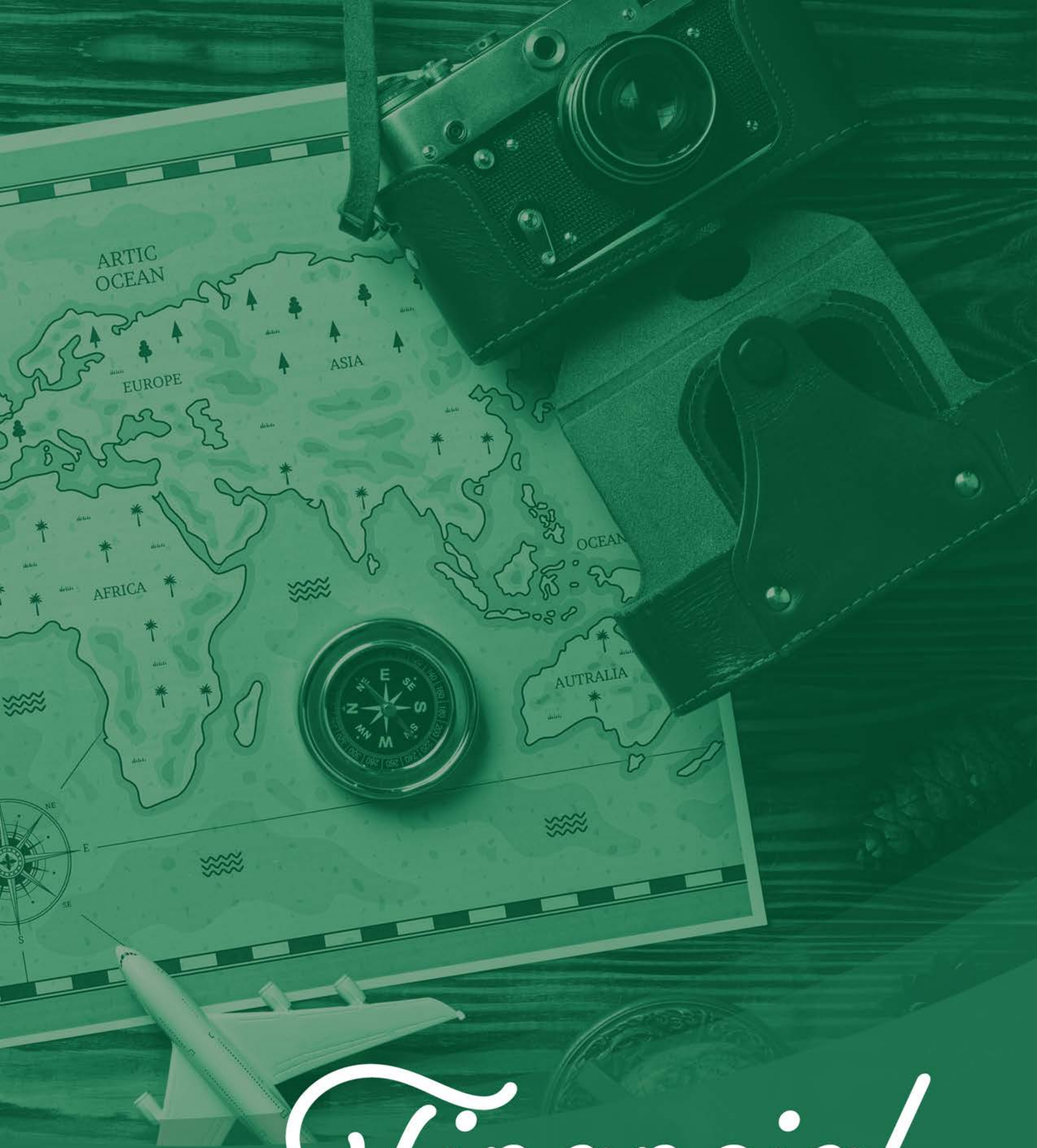
Summary of Plan Provisions - Defined Contribution Plans

UNCLASSIFIED EMPLOYEES	HEALTH CARE SAVINGS
ADMINISTRATIVE FEES:	
• $2 per month for an account balance of $10,000 or less • $4 per month for an account balance that is $10,000.01 to $30,000 • $6 per month for an account balance that is $30,000.01 to $90,000 • $8 per month for an account balance exceeding $90,000 • Plan fees only apply to contributions made to the fund after July 1, 1992. Prior to this date, participants were charged a front-end fee.	• 0.65 percent of each participant's account balance, prorated and deducted from participant accounts on a monthly basis • Maximum annual fee: $140
WHEN USED / WITHDRAWAL EVENTS:	
• Termination of employment (lump-sum distribution) • Age 55 retirement with any length of service (monthly benefits)	• Termination of employment • After retirement • Upon receiving a disability retirement • Certain situations in which employees are rehired in a position with their previous public employer
WITHDRAWAL OPTIONS:	
• Single-Life annuity • 50, 75, or 100 percent Joint-and-Survivor annuity with a bounce- back feature • 15-Year Certain and Life Thereafter	• Reimbursements for qualified health care expenses
REFUNDS:	
• Account value	• None; After participant's death, legal dependents, or if none exist, beneficiaries, may use the remaining account balance for eligible healthcare reimbursements, as designated in the Internal Revenue Code. • Non-dependent beneficiary reimbursements are taxable.
ANNUITY AND DISABILITY OPTIONS FOR EMPLOYEES ELECTING COVERAGE IN GENERAL EMPLOYEES RETIREMENT PLAN:	
• Employees appointed prior to July 1, 2010, may elect to transfer their Unclassified Plan service to the General Plan in their first year of employment in the Unclassified Plan, or if they have ten or more years of service. • Employees appointed after June 30, 2010, may elect to be covered by the General Plan within seven years of their appointment.	• Not applicable

Summary of Plan Provisions - Defined Contribution Plans

MN DEFERRED COMPENSATION	HENNEPIN COUNTY SUPPLEMENTAL
ADMINISTRATIVE FEES:	
• 0.10 percent of participant's account balance, prorated and deducted from participant accounts on a monthly basis • Maximum annual fee: $125 • $30 annual fee for members opting to use the Self-directed brokerage account option through TD Ameritrade • Program fee charged on the managed account balance for participants who opt to use a professional account manager through the record keeper	• 0.05 percent of each participant's account balance, prorated and deducted from participant accounts on a monthly basis
WHEN USED / WITHDRAWAL EVENTS:	
• Termination of service or death • Unforeseeable emergency	• Termination of service or death • Retirement • Unforeseeable emergency
WITHDRAWAL OPTIONS:	
• Lump-sum or rollover to qualified financial institution • Ongoing withdrawals • Various annuities, including a fixed annuity provided through an insurance company • Combinations of the above options • Required minimum distributions begin in the year participant reaches age 72.	• Lump-sum • Monthly withdrawals for five years • Annual withdrawals for five years
REFUNDS:	
• None; After a member is eligible to take a withdrawal, withdrawal of the full value of an account is reflected as a refund on the *Statement of Changes in Fiduciary Net Position*.	• None; After a member is eligible to take a withdrawal, withdrawal of the full value of an account is reflected as a refund on the *Statement of Changes in Fiduciary Net Position*.
ANNUITY AND DISABILITY OPTIONS FOR EMPLOYEES ELECTING COVERAGE IN GENERAL EMPLOYEES RETIREMENT PLAN:	
• Not applicable	• Not applicable


NORTH
AMERICA
ATLANTIC
OCEAN
PACIFIC
OCEAN
SOUTH
AMERICA



Financial

OLA | OFFICE OF THE LEGISLATIVE AUDITOR

Judy Randall, Legislative Auditor
State of Minnesota

Independent Auditor's Report

Members of the Board of Directors
Minnesota State Retirement System

Erin Leonard, Executive Director
Minnesota State Retirement System

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Minnesota State Retirement System (MSRS), which included the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise MSRS's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Minnesota State Retirement System as of June 30, 2025, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MSRS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Room 140 Centennial Building, 658 Cedar Street, St. Paul, MN 55155-1603 • Phone: 651-296-4708 • Fax: 651-296-4712
Email: legislative.auditor@state.mn.us • Website: www.auditor.leg.state.mn.us • Minnesota Relay: 1-800-627-3529 or 711

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about MSRS's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities of the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MSRS's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MSRS's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the other required supplementary information, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supporting schedules, including the Supplementary Schedules and the Governmental Accounting Standards Board, Statement No. 68, Supplemental Employer Schedules, in the Financial Section, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory, Investment, Actuarial, and Statistical Sections, as listed in the Table of Contents, but does not include the basic financial statements and our auditor’s report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will also issue a report on our consideration of MSRS’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MSRS’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MSRS’s internal control over financial reporting and compliance.

Lori Leysen, CPA
Deputy Legislative Auditor

Jordan Bjonfald, CPA
Audit Director

December 23, 2025
Saint Paul Minnesota

Management's Discussion and Analysis

We, the management of the Minnesota State Retirement System (MSRS), present this discussion and analysis of the financial activities of MSRS for the fiscal year ended June 30, 2025. We encourage you to read the information contained in this narrative in conjunction with the Letter of Transmittal that begins on page 10, the financial statements with explanatory notes, and required supplementary information contained in this section of the Annual Comprehensive Financial Report (ACFR).

Financial Highlights

Overall, the economic climate affected MSRS in much the same way it did others across the country in fiscal year 2025. MSRS' fiduciary net position for all pension trust funds increased $2.96 billion, or 8.68 percent, from $34.09 billion as of June 30, 2024, to just under $37.05 billion as of June 30, 2025.

For the MSRS defined benefit retirement funds, the investment rate of return, net of investment management fees, decreased from 12.30 percent in 2024 to 10.90 percent in 2025. This is higher than the assumed rate of return of 7.00 percent used in the annual actuarial valuations, and meets the benchmark the State Board of Investment uses for the Combined Funds.

For the MSRS defined contribution retirement funds, investment performance varied depending upon the types of assets held in the portfolios of plan participants. The fiscal year 2025 rates of return ranged from a low of 3.40 percent for the Stable Value Fund within the Supplemental Investment Fund, to a high of 18.3 percent for the Vanguard Total International Stock Index (passive).

Total additions to all MSRS pension trust funds decreased $6.20 million, or 0.12 percent, during fiscal year 2025, from $5.16 billion for fiscal year 2024 to $5.15 billion for fiscal year 2025. This decrease reflects the change in investment return, from 12.30 percent in 2024 to 10.90 percent in 2025, as well as the 2024 one-time state aid of $99.2 million that was not received in 2025.

Total deductions from all MSRS pension trust funds increased $108.07 million, or 5.18 percent, from $2.09 billion for fiscal year 2024 to almost $2.20 billion for fiscal year 2025. The change was due to defined benefit annuity payments, which grew $30.30 million, or 2.42 percent, resulting from annual post-retirement benefit increases for retirees, as well as growth in the number of retirees. In addition, plan member refunds, which can fluctuate based on the economic climate, increased $41.11 million, or 7.13 percent.

On an actuarial valuation of assets basis, where gains or losses are smoothed over a five year period, the MSRS retirement funds still reflect some of the substantial investment income from previous years in addition to some of the gains from the current year. In addition, adjustments to actuarial assumptions to better match actual experience, as recommended by the plan actuary for the State Patrol, Correctional Employees, and Judges Retirement Plans, resulted in additional improvement in the funded ratio for those plans. Changes in plan provisions for the State Employees and State Patrol Retirement Plans offset some of the gains from investment returns. MSRS' largest defined benefit retirement fund, the State Employees Retirement Fund, was 95.01 percent funded as of the July 1, 2025, valuation date, in comparison to 97.17 percent funded as of July 1, 2024. On a fair value of assets basis, where gains and losses are not smoothed, this fund was 98.42 percent funded based on the 2025 actuarial valuation, a decrease from the 99.82 percent funded ratio reported as of the 2024 actuarial valuation.

Governmental Accounting Standards Board (GASB) Statements No. 67 and No. 68 actuarial valuation results indicated that on June 30, 2025, the governmental employers participating in the State Employees Retirement Fund incurred a net pension liability of $312.91 million, a $279.64 million increase from the net pension liability of the previous year. The fiduciary net position as a percentage of the total pension liability was 98.42 percent, a decrease of 1.40 percent over the 99.82 percent ratio as of June 30, 2024. These changes are due to changes in plan provisions and changes in assumptions based on recent experience studies.

Management's Discussion and Analysis

Overview of the Financial Statements

MSRS administers five defined benefit retirement funds and four defined contribution funds. The defined benefit funds include the State Employees, State Patrol, Correctional Employees, Judges and Legislators Retirement Funds. The defined contribution funds include the Unclassified Employees Retirement Fund, the Health Care Savings Fund, the Minnesota Deferred Compensation Fund and the Hennepin County Supplemental Retirement Fund. All of these pension trust funds are fiduciary funds for governmental accounting and financial reporting purposes.

This ACFR includes two basic financial statements for the MSRS pension trust funds: the *Statement of Fiduciary Net Position* and the *Statement of Changes in Fiduciary Net Position*.

Consistent with Minnesota Statutes, Chapter 356.20, the purpose of these financial statements, along with the accompanying *Notes to the Financial Statements* and *Required Supplementary Information*, is to present the financial position and results of MSRS operations to our membership, participating employers, and other financial statements users. This ACFR also provides readers with financial information in a format that is reasonably comparable to that of other public employee pension trust funds. These financial statements and explanatory notes are prepared in conformance with generally accepted governmental accounting principles and are reported using the accrual basis of accounting.

The *Statement of Fiduciary Net Position* provides a snapshot of the financial resources and obligations for all of the MSRS pension trust funds on June 30, the last day of the fiscal year. The assets available and the liabilities owed are reported at fair value as of that date. The difference between the sum of total assets and the sum of total liabilities is net position restricted for pensions. This amount is available for payment of future pension benefits or other obligations. Comparisons of total assets, total liabilities, and net position restricted for pensions as of June 30, 2025, and 2024, are depicted in the table below.

Summary Statement of Fiduciary Net Position - All MSRS Pension Trust Funds

As of June 30, 2025 and 2024

(Dollars in thousands)

	FY 2025	FY 2024	Change	Percent Change
Total Assets	$37,943,365	$35,044,644	$2,898,721	8.27 %
Total Liabilities	895,067	954,098	(59,031)	(6.19)
Net Position Restricted for Pensions	**$37,048,298**	**$34,090,546**	**$2,957,752**	**8.68 %**

Total assets as of June 30, 2025, totaling over $37.94 billion, increased almost $2.90 billion, or 8.27 percent, from the prior year. This increase can be attributed to an increase in investment returns for fiscal year 2025, which resulted in an investment gain for the year, net of fees, of nearly $3.74 billion.

Total liabilities of $895.07 million as of June 30, 2025, decreased $59.03 million, or 6.19 percent, from the prior year. This is largely due to an decrease of $60.02 million in security lending cash collateral, driven by changes in the marketplace. A corresponding securities lending cash collateral asset is also recorded in the financial statements.

This fiscal year, the increase in the net position restricted for pensions was $2.96 billion, or 8.68 percent. This increase was mostly due to investment gains resulting from the 10.90 percent investment return for fiscal year 2025.

MSRS had no deferred outflows or inflows of resources as of June 30, 2025.

The *Statement of Changes in Fiduciary Net Position* summarizes the financial transactions that occurred during the fiscal year. Additions include contributions, net investment income, and other revenue sources. Deductions include annuity benefit payments from our defined benefit retirement funds, ongoing withdrawals from our defined contribution retirement funds, refunds and other administrative expenses.

Total additions by major source and total deductions by type for the fiscal years ended June 30, 2025, and 2024, are depicted below.

Summary Statement of Changes in Fiduciary Net Position – All MSRS Pension Trust Funds

For the Fiscal Years Ended June 30, 2025 and 2024

(Dollars in thousands)

	FY 2025	FY 2024	Change	Percent Change
Additions (by Major Source)				
Plan Member Contributions	$938,614	$870,312	$68,302	7.85 %
Employer Contributions	425,618	381,720	43,898	11.50
MN General Fund Contributions	14,364	113,963	(99,599)	(87.40)
Investment Income (Net)	3,735,948	3,760,963	(25,015)	(0.67)
Other	40,434	34,218	6,216	18.17
Total Additions	**$5,154,978**	**$5,161,176**	**$(6,198)**	**(0.12) %**
Deductions (by Type)				
Benefits, Withdrawals and Reimbursements	$1,507,654	$1,450,068	$57,586	3.97 %
Refunds	617,677	576,568	41,109	7.13
Recordkeeper Expenses	4,224	4,213	11	0.26
Administrative Expenses	25,459	23,289	2,170	9.32
Other	41,076	33,885	7,191	21.22
Total Deductions	**$2,196,090**	**$2,088,023**	**$108,067**	**5.18 %**
Net Increase (Decrease) in Net Position Restricted for Pensions	**$2,958,888**	**$3,073,153**	**$(114,265)**	**(3.72) %**
Net Position Restricted for Pensions	**$37,048,298**	**$34,090,546**	**$2,957,752**	**8.68 %**

Total additions remained fairly stable between fiscal year 2024 and 2025, decreasing 0.12 percent, to $5.15 billion. All defined benefit plans received one-time state aid in fiscal year 2024, so fiscal year 2025 contributions reflected a decrease of $99.60 million without those funds. That decrease was offset by increases in employee and employer contributions during the fiscal year, increasing $68.30 million and $43.90 million respectively. The change was caused by increases in the number of active, contributing members in the four largest defined benefit funds during fiscal year 2025, with over 2,400 new members.

Total deductions increased $108.07 million, or 5.18 percent, from just under $2.09 billion in fiscal year 2024 to almost $2.20 billion in fiscal year 2025. This change was largely due to an increase in annuity benefits and refunds.

Increases in annuity benefits are the result of post-retirement benefit increases in all funds, generally 1.00 to 1.50 percent, and to the increase in members receiving benefits during the year. The number of benefit recipients in the defined benefit funds grew from 55,123 as of June 30, 2024, to 56,156 as of June 30, 2025, an increase 1,033 members, or 1.87 percent. While members receiving reimbursements or withdrawals from defined contribution funds did not increase in fiscal year 2025, the amounts withdrawn did. Ongoing withdrawals or refunds in the Minnesota Deferred Compensation Plan in fiscal year 2025 was $55.49 million higher than it was in the previous year. Refunds and withdrawals in this plan often fluctuate dependent upon member comfort with the economic environment.

Management's Discussion and Analysis

The *Notes to the Financial Statements* are an integral part of the financial statements. They provide additional information relevant to obtaining a full understanding of the financial statements. The notes are divided into six sections. Each section is described below.

1. Description of Organization and Plans - This section describes MSRS as an organization, including key membership, contribution, and benefit or distribution provisions for each of its retirement funds.
2. Summary of Significant Accounting Policies - This section provides a summary of significant accounting policies, including the basis of financial statement presentation and accounting methods applied in recording financial transactions, investment policies, and policies MSRS abides by in the valuation of assets, liabilities, revenue and expenses reported on the financial statements, where generally accepted accounting principles permit more than one approach.
3. Deposits and Investments - This section provides information about cash deposits and MSRS investments, including risks and fair value reporting.
4. Capital Assets - This section of the notes provides information about capital assets, including balances, additions, and depreciation.
5. Liabilities - This section provides information about certain liabilities reflected in the *Statement of Fiduciary Net Position*.
6. Net Pension Liability of Participating Employers - This section provides information about the net pension liability of the employers participating in the MSRS retirement plans.

Required Supplementary Information (RSI) consists of three schedules with related notes.

- Schedule of Investment Returns
- Schedule of Changes in the Employer Net Pension Liability and Related Ratios
- Schedule of Employer Contributions

The presentation of multi-year data is designed to provide economic context regarding amounts reported in the financial statements and to provide historical context for each pension fund's fiduciary net position related to the total pension liability. Assumptions used in the calculation of actuarially determined contributions and factors significantly affecting trends in the amounts reported are disclosed in the notes presented with each RSI schedule.

Supplementary schedules include the *Schedule of Administrative Expenses*, the *Schedule of Payments to Consultants* and the *Schedule of Investment Expenses*. These schedules summarize the operating expenses MSRS incurred during fiscal year 2025 to administer its defined benefit and defined contribution retirement funds.

GASB Statements No. 67 and No. 68 require two schedules which MSRS includes in the *Financial Section* of this report: a *Schedule of Employer Allocations* for our cost-sharing pension funds (the State Employees and Correctional Employees Retirement Funds) and the *Schedule of Pension Amounts by Employer* for each defined benefit retirement fund. These schedules contain essential financial data, including net pension liability, deferred outflows and deferred inflows of resources, and pension income or pension expense for governmental employers participating in our defined benefit retirement funds to report in their own financial statements.

Management's Discussion and Analysis

Financial Analysis of the MSRS Funds

Each of the MSRS defined benefit and defined contribution retirement funds have some characteristics that are different from the others, such as membership served. The MSRS retirement funds also have some characteristics in common, such as shared investment pools. The following pages highlight events or conditions that had a significant effect on each fund's financial position or results of operations during fiscal year 2025.

Analysis of the Defined Benefit Funds

The following two tables compare various performance measures to the previous fiscal year for the four largest MSRS defined benefit retirement funds. The Legislators Retirement Fund has been closed to new membership since July 1, 1997. Funding is primarily by annual General Fund appropriation from the State of Minnesota, and therefore the Legislators Retirement Fund is not included in these tables.

Summary Statement of Fiduciary Net Position – MSRS Defined Benefit Funds

For the Fiscal Years Ended June 30, 2025 and 2024

(Dollars in thousands)

	State Employees	State Patrol	Correctional Employees	Judges
Total Assets, as of 06/30/2025	$20,285,370	$1,199,391	$2,062,479	$331,471
Total Assets, as of 06/30/2024	18,939,111	1,099,150	1,872,617	307,666
Change in Total Assets	$1,346,259	$100,241	$189,862	$23,805
Percentage Change	7.11 %	9.12 %	10.14 %	7.74 %
Total Liabilities, as of 06/30/2025	$746,580	$43,835	$76,665	$12,142
Total Liabilities, as of 06/30/2024	800,755	46,184	80,015	12,963
Change in Total Liabilities	$(54,175)	$(2,349)	$(3,350)	$(821)
Percentage Change	(6.77) %	(5.09) %	(4.19) %	(6.34) %
Total Net Position Restricted for Pensions, as of 06/30/2025	$19,538,790	$1,155,556	$1,985,814	$319,329
Total Net Position Restricted for Pensions, as of 06/30/2024	18,138,356	1,052,966	1,792,602	294,703
Change in Net Position Restricted for Pensions	$1,400,434	$102,590	$193,212	$24,626
Percentage Change	7.72 %	9.74 %	10.78 %	8.36 %

Management's Discussion and Analysis

Summary Statement of Changes in Fiduciary Net Position – MSRS Defined Benefit Funds

For the Fiscal Years Ended June 30, 2025 and 2024

(Dollars in thousands)

	State Employees	State Patrol	Correctional Employees	Judges
Total Additions, year ended 06/30/2025	$2,500,739	$172,835	$300,612	$56,284
Total Additions, year ended 06/30/2024	2,567,592	180,030	300,340	56,447
Change in Total Additions	$(66,853)	$(7,195)	$272	$(163)
Percentage Change	(2.60) %	(4.00) %	0.09 %	(0.29) %
Total Deductions, year ended 06/30/2025	$1,099,169	$70,245	$107,400	$31,658
Total Deductions, year ended 06/30/2024	1,074,467	70,163	103,368	30,731
Change in Total Deductions	$24,702	$82	$4,032	$927
Percentage Change	2.30 %	0.12 %	3.90 %	3.02 %
Net Increase (Decrease) for the fiscal year ended 06/30/2025	$1,401,570	$102,590	$193,212	$24,626
Net Increase (Decrease) for the fiscal year ended 06/30/2024	1,493,125	109,867	196,972	25,716
Change in Net Increase (Decrease) of Net Position Restricted for Pensions	$(91,555)	$(7,277)	$(3,760)	$(1,090)
Percentage Change	(6.13) %	(6.62) %	(1.91) %	(4.24) %

State Employees Retirement Fund

Fiduciary Net Position Restricted for Pensions for the State Employees Retirement Fund, the largest MSRS defined benefit retirement fund, increased over $1.40 billion, or 7.72 percent, to nearly $19.54 billion as of June 30, 2025. Investment gains led to the increase.

Total additions decreased $66.85 million, or 2.60 percent, to $2.50 billion. This change is partially attributable to the fiscal year 2025 investment return of 10.90 percent, which was 1.40 percent lower than the return in fiscal year 2024. The investment return resulted in investment income of $53.56 million, or 2.68 percent. In addition, in fiscal year 2024 the plan received a one-time state aid contribution of $76.44 million from the State of Minnesota General Fund, and that funding was not available during the current fiscal year.

Total deductions increased nearly $24.70 million to $1.10 billion, an increase of 2.30 percent. The increase is due almost entirely to increased annuity benefit distributions, which rose 2.42 percent to nearly $1.07 billion. The increase is the result of growth in the number of members receiving benefits, up 1.78 percent to 49,825 members, and to the payment of a 1.50 percent post-retirement benefit increase to retirees and other benefit recipients in January 2025.

Management's Discussion and Analysis

State Patrol Retirement Fund

The Fiduciary Net Position Restricted for Pensions for the State Patrol Retirement Fund increased during fiscal year 2025 by almost $102.59 million, or 9.74 percent, largely due to investment gains.

Total additions decreased $7.19 million, or 4.00 percent, to $172.83 million. Like the State Employees Retirement Fund, the investment return of 10.90 percent was lower than the 12.30 percent return of fiscal year 2024, so the actual investment income was also lower, from a $115.54 million return in fiscal year 2024 to a $113.87 million return in fiscal year 2025. In fiscal year 2024 the plan received a one-time state aid contribution of $11.97 million from the State of Minnesota General Fund, and that funding was not available during the current fiscal year, which also contributed to the decrease in additions.

Other income includes $1.00 million of supplemental state aid that will continue to be received annually until this fund and the Public Employees Retirement Association's Police and Fire Fund both reach a 100.00 percent funded ratio for three consecutive years.

Total deductions remained relatively stable from the previous fiscal year, increasing $81.51 thousand, or 0.12 percent, to just over $70.24 million. The change can be attributed to an increase in refunds of contributions made to the plan, an increase of 64.81 percent to $308 thousand. Members may take a refund of their contributions made to the plan after they leave employment. Increases in refunds are sometimes seen during periods of perceived economic uncertainty.

Correctional Employees Retirement Fund

The Fiduciary Net Position Restricted for Pensions for the Correctional Employees Retirement Fund increased $193.21 million, or 10.78 percent, to almost $1.99 billion. Like the other funds, higher investment returns accounted for this increase.

Total additions were similar to fiscal year 2024 additions, up $272.07 thousand, or 0.09 percent, to $300.61 million. As in other funds, a one-time state aid contribution of $10.45 million from the State of Minnesota General Fund was received in fiscal year 2024, and that funding was not available during the current fiscal year, which led to lower additions. That reduction was offset by increases in member and employer contributions, $3.87 million and $7.46 million respectively, due to an additional 248 active, contributing members.

Total deductions increased $4.03 million, or 3.90 percent, to $107.40 million, due to higher annuity benefit distributions. Benefits increased $4.27 million, or 4.29 percent, to $103.71 million due to growth in the number of benefit recipients, and to the 1.50 percent post-retirement benefit increase paid to retirees and other benefit recipients in January 2025. Retiree, survivor and disabled member counts in fiscal year 2025 increased 3.04 percent to 4,367.

Judges Retirement Fund

Fiduciary Net Position Restricted for Pensions for the Judges Retirement Fund increased $24.63 million, or 8.36 percent, to $319.33 million due to favorable investment performance during fiscal year 2025.

Total additions decreased $162.57 thousand, or 0.29 percent, to $56.28 million. As in other funds, the decrease in additions is due to the fiscal year 2024 one-time state aid of $293 thousand being unavailable in fiscal year 2025. The decrease in additions was offset by increases in member and employer contributions of $158 thousand and $616 thousand respectively, due to an increase in active, contributing members. Additions for the Judges Retirement Fund includes an appropriation of $6.00 million from the State's General Fund.

Total deductions increased, from $30.73 million in fiscal year 2024 to $31.66 million in fiscal year 2025, a change of 3.02 percent. Annuity benefits increased $1.22 million, or 4.02 percent, due to the payment of a 1.50 percent post-retirement benefit increase to retirees and other benefit recipients in January 2025.

Legislators Retirement Fund

There are no assets available for payment of benefits in the Legislators Retirement Fund so the Fiduciary Net Position Restricted for Pensions remains at $0. The Legislators Fund consists of two retirement plans closed to new membership. Benefit payments and administrative expenses are paid by contributions from the 6 remaining active members of the fund and by General Fund appropriation.

Total assets increased $85.62 thousand, or 47.66 percent, to $265.29 thousand. These assets will be used for payment of administrative expenses, with any balance due back to the State's General Fund.

Management’s Discussion and Analysis

Total additions decreased during the year, a decrease of $451.25 thousand, or 5.10 percent, to $8.40 million in 2025. The Legislators Fund has no assets invested, so was not impacted by the investment returns as in other plans. There are only 6 contributing members, so contributions have continued to decline, from $38.05 thousand in 2024 to $36.11 thousand in 2025. The remaining addition, a state General Fund appropriation, decreased in fiscal year 2025 as annuity benefits in the closed plan decline. Any balance not required for payments will be returned to the state's General Fund.

Total deductions decreased $451.25 thousand, or 5.10 percent, to $8.40 million during fiscal year 2025. While there was a payments of a 1.50 percent post-retirement benefit increase to retirees and other benefit recipients in January 2025, this is a closed plan. The number of members receiving benefits will decrease over time, leading to lower benefit payments. There were 14 fewer members receiving benefits in fiscal year 2025 than there were in the previous year.

Analysis of the Defined Contribution Funds

MSRS administers four defined contribution funds. Each of these funds was affected by the same investment market conditions that impacted the MSRS defined benefit retirement funds. However, because individual members select their own investment options, comparisons of net participant’s investment income between fiscal years 2025 and 2024 for each defined contribution fund are not meaningful.

Certain non-investment related financial activities of the MSRS defined contribution funds merit mention.

Unclassified Employees Retirement Fund

The fiduciary net position for the Unclassified Employees Retirement Fund increased $40.04 million, 9.98 percent, to $441.15 million as of June 30, 2025. The increase, as with the defined benefit funds, is due to investment gains during fiscal year 2025. Contributions increased 9.83 percent, from $19.45 million in fiscal year 2024, to almost $21.36 million in fiscal year 2025, also adding to the increase. The contribution increase can be attributed to a higher number of active, contributing members in fiscal year 2025, growing to 1,577 members, a change of 4.99 percent from the previous year.

Health Care Savings Fund

For the fastest-growing MSRS fund, the Health Care Savings Fund, membership again grew during fiscal year 2025. Total participants grew by 8,050 members, or 4.75 percent, to 177,644 as of June 30, 2025. This led to a corresponding $15,304 million increase in contributions. Fiduciary Net Position Restricted for Pensions for the fund increased $272.96 million, 13.13 percent, to $2.35 billion as of June 30, 2025. The change was driven by investment gains, with investment income of $207.47 million.

Deductions increased between fiscal year 2024 and 2025, with a total increase of $14.23 million, or 11.43 percent. This change is due to increased reimbursements to members as health care costs continue to rise. Health care reimbursements increased $12.74 million to $121.72 million.

Minnesota Deferred Compensation Fund

The Fiduciary Net Position Restricted for Pensions for the Minnesota Deferred Compensation Fund increased almost $919.47 million, or 9.06 percent, from $10.15 billion on June 30, 2024, to $11.07 billion as of June 30, 2025.

Contributions increased by $18.67 million, or 4.52 percent due to an increase in active membership in the plan. Additionally, there was an investment gain in the fiscal year, an increase of $50.17 million, or 4.47 percent from the previous fiscal year.

Refunds increased in fiscal year 2025, from $536.81 million as of June 30, 2024 to $577.46 million as of June 30, 2025. Withdrawals and refunds can fluctuate based on the economic climate and members financial situations from year to year.

Management's Discussion and Analysis

Hennepin County Supplemental Retirement Fund

The Fiduciary Net Position Restricted for Pensions for the Hennepin County Supplemental Retirement Fund increased $4.42 million in fiscal year 2025, or 2.47 percent, to $183.48 million.

Investment income decreased by 17.32 percent during the year, from $25.90 million in fiscal year 2024 to $21.42 million in fiscal year 2025. Only Hennepin County employees who began employment prior to April 14, 1982, are eligible for this fund, so the number of active participants has been slowly declining, resulting in ongoing decreases in contributions from participants and employers, and smaller balances to invest. Active participants decreased by 8 during the fiscal year, or 22.86 percent, leaving only 27 active employees. As a result, contributions decreased $10,693, or 16.98 percent, to $52,270 in fiscal year 2025.

Fewer numbers of withdrawing members result in decreasing benefit payments, down 4.67 percent to $5.94 million. As in other plans, refunds increased, growing $6.52 million, or 146.08 percent, to $10.98 million in fiscal year 2025.

Actuarial Valuation Results

MSRS' consulting actuaries conduct two actuarial valuations for each MSRS defined benefit retirement fund on an annual basis: one for funding purposes and the other for GASB-compliant financial reporting purposes. Each valuation type is performed using a different set of actuarial methods and assumptions. Results of each are highlighted in the following paragraphs.

Funding Actuarial Valuations

The July 1, 2025, actuarial valuation results indicate the State Employees Retirement Fund was 95.01 percent funded, the State Patrol Retirement Fund was 84.65 percent funded, the Correctional Employees Retirement Fund was 79.88 percent funded, and the Judges Retirement Fund was 65.46 percent funded. These funded ratios are calculated using the actuarial value of assets, which requires gains or losses be recognized over a five year period. Positive investment returns over the last few years have led to continued improvements in the funded ratios for these plans.

A brief discussion of the funding actuarial valuation results follows. Additional information about the funding actuarial valuation results for each defined benefit fund can be found in the *Actuarial Section* of this report.

State Employees Retirement Fund

For the State Employees Retirement Fund, the fiscal year 2024 contribution sufficiency of 1.66 percent decreased to a contribution sufficiency of 0.61 percent reported in the July 1, 2025, valuation. The reduction is due to several changes in plan provisions during the 2025 Legislative session, including an increase in the post-retirement benefit and a change in the benefit multiplier. This is partially offset by another year of investment gains, with a 10.9 percent return in fiscal year 2025. On the actuarial value of assets basis, the funded ratio changed from 97.17 percent in 2024 to 95.01 percent in 2025. The funded ratio on a fair value of assets basis, which has no smoothing of gains or losses, showed a smaller reduction, 99.82 percent to 98.42 percent.

State Patrol Retirement Fund

For the State Patrol Retirement Fund, the 9.51 percent contribution sufficiency as of July 1, 2024, increased, ending with a contribution sufficiency of 10.50 percent as of July 1, 2025. The increase was the result of a 10.9 percent investment return in 2025, and actuarial assumption changes that were made in 2025 to more closely match actual experience. Some plan provision changes created a slight decrease in the actuarial value of assets funded ratio, changing from 84.86 percent on July 1, 2024, to 84.65 percent on July 1, 2025. On a fair value basis, the funded ratio increased, from 87.20 percent on July 1, 2024, to 87.76 percent on July 1, 2025.

Correctional Employees Retirement Fund

For the Correctional Employees Retirement Fund, the contribution sufficiency of 1.05 percent on July 1, 2024, increased to a contribution sufficiency of 2.97 percent on July 1, 2025. As in other plans, the positive 10.9 percent investment return contributed to the increase. Actuarial assumptions were also adjusted following a recent experience study, so the assumptions more closely match actual experience. As a result, the actuarial value of assets funded ratio increased from 77.08 percent on July 1, 2024, to 79.88 percent on July 1, 2025, and the fair value of assets increased from 79.17 percent to 82.83 percent.

Judges Retirement Fund

The Judges Retirement Fund also had a contribution sufficiency increase, from 3.17 percent on July 1, 2024, to of 3.51 percent on July 1, 2025, which can be attributed to both the 10.9 percent investment gain and a change in actuarial assumptions based on a recent experience study. Investment returns led to improved funding ratios, from 64.23 percent on July 1, 2024 , to 65.46 percent on July 1, 2025 on an actuarial value of assets basis, and from 65.98 percent to 67.86 percent on a fair value of assets basis.

Legislators Retirement Fund

The Legislators Retirement Fund is a closed plan, with only 6 active, contributing members. Remaining assets in the fund were depleted in the fiscal year ending June 30, 2016, and benefits are paid by annual appropriations from the state's General Fund.

Financial Reporting Actuarial Valuations

This is the twelfth year since MSRS implemented pension accounting and financial reporting standards issued by the Governmental Accounting Standards Board (GASB). To comply with GASB Statement No. 67, *Financial Reporting for Pensions, an amendment of GASB Statement No. 25*, MSRS relied upon its consulting actuary to compute the total pension liability, net pension liability, pension income or expense, and deferred outflows and deferred inflows of resources for each of its defined benefit retirement funds as of June 30, 2025. MSRS' participating governmental employers are required to report their respective shares of these amounts in their financial statements in compliance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*.

For the largest cost sharing, multiple-employer MSRS defined benefit fund, the State Employees Retirement Fund, the June 30, 2025, GASB-compliant actuarial valuation report revealed a net pension liability of $312.91 million, a increase of $279.64 million from the fiscal year 2024 net pension liability of $33.27 million. Benefit changes in this plan led to the increase in the liability. The State Patrol Retirement Plan, had a 4.3 percent increase in net pension liability due, in part, to benefit changes. The other two large defined benefit plans show decreases in net pension liability due to a combination of positive investment results and changes to actuarial assumptions.

Additional information on the financial reporting actuarial valuation results for the MSRS defined benefit retirement funds can be found in the *Actuarial Section* of this report, beginning on page 169.

Request for Information

This financial report is intended to provide a general overview of the financial position of MSRS as of June 30, 2025, and financial activities for fiscal year 2025. If you have any questions or comments concerning the contents of this report, please contact Minnesota State Retirement System by mail at 60 Empire Drive, Suite 300, Saint Paul, MN 55103-3000; by telephone toll-free at 1-800-657-5757; or via e-mail at info@mnretire.gov.

Statement of Fiduciary Net Position

As of June 30, 2025
(Dollars in thousands)

	Defined Benefit Funds				
	State Employees	State Patrol	Correctional Employees	Judges	Legislators
Assets					
Cash	$21,225	$2,361	$4,128	$839	$256
Short-term investments	527,931	32,408	55,581	9,032	0
Total Cash & Short-term Investments	$549,156	$34,769	$59,709	$9,871	$256
Receivables					
Member Contributions	$9,717	$747	$1,218	$157	$0
Employer Contributions	11,042	1,459	2,391	452	0
Other Receivables	999	12	20	9	7
Due from Other Funds	14,320	0	10	0	2
Total Receivables	$36,078	$2,218	$3,639	$618	$9
Investments, at Fair Value					
Bond Pool	$2,679,998	$154,838	$262,609	$43,416	$0
Treasuries Pool	1,843,549	109,392	188,698	30,107	0
Domestic Active Equity Pool	1,518,602	90,110	155,438	24,801	0
Domestic Equity Pool	5,148,998	305,529	527,030	84,089	0
Broad International Stock Pool	3,246,267	192,626	332,275	53,016	0
Global Equity Pool	223,749	12,245	19,973	3,566	0
Private Markets	4,298,360	255,055	439,963	70,198	0
Supplemental Investment Fund	0	0	0	0	0
Mutual Funds	0	0	0	0	0
Total Investments	$18,959,523	$1,119,795	$1,925,986	$309,193	$0
Securities Lending Collateral	$723,567	$42,609	$73,145	$11,789	$0
Capital Assets, Net of Depreciation					
Land	$88	$0	$0	$0	$0
Construction in Progress	8,266	0	0	0	0
Building, Improvements, and Equipment	3,470	0	0	0	0
Equipment, Furniture, and Fixtures	699	0	0	0	0
Internally Generated Software	4,400	0	0	0	0
Right to Use Assets	123	0	0	0	0
Total Capital Assets	$17,046	$0	$0	$0	$0
Total Assets	**$20,285,370**	**$1,199,391**	**$2,062,479**	**$331,471**	**$265**
Liabilities					
Accounts Payable	$18,559	$992	$1,735	$278	$9
Securities Lending Collateral	723,567	42,609	73,145	11,789	0
Due to Other Funds	3	234	1,121	75	30
Due to the State's General Fund	0	0	0	0	207
Other Payables	4,451	0	664	0	19
Total Liabilities	**$746,580**	**$43,835**	**$76,665**	**$12,142**	**$265**
Net Position Restricted for Pensions	**$19,538,790**	**$1,155,556**	**$1,985,814**	**$319,329**	**$0**

The accompanying notes are an integral part of the financial statements.

Statement of Fiduciary Net Position

As of June 30, 2025
(Dollars in thousands)

Defined Contribution Funds				
Unclassified Employees	Health Care Savings Plan	MN Deferred Compensation	Hennepin County Supplemental	Totals
$0	$0	$0	$0	$28,809
87	3,100	9,187	53	637,379
$87	$3,100	$9,187	$53	$666,188
$1,169	$14,315	$8,570	$2	$35,895
277	0	0	2	15,623
0	0	0	0	1,047
0	0	0	0	14,332
$1,446	$14,315	$8,570	$4	$66,897
$0	$0	$0	$0	$3,140,861
0	0	0	0	2,171,746
0	0	0	0	1,788,951
0	0	0	0	6,065,646
0	0	0	0	3,824,184
0	0	0	0	259,533
0	0	0	0	5,063,576
23,853	948,672	1,474,407	14,772	2,461,704
417,699	1,391,380	9,588,108	168,736	11,565,923
$441,552	$2,340,052	$11,062,515	$183,508	$36,342,124
$0	$0	$0	$0	$851,110
$0	$0	$0	$0	$88
0	0	0	0	8,266
0	0	0	0	3,470
0	0	0	0	699
0	0	0	0	4,400
0	0	0	0	123
$0	$0	$0	$0	$17,046
$443,085	**$2,357,467**	**$11,080,272**	**$183,565**	**$37,943,365**
$30	$351	$778	$45	$22,777
0	0	0	0	851,110
1,908	5,304	5,612	45	14,332
0	0	0	0	207
0	339	1,168	0	6,641
$1,938	**$5,994**	**$7,558**	**$90**	**$895,067**
$441,147	**$2,351,473**	**$11,072,714**	**$183,475**	**$37,048,298**

Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended June 30, 2025
(Dollars in thousands)

	Defined Benefit Funds				
	State Employees	State Patrol	Correctional Employees	Judges	Legislators
Additions					
Contributions					
Plan Member Contributions	$250,604	$19,595	$35,646	$4,578	$36
Employer Contributions	283,169	38,365	69,796	13,857	0
State of MN General Fund Contributions	0	0	0	6,000	8,364
Total Contributions	$533,773	$57,960	$105,442	$24,435	$8,400
Investment Income					
Investment Income	$2,010,947	$117,860	$201,984	$32,964	$0
Less Investment Expenses	71,170	4,181	7,165	1,168	0
Net Investment Income	$1,939,777	$113,679	$194,819	$31,796	$0
Income from Securities Lending Activities:					
Securities Lending Income	$41,225	$2,427	$4,165	$671	$0
Securities Lending Expenses:					
Borrower Rebates	$37,158	$2,188	$3,757	$606	$0
Management Fees	732	43	73	12	0
Total Securities Lending Expenses	$37,890	$2,231	$3,830	$618	$0
Net Income from Securities Lending Activities	3,335	196	335	53	0
Total Net Investment Income	$1,943,112	$113,875	$195,154	$31,849	$0
Other Additions					
Transfers from Other Plans	$23,740	$0	$0	$0	$0
Other Income	114	1,000	16	0	0
Total Other Additions	$23,854	$1,000	$16	$0	$0
Total Additions	**$2,500,739**	**$172,835**	**$300,612**	**$56,284**	**$8,400**
Deductions					
Annuity Benefits	$1,068,310	$69,687	$103,706	$31,575	$8,363
Ongoing Withdrawals	0	0	0	0	0
Health Care Reimbursements	0	0	0	0	0
Refunds	16,881	308	2,529	0	0
Transfers to Other Plans	1,270	0	0	0	0
Recordkeeper Expenses	0	0	0	0	0
Administrative Expenses	12,708	250	1,165	83	37
Other Expenses	0	0	0	0	0
Total Deductions	**$1,099,169**	**$70,245**	**$107,400**	**$31,658**	**$8,400**
Net Increase (Decrease) in Net Position	**$1,401,570**	**$102,590**	**$193,212**	**$24,626**	**$0**
Net Position Restricted for Pensions					
Beginning of Year	$18,138,356	$1,052,966	$1,792,602	$294,703	$0
Change in Accounting Principle	(1,136)	0	0	0	0
End of Year	**$19,538,790**	**$1,155,556**	**$1,985,814**	**$319,329**	**$0**

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended June 30, 2025
(Dollars in thousands)

Unclassified Employees	Health Care Savings Plan	MN Deferred Compensation	Hennepin County Supplemental	Totals
Defined Contribution Funds				
$10,473	$195,470	$422,186	$26	$938,614
10,883	0	9,522	26	425,618
0	0	0	0	14,364
$21,356	$195,470	$431,708	$52	$1,378,596
$51,347	$208,055	$1,174,603	$21,462	$3,819,222
110	586	2,767	46	87,193
$51,237	$207,469	$1,171,836	$21,416	$3,732,029
$0	$0	$0	$0	$48,488
$0	$0	$0	$0	$43,709
0	0	0	0	860
$0	$0	$0	$0	$44,569
0	0	0	0	3,919
$51,237	$207,469	$1,171,836	$21,416	$3,735,948
$1,270	$0	$0	$0	$25,010
220	8,707	5,262	105	15,424
$1,490	$8,707	$5,262	$105	$40,434
$74,083	**$411,646**	**$1,608,806**	**$21,573**	**$5,154,978**
$0	$0	$0	$0	$1,281,641
0	0	98,359	5,937	104,296
0	121,717	0	0	121,717
9,518	0	577,461	10,980	617,677
23,740	0	0	0	25,010
41	2,766	1,405	12	4,224
502	5,269	5,411	34	25,459
241	8,936	6,700	189	16,066
$34,042	**$138,688**	**$689,336**	**$17,152**	**$2,196,090**
$40,041	**$272,958**	**$919,470**	**$4,421**	**$2,958,888**
$401,106	$2,078,515	$10,153,244	$179,054	$34,090,546
0	0	0	0	(1,136)
$441,147	**$2,351,473**	**$11,072,714**	**$183,475**	**$37,048,298**

Notes to the Financial Statements

These notes provide disclosures relevant to the basic financial statements on the preceding pages.

Note 1: Description of Organization and Plans

A. Organization

The Minnesota State Retirement System (MSRS) is the administrator of a multiple-employer, cost-sharing public employee retirement system. It consists of five defined benefit funds and four defined contribution funds. The defined benefit funds are listed below with parenthetical disclosure of the Minnesota Statutes (MS) that set forth criteria for benefit computations, obligations of members and participating employers to make contributions, and other plan provisions:

State Employees Retirement Fund
(MS Sections 352.01 - 352.87)

State Patrol Retirement Fund
(MS Chapter 352B)

Correctional Employees Retirement Fund
(MS Sections 352.90 - 352.955)

Judges Retirement Fund
(MS Chapter 490)

Legislators Retirement Fund
(MS Chapter 3A)

Minnesota Statutes Section 356.20 defines financial reporting requirements for the four largest MSRS defined benefit funds.

The defined contribution funds are listed below with parenthetical disclosure of the Minnesota Statutes pertinent to plan administration:

Unclassified Employees Retirement Fund
(MS Chapter 352D)

Health Care Savings Fund
(MS Chapter 352.98)

Minnesota Deferred Compensation Fund
(MS Sections 352.965 - 352.97)

Hennepin County Supplemental Retirement Fund
(MS Sections 383B.46 - 383B.52)

Responsibility for the organization is vested in the MSRS Board of Directors, which consists of eleven members. Four members are elected by the membership at large of the State Employees Retirement Plan and the Unclassified Employees Retirement Plan. Three members are appointed by the Governor, one of whom must be a constitutional officer or an appointed state official, and two of whom must be public members knowledgeable in pension matters. The remaining four members represent the State Patrol Retirement Plan, the Correctional Employees Retirement Plan, the Transit Division of the Metropolitan Council and the retired and disabled members of all plans that MSRS administers. MSRS employees are ineligible for membership on the board of directors.

B. Participating Employers

MSRS members are employed by the State of Minnesota, the non-instructional employees at the University of Minnesota, approximately 83 counties, 328 cities and townships, 304 school districts and other educational entities and 273 additional miscellaneous entities.

C. Reporting Entity

MSRS functions as a separate statutory entity. The system maintains rights to sue or be sued in its own name and to hold property in its own name. For financial reporting purposes, MSRS funds are considered pension trust funds of the State of Minnesota and are included in the State's Annual Comprehensive Financial Report with its fiduciary funds. MSRS is not a component unit and does not have any component units, and this report includes financial information for MSRS only.

Notes to the Financial Statements

D. Defined Benefit Retirement Funds – Membership Statistics, Contribution Information, and Plan Descriptions

Membership statistics as of June 30, 2025, for all MSRS defined benefit retirement funds are shown in **Exhibit 1.** Specific descriptions of each of these funds are contained in the narrative and schedules that follow.

Exhibit 1: Membership Statistics - MSRS Defined Benefit Funds

As of June 30, 2025	State Employees	State Patrol	Correctional Employees	Judges	Legislators	Totals
Members Receiving Benefits						
Retirees	43,282	945	3,676	355	242	48,500
Disabled Annuitants	1,618	99	345	10	0	2,072
Beneficiaries	4,925	156	346	79	78	5,584
Total Members Receiving Benefits	**49,825**	**1,200**	**4,367**	**444**	**320**	**56,156**
Deferred Members						
Vested, Not Receiving	19,431	81	1,665	22	12	21,211
Nonvested	12,066	69	1,698	1	0	13,834
Total Deferred Members	**31,497**	**150**	**3,363**	**23**	**12**	**35,045**
Active Members						
Vested	42,276	654	2,913	292	6	46,141
Nonvested	15,318	354	1,811	31	0	17,514
Total Active Members	**57,594**	**1,008**	**4,724**	**323**	**6**	**63,655**
Grand Total Members	**138,916**	**2,358**	**12,454**	**790**	**338**	**154,856**
Participating Employers	15	1	4	1	1	

Note: These retirement funds have no nonemployer contributing entities

State Employees Retirement Fund

The State Employees Retirement Fund includes the General Employees Retirement Plan (General Plan), a multiple-employer, cost-sharing plan. All state of Minnesota employees are covered by the General Plan. Within the General Plan are three special groups: Military Affairs, Transportation Pilots and Fire Marshals. Only employees of the Department of Military Affairs, Department of Transportation, and the office of the State Fire Marshal as defined in state statute are eligible to be members of those groups. The Transportation Pilots group has been closed to new entrants since July 1, 2008, and there are no active contributing members.

The General Plan provides retirement, disability and death benefits to plan members and their beneficiaries.

As of June 30, 2025, all MSRS employees are members of the General Plan, except for the Deputy Director, who is a member of the Unclassified Employees Retirement Plan.

MSRS employee and employer contributions are funded at 100.0 percent of the required contributions set by statute. Total covered payroll for MSRS employees was approximately $13.4 million for fiscal year 2025, with employee contributions of $715,308 and employer contributions of $812,850.

Notes to the Financial Statements

State Patrol Retirement Fund

The State Patrol Retirement Fund includes only the State Patrol Retirement Plan, a single-employer plan. Membership is limited to State of Minnesota employees who are state troopers, conservation officers, and crime bureau and gambling enforcement agents as defined in state statute.

The State Patrol Retirement Plan provides retirement, disability and death benefits to plan members and their beneficiaries.

Correctional Employees Retirement Fund

The Correctional Employees Retirement Fund includes only the Correctional Plan, a multiple-employer, cost-sharing plan. Membership is limited to State of Minnesota employees with 75.0 percent working time spent in direct contact with inmates or patients in Minnesota correctional facilities, the state-operated Forensic Services Program or the Minnesota Sex Offenders Program. Additionally, employees on leave from eligible positions to work for a labor organization may also be covered.

The Correctional Employees Retirement Plan provides retirement, disability and death benefits to plan members and their beneficiaries.

Judges Retirement Fund

The Judges Retirement Fund includes only the Judges Retirement Plan, a single employer plan. Membership is limited to Minnesota District, Appellate and Supreme Court judges. Retirees also include former municipal and county court judges.

The Judges Retirement Plan provides retirement, disability and death benefits to plan members and their beneficiaries.

The Judges Retirement Plan provides both a Tier 1 and a Tier 2 benefit program depending upon a judge's appointment or election date. Tier 1 program judges are those first appointed or elected before July 1, 2013, and Tier 2 program judges are those first appointed or elected after June 30, 2013. Judges with less than five years of service as of December 31, 2013, may make a one-time irrevocable election into the Tier 2 benefit program.

Legislators Retirement Fund

The Legislators Retirement Fund includes two State of Minnesota General Fund plans: the Legislators Retirement Plan and the Elective State Officers Retirement Plan. Each plan is a single employer plan that is closed to new entrants. Effective July 1, 2013, these plans were merged for administrative cost-savings purposes.

The Legislators Retirement Plan includes members of the Minnesota State Legislature who were first elected to office before July 1, 1997, and who elected to retain coverage under this plan. Legislators elected after that date are participants in the Unclassified Employees Retirement Plan, a defined contribution plan.

The Elective State Officers Retirement Plan includes constitutional officers (Governor, Lieutenant Governor, Secretary of State, Attorney General and State Auditor) who were first elected to office between July 1, 1967, and July 1, 1997, and chose to retain coverage under this plan. All members of the Elective State Officers Plan are in retirement status.

Both the Legislators and Elective State Officers Retirement Plans provide retirement and death benefits to plan members and their beneficiaries.

Benefits for both plans are financed on a pay-as-you-go basis, funded primarily by annual appropriations from the state's General Fund.

Optional Retirement Annuities

In the defined benefit funds, three joint-and-survivor annuity options are available: a 50.0 percent survivor benefit, a 75.0 percent survivor benefit, and a 100.0 percent survivor benefit to the beneficiary. Each option includes the right of reversion to the single-life amount if the beneficiary dies before the member. A 15-year period certain and life thereafter annuity is also available. By statute, the Legislators Retirement Fund automatically provides a 50.0 percent benefit continuance to a surviving spouse. Legislators can also choose a 100.0 percent survivor coverage with an actuarially reduced benefit.

Notes to the Financial Statements

Contribution Rates

Minnesota statutes require that eligible employees contribute a percentage of their total compensation to the retirement fund. Participating employers are also required to contribute a percentage to the funds. Contribution rates are reflected in **Exhibit 2**.

The employer contribution for the State Patrol Retirement Fund includes a 7.0 percent supplemental employer contribution, which will remain in place until the plan is 110 percent funded on a fair value of assets basis for three consecutive years. A similar supplemental contribution of 4.45 percent exists in the Correctional Employees Retirement Fund, and will remain in place until the plan is 110 percent funded on a fair value of assets basis for three consecutive years.

In addition to the contributions noted in the exhibit, the State Patrol Retirement Fund and the Judges Retirement Fund receive further funding.

The State Patrol Retirement Fund receives a $1 million supplemental state contribution on an annual basis until the State Patrol Retirement Fund and the Public Employees Retirement Association Police and Fire Retirement Fund both are 100 percent funded on an actuarial value of assets basis for three consecutive years.

The Judges Retirement Fund receives a General Fund appropriation of $6 million on an annual basis until the Judges Retirement Fund is 110 percent funded on an actuarial value of assets basis for three consecutive years.

Exhibit 2: Fiscal Year 2025 Contribution Rates for MSRS Defined Benefit Retirement Funds

Retirement Plan	Employee Contribution Rate	Employer Contribution Rate	Statutory Authority
State Employees (General Plan) (1)	5.50 %	6.25 %	M.S. 352.04
State Patrol	15.40	30.10	M.S. 352B.02
Correctional Employees	9.60	18.85	M.S. 352.92
Judges - Tier 1 (2)	9.00	22.50	M.S. 490.123
Judges - Tier 2	7.00	22.50	M.S. 490.123
Legislators	9.00 % to the state's General Fund	Funded by General Fund appropriation	M.S. 3A.03

(1) The General Plan employee contribution rate will increase to 6.0 percent on July 1, 2025.

(2) Contributions for Tier 1 Judges are redirected to the Unclassified Employees Retirement Plan after the judge's maximum retirement benefit is reached.

Post-Retirement Benefit Increases

Post-retirement benefit increases are effective on January 1 of each year. Benefit increase rates are noted in **Exhibit 3.**

Exhibit 3: Annual Post-Retirement Benefit Increases for MSRS Defined Benefit Retirement Plans

Retirement Plan	Annual Benefit Increase Amount (1)
State Employees (General Plan)	1.50 percent
State Patrol	1.00 percent
Correctional Employees	1.50 percent
Judges	1.50 percent
Legislators	1.50 percent

(1) On January 1, 2026, the State Employees Plan and Legislators Plan increases will change to 1.75 percent, and the State Patrol Plan increase will change to 1.25 percent.

Vesting and Retirement Ages

All active and deferred members are fully vested to the extent of their contributions plus interest at a rate of 6.0 percent through June 30, 2011, 4.0 percent through June 30, 2018, and 3.0 percent thereafter. For monthly retirement benefits, members are vested in each plan as noted in **Exhibit 4**.

Exhibit 4: Fiscal Year 2025 Vesting and Retirement Ages for MSRS Defined Benefit Retirement Plans

Retirement Plan	Vesting Requirements	Full retirement Age	Reduced (Early) Retirement Age
State Employees (General Plan)	For most members: Three years of covered service Hired between July 1, 2010 and June 30, 2023: five years if not active on July 1, 2023	Hired before July 1, 1989: - age 65, or - age 62 with 30 years of service, or - Rule of 90 eligible (age plus years of service equals 90 or more) Hired after June 30, 1989: - age 66	Age 55, if vested
State Patrol	Hired before July 1, 2013: Three years of covered service Hired after June 30, 2013: ten years for members, five years for survivor purposes	Age 55	Age 50
Correctional Employees	Hired before July 1, 2010: Three years of covered service Hired after June 30, 2010: must have a minimum of five years allowable service before a graded vesting schedule begins, which ranges from 50 percent vested after five years of allowable service to 100 percent vested after ten years of allowable service.	Age 55	Age 50
Judges - Tier 1	Five years of allowable service	Age 65, mandatory age 70	Age 60
Judges - Tier 2	Five years of allowable service	Age 66, mandatory age 70	Age 60
Legislators	Six years of allowable service	Age 62	Age 55

Notes to the Financial Statements

Benefit Formulas

Benefits are calculated based on years and months of service, member age and the average salary from the sixty successive-month period (five years) with the highest gross salary. Formulas for MSRS defined benefit plans are shown in **Exhibit 5**.

Exhibit 5: Benefit Formulas for MSRS Defined Benefit Retirement Plans

Retirement Plan	Benefit Formula
State Employees (General Plan)	Members hired before July 1, 1989: Step or Level formula, whichever is greater. It also includes full benefits under the Rule of 90 (age plus years of allowable service equals 90). Members hired on or after July 1, 1989: Level formula. Not Rule of 90 eligible. Step formula: 1.20 percent of the high-five average salary for each of the first 10 years of covered service, then 1.70 percent (1.90 percent for service earned after July 1, 2025) for each year of allowable service. Level formula: 1.70 percent of the high-five average salary (1.90 percent for service earned after July 1, 2025) for all years of covered service, with full benefits at normal retirement age.
State Patrol	3.00 percent of the high-five average salary for each year of allowable service. Allowable service used to determine benefits is limited to 33 years, with a refund of employee contributions for excess years of service. Members with at least 28 years of service as of July 1, 2013, are not subject to this service limit.
Correctional Employees	For employees hired before July 1, 2010: 2.40 percent of the high-five average salary for each year of allowable service, prorated for completed months. For employees hired after June 30, 2010: 2.20 percent of the high-five average salary for each year of allowable service, prorated for completed months. Monthly benefits can be received either as level lifelong payments or accelerated payments until a reversion age of 62 or 65. Upon attaining the reversion age, the benefit is adjusted actuarially to a lower, permanent amount.
Judges - Tier 1	2.70 percent of the high-five average salary for each year of allowable service prior to July 1, 1980, then 3.20 percent for each year of allowable service after June 30, 1980. The maximum benefit a Tier 1 program member receives is 76.80 percent of high-five average salary.
Judges - Tier 2	2.50 percent of the high-five average salary for each year of allowable service. There is no maximum benefit for Tier 2 program members.
Legislators	For members first elected prior to January 1, 1979: 5.00 percent of high-five average salary for the first eight years of service prior to January 1, 1979, then 2.50 percent for subsequent years. For members elected after December 31, 1978: 2.50 percent of the high-five average salary for each year of allowable service.

Notes to the Financial Statements

E. Defined Contribution Retirement Funds Membership Statistics, Contribution Information, and Plan Descriptions

MSRS contracts with a third-party administrator, Empower Retirement™ (Great-West Life & Annuity Insurance Company), to provide recordkeeping services for the four MSRS defined contribution funds. Membership statistics as of June 30, 2025, are provided in **Exhibit 6.** Recordkeeping services transferred to Voya Financial on July 1, 2025.

Exhibit 6: Membership Statistics – MSRS Defined Contribution Funds

(Dollars in thousands)

As of June 30, 2025	Unclassified Employees	Health Care Savings	MN Deferred Compensation	Hennepin County Supplemental	Totals
Active Members	1,577	82,859	59,352	27	143,815
Inactive Members	2,082	84,603	35,497	695	122,877
Withdrawing Members	0	10,182	10,367	52	20,601
Total Members	**3,659**	**177,644**	**105,216**	**774**	**287,293**
Annual Payroll	$190,409	NA	NA	$2,564	
Participating Employers	5	636	822	2	

Unclassified Employees Retirement Fund

The Unclassified Employees Retirement Fund is a tax-deferred, defined contribution fund entirely composed of a single, multiple-employer defined contribution plan, the Unclassified Employees Retirement Plan. Minnesota Statute, section 352D.01 authorized creation of this plan. Participation is limited to certain specific employees of the State of Minnesota and various statutorily designated entities.

This plan is considered a money purchase plan, but functions as a hybrid of a defined contribution plan and a defined benefit plan. Participant vesting is only to the extent of the value of their account, which includes employee and employer contributions, investment gains and losses, and deductions for administrative expenses.

Minnesota Statutes, section 352D.04, subdivision 2, requires a contribution rate of 5.50 percent of salary from participating employees, which is equivalent to the employee contribution rate for members of the General Employees Retirement Plan. The employer contribution rate for the Unclassified Employees Retirement Plan is 6.25 percent of salary. The employee contribution rate will be increased to 6.0 percent on July 1, 2025.

Unclassified Employees Retirement Plan participants are eligible to apply for the balance in their account after termination of public service. There is no minimum employment requirement to qualify for this lump-sum payment. Since contributions made to this plan are not taxed, participants pay taxes when funds are withdrawn and may be subject to a 10.0 percent tax penalty if funds are withdrawn in a lump sum before the member reaches age 59 1/2. Monthly benefits are available to terminated participants at age 55 or later, regardless of the individual's length of service. Participants age 55 or older may also apply for a portion of their account balance as a lump-sum payment and the remainder in lifetime monthly benefits.

Retirement and disability benefits are available to some participants through conversion to the General Plan, at the participant's option, provided the employee has at least 10 years of allowable service in the Unclassified and/or the General Plan if hired prior to July 1, 2010, or has no more than seven years of service if hired after June 30, 2010. This conversion option is not available to judges, legislators and elected state officers. It is a contingent liability of the State Employees Retirement Fund and actuarially valued as of June 30, 2025, in the amount of $15,913,000.

Notes to the Financial Statements

Health Care Savings Fund

The Health Care Savings Fund is a defined contribution fund entirely composed of the Health Care Savings Plan. It is an employer-sponsored program authorized by Minnesota Statutes, section 352.98. The Health Care Savings Plan allows employees to save tax-free contributions in an investment account to be used to reimburse the plan participants for future medical expenses and medical insurance premiums after they terminate employment. As a result of various Internal Revenue Service (IRS) rulings and regulations, benefit payments are tax exempt. Program participation is mandated by either collective bargaining agreement or personnel policy. Contribution rates are determined by collective bargaining agreements or employer personnel policies. They are highly variable, ranging from a percentage of weekly earnings to lump sum contributions such as severance pay.

Minnesota Deferred Compensation Fund

The Minnesota Deferred Compensation Fund is a defined contribution fund entirely composed of the Minnesota Deferred Compensation Plan. Minnesota Statutes, section 352.965 establishes this plan. It is a voluntary plan offered to all state employees and political subdivisions located in Minnesota. Authorized under Section 457(b) of the Internal Revenue Code, contributions and investment earnings are tax sheltered until the time of withdrawal. Employee contributions may be as little as $10 each paycheck. Some employer units or bargaining units may match a portion of an employee's contributions annually. All contributions are subject to annual maximum limits determined by the IRS. All assets and income are held in trust for the sole benefit of plan participants and beneficiaries. Plan participants may only withdraw money from their account upon separation of service or retirement. Unlike many other supplemental retirement plans, Section 457(b) plan participants who take a distribution before reaching age 59 1/2 are not subject to the IRS 10.0 percent early withdrawal penalty.

Hennepin County Supplemental Retirement Fund

MSRS provides recordkeeping services for the Hennepin County Supplemental Retirement Fund, a defined contribution fund. Only employees of Hennepin County who began employment prior to April 14, 1982, are eligible to participate in this tax-sheltered nonqualified plan. This plan was created in accordance with Minnesota Statutes, section 383B.46 and Section 6064(d)(2) and (3) of the Technical and Miscellaneous Revenue Act of 1988. Employee contributions of 1.0 percent of salary are matched by employer contributions of 1.0 percent of salary.

Plan Administrative Fees

Plan administrative fees in each defined contribution plan are collected near the middle of the month, and are based on each participant's account balance on that day. The fees are used to pay for recordkeeping and custodial services, and to reimburse MSRS for expenses incurred to administer the plan. The fiscal year 2025 plan administrative fee rate structure for each defined contribution fund is shown in **Exhibit 7.**

Exhibit 7: Fiscal Year 2025 Plan Administrative Fee Schedule for MSRS Defined Contribution Retirement Funds

Defined Contribution Retirement Fund	Administrative Fee Rate Schedule
Unclassified Employees	$2 per month for an account balance up to $10,000
	$4 per month for an account balance between $10,000.01 and $30,000
	$6 per month for an account balance between $30,000.01 and $90,000
	$8 per month for an account balance over $90,000
Health Care Savings	0.65% or 65 basis points of a participant's account balance ($140 annual maximum fee)
Minnesota Deferred Compensation	0.10% or 10 basis points of a participant's account balance ($125 annual maximum fee)
Hennepin County Supplemental	0.05% or 5 basis points of a participant's account balance

Notes to the Financial Statements

Note 2: Summary of Significant Accounting Policies

A. Basis of Presentation and Basis of Accounting

Basis of Presentation

The accompanying financial statements were prepared in accordance with generally accepted accounting principles (GAAP). In doing so, MSRS adheres to accounting and financial reporting standards established by the Governmental Accounting Standards Board (GASB). GASB is the independent, not-for-profit, standards-setting organization and the official source of GAAP for state and local governmental entities in the United States of America.

The MSRS accounts are organized and presented on the basis of funds. All of the funds presented in the financial statements are fiduciary funds. These funds are classified as pension trust funds, and are maintained for the exclusive benefit of the members or their beneficiaries.

Basis of Accounting

The basis of accounting indicates the timing of transactions or events for recognition in the financial statements. MSRS' financial statements are reported using the accrual basis of accounting. Plan member contributions, employer contributions, and related receivables are recognized as revenues when due, pursuant to formal commitments and statutory requirements. Annuity benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Administrative and other expenses, and the associated liabilities, are recognized when the liability is incurred.

Changes in Accounting Principles

The GASB issued Statement No. 101, *Compensated Absences* in June 2022. A compensated absence is leave for which employees may receive cash payments when the leave is used, other payment for unused leave upon termination of employment, or noncash settlements, such as conversion to defined benefit post-employment benefits. Compensated absences could include vacation, sick leave, parental leave, and bereavement leave. MSRS implemented this guidance in 2025, which resulted in a change in accounting principle as a result of the new method of measuring and recognizing the compensated absences.

B. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position Restricted for Pensions

Cash and Cash Equivalents

For the MSRS defined benefit retirement funds, cash and cash equivalents include cash on deposit in the state's treasury, commingled with other state funds, and short-term investments. Cash on deposit consists of year-end receipts not yet processed as of the investment cutoff on June 30. Short-term investments include U.S. Treasury issues, repurchase agreements, banker's acceptances, commercial paper, and certificates of deposit. For each MSRS defined contribution fund, cash equivalents represent the money market funds associated with a plan sponsor account, or plan expense account. This is the account the recordkeeper uses to deposit monthly participant administrative fees and to pay authorized, allowable plan operating expenses.

Accounts Receivable

Accounts receivable represents plan member and employer contributions, calculated as a percentage of each employee's salary as specified in Minnesota Statutes, which is received after fiscal year-end for services rendered during the fiscal year.

For the defined contribution funds, accounts receivable includes any plan administrative fees, determined as a percentage of each participant's account balance, which were earned during the fiscal year, but received after fiscal year-end.

Interfund Receivables, Payables, and Transfers

The purpose of interfund receivables and payables is to accrue interfund obligations that are outstanding as of the fiscal year-end date, June 30. Most of these balances are the result of our reallocation of administrative expenses, which is done annually. The only balances that may not be completely liquidated during the ensuing fiscal year are the interfund payables from the Unclassified Employees Retirement Fund and the Health Care Savings Plan to the State Employees Retirement Fund.

Interfund transfers are primarily the result of elective membership eligibility changes that have occurred during the fiscal year.

Notes to the Financial Statements

Due To the State's General Fund

The Legislators Retirement Fund is primarily funded on a pay-as-you-go basis with an annual appropriation from the State's General Fund. This appropriation, reported as a General Fund contribution on the *Statement of Changes in Fiduciary Net Position*, is used to finance annuity benefits paid to retirees or their survivors, member refunds, and the Legislators Fund's share of the MSRS administrative expenses. The amount due to the State's General Fund as of fiscal year-end represents the unused portion of the full appropriation that MSRS is obligated to return to the state.

Investments

Investment Policy

The Minnesota State Board of Investment (SBI) is established by Article XI of the Minnesota Constitution to invest all state funds. The membership is made up of the Minnesota Governor (who is designated as chair of the Board), State Auditor, Secretary of State and Attorney General. The legislature has also established a 17-member Investment Advisory Council (IAC) to advise the SBI and its staff on investment related matters. The MSRS Executive Director is a permanent member of the IAC.

All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in Minnesota Statutes, chapter 11A and chapter 356A.

The SBI, with assistance of the SBI staff and the IAC, has the authority for establishing and amending investment policy for all funds under its control by majority vote of the Board. The policy outlines the investment philosophy and guidelines within which the Combined Fund's investments will be managed.

The state's public retirement fund assets are commingled in various pooled investment accounts, commonly referred to as the Combined Funds, as established in Minnesota Statutes, section 11A. Each participating retirement fund owns an undivided participation in all of the assets of the Combined Funds' pooled investment accounts.

Valuation of Investments

Investments in the Combined Funds and the Participant Directed Investment Programs (which includes investments in the MSRS defined contribution plans) are reported at fair value. Fair value is the proportionate share of the combined market value of the investment portfolio of the SBI investment pool in which the funds participate. All securities within the pools are valued at fair value except for U.S. government short-term securities and commercial paper, which are valued at fair value less accrued interest. Accrued interest is recognized as short-term income. The SBI values long-term fixed income securities by using various valuation systems which provide prices for both actively traded and privately placed bonds. For equity securities, the SBI uses various valuation services and fair value is the last reported sales price for securities traded on national or international exchanges. If a security is not actively traded, then the fair value is based on the analysis of financial statements, analysis of future cash flows and independent appraisals.

Assumptions made in valuing securities are as follows:

- Values of actively traded securities determined by recognized exchanges are objectively negotiated purchase prices between willing buyers and sellers, and are not subject to either undue influence or market manipulation. Securities traded on a national or international exchange are valued using the last reported trade price.
- Values of securities not actively traded are determined by objective appraisals by qualified professional analysts whose results would not vary materially from those of other similarly qualified professionals. The fair value of investments is based upon valuations provided by a recognized pricing service. Short-term investments are reported at cost, which approximates fair value. The fair value of real estate investments is based on independent yearly appraisals. Investments that do not have an established market are reported at estimated fair value.

Notes to the Financial Statements

Investment Income

Investment income is recognized as it is earned. Accrued investment income of the pooled investment accounts is included in participation in the accounts. Gains and losses on sales or exchanges are recognized on the transaction date.

Investment Expenses

For financial reporting purposes, the cost of security transactions is included in the transaction price. Investment expenses include administrative expenses of the SBI to manage the state's comprehensive investment portfolio and investment management fees paid to the external money managers and the state's master custodian for pension fund assets. These expenses are allocated proportionately to the funds participating in the pooled investment accounts. Details of these expenses are presented in the *Schedule of Investment Fees* found within the unaudited *Investment Section* of this annual comprehensive financial report.

MSRS' financial statements have historically reported investment expenses for management fees for public market investments. In prior years, private market investment fees were accounted for in all investment income figures and asset values. For fiscal year 2025, the *Statement of Changes in Fiduciary Net Position* lists expenses for investment management fees for all asset class categories, including private markets. Investment returns throughout the ACFR are net of all public and private market investment management fees, including any profit-sharing arrangements. This change has no effect on the net investment income or the net position restricted for pensions.

A more detailed schedule of fees and commissions the SBI paid to brokerage firms, along with the number of shares traded, total commissions, commissions per share for the pooled investment accounts, and other investment information may be obtained from the Minnesota State Board of Investment at the Retirement Systems of Minnesota Building, 60 Empire Drive, Suite 100, Saint Paul, Minnesota 55103.

For defined contribution funds, investment expenses exclude plan administrative fees, self-directed brokerage account fees, investment advisory service fees and any fund redemption fees deducted from participants' defined contribution retirement plan account balances. These investment related fees are reported as Other Expenses in the *Statement of Changes in Fiduciary Net Position*.

Annual Money-Weighted Rate of Return

The annual money-weighted rate of return is a method of calculating period-by-period returns on pension fund investments that adjusts for the changing amounts actually invested. The money-weighted rate of return is calculated as the internal rate of return on pension fund investments, net of investment management fees and any profit-sharing arrangements. Because the pension funds each have different cash flows throughout the year, they have different money-weighted rates of return. The money-weighted rate of return for each MSRS retirement fund is presented in **Exhibit 8.** The Legislators Retirement Fund had no assets at June 30, 2025, and therefore no rate of return.

Exhibit 8: Money-weighted Rate of Return

For the Fiscal Year Ended June 30, 2025

Retirement Fund	Money-weighted Rate of Return
State Employees	10.94 %
State Patrol	10.94
Correctional Employees	10.96
Judges	10.93
Legislators	NA

Notes to the Financial Statements

Asset Allocation

To match the long-term nature of pension obligations, the SBI maintains a strategic asset allocation for the Combined Funds that includes allocations to public equity (both domestic and international), domestic bonds, private markets and cash equivalents. The current long-term asset allocation shown in **Exhibit 9.** The long-term expected rate of return is based on asset allocation studies. A new study has been completed and will be implemented in fiscal year 2026.

If a 25.0 percent allocation to Private Markets is less than the target, the uncommitted allocation is held in cash. When the actual asset allocation deviates beyond specified ranges, assets are redistributed to achieve the long-term allocation targets.

The SBI's long-term expected rate of return was determined using a building-block method. Best estimates of future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations from a number of investment management and consulting organizations. The asset class estimates and target allocations were then combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

Exhibit 9: SBI Target Asset Allocations and Long Term Expected Real Rate of Return

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Geometric Mean)
Domestic Equity (1) (3)	33.5 %	5.10 %
International Equity (2) (3)	16.5	5.30
Fixed Income (4)	25.0	0.75
Private Markets (5)	25.0	5.90
Total	**100.0 %**	

(1) Domestic Equity includes the Domestic Active Equity Pool and the Domestic Equity Pool.

(2) International Equity includes Broad International Stock Pool.

(3) The Global Equity Pool includes both domestic and international equities. The assets in the pool are included in the target allocations of both Domestic Equity and International Equity.

(4) Fixed Income includes the Bond Pool and Treasuries Pool.

(5) If a 25 percent allocation cannot be achieved, the uncommitted allocation is in cash.

Notes to the Financial Statements

Capital Assets

MSRS maintains two categories of capital assets: tangible capital assets and intangible right-to-use assets.

Tangible capital assets consist of land, building, building improvements, equipment (including purchased software), furniture and fixtures, and internally developed software.

Equipment, furniture, and fixtures are assets with an initial, individual cost of more than $30,000 and an estimated minimum useful life of two years. The capitalization threshold for property, which includes buildings and building improvements, is $300,000. The internally developed software threshold is $1,000,000 per application. All assets were capitalized at historical cost at the date of acquisition, issuance or completion. All tangible assets, except land, are depreciated or amortized when placed into operation using the straight-line method over the estimated useful lives shown in **Exhibit 10**.

Intangible right-to-use assets are recorded under *GASB Statement No. 87, Leases* and *GASB Statement No. 96, Subscription-Based Information Technology Arrangements* (SBITA). Leases use the same thresholds as tangible property, $30,000 for equipment and $300,000 for property. SBITAs use a threshold of $250,000, the threshold the State of Minnesota uses for SBITAs. Intangible right-to-use assets and related liabilities are recorded at the commencement date of the contract using the present value of expected payments over the contract term. Right-to-use assets are amortized over the shorter of the term of the contract or the useful life of the underlying asset using the straight-line method. Lease liabilities are included within Other Payables on the *Statement of Fiduciary Net Position*, with interest expense recognized over the contract term.

Exhibit 10: Capital Assets Estimated Useful Lives

Capital Asset Types	Useful Life (in Years)
Land	NA
Building	30
Building Improvements and Equipment	10
Equipment, Furniture, and Fixtures	2-10
Internally Developed and Acquired Software	4-10

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the *Statement of Fiduciary Net Position* may report a separate section for deferred outflows of resources or deferred inflows of resources. Deferred outflows represent a consumption of net assets that applies to future periods so will not be recognized until then. Deferred inflows represent an acquisition of net assets that applies to future periods so will not be recognized until that time. MSRS has no deferred outflows or inflows of resources in 2025.

Net Position Restricted for Pensions

Net position represents the sum of total assets and total deferred outflows of resources less the sum of total liabilities and total deferred inflows of resources. For each defined benefit and defined contribution retirement fund, the amount reported as net position is restricted for the future payment of benefits and refunds to members or their surviving spouses or beneficiaries, and administrative expenses.

Accrued Compensated Absences

In accordance with various collective bargaining unit agreements, MSRS employees earn vacation, sick, and compensatory leave benefits. Payment or settlement of these benefits could occur during employment as they are used, or upon separation from state government service. At fiscal year-end, MSRS recognizes an obligation for future payment if the leave has been earned but not been used. Accrued Compensated Absences are included in Other Payables on the *Statement of Fiduciary Net Position*.

Refunds

For defined benefit plans, refunds represent distributions to members, separated from service, of their retirement deductions with interest compounded daily at 6.0 percent through June 30, 2011, 4.0 percent through June 30, 2018, and 3.0 percent thereafter. It excludes employer contribution amounts. When a member takes a refund, the member forfeits the right to retirement, survivor, and disability benefits. Refunds also include rollovers to an individual retirement account or another qualified retirement plan.

For defined contribution funds, refunds represent distributions to plan participants equal to all or a portion of their account balances, which are composed of contributions plus any investment gains or losses. Refunds may be in the form of cash withdrawals or rollovers to other qualified plans.

Notes to the Financial Statements

Other Income

Other income for the MSRS defined benefit retirement funds represents its proportionate ownership share (27.5 percent) of the Retirement Services Building office space lease income, room rental fees and parking fee revenues. Other income for these funds also includes employer late fees submitted with payroll contributions and fees received for fulfilling data requests.

Other income for the MSRS defined contribution retirement funds represents participant plan administrative fee income earned during the fiscal year.

For all defined contribution funds, except the Supplemental Retirement Fund for Hennepin County, this revenue is primarily used to cover fees for recordkeeping and custodial services, and to reimburse MSRS for administrative costs incurred to counsel members, adjudicate health care reimbursement claims, and perform various business support services. For the Supplemental Retirement Fund for Hennepin County, the excess of participant plan administrative fee income over recordkeeping and MSRS' administrative expenses is returned to the county.

Administrative Expenses

MSRS administrative expenses are disbursed from the State Employees Retirement Fund. At fiscal year-end, these expenses are allocated pursuant to an approved cost reallocation plan to the various funds administered. Each fund then reimburses the State Employees Retirement Fund for their allocated portion of administrative expenses.

Note 3: Deposits and Investments

A. Risks

Custodial Credit Risk

Custodial credit risk for cash deposits and investments is the risk that, in the event of a bank or custodian failure, MSRS will not be able to recover the value of its investments or collateral securities. Minnesota Statutes, section 9.031, requires that deposits be secured by depository insurance or a combination of depository insurance and collateral securities held in the state's name by an agent of the state. Such insurance and collateral shall be in amounts sufficient to ensure that deposits do not exceed 90 percent of the sum of the insured amount and the fair value of the collateral. Throughout fiscal year 2025, the combined depository insurance and collateral was sufficient to meet legal requirements and secure all MSRS deposits, eliminating exposure to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will be unable to fulfill its obligations. The SBI has policies designed to minimize credit risk. They may invest funds in governmental obligations provided the issue is backed by the full faith and credit of the issuer, or that the issue is rated among the top four quality rating categories by a nationally recognized rating agency. They may invest funds in corporate obligations provided the issue is rated among the top four quality categories by a nationally recognized rating agency. They may also invest in unrated corporate obligations or in corporate obligations that are not rated among the top four quality categories provided that:

- The aggregate value of these obligations may not exceed 5.0 percent of the fund for which the SBI is investing;
- Participation is limited to 50.0 percent of a single offering; and,
- Participation is limited to 25.0 percent of an issuer's obligations.

The SBI may also invest in banker's acceptances, deposit notes of U.S. banks, certificates of deposit, mortgage securities and asset-backed securities rated in the top four quality categories by a nationally recognized rating agency. Commercial paper must be rated in the top two quality categories.

As of June 30, 2025, MSRS' proportionate share of the SBI's exposure to credit risk, based on the lower of Standard and Poor's or Moody's Quality Ratings for debt securities and short-term investments, is shown in **Exhibit 11** on the next page. For clarity of reporting, Moody's ratings are displayed in this exhibit using the comparable Standard and Poor's rating. If only one rating exists, that rating is used.

Notes to the Financial Statements

Exhibit 11: Credit Risk Exposure

As of June 30, 2025

(Dollars in thousands)

Quality Rating	Fair Value
AAA	$238,514
AA	3,685,897
A	242,360
BBB	637,263
BB	333,624
B	272,937
CCC	151,557
CC	6,881
C	215
D	1,248
Unrated	1,016,678
Total	**$6,587,174**

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The SBI determined the concentration of credit risk based on security identification number. The MSRS defined benefit retirement funds do not have exposure to a single issuer that equals or exceeds 5.0 percent of the MSRS fiduciary net position. Therefore, there is no concentration of credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt instruments could adversely affect the fair value of an investment. The SBI controls interest rate risk through guidelines established for each portfolio. The MSRS share of debt securities is held in external investment pools and as of June 30, 2025, had the weighted-average maturities shown in **Exhibit 12.**

Exhibit 12: Interest Rate Risk

As of June 30, 2025

(Dollars in thousands)

	Defined Benefit Funds		Defined Contribution Funds	
Security Type	Fair Value	Weighted Avg Maturity in Years	Fair Value	Weighted Avg Maturity in Years
U.S. Agencies	$73,136	8.52	$0	0.00
Asset-Backed Securities	255,153	5.00	25,426	10.72
Short-Term Investment Securities	1,095,643	0.00	5,519	0.21
Collateralized Mortgage Obligations	246,994	9.44	11,562	30.94
Corporate Debt	966,272	5.37	62,108	4.84
Foreign Country Bonds	90,130	7.34	0	0.00
Yankee Bonds	304,759	8.22	36,689	8.00
Mortgage-Backed Securities (non-commercial)	490,941	7.65	123,206	8.2
State and Local Government Bonds	11,913	16.18	4,537	11.04
Bank Loans	74,054	4.87	0	0.00
U.S. Treasuries	2,672,049	12.33	37,083	20.97
Total Fair Value	**$6,281,044**		**$306,130**	
Portfolio Weighted-Average Maturity		**7.94**		**10.01**

Notes to the Financial Statements

Derivative Financial Instruments and Credit Risk

On behalf of MSRS, the SBI invests in various types of derivative financial instruments. Derivatives are defined as any financial arrangement between two parties that has value based on or derived from future price fluctuations. The derivative financial instruments that the SBI enters into include futures, options, stock warrants and rights, currency forwards, swaps and synthetic guaranteed investment contracts. For accounting purposes, derivative instruments are considered to be investments and not hedges.

Minnesota Statutes, section 11A.24, provides that any agreement for put and call options and futures contracts may only be entered into with a fully offsetting amount of cash or securities. This applies to foreign currency forward contracts used to offset the currency risk of a security. All other derivatives are exchange-traded. The purpose of the SBI's derivative activity is to equitize cash in the portfolio, adjust the duration of the portfolio or to offset current futures positions.

The fair value balances and notional (face value) amounts at June 30, 2025, classified by derivative instrument type, and the changes in fair value for fiscal year 2025 are shown in **Exhibit 13** on the next page. Explanations of each derivative instrument type are presented below.

- **Futures** are contract commitments to purchase (asset) or sell (liability) at a future date. The net change in the values of futures contracts is settled on a regular basis. Gains and losses are included in investment income.
- **Options** are contracts that give buyers or sellers the right to buy (calls) or sell (puts) a security at a predetermined price on a future date. Gains and losses result from variances in the fair value of the security that is the subject of the contract that occur prior to or on the contract specified date. The gains and losses are included in investment income.
- **Currency forward contracts** are used to manage portfolio foreign currency risk. The provisions of the contract vary based on what is negotiated between the two parties to the contract.
- **Stock warrants and rights**, similar to options, are the right to purchase shares of a stock at a certain price by a certain date. They usually have five years or more before expiration. When exercised, the company issues new shares. Rights are similar but are issued to current stock owners to enable them to retain their relative ownership share. Gains and losses from the sale or exercise of stock warrants and rights are included in investment income.
- **Swaps** are a derivative contract through which two parties exchange the cash flows or liabilities from two different financial instruments. Most swaps involve cash flows based on a notional principal amount such as a loan, bond, or currency. Usually, the principal does not change hands. Each cash flow comprises one leg of the swap. One cash flow is generally fixed, while the other is variable and based on a benchmark interest rate, floating currency exchange rate or index price. The most common kind of swap is an interest rate swap, but currency swaps and credit default swaps on a reference security or basket of securities are also common.

The SBI maintains a fully benefit-responsive synthetic guaranteed investment contract for the Supplemental Investment Fund - Stable Value Fund. The investment objective of the Stable Value Fund is to protect investors from loss of their original investment and to provide a competitive interest rate. On June 30, 2025, the SBI's portfolio of well-diversified, high quality, investment grade fixed income securities had a fair value of $1,423,496,022 that is $33,120,398 below the value protected by a wrap contract. The Stable Value Fund also includes liquid investment pools with a combined fair value of $30,323,155.

Derivative Credit Risk

The SBI is exposed to credit risk through 25 counter-parties in foreign currency forward contracts that are used to offset the currency risk of a security. MSRS' proportionate share of the maximum loss that the SBI would have recognized as of June 30, 2025, if all counterparties failed to perform as contracted is $182,036,823. These counterparties have Standard and Poor's ratings of A- or better.

Notes to the Financial Statements

Exhibit 13: Derivative Financial Instruments
As of June 30, 2025
(Dollars in thousands)

Derivative Investment Type	Changes in Fair Value During FY 2025	Fair Value at June 30, 2025	Notional Amount
Futures			
Equity Futures - Long	$7,675	$0	$24
Fixed Income Futures - Long	(864)	0	332,158
Fixed Income Futures - Short	3,363	0	(218,646)
Options			
Fixed Income Options Bought	$(3)	$103	$24,853
Fixed Income Options Written	51	(99)	(75,038)
Futures Options Bought	(787)	0	0
Futures Options Written	431	0	0
Currency Forwards			
Foreign Exchange Forwards	$(36,170)	$(17,505)	$7,717,610
Stock Warrants and Rights			
Stock Rights	$44	$20	$1
Stock Warrants	(3)	11	42
Swaps			
Credit Default Swaps Bought	$(38)	$0	$0
Credit Default Swaps Written	315	1,595	47,026
Pay Fixed Interest Rate Swaps	(920)	(145)	81,647
Receive Fixed Interest Rate Swaps	175	(68)	25,063
Total Return Swaps Equity	37	4	(226)

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect the fair value of an investment. Most foreign currency risk resides within the SBI's international equity investment holdings. To reduce foreign currency risk, the SBI implements several policies. Government obligations, including guaranteed or insured issues of the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, and the African Development Bank, must pay interest and principal in U.S. dollars. The principal and interest of obligations of corporations, including those corporations incorporated or organized under the laws of Canada or any Canadian province, must also be paid in U.S. dollars. The SBI uses a foreign currency overlay manager to implement an active hedging program for its international passive equity portfolio. In addition, the SBI active managers also have discretion to use forward currency contracts within their portfolios to hedge foreign currency risk as they deem appropriate. The MSRS share of foreign security investments at June 30, 2025, was distributed among the currencies shown in **Exhibit 14** on the following page.

Exhibit 14: Foreign Currency Risk

As of June 30, 2025

(Dollars in thousands)

Currency	Cash & Cash Equivalents	Equities	Fixed Income	Investment Totals
Australian Dollar	$738	$150,693	$130	$151,561
Brazilian Real	252	49,593	5,479	55,324
Canadian Dollar	1,710	290,440	212	292,362
Czech Koruna	31	1,578	3,098	4,707
Danish Krone	521	58,353	0	58,874
Euro Currency	4,830	1,337,889	38,926	1,381,645
Hong Kong Dollar	995	261,330	0	262,325
Hungarian Forint	11	10,446	1,246	11,703
Indian Rupee	13	57,405	3,572	60,990
Indonesian Rupiah	56	13,241	4,088	17,385
Japanese Yen	8,542	534,294	0	542,836
Malaysian Ringgit	25	7,463	5,299	12,787
Mexican Peso	45	24,698	4,587	29,330
New Israeli Sheqel	73	11,109	0	11,182
New Taiwan Dollar	39	178,649	0	178,688
Norwegian Krone	168	20,565	0	20,733
Polish Zloty	3	10,889	3,056	13,948
Pound Sterling	3,397	387,047	4,506	394,950
Saudi Riyal	24	21,718	0	21,742
Singapore Dollar	221	39,556	0	39,777
South African Rand	159	24,570	4,750	29,479
South Korean Won	94	141,347	0	141,441
Swedish Krona	254	68,784	0	69,038
Swiss Franc	404	219,631	0	220,035
Thailand Baht	37	12,113	3,259	15,409
Turkish Lira	15	4,986	600	5,601
UAE Dirham	26	8,868	0	8,894
Yuan Renminbi	206	34,517	2,018	36,741
Other [1] [2]	(16)	14,118	6,806	20,908
Totals	**$22,873**	**$3,995,890**	**$91,632**	**$4,110,395**

[1] Timing issues resulted in negative cash and cash equivalents in some currencies.

[2] Other currency includes Chilean Peso, Colombian Peso, Dominican Peso, Egyptian Pound, Ukrainian Hryvnia, Kuwaiti Dinar, Moroccan Dirham, New Zealand Dollar, Philippine Peso, Qatari Rial, Romanian Leu, Russian Ruble, Peruvian Sol, Uruguayan Peso, Uzbekistan Sum, and Yuan Renminbi Offshore.

Notes to the Financial Statements

B. Securities Lending Transactions

MSRS does not own specific securities but instead owns shares in various pooled funds invested by the SBI. Minnesota Statutes, section 356A.06, subdivision 7, allows the SBI to participate in securities lending transactions. The SBI has, by way of a Securities Lending Authorization Agreement, authorized State Street Bank and Trust Company (State Street) to lend its securities to broker-dealers and banks pursuant to a form of loan agreement. The amounts shown on the financial statements are the MSRS proportionate share of securities loaned, collateral pledged, and loan income that resulted from the lending activity of the investment managers, retained by the SBI, of these investment pools. The types and amounts of securities loaned are presented in **Exhibit 15**.

During the fiscal year, State Street lent, on behalf of the SBI, certain securities held by State Street as custodian and received cash or other collateral including securities issued or guaranteed by the United States government. State Street does not have the ability to pledge or sell collateral securities delivered absent a borrower default. Borrowers were required to deliver collateral for each loan equal to at least 100 percent of the fair value of the loaned securities.

Exhibit 15: Securities Loaned

(Dollars in thousands)

Investment Type	Amount as of June 30, 2025
Domestic Equities	$941,053
Domestic Corporate Bonds	76,397
U.S. Government Bonds	202,948
International Equities	145,125
Total	$1,365,523

Pursuant to the Securities Lending Authorization Agreement, State Street had an obligation to indemnify the SBI in the event of default by the borrower. There were no failures by any borrowers to return loaned securities or pay distributions during the fiscal year that resulted in a declaration or notice of default of the borrower.

During the fiscal year, the SBI and the borrowers maintained the right to terminate securities lending transactions upon notice. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool. As of June 30, 2025, the investment pool had an average duration of 1.00 days and an average weighted final maturity of 111.01 days for U.S. dollars. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2025, the SBI had no credit risk exposure to borrowers. The MSRS share of the collateral held and the fair value of securities on loan (in U.S. dollars) as of June 30, 2025, was $1,418,349,738 and $1,365,523,235 respectively. Cash collateral totaling $851,109,771 is reported on the *Statement of Fiduciary Net Position* as an asset and as a corresponding liability.

Notes to the Financial Statements

C. Fair Value Reporting

GASB Statement No. 72, *Fair Value Measurement and Application*, sets forth the framework for measuring the fair value of investments based on a hierarchy of valuation inputs. The hierarchy has three levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Inputs for level 2 include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and,
- Inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs reflect the SBI's assumptions about the inputs that market participants would use in pricing an asset or liability.

Net Asset Value (NAV): Investments that do not have a readily determinable fair value are measured using the net asset value per share (or its equivalent) as a practical expedient and are not classified in the fair value hierarchy.

All non-cash investments, including derivative investments that are not hedging derivatives, are required to be measured at fair value on a recurring basis. The SBI maintains investment pools that participants can invest in; participants own a proportionate share of the investment pools. The fair value of the investment pools is priced daily by the SBI custodian, when a daily price is available, by using independent pricing sources.

In **Exhibit 16** on the following page, Level 3 investments primarily consist of assets where the asset is distressed, or there is not an active market. The fair value of the assets measured at NAV have been determined using March 31, 2025, values, adjusted for cash flows. The investments measured at NAV are typically not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which occur over the life of the investment. Cash and a portion of short-term investments are not leveled under GASB Statement No. 72, and therefore are not included in the exhibit.

The SBI has 85 investments that are valued at NAV that are currently in the liquidation mode, totaling 9.6 percent of the NAV value. The MSRS proportionate share of the unfunded commitments to the investments valued at NAV totals $2,621,897,295. Unfunded commitments are funds that have been committed to an investment but not yet transferred to investors.

Explanations of investment types follow the exhibit.

Notes to the Financial Statements

Exhibit 16: Fair Value of MSRS Investments

As of June 30, 2025

(Dollars in thousands)

Investments	Fair Value	Level 1	Level 2	Level 3
Equity				
Common Stock	$11,371,379	$11,367,517	$3,756	$106
Real Estate Investment Trust	192,153	192,153	0	0
Other Equity	272,112	185,623	705	85,784
Equity Total	**$11,835,644**	**$11,745,293**	**$4,461**	**$85,890**
Fixed Income				
Bank Loans	$74,054	$0	$73,799	$255
Asset-Backed Securities	592,878	0	589,360	3,518
Mortgage-Backed Securities	1,236,667	0	1,234,322	2,345
Corporate Bonds	1,928,542	0	1,928,082	460
Government Issues	3,297,095	0	3,297,095	0
Other Debt Instruments	1,013,214	0	1,013,214	0
Fixed Income Total	**$8,142,450**	**$0**	**$8,135,872**	**$6,578**
Investment Derivatives				
Rights	$20	$20	$0	$0
Warrants	11	11	0	0
Options	0	0	0	0
Swaps	0	0	0	0
Investment Derivatives Total	**$31**	**$31**	**$0**	**$0**
Total Investments by Fair Value	**$19,978,125**	**$11,745,324**	**$8,140,333**	**$92,468**

Note: Cash and cash equivalents are not leveled under GASB Statement No. 72, so are not included in the exhibit.

Investments Measured at the Net Asset Value (NAV)

	NAV	Number of Investments	Percent of NAV	Unfunded Commitments
Private Equity	$3,698,399	194	73.3 %	$1,898,306
Real Estate	514,600	35	10.2	295,232
Real Assets	431,553	31	8.6	137,585
Private Credit	399,619	42	7.9	290,774
NAV Total	**$5,044,171**	**302**	**100.0 %**	**$2,621,897**

Equity

Common Stock: Securities representing equity ownership in a corporation, providing voting rights and entitling the holder to a share of the company's success through dividends and/or capital appreciation.

Real Estate Investment Trust (REIT): An investment pool established by a group of investors for the purpose of investing in real estate or mortgages. REITs are generally exempt from federal taxes, provided that 95 percent of earned income is distributed and that the various investors are not treated differently.

Other Equity: Includes Preferred Stock, Depository Receipts, Limited Partnership Units, Common Stock Units, Non-security assets - equity, and Mutual Funds.

Fixed Income

Bank Loans: Floating rate debt instruments issued by corporations, secured by company property, plant, equipment or other assets, and typically senior in the capital structure to other liabilities.

Asset-Backed Securities: Bonds or notes backed by financial assets, including auto loans and credit card receivables.

Mortgage-Backed Securities: An asset-backed security that is secured by a mortgage or collection of mortgages. The mortgages are sold to a government agency or investment bank that will package the loans together into a security that can be purchased by investors.

Corporate Bonds: Debt obligations issued by corporations as an alternative to offering equity ownership by issuing stock. Like most municipal bonds and Treasuries, most corporate bonds pay semi-annual interest and promise to return their principal when they mature. Maturities range from 1 to 30 years.

Government Issue: Securities or bonds issued by any of the fifty states, the territories and their subdivisions, counties, cities, towns, villages, school districts, agencies (such as authorities and special districts created by the states), and certain federally sponsored agencies such as local housing authorities.

Other Debt Instruments: Includes STIF (Short Term Investment Fund) type instruments.

Investment Derivatives

Rights: The right to purchase newly issued securities in proportion to an investor's holdings of certain stocks.

Warrants: The right to purchase one or more shares of stock, usually attached to other issues purchased by an investor.

Options: A contract that gives the holder the right to buy from or sell to the writer a specified amount of securities at a specified price, good for a specified period of time.

Swaps: A derivative contract through which two parties exchange the cash flows or liabilities from two different financial instruments. The most common kind of swap is an interest rate swap, but currency swaps, credit default swaps, and total return swaps on a reference security or basket of securities are also common.

Net Asset Value (NAV)

Private Equity: The private equity investment strategy is to establish and maintain a broadly diversified private equity portfolio composed of investments that provide diversification by industry type, stage of corporate development and location.

Real Estate: The real estate investment strategy calls for the establishment and maintenance of a broadly diversified real estate portfolio composed of investments that provide overall diversification by property type and location. The main components of this portfolio consist of investments in closed-end commingled funds. The remaining portion of the portfolio may include investments in less diversified, more focused (specialty) commingled funds, and REITs.

Real Assets: The strategy for real assets investments is to establish and maintain a portfolio of real assets investment vehicles that provide an inflation hedge and additional diversification. Real assets investments include oil and gas investments and energy service industry investments that are diversified by geographic area as well as by type.

Private Credit: The strategy for private credit investments is to target funds that typically provide a current return and may have an equity component. Structures such as subordinated debt investments and mezzanine investments are typical private credit investments.

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2025, is reported in **Exhibit 17.** In fiscal year 2024, MSRS began to update and renovate its Saint Paul office, as well as modernizing the participant software system. Both of these projects in progress increased capital assets.

Exhibit 17: Capital Assets

(Dollars in thousands)

Capital Asset Types	June 30, 2024	Additions	Deductions	June 30, 2025
Capital Assets, Not Depreciated				
Land	$88	$0	$0	$88
Development in Progress	925	1,851	0	2,776
Construction in Progress	3,512	1,978	0	5,490
Total Capital Assets, Not Depreciated	**$4,525**	**$3,829**	**$0**	**$8,354**
Capital Assets, to be Depreciated or Amortized				
Building, Improvements, and Building Equipment	$8,233	$0	$0	$8,233
Equipment, Furniture, and Fixtures	1,676	149	0	1,825
Internally Generated Software	15,840	0	0	15,840
Total Capital Assets, to be Depreciated or Amortized	$25,749	$149	$0	$25,898
Less Accumulated Depreciation or Amortization for:				
Building, Improvements, and Building Equipment	$(4,560)	$(203)	$0	$(4,763)
Equipment, Furniture, and Fixtures	(919)	(207)	0	(1,126)
Internally Generated Software	(10,388)	(1,052)	0	(11,440)
Total Accumulated Depreciation or Amortization	$(15,867)	$(1,462)	$0	$(17,329)
Total Depreciable Capital Assets, Net of Depreciation or Amortization	**$9,882**	**$(1,313)**	**$0**	**$8,569**
Right-to-Use Assets, to be Depreciated or Amortized				
Leased Equipment	$116	$10	$0	$126
IT Subscriptions	243	0	0	243
Total Capital Assets, to be Depreciated or Amortized	$359	$10	$0	$369
Less Accumulated Depreciation or Amortization for:				
Leased Equipment	$(76)	$(22)	$0	$(98)
IT Subscriptions	(99)	(49)	0	(148)
Total Accumulated Depreciation or Amortization	$(175)	$(71)	$0	$(246)
Total Right-to-Use Assets, Net of Depreciation or Amortization	**$184**	**$(61)**	**$0**	**$123**
Grand Total Capital and Right-to-Use Assets, Net of Depreciation or Amortization	**$14,591**	**$2,455**	**$0**	**$17,046**

Notes to the Financial Statements

Note 5: Liabilities

A. Long-term Debt

Legislation was passed in 1999 allowing MSRS, the Teachers Retirement Association (TRA) and the Public Employees Retirement Association (PERA) to purchase land and construct a 140,000 square foot building to house all three retirement systems. Ownership of the facility is prorated based on the proportionate share of the building's usable space in square feet. On June 1, 2000, the state Department of Finance (currently known as Minnesota Management and Budget) issued $29,000,000 in 30-year revenue bonds to finance the building construction.

In the fall of 2012, the remaining bonds were refunded with the proceeds of a new, lower-interest rate bond issue. The bonds were secured by the value of the total assets of the largest defined benefit plans in the three statewide retirement systems. Through the issuance of the refunding bonds, which received an AAA rating in late July 2012, the bond term was reduced by five years and the present value of the savings to the three systems was $9,582,538. The MSRS portion of the savings was $2,568,120.

The final payment was made on the bond in June 2025, and MSRS has no long-term debt.

B. Reemployed Retirees' Earnings Limitations

MSRS members whose age is under the Social Security full retirement age, and who return to work in an MSRS covered position after their retirement, are subject to an annual earnings limitation for the calendar year unless hired under a Post-Retirement Option agreement. The maximum earnings limits for calendar years 2024 and 2025 for individuals under the full retirement age are $22,320 and $23,400, respectively. For individuals that reach full retirement age during 2024 or 2025, the maximum earnings limits are $59,520 and $62,160, respectively.

Benefit payments for members exceeding the earnings limit are stopped for the remainder of the calendar year and held in abeyance for later distribution to the retiree. Through December 31, 2010, any funds held in abeyance accrued 6.0 percent interest. Effective January 1, 2011, funds held in abeyance no longer accrue interest.

Funds held in abeyance are included in Other Payables in the respective fund's *Statement of Fiduciary Net Position*. As of June 30, 2025, MSRS had 34 reemployed retirees with funds held in abeyance, which totaled $1,458,977 ($801,014 for the State Employees Retirement Fund and $657,963 for the Correctional Employees Retirement Fund).

Retirees must wait one year following termination of their post-retirement employment to be eligible to receive a distribution of these funds. At the time of distribution, the retiree may choose a lump-sum payment or a direct rollover to an eligible retirement plan as defined by section 402(c) of the Internal Revenue Code. MSRS processed 12 distributions of these funds, totaling $622,052 during fiscal year 2025 ($407,604 for the State Employees Retirement Fund and $214,448 for the Correctional Employees Retirement Fund).

Note 6: Net Pension Liability of Participating Employers

Two actuarial valuations for each MSRS defined benefit retirement fund are performed annually: a traditional funding actuarial valuation and a GASB-compliant actuarial valuation. The purpose of the traditional funding actuarial valuation is to measure funding progress, and to determine the required contribution rate, contribution sufficiency or deficiency, and other actuarial information necessary for monitoring funding position. The purpose of the GASB-compliant actuarial valuation is to determine actuarial information necessary to prepare financial reports in compliance with GASB Statements No. 67 and No. 68. This includes computation of the net pension liability. Net pension liability is computed as the total pension liability for each MSRS defined benefit retirement fund less the fiduciary net position of the respective fund.

Exhibit 18 presents the components of the net pension liability of the participating employers for each MSRS defined benefit retirement fund as of June 30, 2025. This exhibit also depicts the net position as a percentage of the total pension liability for each retirement fund.

Exhibit 18: Net Pension Liability of MSRS Participating Employers in MSRS Defined Benefit Retirement Funds

As of June 30, 2025

(Dollars in thousands)

Component of Net Pension Liability	State Employees	State Patrol	Correctional Employees	Judges	Legislators
Total Pension Liability (TPL)	$19,851,695	$1,316,790	$2,397,424	$470,543	$88,073
Fiduciary Net Position (FNP)	19,538,790	1,155,556	1,985,814	319,329	0
Employers' Net Pension Liability	**$312,905**	**$161,234**	**$411,610**	**$151,214**	**$88,073**
FNP as a percentage of the TPL	98.42 %	87.76 %	82.83 %	67.86 %	0.00 %

Actuarial Methods and Assumptions

The total pension liability for each MSRS defined benefit retirement fund was determined by an actuarial valuation as of June 30, 2025, using the key actuarial assumptions shown in **Exhibit 20** on the following page, applied to all prior periods included in the measurement.

Actuarial assumptions are based on experience studies, generally conducted every four years for the four largest MSRS defined benefit funds. The most recent studies reflected in actuarial valuations and the periods covered are presented in **Exhibit 19.** Changes resulting from the most recent experience studies for the State Patrol, Correctional Employees, and Judges Retirement Funds were completed in July of 2024, and affected the valuations in fiscal year 2025.

Exhibit 19: MSRS Experience Study Dates

Retirement Fund	Fiscal Years Covered
State Employees	2018 - 2022
State Patrol	2019 - 2023
Correctional Employees	2019 - 2023
Judges	2019 - 2023

Notes to the Financial Statements

Exhibit 20: Summary of Key Actuarial Methods and Assumptions for GASB-Compliant Valuations

<table>
<tr><th></th><th colspan="5">Defined Benefit Retirement Fund</th></tr>
<tr><th></th><th>State Employees</th><th>State Patrol</th><th>Correctional Employees</th><th>Judges</th><th>Legislators</th></tr>
<tr><td>Actuarial Valuation Date</td><td colspan="5">June 30, 2025 for all funds</td></tr>
<tr><td>Actuarial Cost Method</td><td colspan="5">Entry Age Normal for all funds</td></tr>
<tr><td>Asset Valuation Method</td><td colspan="5">Fair Value for all funds</td></tr>
<tr><td>Long-Term Expected Rate of Return</td><td colspan="5">7.00 percent for all funds</td></tr>
<tr><td>Inflation</td><td colspan="5">2.25 percent for all funds</td></tr>
<tr><td>Salary Increases</td><td colspan="3">Service related rates</td><td>2.50 percent</td><td>4.25 percent</td></tr>
<tr><td>Payroll Growth</td><td colspan="3">3.00 percent</td><td>2.50 percent</td><td>NA</td></tr>
<tr><td>Mortality Rates</td><td colspan="5">State Employees and Legislators: Pub-2010 general mortality tables using mortality improvement scale MP-2021, adjusted by a multiplier to match fund experience

State Patrol and Correctional Funds: Pub-2010 Public Safety mortality tables using mortality improvement scale MP-2021

Judges: Pub-2010 general mortality tables, Above Median Income, using mortality improvement scale MP-2021.</td></tr>
<tr><td>Retirement</td><td colspan="5">Age-related rates</td></tr>
<tr><td>Withdrawal</td><td colspan="3">Service related rate based on actual experience</td><td>None</td><td>Rates based on actual experience</td></tr>
<tr><td>Disability</td><td colspan="4">Age-related rates based on experience</td><td>None</td></tr>
<tr><td>Single Discount Rate</td><td colspan="4">7.00 percent</td><td>5.20 percent</td></tr>
</table>

Notes to the Financial Statements

Single Discount Rate

Projected benefit payments are discounted to their actuarial present values using a single discount rate. The single discount rate reflects the long-term expected rate of return on pension plan investments for the period in which assets are projected to be available to pay benefits, and a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating for the remaining years.

As long as assets are projected to be on hand to pay future benefits, the long-term expected rate of return is used as the discount rate. In years where assets are not projected to be sufficient to meet benefit payments, the use of a “risk-free” municipal bond rate is required in the calculation of the single discount rate. The single discount rate is the equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods.

All MSRS defined benefit funds use a long-term expected rate of return assumption of 7.00 percent, and a municipal bond rate of 5.20 percent, as published by The Bond Buyer's Index as of June 30, 2025.

The projection of cash flows used to determine the single discount rates assumes that plan member and employer contributions will be made at the current statutory contribution rates.

Based on the selected assumptions, the fiduciary net position for the four largest MSRS plans was projected to be available to make all future benefit payments of current plan members through fiscal year 2125. Therefore, the single discount rate is the long-term expected rate of return on pension plan investments, which was applied to all periods of projected benefit payments to determine the total pension liability. The single discount rate used to measure the total pension liability was 7.00 percent.

For the Legislators Retirement Fund, assets are not sufficient to pay benefits in any future year, so the municipal bond rate of 5.20 percent was used in all years as the single discount rate. In the previous fiscal year, the municipal bond rate of 3.97 percent was used to calculate the total pension liability.

Further detail on the calculation of the single discount rates can be found in the unaudited *Actuarial Section* of this annual comprehensive financial report beginning on page 168.

Sensitivity Analysis

GASB Statement No. 67 requires the disclosure of the sensitivity of the net pension liability to changes in the discount rate. **Exhibit 21** presents the June 30, 2025, net pension liability for each of the MSRS defined benefit retirement funds calculated using the current single discount rate, as well as what each fund’s net pension liability would be if it were calculated using a single discount rate that is one percentage-point lower or one percentage-point higher than the current rate. The actuaries believe that an 8.00 percent discount rate, one of the rates reflected in the table below, does not comply with the Actuarial Standards of Practice.

Exhibit 21: Sensitivity of the Fiscal Year 2025 MSRS Net Pension Liability to Changes in the Discount Rate
(Dollars in thousands)

	With 1% Decrease		Current Discount Rate		With 1% Increase	
Retirement Fund	**Rate**	**Net Pension Liability**	**Rate**	**Net Pension Liability**	**Rate**	**Net Pension Liability**
State Employees	6.00 %	$2,883,429	7.00 %	$312,905	8.00 %	$(1,809,134)
State Patrol	6.00	336,517	7.00	161,234	8.00	17,576
Correctional Employees	6.00	763,224	7.00	411,610	8.00	125,302
Judges	6.00	197,881	7.00	151,214	8.00	111,112
Legislators	4.20	95,251	5.20	88,073	6.20	81,820


ARTIC
OCEAN
ASIA
EUROPE
AFRICA
OCEAN
AUTRALIA

Required Supplementary Information

Schedule of Changes in the Employers' Net Pension Liability and Related Ratios

For the Ten Years Ended June 30, 2025
(Dollars in thousands)

State Employees Retirement Fund

	2025	2024	2023	2022	2021
Total Pension Liability (TPL)					
Service Cost	$387,797	$342,616	$331,361	$340,333	$270,993
Interest on the TPL	1,247,605	1,207,244	1,156,223	1,117,920	1,113,853
Changes of Benefit Terms	717,031	0	36,428	0	0
Difference between Expected and Actual Experience	351,254	198,325	137,549	(6,694)	13,632
Changes of Assumptions	61,578	(120,835)	(509,721)	(514,065)	1,875,179
Benefit and Refund Payments	(1,085,191)	(1,061,538)	(1,019,164)	(985,941)	(935,920)
Net Change in TPL	$1,680,074	$565,812	$132,676	$(48,447)	$2,337,737
TPL - Beginning	$18,171,621	$17,605,809	$17,473,133	$17,521,580	$15,183,843
TPL - Ending	**$19,851,695**	**$18,171,621**	**$17,605,809**	**$17,473,133**	**$17,521,580**
Plan Fiduciary Net Position (FNP)					
Contributions - Employer	$283,169	$252,540	$227,175	$212,759	$206,381
Contributions - Plan Member	250,604	223,460	218,890	206,056	199,525
Contributions - State General Fund	0	76,440	0	0	0
Net Investment Income	1,943,112	1,996,672	1,373,781	(1,060,537)	4,098,129
Benefit and Refund Payments	(1,085,191)	(1,061,538)	(1,019,164)	(985,941)	(935,920)
Administrative Expense	(12,708)	(11,826)	(10,668)	(10,483)	(10,779)
Other Changes	21,448	17,601	25,143	27,945	27,024
Net Change in Plan FNP	**$1,400,434**	**$1,493,349**	**$815,157**	**$(1,610,201)**	**$3,584,360**
Plan FNP - Beginning	$18,138,356	$16,645,007	$15,829,850	$17,440,051	$13,855,691
Plan FNP - Ending	**$19,538,790**	**$18,138,356**	**$16,645,007**	**$15,829,850**	**$17,440,051**
Net Pension Liability (NPL) - Ending	**$312,905**	**$33,265**	**$960,802**	**$1,643,283**	**$81,529**
Plan FNP as a Percentage of the TPL	98.42 %	99.82 %	94.54 %	90.60 %	99.53 %
Covered Payroll	$4,556,436	$4,062,909	$3,648,167	$3,434,267	$3,325,417
NPL as a Percentage of Covered Payroll	6.87 %	0.82 %	26.34 %	47.85 %	2.45 %

Notes to this schedule may be found on the pages following the schedules.

Required Supplementary Information

Schedule of Changes in the Employers' Net Pension Liability and Related Ratios (continued)

For the Ten Years Ended June 30, 2025
(Dollars in thousands)

State Employees Retirement Fund

	2020	2019	2018	2017	2016
Total Pension Liability (TPL)					
Service Cost	$267,779	$255,056	$455,709	$619,666	$211,491
Interest on the TPL	1,114,756	1,078,390	1,069,154	982,066	1,020,925
Changes of Benefit Terms	0	0	(1,711,128)	83,490	0
Difference between Expected and Actual Experience	(12,979)	23,180	(8,132)	49,659	21,209
Changes of Assumptions	(465,611)	0	(4,219,074)	(4,691,209)	9,911,319
Benefit and Refund Payments	(899,242)	(856,975)	(810,560)	(762,102)	(720,706)
Net Change in TPL	$4,703	$499,651	$(5,224,031)	$(3,718,430)	$10,444,238
TPL - Beginning	$15,179,140	$14,679,489	$19,903,520	$23,621,950	$13,177,712
TPL - Ending	**$15,183,843**	**$15,179,140**	**$14,679,489**	**$19,903,520**	**$23,621,950**
Plan Fiduciary Net Position (FNP)					
Contributions - Employer	$204,006	$182,939	$164,233	$158,352	$151,168
Contributions - Plan Member	197,897	182,210	166,726	161,670	153,854
Contributions - State General Fund	0	0	0	0	0
Net Investment Income	569,670	948,366	1,276,550	1,667,562	(9,633)
Benefit and Refund Payments	(899,242)	(856,975)	(810,560)	(762,102)	(720,706)
Administrative Expense	(10,261)	(9,877)	(9,564)	(10,165)	(10,196)
Other Changes	21,332	32,204	20,423	47,232	20,259
Net Change in Plan FNP	**$83,402**	**$478,867**	**$807,808**	**$1,262,549**	**$(415,254)**
Plan FNP - Beginning	$13,772,289	$13,293,422	$12,485,614	$11,223,065	$11,638,319
Plan FNP - Ending	**$13,855,691**	**$13,772,289**	**$13,293,422**	**$12,485,614**	**$11,223,065**
Net Pension Liability (NPL) - Ending	**$1,328,152**	**$1,406,851**	**$1,386,067**	**$7,417,906**	**$12,398,885**
Plan FNP as a Percentage of the TPL	91.25 %	90.73 %	90.56 %	62.73 %	47.51 %
Covered Payroll	$3,298,283	$3,168,870	$3,031,382	$2,939,455	$2,797,345
NPL as a Percentage of Covered Payroll	40.27 %	44.40 %	45.72 %	252.36 %	443.24 %

Notes to this schedule may be found on the pages following the schedules.

Required Supplementary Information

Schedule of Changes in the Employers' Net Pension Liability and Related Ratios

For the Ten Years Ended June 30, 2025
(Dollars in thousands)

State Patrol Retirement Fund

	2025	2024	2023	2022	2021
Total Pension Liability (TPL)					
Service Cost	$31,757	$29,442	$29,951	$26,648	$21,795
Interest on the TPL	83,191	80,498	77,346	71,049	72,625
Changes of Benefit Terms	34,447	0	2,002	0	0
Difference between Expected and Actual Experience	39,037	(2,687)	(1,787)	54,474	1,596
Changes of Assumptions	(9,206)	0	(34,912)	(35,484)	90,144
Benefit and Refund Payments	(69,995)	(69,890)	(66,580)	(64,506)	(63,210)
Net Change in TPL	$109,231	$37,363	$6,020	$52,181	$122,950
TPL - Beginning	$1,207,559	$1,170,196	$1,164,176	$1,111,995	$989,045
TPL - Ending	**$1,316,790**	**$1,207,559**	**$1,170,196**	**$1,164,176**	**$1,111,995**
Plan Fiduciary Net Position (FNP)					
Contributions - Employer [1]	$39,365	$35,064	$32,537	$33,258	$25,809
Contributions - Plan Member	19,595	17,453	16,434	16,515	13,606
Contributions - State General Fund	0	11,971	0	0	0
Net Investment Income	113,875	115,542	77,364	(59,360)	224,273
Benefit and Refund Payments	(69,995)	(69,890)	(66,580)	(64,506)	(63,210)
Administrative Expense	(250)	(272)	(235)	(190)	(204)
Other Changes	0	(1)	(2)	0	0
Net Change in Plan FNP	**$102,590**	**$109,867**	**$59,518**	**$(74,283)**	**$200,274**
Plan FNP - Beginning	$1,052,966	$943,099	$883,581	$957,864	$757,590
Plan FNP - Ending	**$1,155,556**	**$1,052,966**	**$943,099**	**$883,581**	**$957,864**
Net Pension Liability (NPL) - Ending	**$161,234**	**$154,593**	**$227,097**	**$280,595**	**$154,131**
Plan FNP as a Percentage of the TPL	87.76 %	87.20 %	80.59 %	75.90 %	86.14 %
Covered Payroll	$127,240	$113,331	$106,714	$107,240	$88,351
NPL as a Percentage of Covered Payroll	126.72 %	136.41 %	212.81 %	261.65 %	174.45 %

[1] Includes annual supplemental state aid of $1 million.

Additional notes to this schedule may be found on the pages following the schedules.

Required Supplementary Information
Schedule of Changes in the Employers' Net Pension Liability and Related Ratios (continued)

For the Ten Years Ended June 30, 2025
(Dollars in thousands)

State Patrol Retirement Fund

	2020	2019	2018	2017	2016
Total Pension Liability (TPL)					
Service Cost	$21,122	$19,375	$24,935	$29,758	$16,555
Interest on the TPL	70,465	68,227	65,110	58,865	64,592
Changes of Benefit Terms	0	0	(2,604)	0	0
Difference between Expected and Actual Experience	(535)	2,757	(8,369)	(2,418)	(22,222)
Changes of Assumptions	0	0	(126,888)	(112,694)	283,584
Benefit and Refund Payments	(61,971)	(60,803)	(59,692)	(58,565)	(57,774)
Net Change in TPL	$29,081	$29,556	$(107,508)	$(85,054)	$284,735
TPL - Beginning	$959,964	$930,408	$1,037,916	$1,122,970	$838,235
TPL - Ending	**$989,045**	**$959,964**	**$930,408**	**$1,037,916**	**$1,122,970**
Plan Fiduciary Net Position (FNP)					
Contributions - Employer [1]	$22,975	$20,479	$16,952	$16,783	$14,938
Contributions - Plan Member	12,595	12,038	10,657	10,520	9,292
Contributions - State General Fund	0	0	0	0	0
Net Investment Income	31,073	51,823	70,474	93,077	(774)
Benefit and Refund Payments	(61,971)	(60,803)	(59,692)	(58,565)	(57,774)
Administrative Expense	(224)	(191)	(184)	(208)	(220)
Other Changes	(2)	(1)	(7)	0	0
Net Change in Plan FNP	**$4,446**	**$23,345**	**$38,200**	**$61,607**	**$(34,538)**
Plan FNP - Beginning	$753,144	$729,799	$691,599	$629,992	$664,530
Plan FNP - Ending	**$757,590**	**$753,144**	**$729,799**	**$691,599**	**$629,992**
Net Pension Liability (NPL) - Ending	**$231,455**	**$206,820**	**$200,609**	**$346,317**	**$492,978**
Plan FNP as a Percentage of the TPL	76.60 %	78.46 %	78.44 %	66.63 %	56.10 %
Covered Payroll	$84,530	$80,792	$74,007	$73,056	$69,343
NPL as a Percentage of Covered Payroll	273.81 %	255.99 %	271.07 %	474.04 %	710.93 %

[1] Includes annual supplemental state aid of $1 million.

Additional notes to this schedule may be found on the pages following the schedules.

Required Supplementary Information

Schedule of Changes in the Employers' Net Pension Liability and Related Ratios

For the Ten Years Ended June 30, 2025
(Dollars in thousands)

Correctional Employees Retirement Fund

	2025	2024	2023	2022	2021
Total Pension Liability (TPL)					
Service Cost	$61,392	$56,528	$55,557	$56,990	$47,383
Interest on the TPL	156,920	147,786	138,597	130,414	123,942
Changes of Benefit Terms	0	0	950	0	0
Difference between Expected and Actual Experience	42,460	27,981	34,409	25,674	(4,738)
Changes of Assumptions	(21,253)	0	(72,825)	(72,164)	269,564
Benefit and Refund Payments	(106,235)	(102,247)	(96,208)	(90,342)	(83,965)
Net Change in TPL	$133,284	$130,048	$60,480	$50,572	$352,186
TPL - Beginning	$2,264,140	$2,134,092	$2,073,612	$2,023,040	$1,670,854
TPL - Ending	**$2,397,424**	**$2,264,140**	**$2,134,092**	**$2,073,612**	**$2,023,040**
Plan Fiduciary Net Position (FNP)					
Contributions - Employer	$69,796	$62,332	$58,521	$55,104	$48,823
Contributions - Plan Member	35,646	31,777	29,843	28,270	27,136
Contributions - State General Fund	0	10,446	0	0	0
Net Investment Income	195,154	195,785	130,514	(99,155)	366,352
Benefit and Refund Payments	(106,235)	(102,247)	(96,208)	(90,342)	(83,965)
Administrative Expense	(1,165)	(1,100)	(970)	(909)	(950)
Other Changes	16	(21)	9	0	20
Net Change in Plan FNP	**$193,212**	**$196,972**	**$121,709**	**$(107,032)**	**$357,416**
Plan FNP - Beginning	$1,792,602	$1,595,630	$1,473,921	$1,580,953	$1,223,537
Plan FNP - Ending	**$1,985,814**	**$1,792,602**	**$1,595,630**	**$1,473,921**	**$1,580,953**
Net Pension Liability (NPL) - Ending	**$411,610**	**$471,538**	**$538,462**	**$599,691**	**$442,087**
Plan FNP as a Percentage of the TPL	82.83 %	79.17 %	74.77 %	71.08 %	78.15 %
Covered Payroll	$371,313	$331,010	$310,865	$294,479	$282,667
NPL as a Percentage of Covered Payroll	110.85 %	142.45 %	173.21 %	203.64 %	156.40 %

Notes to this schedule may be found on the pages following the schedules.

Required Supplementary Information

Schedule of Changes in the Employers' Net Pension Liability and Related Ratios (continued)

For the Ten Years Ended June 30, 2025
(Dollars in thousands)

Correctional Employees Retirement Fund

	2020	2019	2018	2017	2016
Total Pension Liability (TPL)					
Service Cost	$46,258	$44,912	$85,364	$95,522	$56,718
Interest on the TPL	117,205	110,664	108,421	95,307	97,571
Changes of Benefit Terms	0	0	(164,182)	0	0
Difference between Expected and Actual Experience	7,550	8,180	(3,499)	6,566	(764)
Changes of Assumptions	0	0	(617,840)	(213,159)	576,552
Benefit and Refund Payments	(79,533)	(74,903)	(69,674)	(64,687)	(60,940)
Net Change in TPL	$91,480	$88,853	$(661,410)	$(80,451)	$669,137
TPL - Beginning	$1,579,374	$1,490,521	$2,151,931	$2,232,382	$1,563,245
TPL - Ending	**$1,670,854**	**$1,579,374**	**$1,490,521**	**$2,151,931**	**$2,232,382**
Plan Fiduciary Net Position (FNP)					
Contributions - Employer	$43,658	$38,245	$32,893	$31,763	$30,678
Contributions - Plan Member	26,734	25,686	23,417	22,648	21,953
Contributions - State General Fund	0	0	0	0	0
Net Investment Income	49,608	80,942	105,263	135,359	(195)
Benefit and Refund Payments	(79,533)	(74,903)	(69,674)	(64,687)	(60,940)
Administrative Expense	(924)	(856)	(827)	(856)	(906)
Other Changes	(1)	(6)	(2)	(2)	0
Net Change in Plan FNP	**$39,542**	**$69,108**	**$91,070**	**$124,225**	**$(9,410)**
Plan FNP - Beginning	$1,183,995	$1,114,887	$1,023,817	$899,592	$909,002
Plan FNP - Ending	**$1,223,537**	**$1,183,995**	**$1,114,887**	**$1,023,817**	**$899,592**
Net Pension Liability (NPL) - Ending	**$447,317**	**$395,379**	**$375,634**	**$1,128,114**	**$1,332,790**
Plan FNP as a Percentage of the TPL	73.23 %	74.97 %	74.80 %	47.58 %	40.30 %
Covered Payroll	$278,479	$267,563	$257,330	$248,879	$241,242
NPL as a Percentage of Covered Payroll	160.63 %	147.77 %	145.97 %	453.28 %	552.47 %

Notes to this schedule may be found on the pages following the schedules.

Required Supplementary Information

Schedule of Changes in the Employers' Net Pension Liability and Related Ratios

For the Ten Years Ended June 30, 2025
(Dollars in thousands)

Judges Retirement Fund

	2025	2024	2023	2022	2021
Total Pension Liability (TPL)					
Service Cost	$10,981	$10,043	$11,063	$11,707	$10,204
Interest on the TPL	30,544	29,416	28,538	27,360	29,568
Changes of Benefit Terms	0	0	295	0	(9,525)
Difference between Expected and Actual Experience	10,584	7,281	(2,002)	2,040	(1,481)
Changes of Assumptions	3,369	0	(9,979)	(10,257)	24,695
Benefit and Refund Payments	(31,575)	(30,626)	(29,287)	(28,035)	(27,038)
Net Change in TPL	$23,903	$16,114	$(1,372)	$2,815	$26,423
TPL - Beginning	$446,640	$430,526	$431,898	$429,083	$402,660
TPL - Ending	**$470,543**	**$446,640**	**$430,526**	**$431,898**	**$429,083**
Plan Fiduciary Net Position (FNP)					
Contributions - Employer [1]	$19,857	$19,241	$18,245	$18,248	$17,916
Contributions - Plan Member	4,578	4,420	4,121	4,214	4,166
Contributions - State General Fund	0	293	0	0	0
Net Investment Income	31,849	32,493	22,013	(17,022)	64,934
Benefit and Refund Payments	(31,575)	(30,626)	(29,287)	(28,035)	(27,038)
Administrative Expense	(83)	(105)	(76)	(72)	(77)
Other Changes	0	0	0	0	0
Net Change in Plan FNP	**$24,626**	**$25,716**	**$15,016**	**$(22,667)**	**$59,901**
Plan FNP - Beginning	$294,703	$268,987	$253,971	$276,638	$216,737
Plan FNP - Ending	**$319,329**	**$294,703**	**$268,987**	**$253,971**	**$276,638**
Net Pension Liability (NPL) - Ending	**$151,214**	**$151,937**	**$161,539**	**$177,927**	**$152,445**
Plan FNP as a Percentage of the TPL	67.86 %	65.98 %	62.48 %	58.80 %	64.47 %
Covered Payroll	$61,587	$58,849	$54,422	$54,436	$52,960
NPL as a Percentage of Covered Payroll	245.53 %	258.18 %	296.83 %	326.86 %	287.85 %

[1] Includes General Fund appropriation of $3 million in fiscal year 2017, and $6 million annually thereafter.

Additional notes to this schedule may be found on the pages following the schedules.

Required Supplementary Information

Schedule of Changes in the Employers' Net Pension Liability and Related Ratios (continued)

For the Ten Years Ended June 30, 2025
(Dollars in thousands)

Judges Retirement Fund

	2020	2019	2018	2017	2016
Total Pension Liability (TPL)					
Service Cost	$9,897	$9,881	$9,857	$9,483	$13,711
Interest on the TPL	28,721	27,769	26,746	25,367	21,349
Changes of Benefit Terms	0	0	0	0	0
Difference between Expected and Actual Experience	(802)	804	1,424	(4,958)	7,135
Changes of Assumptions	0	0	0	11,652	(85,756)
Benefit and Refund Payments	(26,302)	(25,233)	(23,585)	(23,094)	(22,378)
Net Change in TPL	$11,514	$13,221	$14,442	$18,450	$(65,939)
TPL - Beginning	$391,146	$377,925	$363,483	$345,033	$410,972
TPL - Ending	**$402,660**	**$391,146**	**$377,925**	**$363,483**	**$345,033**
Plan Fiduciary Net Position (FNP)					
Contributions - Employer [1]	$17,767	$17,287	$17,027	$13,758	$10,219
Contributions - Plan Member	4,168	4,049	3,973	3,932	3,763
Contributions - State General Fund	0	0	0	0	0
Net Investment Income	8,955	14,491	19,265	24,729	(186)
Benefit and Refund Payments	(26,302)	(25,233)	(23,585)	(23,094)	(22,378)
Administrative Expense	(113)	(87)	(66)	(89)	(93)
Other Changes	0	0	0	0	0
Net Change in Plan FNP	**$4,475**	**$10,507**	**$16,614**	**$19,236**	**$(8,675)**
Plan FNP - Beginning	$212,262	$201,755	$185,141	$165,905	$174,580
Plan FNP - Ending	**$216,737**	**$212,262**	**$201,755**	**$185,141**	**$165,905**
Net Pension Liability (NPL) - Ending	**$185,923**	**$178,884**	**$176,170**	**$178,342**	**$179,128**
Plan FNP as a Percentage of the TPL	53.83 %	54.27 %	53.38 %	50.94 %	48.08 %
Covered Payroll	$52,298	$50,164	$49,009	$47,813	$45,418
NPL as a Percentage of Covered Payroll	355.51 %	356.60 %	359.46 %	373.00 %	394.40 %

[1] Includes General Fund appropriation of $3 million in fiscal year 2017, and $6 million annually thereafter.

Additional notes to this schedule may be found on the pages following the schedules.

Required Supplementary Information

Schedule of Changes in the Employers' Net Pension Liability and Related Ratios

For the Ten Years Ended June 30, 2025
(Dollars in thousands)

Legislators Retirement Fund

	2025	2024	2023	2022	2021
Total Pension Liability (TPL)					
Service Cost	$197	$199	$340	$532	$657
Interest on the TPL	3,826	4,018	4,052	2,625	3,498
Changes of Benefit Terms	1,983	0	87	0	0
Difference between Expected and Actual Experience	(1,053)	(558)	230	(415)	(527)
Changes of Assumptions	(8,978)	(2,784)	(1,607)	(20,826)	(942)
Benefit and Refund Payments	(8,363)	(8,811)	(8,712)	(8,705)	(8,679)
Net Change in TPL	$(12,388)	$(7,936)	$(5,610)	$(26,789)	$(5,993)
TPL - Beginning	$100,461	$108,397	$114,007	$140,796	$146,789
TPL - Ending	**$88,073**	**$100,461**	**$108,397**	**$114,007**	**$140,796**
Plan Fiduciary Net Position (FNP)					
Contributions - State General Fund	$8,364	$8,813	$8,699	$8,682	$8,639
Contributions - Plan Member	36	38	49	62	77
Net Investment Income	0	0	0	0	0
Benefit and Refund Payments	(8,363)	(8,811)	(8,712)	(8,705)	(8,679)
Administrative Expense	(37)	(40)	(36)	(39)	(37)
Other Changes	0	0	0	0	0
Net Change in Plan FNP	**$0**	**$0**	**$0**	**$0**	**$0**
Plan FNP - Beginning	$0	$0	$0	$0	$0
Plan FNP - Ending	**$0**	**$0**	**$0**	**$0**	**$0**
Net Pension Liability (NPL) - Ending	**$88,073**	**$100,461**	**$108,397**	**$114,007**	**$140,796**
Plan FNP as a Percentage of the TPL	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Covered Payroll	$400	$422	$544	$689	$856
NPL as a Percentage of Covered Payroll	22,018.25 %	23,805.92 %	19,925.92 %	16,546.73 %	16,448.13 %

Notes to this schedule may be found on the pages following the schedules.

Required Supplementary Information

Schedule of Changes in the Employers' Net Pension Liability and Related Ratios (continued)

For the Ten Years Ended June 30, 2025
(Dollars in thousands)

Legislators Retirement Fund

	2020	2019	2018	2017	2016
Total Pension Liability (TPL)					
Service Cost	$527	$496	$437	$546	$495
Interest on the TPL	4,258	4,894	5,094	4,293	5,333
Changes of Benefit Terms	0	0	(9,839)	0	0
Difference between Expected and Actual Experience	645	(2,441)	6,119	1,517	(1,597)
Changes of Assumptions	9,986	6,722	(856)	(5,017)	14,653
Benefit and Refund Payments	(8,812)	(8,853)	(8,912)	(8,716)	(8,536)
Net Change in TPL	$6,604	$818	$(7,957)	$(7,377)	$10,348
TPL - Beginning	$140,185	$139,367	$147,324	$154,701	$144,353
TPL - Ending	**$146,789**	**$140,185**	**$139,367**	**$147,324**	**$154,701**
Plan Fiduciary Net Position (FNP)					
Contributions - State General Fund	$8,764	$8,798	$8,856	$8,716	$5,087
Contributions - Plan Member	87	91	93	80	89
Net Investment Income	0	0	0	0	(69)
Benefit and Refund Payments	(8,812)	(8,853)	(8,912)	(8,716)	(8,536)
Administrative Expense	(39)	(36)	(37)	(39)	(42)
Other Changes	0	0	0	(41)	41
Net Change in Plan FNP	**$0**	**$0**	**$0**	**$0**	**$(3,430)**
Plan FNP - Beginning	$0	$0	$0	$0	$3,430
Plan FNP - Ending	**$0**	**$0**	**$0**	**$0**	**$0**
Net Pension Liability (NPL) - Ending	**$146,789**	**$140,185**	**$139,367**	**$147,324**	**$154,701**
Plan FNP as a Percentage of the TPL	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Covered Payroll	$967	$1,011	$1,033	$889	$989
NPL as a Percentage of Covered Payroll	15,179.83 %	13,865.97 %	13,491.48 %	16,571.88 %	15,642.16 %

Notes to this schedule may be found on the pages following the schedules.

Required Supplementary Information

Notes to Schedule of Changes in the Employers' Net Pension Liability and Related Ratios

State Employees Retirement Fund

Fiscal Year 2025 Changes Since the Fiscal Year 2024 Actuarial Valuation

Actuarial Assumptions:

- The combined service annuity load was changed from 4 percent to 9 percent for vested terminated members, and from 5 percent to 51 percent for non-vested terminated members.

Plan Provisions:

- The post-retirement benefit increased changed from 1.50 percent to 1.75 percent effective January 1, 2026.
- The benefit multiplier changed from 1.70 percent to 1.90 percent for service earned after July 1, 2025.

Additional Significant Changes to Actuarial Assumptions or Plan Provisions are noted below:

Actuarial Assumptions:

Single Discount Rate: The single discount rate assumption changed over time, from 4.17 percent in 2016, to 5.42 percent in 2017, to 7.50 percent in 2018, to 6.50 percent in 2021, to 6.75 percent in 2022, and finally to 7.00 in 2023.

Long Term Rate of Return: The long-term expected rate of return on investments was changed from 7.50 percent to 6.50 percent in 2021, to 6.75 percent in 2022, and then to 7.00 percent in 2023.

Post Retirement Benefit Increases: Post-retirement benefit increases fluctuated within a range of 2.0 to 2.5 percent annually based upon funded ratio, until the assumption was eliminated in fiscal 2019 with the implementation of a fixed post retirement benefit increase rate.

Mortality: In fiscal year 2020, the base mortality tables were changed from the RP-2014 mortality tables with a mortality improvement scale of MP-2015, to the Pub-2010 General Mortality table and Pub-2010 General/Teacher disabled annuitant mortality table, with the mortality improvement scale changing to Scale MP-2018.

Fiscal Year 2020 Experience Study Assumption Changes: Based on an experience study, various assumption changes were implemented, including changes to price inflation, payroll growth, salary increase rates, rates of retirement, disability, and termination, the percentage of married members and age differences with spouses, and the percentage of members electing joint and survivor annuities.

Fiscal Year 2024 Experience Study Assumption Changes: Based on an experience study, various assumption changes were implemented, including changes to salary increase rates, rates of retirement, disability, and termination, the percentage of married retirees, and minor changes to the form of payment and missing participant data assumptions. There were also slight modifications to mortality table rates, and the improvement scale was updated to MP-2021.

Plan Provisions:

Member Contribution Rates: In 2019, the member and employer contribution rates increased from 5.50 percent to 5.75 percent of pay, to 6.00 percent of pay in fiscal year 2020, and to 5.50 percent of pay in 2024.

Employer Contribution Rates: In fiscal year 2018, employer contributions increased from 5.50 percent to 5.875 percent of pay, then to 6.25 percent of pay in fiscal year 2020.

Post Retirement Benefit Increases: Post-retirement benefit increases assumptions were eliminated with the implementation of a fixed rate of 1.0 percent for five years beginning January 1, 2019, and 1.5 percent annually thereafter. A 1.0 percent one-time, non-compounding benefit increase was paid in February of 2024.

State aid Contribution: A one-time state aid contribution of $76.4 million was paid to the plan on October 1, 2023.

Required Supplementary Information

Notes to Schedule of Changes in the Employers' Net Pension Liability and Related Ratios

State Patrol Retirement Fund

Fiscal Year 2025 Changes Since the Fiscal Year 2024 Actuarial Valuation

Actuarial Assumptions:

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced retirements and a decrease in reduced retirements.
- Assumed rates of withdrawal were changed resulting in an increase in predicted terminations.
- Assumed rates of disability retirements were increased, with rates more substantially increased above age 40.
- The mortality table was changed from the Pub-2010 General Mortality Table to the Pub-2010 Public Safety Mortality Table, and the mortality projection scale was updated from MP-2019 to MP-2021.
- Minor changes were made to the form of payment assumption and with respect to missing participant data.
- The combined service annuity load was changed from 13 percent to 9 percent for vested terminated members, and from 0 percent to 70 percent for non-vested terminated members.

Plan Provisions:

- The post-retirement benefit increased changed from 1.00 percent to 1.25 percent effective January 1, 2026.
- The threshold to cease supplemental employer contributions was changed from 100 percent funded for three consecutive years, to 110 percent funded for three consecutive years (on a market value of assets basis).
- The threshold to cease the $1 million annual state contribution was changed from the earlier of July 1, 2048 or 90 percent funded for three consecutive years, to 100 percent funded for three consecutive years (on a actuarial value of assets basis).
- Additional annual direct state aid of $2.3 million was added each October 1, beginning in 2025 through 2047.

Required Supplementary Information

Notes to Schedule of Changes in the Employers' Net Pension Liability and Related Ratios

State Patrol Retirement Fund (continued)

Additional Significant Changes to Actuarial Assumptions or Plan Provisions are noted below:

Actuarial Assumptions:

Single Discount Rate: The single discount rate assumption changed over time, from 5.31 percent in 2016, to 6.38 percent in 2017, to 7.50 percent in 2018, to 6.50 percent in 2021, to 6.75 percent in 2022, and finally to 7.00 percent in 2023.

Long Term Rate of Return: The long-term expected rate of return on investments was changed from 7.50 percent in 2016, to 6.50 percent in 2021, to 6.75 percent in 2022, and then to 7.00 percent in 2023.

Post Retirement Benefit Increases: Post-retirement benefit increases fluctuated within a range of 1.0 to 2.5 percent annually based upon funded ratio, until the assumption was eliminated in fiscal 2019 with the implementation of a fixed rate.

Mortality: In fiscal year 2017, the base mortality tables were changed from the RP-2000 fully generational tables to the RP-2014 fully generational tables. Mortality improvement scales changed from Scale AA to Scale MP-2015.

In fiscal year 2021, the base mortality tables were changed to the Pub-2010 mortality tables, and the mortality improvement scale was changed to MP-2019.

Fiscal Year 2017 Experience Study Assumption Changes: Based on the experience study, various new assumption changes were implemented, including changes to salary increase rates, rates of retirement, disability, and termination, the percentage of members electing joint and survivor annuities, and the form of payment assumptions.

Fiscal Year 2021 Experience Study Assumption Changes: Based on an experience study, various assumption changes were implemented, including changes to price inflation, payroll growth, salary increase rates, rates of retirement, disability, and termination, and the form of payment selected.

Plan Provisions:

Member Contribution Rates: Member contributions increased from 14.4 to 15.4 percent of pay over three years, effective July 1, 2018.

Employer Contribution Rates: Regular employer contributions increased from 21.6 percent to 23.1 percent of pay over two years, effective July 1, 2018.

Supplemental Employer Contributions: Supplemental employer contributions totaling 7.0 percent of pay will be phased in between fiscal year 2018 and fiscal year 2022, remaining in effect until the plan is 100 percent funded for three consecutive years.

Additional State Contributions: State contributions of $1 million per year will continue until the earlier of July 1, 2048 or when both the State Patrol Retirement Fund and the Public Employees Retirement Association Police and Fire Plan are 90 percent funded for three consecutive years, an increase from one year.

Post Retirement Benefit Increases: A fixed rate of 1.0 percent annually was implemented in fiscal year 2018. A 3.0 percent one-time, non-compounding benefit increase was paid in February of 2024.

State aid Contribution: A one-time state aid contribution of $12.0 million was paid to the plan on October 1, 2023.

Detailed Changes to Actuarial Assumptions or Plan Provisions can be found in actuarial valuations posted on the MSRS website at www.mnretire.gov/annual-reports-fy-2025.

Required Supplementary Information

Notes to Schedule of Changes in the Employers' Net Pension Liability and Related Ratios

Correctional Employees Retirement Fund

Fiscal Year 2025 Changes Since the Fiscal Year 2024 Actuarial Valuation

Actuarial Assumptions:

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted resulting in an overall increase in unreduced retirements and a light decrease in reduced retirements.
- Assumed rates of withdrawal were changed resulting in an increase in predicted terminations for males with less than 15 years of service, and a decrease in predicted terminations for females.
- Assumed rates of disability were changed, resulting in minor changes in predicted disability retirements below age 50 and few predicted disability retirements at ages 50 and older.
- The mortality table was changed from the Pub-2010 General Mortality Table to the Pub-2010 Public Safety Mortality Table, and the mortality projection scale was updated from MP-2019 to MP-2021.
- Minor changes were made to the form of payment assumption and with respect to missing participant data.
- The combined service annuity load was changed from 17 percent to 6 percent for vested terminated members, and from 6 percent to 111 percent for non-vested terminated members.

Plan Provisions:

- Changes were made to eligible employment positions, which will be reflected as members are added to the plan.
- The threshold to cease supplemental employer contributions was changed from 100 percent funded for three consecutive years, to 110 percent funded for three consecutive years (on a market value of assets basis).

Required Supplementary Information

Notes to Schedule of Changes in the Employers' Net Pension Liability and Related Ratios

Correctional Employees Retirement Fund (continued)

Additional Significant Changes to Actuarial Assumptions or Plan Provisions are noted below:

Actuarial Assumptions:

Single Discount Rate: The single discount rate assumption changed over time, from 4.24 percent in 2016, to 5.02 percent in 2017, to 7.50 percent in 2018, to 6.50 percent in 2021, to 6.75 percent in 2022, and finally to 7.00 percent in 2023.

Long Term Rate of Return: The long-term expected rate of return on investments changed from 7.50 percent in 2016, to 6.50 percent in 2021, to 6.75 percent in 2022, and 7.00 percent in 2023.

Post Retirement Benefit Increases: Post-retirement benefit increases fluctuated within a range of 2.0 to 2.5 percent annually based upon funded ratio, until the assumption was eliminated in fiscal 2019 with the implementation of a fixed rate.

Mortality: In fiscal year 2017, the base mortality tables were changed from the RP-2000 fully generational table and the RP-2000 disabled mortality table to the RP-2014 fully generational table and the RP-2014 disabled annuitant mortality table. Mortality improvement scales changed from Scale AA to Scale MP-2015.

In fiscal year 2021, the base mortality tables were changed to the Pub-2010 mortality tables, and the mortality improvement scale was changed to MP-2019.

Fiscal Year 2017 Experience Study Assumption Changes: Based on the experience study, various new assumption changes were implemented, including changes to salary increase rates, rates of retirement, disability, and termination, the percentage of married members and age differences with spouses, and the percentage of members electing joint and survivor annuities.

Fiscal Year 2021 Experience Study Assumption Changes: Based on an experience study, various assumption changes were implemented, including changes to price inflation, payroll growth, salary increase rates, rates of retirement, disability, and termination, the percentage of married members, and the form of payment selected.

Plan Provisions:

Member Contribution Rates: Member contribution rates increased from 9.1 percent of pay to 9.6 percent of pay in 2019.

Employer Contribution Rates: Employer contribution rates increased from 12.85 percent of pay to 14.40 percent of pay in 2019.

Supplemental Employer Contributions: Supplemental employer contributions totaling 4.45 percent of pay will be phased in between fiscal year 2018 and fiscal year 2022, and will remain in effect until the plan is 100 percent funded for three consecutive years.

Post Retirement Benefit Increases: A fixed rate of 1.5 percent annually was implemented in fiscal year 2018. A 1.0 percent one-time, non-compounding benefit increase was paid in February of 2024.

State Aid Contribution: A one-time state aid contribution of $10.4 million was paid to the plan on October 1, 2023.

Detailed Changes to Actuarial Assumptions or Plan Provisions can be found in actuarial valuations posted on the MSRS website at [www.mnretire.gov/annual-reports-fy-2025.](www.mnretire.gov/annual-reports-fy-2025)

Required Supplementary Information
Notes to Schedule of Changes in the Employers' Net Pension Liability and Related Ratios

Judges Retirement Fund

Fiscal Year 2025 Changes Since the Fiscal Year 2024 Actuarial Valuation

Actuarial Assumptions:

- Assumed rates of retirement were adjusted resulting in an overall increase in unreduced retirements and a decrease in reduced retirements.
- The mortality table was changed from the Pub-2010 General Mortality Table to the Pub-2010 General Mortality Table, Above Median Income, and the mortality projection scale was updated from MP-2019 to MP-2021.
- Minor changes were made with respect to assumptions for missing participant data.

Plan Provisions:

- The threshold to cease supplemental employer contributions was changed from the earlier of July 1, 2048 or 100 percent funded for three consecutive years, to 110 percent funded for three consecutive years (on a actuarial value of assets basis).

Additional Significant Changes to Actuarial Assumptions or Plan Provisions are noted below:

Actuarial Assumptions:

Single Discount Rate: The single discount rate assumption changed over time, from 7.50 percent in 2016, to 6.50 percent in 2021, to 6.75 percent in 2022, and to 7.00 percent in 2023.

Long Term Rate of Return: The long-term expected rate of return on investments changed from 7.50 percent in 2016, to 6.50 percent in 2021, to 6.75 percent in 2022, and to 7.00 percent in 2023.

Post Retirement Benefit Increases: Post-retirement benefit increases of a range between 1.75 and 2.50 percent annually based on funded ratio was eliminated in fiscal year 2020 with the implementation of a fixed rate.

Mortality: In fiscal year 2017, the base mortality tables were changed from the RP-2000 fully generational tables to the RP-2014 fully generational tables. The mortality improvement scale was changed from Scale AA to Scale MP-2015.

In fiscal year 2021, the base mortality tables were changed to the Pub-2010 mortality tables, and the mortality improvement scale was changed to MP-2019.

Fiscal Year 2017 Experience Study Assumption Changes: Based on the experience study, various new assumption changes were implemented, including rates of retirement and disability.

Fiscal Year 2021 Experience Study Assumption Changes: Based on an experience study, various assumption changes were implemented, including changes to price inflation, rates of retirement and disability, and the age differences with spouses.

Plan Provisions:

Post Retirement Benefit Increases: A fixed rate of 1.5 percent annually was implemented in January 2022. A 1.0 percent one-time, non-compounding benefit increase was paid in February of 2024.

Additional Contributions: Legislation provides state contributions equal to $3,000,000 for fiscal year 2017 and $6,000,000 per year thereafter until the plan is fully funded for three consecutive years or until July 1, 2048, whichever is earlier.

State Aid Contribution: A one-time state aid contribution of $293,032 was paid to the plan on October 1, 2023.

Required Supplementary Information
Notes to Schedule of Changes in the Employers' Net Pension Liability and Related Ratios

Legislators Retirement Fund

Fiscal Year 2025 Changes Since the Fiscal Year 2024 Actuarial Valuation

Actuarial Assumptions:

- The Single Discount Rate changed from 3.97 percent to 5.20 percent.

Plan Provisions:

- The post-retirement benefit increase changed from 1.50 percent to 1.75 percent, effective January 1, 2026.

Additional Significant Changes to Actuarial Assumptions or Plan Provisions are noted below:

Actuarial Assumptions:

Single Discount Rate: The single discount rate assumption changed over time, from 2.85 percent in 2016, to 3.56 percent in 2017, to 3.62 percent in 2018, to 3.13 percent in 2019, to 2.45 in 2020, to 1.92 percent in 2021, to 3.69 percent in 2022, to 3.86 percent in 2023, and finally to 3.97 percent in 2024.

Long Term Rate of Return: The long-term expected rate of return on investments changed from 7.50 percent to 6.50 percent in 2021, to 6.75 percent in 2022, and to 7.00 percent in 2023.

Post Retirement Benefit Increases: Post-retirement benefit increases fluctuated within a range of 2.0 to 2.5 percent annually based upon funded ratio, until the assumption was eliminated in fiscal 2019 with the implementation of a fixed rate.

Mortality: In fiscal year 2017, the base mortality tables were changed from the RP-2000 fully generational tables to the RP-2014 fully generational tables. Mortality improvement scales changed from Scale AA to Scale MP-2015.

In fiscal year 2021, the base mortality table for retirees and employees was changed to the Pub-2010 General Mortality table, and the mortality improvement scale was changed to MP-2018.

In fiscal year 2024, the mortality improvement scale was changed from MP-2018 to MP-2021.

Fiscal Year 2021 Experience Study Assumption Changes: Based on an experience study, various assumption changes were implemented, including changes to price inflation and the salary increase rates.

Plan Provisions:

Post Retirement Benefit Increases: Post-retirement benefit increases assumptions were eliminated with the implementation of a fixed rate of 1.0 percent for five years beginning January 1, 2019, and 1.5 percent annually thereafter. A 1.0 percent one-time, non-compounding benefit increase was paid in February of 2024.

State Aid Contribution: A one-time state aid contribution of $90,714 million was paid to the plan on October 1, 2023.

Detailed Changes to Actuarial Assumptions or Plan Provisions can be found in actuarial valuations posted on the MSRS website at www.mnretire.gov/annual-reports-fy-2025.

Required Supplementary Information
Schedule of Employer Contributions

For the Last Ten Fiscal Years
(Dollars in thousands)

State Employees Retirement Fund

Fiscal Year Ended June 30	Actuarially Determined Contribution [1] (a)	Actual Contributions (b)	Contribution Deficiency (Sufficiency) (c=a-b)	Covered Payroll [2] (d)	Contributions as a Percentage of Covered Payroll (e=b/d)
2016	$194,136	$151,168	$42,968	$2,797,345	5.40 %
2017	264,257	158,352	105,905	2,939,455	5.39
2018	234,629	164,233	70,396	3,031,382	5.42
2019	183,161	182,939	222	3,168,870	5.77
2020	184,044	204,006	(19,962)	3,298,283	6.19
2021	151,639	206,381	(54,742)	3,325,417	6.21
2022	107,493	212,759	(105,266)	3,434,267	6.20
2023	85,002	227,175	(142,173)	3,648,167	6.23
2024	205,583	328,980	(123,397)	4,062,909	8.10
2025	209,140	283,169	(74,029)	4,556,436	6.21

Notes to Schedule

(1) The Actuarially Determined Contribution rates are calculated as of June 30 each year and apply to the fiscal year beginning on the day after the measurement date.

(2) Assumption: Actual member contributions divided by employee contribution rate.

Valuation Date:	June 30, 2024
Actuarial Cost Method:	Entry age normal
Amortization Method:	Level percentage of payroll, closed period
Remaining Amortization Period:	24 years
Asset Valuation Method:	Fair value smoothed over 5 years; no corridor
Investment Rate of Return:	7.00%
Projected Salary Increases:	Service-related rates ranging from 11.75% (one year of service) to 3.00% (27 or more years of service), including inflation
Inflation Rate:	2.25%
Payroll Growth:	3.00%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition
Healthy Post-Retirement Mortality:	Pub-2010 General Retiree Mortality Table adjusted for mortality improvements using projection scale MP-2021. Rates are multiplied by a factor of 1.04 for males and 1.10 for females.
Post-Retirement Benefit Increases:	1.50% per year

Required Supplementary Information
Schedule of Employer Contributions

For the Last Ten Fiscal Years
(Dollars in thousands)

State Patrol Retirement Fund

Fiscal Year Ended June 30	Actuarially Determined Contribution [1] (a)	Actual Contributions [2] (b)	Contribution Deficiency (Sufficiency) (c=a-b)	Covered Payroll [3] (d)	Contributions as a Percentage of Covered Payroll (e=b/d)
2016	$20,463	$14,938	$5,525	$69,343	21.54 %
2017	19,031	16,783	2,248	73,056	22.97
2018	20,900	16,952	3,948	74,007	22.91
2019	21,281	20,479	802	80,792	25.35
2020	21,580	22,975	(1,395)	84,530	27.18
2021	22,203	25,809	(3,606)	88,351	29.21
2022	20,611	33,258	(12,647)	107,240	31.01
2023	19,902	32,537	(12,635)	106,714	30.49
2024	27,007	47,035	(20,028)	113,331	41.50
2025	27,267	39,365	(12,098)	127,240	30.94

Notes to Schedule

(1) The Actuarially Determined Contribution rates are calculated as of June 30 each year and apply to the fiscal year beginning on the day after the measurement date.

(2) Includes supplemental state aid of $1 million.

(3) Assumption: Actual member contributions divided by employee contribution rate.

Valuation Date:	June 30, 2024
Actuarial Cost Method:	Entry age normal
Amortization Method:	Level percentage of payroll, closed period
Remaining Amortization Period:	24 years
Asset Valuation Method:	Fair value smoothed over 5 years; no corridor
Investment Rate of Return:	7.00%
Projected Salary Increases:	Service-related rates ranging from 12.50% (one year of service) to 3.00% (25 or more years of service), including inflation
Inflation Rate:	2.25%
Payroll Growth:	3.00%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition
Healthy Post-Retirement Mortality:	Pub-2010 General Retiree Mortality Table adjusted for mortality improvements using projection scale MP-2019.
Post-Retirement Benefit Increases:	1.00% per year

Required Supplementary Information
Schedule of Employer Contributions

For the Last Ten Fiscal Years
(Dollars in thousands)

Correctional Employees Retirement Fund

Fiscal Year Ended June 30	Actuarially Determined Contribution (1) (a)	Actual Contributions (b)	Contribution Deficiency (Sufficiency) (c=a-b)	Covered Payroll (2) (d)	Contributions as a Percentage of Covered Payroll (e=b/d)
2016	$44,171	$30,678	$13,493	$241,242	12.72 %
2017	45,943	31,763	14,180	248,879	12.76
2018	49,665	32,893	16,772	257,330	12.78
2019	43,265	38,245	5,020	267,563	14.29
2020	45,726	43,658	2,068	278,479	15.68
2021	46,781	48,823	(2,042)	282,667	17.27
2022	44,614	55,104	(10,490)	294,479	18.71
2023	45,604	58,521	(12,917)	310,865	18.83
2024	61,369	72,778	(11,409)	331,010	21.99
2025	66,094	69,796	(3,702)	371,313	18.80

Notes to Schedule

(1) The Actuarially Determined Contribution rates are calculated as of June 30 each year and apply to the fiscal year beginning on the day after the measurement date.

(2) Assumption: Actual member contributions divided by employee contribution rate.

Valuation Date:	June 30, 2024
Actuarial Cost Method:	Entry age normal
Amortization Method:	Level percentage of payroll, closed period
Remaining Amortization Period:	24 years
Asset Valuation Method:	Fair value smoothed over 5 years; no corridor
Investment Rate of Return:	7.00%
Projected Salary Increases:	Service-related rates ranging from 11.50% (one year of service) to 3.00% (25 or more years of service), including inflation
Inflation Rate:	2.25%
Payroll Growth:	3.00%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition
Healthy Post-Retirement Mortality:	Pub-2010 General Retiree Mortality Table adjusted for mortality improvements using projection scale MP-2019.
Post-Retirement Benefit Increases:	1.50% per year

Required Supplementary Information
Schedule of Employer Contributions

For the Last Ten Fiscal Years
(Dollars in thousands)

Judges Retirement Fund

Fiscal Year Ended June 30	Actuarially Determined Contribution [1] (a)	Actual Contributions [2] (b)	Contribution Deficiency (Sufficiency) (c=a-b)	Covered Payroll [3] (d)	Contributions as a Percentage of Covered Payroll (e=b/d)
2016	$15,644	$10,219	$5,425	$45,418	22.50 %
2017	16,790	13,758	3,032	47,813	28.77
2018	18,032	17,027	1,005	49,009	34.74
2019	17,491	17,287	204	50,164	34.46
2020	18,304	17,767	537	52,298	33.97
2021	18,167	17,916	251	52,960	33.83
2022	15,661	18,248	(2,587)	54,436	33.52
2023	15,155	18,245	(3,090)	54,422	33.53
2024	18,313	19,534	(1,221)	58,849	33.19
2025	18,178	19,857	(1,679)	61,587	32.24

Notes to Schedule

(1) The Actuarially Determined Contribution rates are calculated as of June 30 each year and apply to the fiscal year beginning on the day after the measurement date.

(2) Includes General Fund appropriation of $3 million in 2017 and $6 million annually beginning in 2018.

(3) Assumption: Actual employer contributions divided by employer contribution rate.

Valuation Date:	June 30, 2024
Actuarial Cost Method:	Entry age normal
Amortization Method:	Level percentage of payroll, closed period
Remaining Amortization Period:	24 years
Asset Valuation Method:	Fair value smoothed over 5 years; no corridor
Investment Rate of Return:	7.00%
Projected Salary Increases:	2.50%
Inflation Rate:	2.25%
Payroll Growth:	2.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition
Healthy Post-Retirement Mortality:	Pub-2010 General Retiree Mortality Table adjusted for mortality improvements using projection scale MP-2019 from a base year of 2010.
Post-Retirement Benefit Increases:	1.50% per year

Required Supplementary Information
Schedule of Employer Contributions

For the Last Ten Fiscal Years
(Dollars in thousands)

Legislators Retirement Fund

Fiscal Year Ended June 30	Actuarially Determined Contribution [1] (a)	Actual Contributions [2] (b)	Contribution Deficiency (Sufficiency) (c=a-b)	Covered Payroll [3] (d)	Contributions as a Percentage of Covered Payroll (e=b/d)
2016	$21,711	$5,087	$16,624	$989	514.36 %
2017	22,844	8,716	14,128	889	980.43
2018	33,560	8,856	24,704	1,033	857.31
2019	27,373	8,798	18,575	1,011	870.23
2020	30,274	8,764	21,510	967	906.31
2021	30,358	8,639	21,719	856	1,009.23
2022	33,699	8,682	25,017	689	1,260.09
2023	31,641	8,699	22,942	544	1,599.08
2024	51,967	8,813	43,154	422	2,088.39
2025	65,719	8,364	57,355	400	2,091.00

Notes to Schedule

[1] The Actuarially Determined Contribution rates are calculated as of June 30 each year and apply to the fiscal year beginning on the day after the measurement date.

[2] Contributions to the Legislators Retirement Fund include appropriations from the State's General Fund.

[3] Assumption: Actual member contributions divided by employee contribution rate.

Valuation Date:	June 30, 2024
Actuarial Cost Method:	Entry age normal
Amortization Method:	Level dollar, closed period
Remaining Amortization Period:	2 years
Asset Valuation Method:	Fair value of assets
Investment Rate of Return:	0.00%
Projected Salary Increases:	4.25% including inflation
Inflation Rate:	2.25%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality Rates:	Pub-2010 General Retiree Mortality Table adjusted for mortality improvements using projection scale MP-2021. Rates are multiplied by a factor of 1.04 for males and 1.10 for females.
Post-Retirement Benefit Increases:	1.50% per year

Required Supplementary Information
Schedule of Investment Returns

For the Ten Years Ended June 30, 2025

Annual Money-Weighted Rate of Return (Net of Investment Management Fees)

Fiscal Year	State Employees	State Patrol	Correctional Employees	Judges	Legislators
2016	(0.08) %	(0.12) %	(0.02) %	(0.11) %	NA
2017	15.24	15.24	15.23	15.18	NA
2018	10.49	10.51	10.43	10.46	NA
2019	7.30	7.29	7.34	7.20	NA
2020	4.23	4.22	4.22	4.23	NA
2021	30.30	30.28	30.23	30.14	NA
2022	(6.21)	(6.28)	(6.31)	(6.18)	NA
2023	8.89	8.91	8.94	8.77	NA
2024	12.29	12.39	12.37	12.27	NA
2025	10.94	10.94	10.96	10.93	NA

Schedule of Payments to Consultants

Supplementary Information

For the Fiscal Year Ended June 30, 2025
(Dollars in thousands)

Individual or Firm Name	Services Received	Fees Paid
Intertech Inc	Aurora Modernization	$1,610
Gabriel Roeder Smith & Company	Actuarial Services	225
Linea Solutions	Risk Assessment	145
Managed Medical Review Organization (MMRO)	Medical and Disability Evaluations	118
Plante Moran	Internal Auditing	99
Goff Public Inc	Public Relations	26
State of Minnesota		
Office of Legislative Auditor	Financial Audit	472
Office of Minnesota Attorney General	Legal Advice	49

Fees paid may differ from expenses reported on the *Schedule of Administrative Expenses* due to retainage.

Schedule of Administrative Expenses

Supplementary Information

For the Fiscal Year Ended June 30, 2025
(Dollars in thousands)

Administrative Expenses by Type

Personnel Services	
Staff Salaries	$13,382
Health Insurance	2,876
Social Security and Medicare	966
Retirement	861
Other Personnel Services	35
Total	**$18,120**

Professional Service Fees	
Data Processing	$234
Actuarial	223
Disability Examinations	118
Cyber Insurance	199
Audit Services	92
Legal Counsel	62
Cyber Security assessments	145
Benchmarking Services	59
Information Technology Consulting	96
Other Professional Services	401
Total	**$1,629**

Communication-Related Expenses	
Printing	$358
Postage	495
Telephone	144
Total	**$997**

Office Building and Maintenance Expenses	
Building Services	$492
Building, Improvements, Depreciation	203
Office Space Rentals	79
Bond Interest and Issuance	4
Other Building and Maintenance	7
Total	**$785**

Other Miscellaneous Expenses	
Depreciation and Amortization	$1,330
Computer Components and Supplies	1,366
Statewide Indirect Costs	617
Travel	123
Training and Licenses	193
State and Local Sales Taxes	154
Office Supplies	80
Equipment Repairs and Maintenance	18
Subscriptions and Memberships	26
Other Expenses	21
Total	**$3,928**

Total Administrative Expenses	**$25,459**

Allocation of Administrative Expenses by Retirement Fund

State Employees	$12,708
State Patrol	250
Correctional Employees	1,165
Judges	83
Legislators	37
Unclassified Employees	502
Health Care Savings	5,269
Minnesota Deferred Compensation	5,411
Hennepin County Supplemental	34
Total Administrative Expenses	**$25,459**

Schedule of Investment Expenses

Supplementary Information

For the Fiscal Year Ended June 30, 2025
(Dollars in thousands)

	State Employees	State Patrol	Correctional Employees	Judges	Defined Contribution Funds	Totals
External Managers						
Domestic Equity - Active	$2,972	$175	$301	$49	$0	$3,497
Domestic Equity - Semi-Passive	780	46	79	13	0	918
Domestic Equity - Passive	174	10	17	3	0	204
International Equity	6,648	392	673	109	0	7,822
Global Equity	832	45	74	13	0	964
Fixed Income	0	0	0	0	2,923	2,923
Domestic Bond	985	58	100	16	323	1,482
Treasury	789	47	80	13	0	929
Return Seeking Fixed Income	2,572	141	232	41	0	2,986
Ladder Portfolio	183	11	19	3	0	216
Private Equity	35,327	2,083	3,578	581	0	41,569
Real Estate	7,721	455	781	127	0	9,084
Real Assets	4,503	265	456	74	0	5,298
Private Credit	4,811	284	487	79	0	5,661
Other Investment Expenses						
MN State Board of Investment	2,311	135	232	38	263	2,979
Aon Consulting	109	7	11	2	0	129
Broadridge Financial Solutions	71	4	7	1	0	83
Meketa Investment Group	100	6	10	1	0	117
Albourne Partners	282	17	28	5	0	332
Total Investment Expenses	**$71,170**	**$4,181**	**$7,165**	**$1,168**	**$3,509**	**$87,193**

MSRS does not directly pay any investment fees or commissions. All investment expenses are paid by the Minnesota State Board of Investment. These are the proportionate share of the expenses charged to the investment pools in which MSRS participates.

The effective expense ratio for all MSRS investments was 0.35 percent in 2025. The effective expense ratio reflects investment management fees paid based on average account values for the fiscal year. For the MSRS portion of public markets, the effective expense ratio was 0.11 percent, and the ratio was 1.19 percent for private markets.

The Legislators Retirement Fund has no assets, and therefore no investment expenses.

GASB Statement No. 68 Supplemental Employer Schedules

The schedules on the following pages are provided for financial reporting purposes for the employer units of the defined benefit plans of MSRS.

Independent Auditor's Report

OLA | OFFICE OF THE LEGISLATIVE AUDITOR

Judy Randall, Legislative Auditor
State of Minnesota

Independent Auditor's Report

Members of the Board of Directors
Minnesota State Retirement System

Erin Leonard, Executive Director
Minnesota State Retirement System

Report on the Audit of the Schedules

Opinion

We have audited the accompanying Schedule of Employer Allocations of the Minnesota State Retirement System (MSRS) as of and for the year ended June 30, 2025. We have also audited the grand totals of the columns titled Net Pension Liability, Total Deferred Outflows of Resources, Total Deferred Inflows of Resources, and Total Pension Expense included in the accompanying Schedule of Pension Amounts by Employer of MSRS as of and for the year ended June 30, 2025.

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and the total net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expenses for all participating entities in the Minnesota State Retirement System as of and for the year ended June 30, 2025, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MSRS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Room 140 Centennial Building, 658 Cedar Street, St. Paul, MN 55155-1603 • Phone: 651-296-4708 • Fax: 651-296-4712
Email: legislative.auditor@state.mn.us • Website: www.auditor.leg.state.mn.us • Minnesota Relay: 1-800-627-3529 or 711

Other Matters

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of MSRS as of and for the year ended June 30, 2025, and our report thereon, dated December 23, 2025, expressed an unmodified opinion on those financial statements.

Responsibilities of Management for the Schedules

Management is responsible for the preparation and fair presentation of the schedules in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

In preparing the schedules, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about MSRS’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Schedules

Our objective is to obtain reasonable assurance about whether the Schedule of Employer Allocations and the specified column totals included in the Schedule of Pension Amounts by Employer are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedules.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts in the schedules.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MSRS’s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedules.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MSRS's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will also issue a report on our consideration of MSRS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MSRS's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MSRS's internal control over financial reporting and compliance.

Restriction on Use

Our report is intended solely for the information and use of MSRS's Board of Directors and its management to support the financial reporting needs of employers participating in MSRS's plans and their auditors for the year ended June 30, 2025. It is not suitable for any other purpose.

Lori Leysen, CPA
Deputy Legislative Auditor

Jordan Bjonfald, CPA
Audit Director

December 23, 2025
Saint Paul, Minnesota

Schedule of Employer Allocations

As of the Measurement Date of June 30, 2025

State Employees Retirement Fund

Employer	2025 Employer Contributions	Employer Allocation Percentage
State of Minnesota and Select Component Units [(1)]	$221,161,119	78.111 %
Other State of Minnesota Component Units: [(1)]		
University of Minnesota	34,852,118	12.309
Metropolitan Council	25,335,595	8.948
Minnesota Sports Facilities Authority	26,716	0.009
Total State of Minnesota and its Component Units	**$281,375,548**	**99.377 %**
Minnesota Historical Society	$475,361	0.168 %
Minnesota State Fair	616,832	0.218
Gillette Children's Hospital	59,035	0.021
Minnesota Association of Professional Employees (MAPE)	209,441	0.074
Minnesota Safety Council	102,561	0.036
Ever-Green Energy	11,474	0.004
Minnesota Crop Improvement Association	111,950	0.040
Amalgamated Transit Union	52,641	0.019
American Federation of State, County and Municipal Employees (AFSCME)	40,797	0.014
Middle Management Association (MMA)	36,051	0.013
Minnesota State Horticultural Society	18,488	0.007
Minnesota Government Engineers Council (MGEC)	9,189	0.003
Enterprise Minnesota	12,139	0.004
Agricultural Utilization Research Institute	5,929	0.002
Total Non-State of Minnesota/Component Units	**$1,761,888**	**0.623 %**
Grand Total	**$283,137,436**	**100.000 %**

[(1)] Component units of the State of Minnesota include the Housing Finance Agency, Metropolitan Council, University of Minnesota, Agricultural and Economic Development Board, Minnesota Comprehensive Health Association, Minnesota Sports Facilities Authority, National Sports Center Foundation, Office of Higher Education, Public Facilities Authority, Rural Finance Authority, and the Workers' Compensation Assigned Risk Plan. Component units that submit contributions to MSRS separately from the state payroll are displayed individually in this schedule. The remaining component units are included in the line specified for the State of Minnesota.

Correctional Employees Retirement Fund

Employer	2025 Employer Contributions	Employer Allocation Percentage
State of Minnesota	$69,663,845	99.854 %
AFSCME	61,572	0.088
MAPE	18,651	0.027
MMA	21,492	0.031
Total	**$69,765,560**	**100.000 %**

Additional information regarding the GASB Statement No. 68 standards may be found in the *Notes to the Financial Statements.*

Schedule of Pension Amounts by Employer

As of and For the Year Ended June 30, 2025

State Employees Retirement Fund

Employer	Net Pension Liability	Deferred Outflows of Resources (1): Differences Between Expected and Actual Experience in Measurement of the Total Pension Liability	Changes of Assumptions	Net Differences Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources
State of Minnesota and Select Component Units (2)	$244,411,873	$355,418,329	$38,479,041	$0	$4,722,612	$398,619,982
Other State of Minnesota Component Units: (2)						
University of Minnesota	38,515,261	56,008,042	6,063,660	0	932,586	63,004,288
Metropolitan Council	27,998,585	40,714,922	4,407,964	0	3,438,996	48,561,882
MN Sports Facilities Authority	28,158	40,951	4,434	0	1,291	46,676
Total State of Minnesota and its Component Units	**$310,953,877**	**$452,182,244**	**$48,955,099**	**$0**	**$9,095,485**	**$510,232,828**
Minnesota Historical Society	$525,679	$764,429	$82,760	$0	$201,804	$1,048,993
Minnesota State Fair	682,129	991,937	107,391	0	202,214	1,301,542
Gillette Children's Hospital	65,709	95,553	10,344	0	299	106,196
MAPE	231,549	336,713	36,454	0	58,882	432,049
Minnesota Safety Council	112,645	163,806	17,735	0	13,509	195,050
Ever-Green Energy	12,517	18,200	1,970	0	371	20,541
MN Crop Improvement Assoc.	125,162	182,007	19,705	0	31,350	233,062
Amalgamated Transit Union	59,450	86,454	9,360	0	10,215	106,029
AFSCME	43,806	63,702	6,897	0	19,384	89,983
MMA	40,679	59,152	6,405	0	12,096	77,653
MN State Horticultural Society	21,905	31,851	3,448	0	9,938	45,237
MGEC	9,387	13,651	1,477	0	9,328	24,456
Enterprise Minnesota	12,516	18,201	1,970	0	25,291	45,462
Agricultural Utilization Research Institute	6,259	9,100	985	0	1,252	11,337
Total Non State/Component Unit	**$1,949,392**	**$2,834,756**	**$306,901**	**$0**	**$595,933**	**$3,737,590**
Grand Total	**$312,903,269**	**$455,017,000**	**$49,262,000**	**$0**	**$9,691,418**	**$513,970,418**

(1) Deferred Outflows of Resources figures and Deferred Inflows of Resources figures represent balances at June 30, 2025, not the activity during fiscal year 2025.

(2) Refer to the note on page 113 for details regarding State of Minnesota component units.

Schedule of Pension Amounts by Employer

As of and For the Year Ended June 30, 2025

Deferred Inflows of Resources [1]					Pension Expense (Income)		
Differences Between Expected and Actual Experience in Measurement of the Total Pension Liability	**Changes of Assumptions**	**Net Differences Between Projected and Actual Investment Earnings on Pension Plan Investments**	**Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions**	**Total Deferred Inflows of Resources**	**Proportionate Share of Plan Pension Expense**	**Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions**	**Total Employer Pension Expense (Income)**
$1,045,125	$296,199,255	$591,955,622	$600,136	$889,800,138	$457,846,846	$12,680,743	$470,527,589
164,694	46,676,097	93,282,403	5,633,899	145,757,093	72,149,079	(8,197,952)	63,951,127
119,724	33,931,085	67,811,433	3,078,728	104,940,970	52,448,611	(4,103,342)	48,345,269
121	34,129	68,206	14,250	116,706	52,753	(7,737)	45,016
$1,329,664	**$376,840,566**	**$753,117,664**	**$9,327,013**	**$1,140,614,907**	**$582,497,289**	**$371,712**	**$582,869,001**
$2,249	$637,061	$1,273,168	$15,789	$1,928,267	$984,731	$(131,565)	$853,166
2,917	826,663	1,652,089	15,918	2,497,587	1,277,806	(150,504)	1,127,302
281	79,632	159,147	119,694	358,754	123,092	(137,056)	(13,964)
990	280,610	560,801	37,235	879,636	433,750	53,031	486,781
482	136,513	272,822	17,236	427,053	211,013	(48,345)	162,668
53	15,168	30,313	51,726	97,260	23,446	(40,293)	(16,847)
535	151,681	303,135	7,481	462,832	234,458	48,679	283,137
255	72,048	143,991	13,370	229,664	111,368	25,586	136,954
187	53,088	106,098	12,792	172,165	82,061	13,564	95,625
174	49,296	98,518	16,311	164,299	76,200	6,123	82,323
94	26,544	53,048	19,563	99,249	41,031	23,182	64,213
40	11,378	22,736	806	34,960	17,586	(821)	16,765
53	15,168	30,314	16,693	62,228	23,446	(24,369)	(923)
26	7,584	15,156	19,791	42,557	11,723	(8,924)	2,799
$8,336	**$2,362,434**	**$4,721,336**	**$364,405**	**$7,456,511**	**$3,651,711**	**$(371,712)**	**$3,279,999**
$1,338,000	**$379,203,000**	**$757,839,000**	**$9,691,418**	**$1,148,071,418**	**$586,149,000**	**$0**	**$586,149,000**

Schedule of Pension Amounts by Employer

As of and For the Year Ended June 30, 2025

Employer	Net Pension Liability	Deferred Outflows of Resources [1]				
		Differences Between Expected and Actual Experience in Measurement of the Total Pension Liability	Changes of Assumptions	Net Differences Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources
State Patrol Retirement Fund						
State of Minnesota [2]	**$161,234,481**	**$50,955,000**	**$15,024,000**	**$0**	**$0**	**$65,979,000**
Correctional Employees Retirement Fund						
State of Minnesota	$411,009,613	$54,359,519	$0	$0	$16,823	$54,376,342
AFSCME	362,219	47,906	0	0	119,540	167,446
MAPE	111,133	14,698	0	0	24,182	38,880
MMA	127,600	16,877	0	0	113,639	130,516
Total	**$411,610,565**	**$54,439,000**	**$0**	**$0**	**$274,184**	**$54,713,184**
Judges Retirement Fund						
State of Minnesota	**$151,215,544**	**$13,244,000**	**$2,695,000**	**$0**	**$0**	**$15,939,000**
Legislators Retirement Fund						
State of Minnesota	**$88,072,067**	**$0**	**$0**	**$0**	**$0**	**$0**

[1] Deferred Outflows of Resources figures and Deferred Inflows of Resources figures represent balances at June 30, 2025, not the activity during fiscal year 2025.

[2] No component units of the State of Minnesota participate in the plans listed on these pages.

Schedule of Pension Amounts by Employer

As of and For the Year Ended June 30, 2025

Deferred Inflows of Resources [1]					Pension Expense (Income)		
Differences Between Expected and Actual Experience in Measurement of the Total Pension Liability	Changes of Assumptions	Net Differences Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Plan Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense (Income)
$2,684,000	**$36,955,000**	**$45,386,000**	**$0**	**$85,025,000**	**$42,344,000**	**$0**	**$42,344,000**
$0	$34,097,146	$78,303,510	$253,472	$112,654,128	$50,686,889	$(110,697)	$50,576,192
0	30,049	69,008	5,038	104,095	44,671	43,395	88,066
0	9,220	21,173	6,265	36,658	13,705	32,558	46,263
0	10,585	24,309	9,409	44,303	15,735	34,744	50,479
$0	**$34,147,000**	**$78,418,000**	**$274,184**	**$112,839,184**	**$50,761,000**	**$0**	**$50,761,000**
$802,000	**$6,043,000**	**$12,598,000**	**$0**	**$19,443,000**	**$12,597,000**	**$0**	**$12,597,000**
$0	**$0**	**$0**	**$0**	**$0**	**$(4,024,000)**	**$0**	**$(4,024,000)**

GASB Statement No. 68 Supplemental Employer Schedules


the Future is Bright

Investment

Investment Report

Board Members:
Governor Tim Walz, Chair
State Auditor Julie Blaha
Secretary of State Steve Simon
Attorney General Keith Ellison

Executive Director & Chief Investment Officer:
Jill E. Schurtz

Minnesota State Board of Investment
60 Empire Drive, Suite 100
St. Paul, MN 55103
Phone: (651) 296-3328
Fax: (651) 296-9572
Email: minn.sbi@state.mn.us
Website: https://msbi.us/
An Equal Opportunity Employer

INVESTMENT AUTHORITY

Minnesota Statutes provide that the Minnesota State Board of Investment (SBI) is responsible for investing the assets of the three statewide public pension plans: the Minnesota State Retirement System (MSRS), the Minnesota Public Employees Retirement Association (PERA), and the Minnesota Teachers Retirement Association (TRA) (See *Minnesota Statutes*, Chapters 11A and 356A). Each of MSRS, PERA, TRA, and the SBI are separate and independent entities with independent governance structures. Under Article 11, Section 8 of the Minnesota Constitution, the governing body of the SBI includes Minnesota's Governor, Auditor, Secretary of State, and Attorney General. Additionally, a 17-member Investment Advisory Council (IAC), established under Minnesota Statute, advises the SBI and its staff on investment-related matters. MSRS's executive director serves as a member of the IAC.

INVESTMENT POLICY

Minnesota law requires the SBI to operate within standard investment practices of the prudent person rule. The SBI is required to "exercise that degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived therefrom." (See *Minnesota Statutes*, section 11A.09 and 356A.04). The SBI is authorized to own government obligations, corporate obligations, various short-term obligations, equity, real estate, and resource investments, whether publicly or privately traded, subject to specific constraints. (See *Minnesota Statutes*, section 11A.24). The SBI must manage the pension fund assets for the exclusive benefit of the plan participants and beneficiaries. (See *Minnesota Statutes*, section 356A.05).

INVESTMENT OBJECTIVES AND PERFORMANCE

The SBI invests MSRS's pension contributions from employees and employers through a pooled vehicle known as the Combined Funds. The Combined Funds include the assets of the defined benefit plans administered by MSRS, TRA, and PERA. MSRS's ownership interest in the Combined Funds is represented by a participation interest in the pooled vehicle.

Because the assets of the Combined Funds are intended to accumulate for an extended period of time, the SBI is able to take advantage of the long-term investment return opportunities offered by a diversified investment approach that includes a meaningful allocation to public equities and private markets. This long-term, institutional investment approach allows the SBI to ensure that sufficient funds are available to make all required distributions to MSRS plan participants and beneficiaries and to meet the actuarial assumed rate of return target over appropriate periods of time. The Minnesota legislature is responsible for setting the actuarial assumed rate of return for the three statewide retirement systems, including MSRS. The current assumption, which was most recently adjusted by the legislature in 2023, is 7%.

Long-Term Objectives. The long-term objectives of the Combined Funds are to: 1) provide returns that are 3-5 percentage points greater than inflation over the latest 20-year period; and 2) outperform a composite market index weighted in a manner that reflects the actual asset mix of the Combined Funds over the latest 10-year period.

Consistent with these objectives, the SBI maintains a long-term strategic asset allocation policy target for the Combined Funds as follows:

- Public Equity 50%
- Total Fixed Income 25%
- Private Markets 25%

As of June 30, 2025, the SBI met or exceeded each of the Combined Funds' long-term investment objectives: 1) the 20-year annualized return was 8.3%, which exceeded inflation, as measured by CPI, by 5.8 percentage points and 2) the 10-year return was 8.9%, which exceeded the composite index by 0.2%.

Most Recent Fiscal Year Performance and Peer Comparisons. For the one-year period ending June 30, 2025, the Combined Funds returned 10.9%, placing it among the top performing investment funds in the country. Comparing the Combined Funds' investment returns against other public pension plans with over $20 billion in assets within the Trust Universe Comparison Service, the Combined Funds ranked in the top quartile or better over the 1-, 3-, 5-, 10-, and 20-year time periods.

INVESTMENT PRESENTATION

Investment returns were prepared using a time-weighted rate of return methodology based on fair market value. Performance is presented net of investment management fees and the effect of any profit-sharing arrangements.

On behalf of all of us at the SBI, thank you to the MSRS plan participants and beneficiaries - it's a privilege to play a role in contributing to your retirement security. We are grateful for your continued trust and support.

Respectfully submitted,

Jill E. Schurtz
Executive Director and Chief Investment Officer
Minnesota State Board of Investment
December 2, 2025

Schedule of Investment Results

	Rates of Return (Annualized)			
Funds	**FY 2025**	**Three-Year**	**Five-Year**	**Ten-Year**
Combined Funds	10.9 %	10.7 %	10.6 %	8.9 %
Combined Funds-Composite Index	10.9	10.5	10.2	8.7
Difference	0.0 %	0.3 %	0.4 %	0.2 %

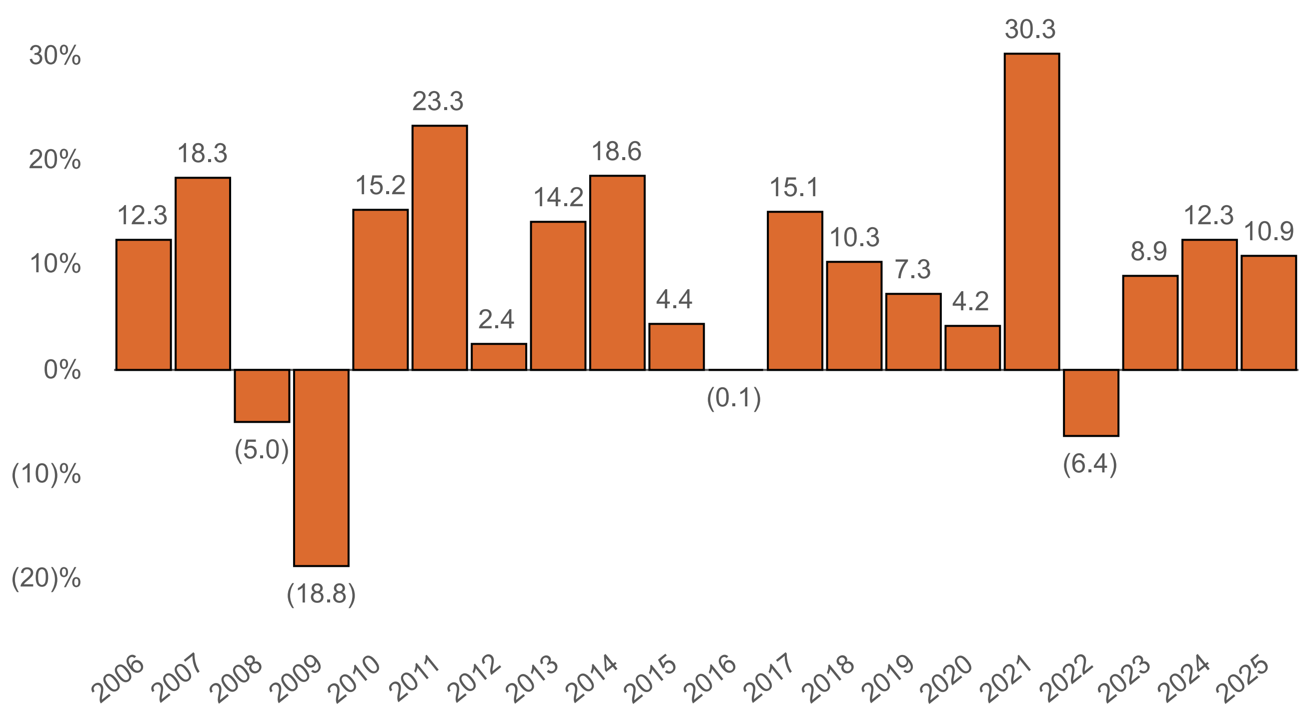
Investment performance is prepared using a time-weighted return method, based on fair value. Investment performance throughout the ACFR is presented net of investment management fees and profit-sharing arrangements. Differentials within columns may occur due to rounding.

The composite index is composed of the market indicators listed below, weighted according to asset allocation.

Investment Type	Market Indicator
Public Equity	Russell 3000 (67%)
	Morgan Stanley Capital International All Country World Index ex-U.S. (33%)
Fixed Income	Bloomberg U.S. Aggregate Index (40%)
	Bloomberg Treasury 5+ Years Index (40%)
	ICE BofA US 3-Month Treasury Bill (20%)
Private Markets	Private Markets

History of Investment Results

SBI Combined Funds



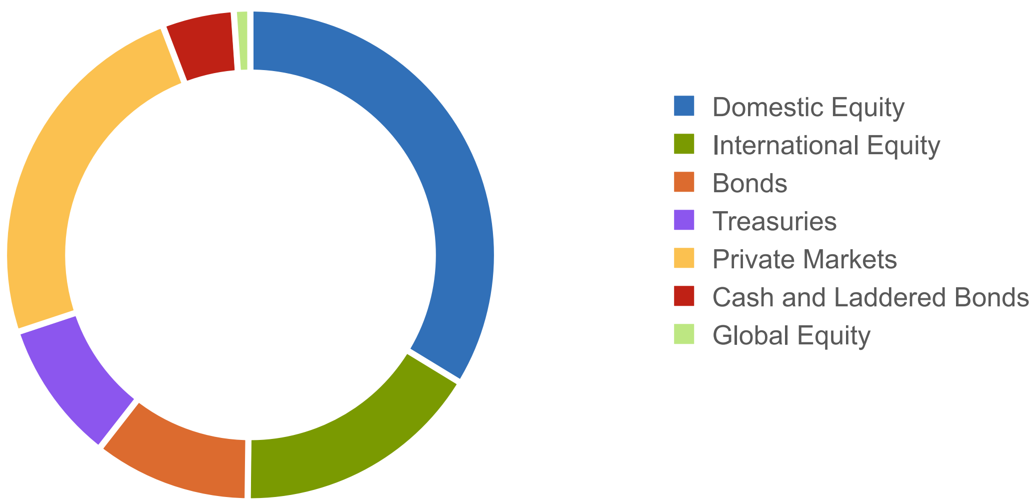
Combined Funds Asset Allocation

Asset allocation can have a significant effect on investment returns. To achieve the best results, allocations are periodically reviewed and adjusted to reflect changing market conditions and revised investment objectives.

Investment Type	Actual Asset Mix 06/30/2025	Long-Term Policy Target
Domestic Equity	34.2 %	33.5 %
International Equity	16.7	16.5
Bonds	10.5	10.0
Treasuries	9.5	10.0
Private Markets		25.0
Private Markets - Invested	22.0	
Private Markets - Uninvested [1]	1.2	
Cash and Laddered Bonds	4.8	5.0
Global Equity	1.1	0.0
Totals	**100.0 %**	**100.0 %**

[1] The uninvested portion of the private markets allocation is held in cash.

Actual Asset Allocation as of June 30, 2025



Defined Contribution Fund Investment Results

Net of Investment Management Fees

	Rates of Return (Annualized)		
	FY 2025	Three-Year	Five-Year
Supplemental Investment Fund Accounts			
Balanced Fund	12.3 %	13.0 %	9.9 %
U.S. Equity Actively Managed Fund	15.0	19.8	15.8
U.S. Equity Index Fund	15.3	19.1	16.1
Broad International Equity Fund	16.6	14.5	11.1
Bond Fund	6.5	3.4	(0.1)
Money Market Fund	5.0	5.0	3.0
Stable Value Fund	3.4	3.0	2.6
Large Cap Equity			
Vanguard Total Stock Market Index Fund (passive)	15.1 %	19.0 %	15.9 %
Vanguard Institutional Index Fund (passive)	15.1	19.7	16.6
Vanguard Dividend Growth (active)	8.3	9.3	11.7
Mid Cap Equity			
Vanguard Mid Cap Index Fund (passive)	17.5 %	14.3 %	13.0 %
Small Cap Equity			
T. Rowe Price Small Cap Fund (active)	11.3 %	10.3 %	9.8 %
International Equity			
Fidelity Diversified International Trust (active)	15.7 %	15.7 %	9.3 %
Vanguard Total International Stock Index (passive)	18.3	13.9	10.3
Balanced			
Vanguard Balanced Index Fund (passive)	12.0 %	12.5 %	9.2 %
Fixed Income			
Dodge & Cox Core Bond Account (active)	6.7 %	4.3 %	1.1 %
Vanguard Total Bond Market Index Fund (passive)	6.1	2.6	(0.7)
MN Target Retirement Accounts			
Income Fund	9.7 %	7.3 %	5.6 %
2030 Fund	11.1	9.5	7.4
2035 Fund	12.4	11.4	8.4
2040 Fund	13.3	12.4	9.2
2045 Fund	14.0	13.2	9.9
2050 Fund	14.6	13.9	10.6
2055 Fund	15.1	14.5	11.1
2060 Fund	15.4	14.7	11.2
2065 Fund	15.4	14.7	11.2

Investment Returns by Sector

Investment Performance Compared to Benchmarks

	Rates of Return (Annualized)			
	FY 2025	Three-Year	Five-Year	Ten-Year
Domestic Equity	15.2 %	19.2 %	16.1 %	12.8 %
Russell 3000	15.3	19.1	16.0	12.9
International Equity	16.6 %	14.5 %	11.1 %	6.7 %
MSCI ACWI ex U.S. (net)	17.7	14.0	10.1	6.1
Global Equity	14.2 %	14.4 %	NA	NA
MSCI ACWI Net	16.2	17.3	NA	NA
Core / Core Plus Bonds	6.5 %	3.4 %	(0.1) %	2.3 %
Bloomberg U.S. Aggregate Index (Dly)	6.1	2.5	(0.7)	1.8
Return Seeking Fixed Income	8.6 %	6.9 %	NA	NA
Bloomberg U.S. Aggregate	6.1	2.5	NA	NA
Treasury Protection	4.4 %	(0.6) %	(4.4) %	NA
Bloomberg 5+ Years U.S. Treasury Index	4.2	(0.7)	(4.6)	NA
Laddered Bond + Cash	5.0 %	4.7 %	2.8 %	2.0 %
ICE BofA US 3-Month Treasury Bill	4.7	4.6	2.8	2.0
Private Markets - Invested	6.1 %	5.2 %	14.9 %	11.5 %
Private Markets - Uninvested	4.1	5.2	NA	NA
Private Equity Investments	8.3 %	6.5 %	17.1 %	14.8 %
Private Credit Investments	4.8	7.9	12.5	11.5
Resource Investments	(1.9)	1.7	10.5	2.0
Real Estate Investments	(1.6)	(3.9)	7.8	8.0

Investment returns were calculated using a time-weighted rate of return method, based on fair value, net of investment management fees and profit-sharing arrangements.

Private Markets have no benchmarks.

Prior to November 2022, the uninvested portion of the Private Markets allocation was invested in a combination of a passively managed S & P 500 Index strategy and a cash overlay strategy invested in equity derivatives and cash. Since November 2022 the uninvested private markets is cash.

Schedule of Investment Fees

For the Fiscal Year Ended June 30, 2025
(Dollars in thousands)

Outside Money Managers - Public Equity

Domestic Equity - Active Managers	
ArrowMark Colorado Holdings, LLC	$301
Barrow, Hanley, Mewhinney & Strauss, LLC	233
Goldman Sachs Asset Management, LP	219
Hood River Capital Management, LLC	351
Hotchkis and Wiley Capital Management, LLC	445
LSV Asset Management	223
Martingale Asset Management, LP	272
Peregrine Capital Management	306
Rice Hall James & Associates, LLC	326
Sands Capital Management, LLC	105
T Rowe Price Investment Services, Inc	57
Wellington Management Company, LLC	240
Winslow Capital Management, LLC	181
Zevenbergen Capital Investments, LLC	238
Total	**$3,497**

Domestic Equity - Semi Passive Managers	
BlackRock Institutional Trust Company	$475
J.P. Morgan Investment Management Inc.	443
Total	**$918**

Domestic Equity - Passive Managers	
BlackRock Institutional Trust Company	**$204**

International Equity Managers	
Acadian Asset Management, LLC	$483
Ashmore Investment Management Limited	3
Columbia Threadneedle Investments	357
Earnest Partners, LLC	597
Fidelity Institutional Asset Management, LLC	417
J.P. Morgan Investment Management Inc.	337
Macquarie Investment Management Advisers	564
Marathon Asset Management, LLP	346
Martin Currie Inc.	529
Morgan Stanley Investment Management Inc.	801
NISA Investment Advisors, LLC	30
Pzena Investment Management, LLC	1,031
Record Currency, LLC	2,005
The Rock Creek Group, LLC	32
State Street Global Advisors (Emerging)	124
State Street Global Advisors	166
Total	**$7,822**

Global Equity	
Ariel Investments, LLC	$444
Baillie Gifford Overseas Limited	307
Martin Currie Inc.	213
Total	**$964**

Outside Money Managers - Private Markets

Private Credit	$5,661
Private Equity	41,569
Real Assets	5,298
Real Estate	9,084
Total	**$61,612**

Schedule of Investment Fees

For the Fiscal Year Ended June 30, 2025
(Dollars in thousands)

Outside Money Managers - Fixed Income

Domestic Bond Managers	
BlackRock Financial Management, Inc.	$174
Dodge & Cox Investment Management	616
Goldman Sachs Asset Management, LP	300
Neuberger Berman Investment Advisers, LLC	291
Western Asset Management Company, LLC	100
Total	**$1,482**

Treasury Protection Pool	
BlackRock Financial Management, Inc.	$313
Goldman Sachs Asset Management, LP	315
Neuberger Berman Investment Advisers, LLC	301
Total	**$929**

Fixed Income Manager	
Galliard Capital Management, Inc.	**$2,923**

Return Seeking Fixed Income	
Ashmore Investment Management Limited	$350
BlackRock Financial Management, Inc.	441
Columbia Threadneedle Investments	322
KKR Credit Advisors (US), LLC	217
Oaktree Capital Management, LP	267
Payden & Rygel	257
Prudential Global Investment Management	272
Pacific Investment Management Company, LLC	527
TCW	333
Total	**$2,986**

Ladder Portfolio	
Goldman Sachs Asset Management, LP	$111
Neuberger Berman Investment Advisers, LLC	105
Total	**$216**

SBI and Consultants

MN State Board of Investment	$2,979
Aon Investments USA Inc	129
Broadridge Financial Solutions Inc.	83
Meketa Investment Group, LLC	117
Albourne America, LLC	332
Total	**$3,640**

Total Investment Expenses	**$87,193**

MSRS assets are commingled in various pooled investment accounts administered by the SBI. The SBI uses outside money managers and consultants to invest the assets. The amounts in this schedule represent the MSRS share of fees paid to the SBI, and fees paid by the SBI to consultants and money managers. A listing of commissions paid and assets under management can be obtained from the SBI.

List of Largest Assets Held at Fair Value

As of June 30, 2025
(Dollars in thousands)

Top Ten Equity Holdings

Company	Fair Value	Percent of Portfolio
Nvidia Corp	$491,804	1.91 %
Microsoft Corporation	489,440	1.90
Apple Inc.	382,744	1.49
MN SBI Supplemental Investment Fund	332,489	1.29
Amazon.com Inc.	282,134	1.10
Meta Platforms Inc Class A	217,295	0.85
BlackRock Long Term Private Capital	184,160	0.72
Broadcom Inc.	164,545	0.64
Alphabet Inc. Class A	131,294	0.51
Taiwan Semiconductor Manufacturing Company	115,660	0.45

Top Ten Bond Holdings

Security	Coupon Rate	Maturity Date	Fair Value	Percent of Portfolio
U.S. Treasury Note / Bond	4.625 %	02/15/2035	$77,595	0.30 %
U.S. Treasury Note / Bond	4.000	11/15/2052	54,268	0.21
U.S. Treasury Note / Bond	4.250	06/30/2031	51,276	0.20
U.S. Treasury Note / Bond	4.750	11/15/2053	47,101	0.18
U.S. Treasury Note / Bond	1.250	08/15/2031	45,001	0.18
U.S. Treasury Note / Bond	4.125	02/29/2032	43,342	0.17
U.S. Treasury Note / Bond	4.625	06/30/2026	42,314	0.16
U.S. Treasury Note / Bond	4.375	05/15/2034	41,110	0.16
U.S. Treasury Note / Bond	4.500	12/31/2031	40,657	0.16
U.S. Treasury Note / Bond	4.625	11/15/2044	39,105	0.15

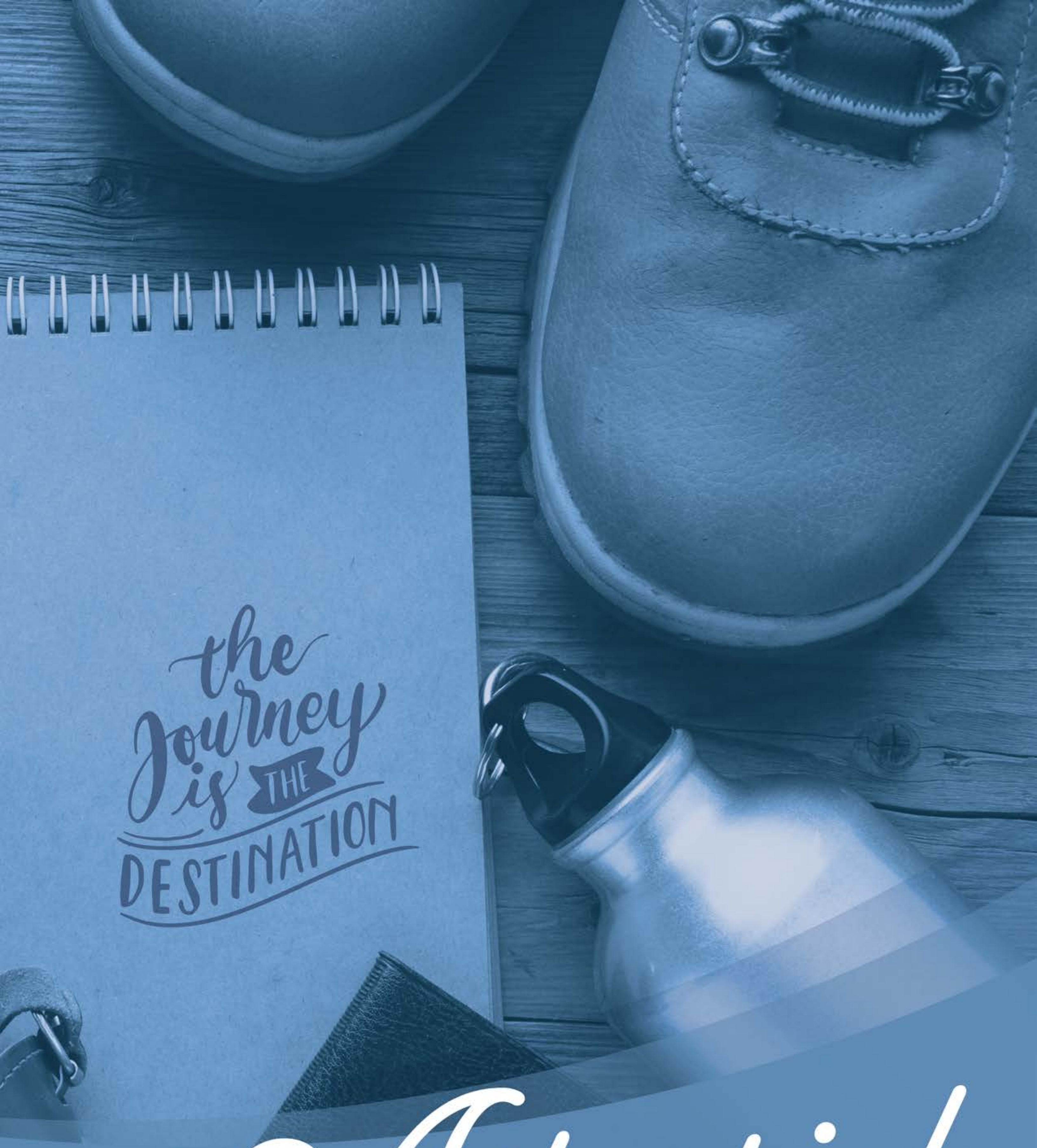
MSRS assets are commingled in various pooled investment accounts administered by the SBI. MSRS does not own specific values of the underlying assets. The percentages and fair value shown are those attributable to the MSRS funds based on the MSRS participation in the pools. Information on the SBI investment activity and a listing of specific investments held by the various investment pools is available from the SBI.

Investment Summary at Fair Value

As of June 30, 2025 and 2024
(Dollars in thousands)

Description	Fair Value June 30, 2025	Percent of 2025 Portfolio	Fair Value June 30, 2024	Percent of 2024 Portfolio
State Employees Retirement Fund				
Money Market	$527,931	3 %	$275,336	2 %
Bond Pool	2,679,998	14	2,533,787	14
Treasuries Pool	1,843,549	9	1,714,037	9
Domestic Active Equity Pool	1,518,602	8	1,353,884	7
Domestic Equity Pool	5,148,998	26	4,732,681	26
Broad International Stock Pool	3,246,267	17	2,869,725	16
Global Equity Pool	223,749	1	201,258	1
Private Markets	4,298,360	22	4,416,315	25
Totals	**$19,487,454**	**100 %**	**$18,097,022**	**100 %**
State Patrol Retirement Fund				
Money Market	$32,408	3 %	$17,240	2 %
Bond Pool	154,838	13	144,465	14
Treasuries Pool	109,392	9	99,702	9
Domestic Active Equity Pool	90,110	8	78,759	7
Domestic Equity Pool	305,529	27	275,312	26
Broad International Stock Pool	192,626	17	166,939	16
Global Equity Pool	12,245	1	11,014	1
Private Markets	255,055	22	256,908	25
Totals	**$1,152,203**	**100 %**	**$1,050,339**	**100 %**
Correctional Employees Retirement Fund				
Money Market	$55,581	3 %	$29,212	2 %
Bond Pool	262,609	13	243,283	14
Treasuries Pool	188,698	9	170,235	9
Domestic Active Equity Pool	155,438	8	134,483	7
Domestic Equity Pool	527,030	27	470,104	26
Broad International Stock Pool	332,275	17	285,055	16
Global Equity Pool	19,973	1	17,965	1
Private Markets	439,963	22	438,677	25
Totals	**$1,981,567**	**100 %**	**$1,789,014**	**100 %**
Judges Retirement Fund				
Money Market	$9,032	3 %	$4,854	2 %
Bond Pool	43,416	14	40,872	14
Treasuries Pool	30,107	9	27,810	9
Domestic Active Equity Pool	24,801	8	21,967	7
Domestic Equity Pool	84,089	26	76,789	26
Broad International Stock Pool	53,016	17	46,562	16
Global Equity Pool	3,566	1	3,208	1
Private Markets	70,198	22	71,656	25
Totals	**$318,225**	**100 %**	**$293,718**	**100 %**


AND SO THE
adventure
BEGINS



Actuarial

Actuarial Section

MSRS actuaries prepare actuarial valuations for each of the five MSRS defined benefit plans on an annual basis. Each plan has two separate valuations completed: a valuation used for funding purposes, and a valuation used for financial reporting purposes.

The schedules found in much of the *Actuarial Section* of this Annual Comprehensive Financial Report are compiled based on the funding actuarial valuations. These valuations are based on actuarial assumptions and methods prescribed by Minnesota Statutes, the Legislative Commission on Pensions and Retirement (LCPR), and the MSRS Board of Directors. MSRS uses these methods and assumptions to monitor funding progress and the sufficiency of plan member and employer contribution rates to meet future benefit payments. The actuarial assumptions are based on experience studies of the MSRS demographic and economic data for each plan, conducted by the MSRS actuary.

MSRS implemented GASB Statement No. 67 in fiscal year 2014, which requires pension plans to calculate and disclose a net pension liability in financial statement footnote disclosures using a fairly specific set of actuarial methods and assumptions. The data required for these disclosures is obtained through the financial reporting actuarial valuations.

While most of the actuarial methods and assumptions used for financial reporting purposes are the same as those used for funding purposes, there are a few differences. For example, following GASB standards, the fair value of assets is used when calculating the net pension liability for reporting purposes. In contrast, for funding purposes, gains and losses are smoothed over a five-year period to calculate the asset value, as prescribed by Minnesota statute. Differences in actuarial assumptions between the two types of valuations is generally limited to the assumed rate of return, which is set in statute only for the funding valuations, whereas the assumed rate of return for financial reporting valuations can be set by the MSRS Board as recommended by the MSRS actuary.

Actuarial assumptions used in the funding valuations are found beginning on page 139. Methods and assumptions used for financial reporting purposes, if they differ from those used for funding purposes, are found beginning on page 179. Both types of actuarial valuations for each MSRS fund can be found online at www.mnretire.gov/annual-reports-fy-2025.

A summary of plan provisions is available in the *Notes to the Financial Statements* beginning on page 56, as well as in the *Introductory Section* beginning on page 18.

Actuarial Valuation information for funding purposes.

Typically, these valuations include the calculations for funded ratio and annual required contribution, which are necessary for developing and monitoring funding policy. The Executive Director, staff and advisors develop funding policy recommendations for review and approval by the MSRS Board of Directors. The Board of Directors is responsible for establishing and maintaining funding policy for all MSRS defined benefit retirement plans, and the Minnesota state Legislature establishes contribution rates within state statute.

The valuation results can be found beginning on page 133.

Actuarial Valuation information for GASB-compliant accounting and financial reporting purposes.

These valuations provide information necessary for the MSRS governmental employers to record pension related transactions in their accounting system and financial statements, including year-end actuarially determined pension amounts and related note disclosures.

The valuation results can be found beginning on page 169.

Actuary's Certification Letter

| P: 800.521.0498 | www.grsconsulting.com

December 1, 2025

Board of Directors
Minnesota State Retirement System
60 Empire Drive, Suite 300
St. Paul, Minnesota 55103-3000

Re: 2025 Annual Comprehensive Financial Report

Dear Members of the Board:

We have previously prepared and presented to you our annual actuarial valuation of the State Employees Retirement Fund (SERF), the State Patrol Retirement Fund (SPRF), the Correctional Employees Retirement Fund (CERF), the Judges Retirement Fund (JRF) and the Legislators Retirement Fund (LRF) as of July 1, 2025.

In this Annual Comprehensive Financial Report, MSRS prepared all supporting schedules in the Actuarial Section based on the information included in the annual actuarial valuation prepared by Gabriel, Roeder, Smith & Company (GRS). Specifically, these exhibits are:

- Summary of Actuarial Methods and Assumptions;
- Changes in Actuarial Assumptions;
- Changes in Plan Provisions;
- Other Assumptions;
- Actuarial Tables;
- Actuarial Accrued Liability (AAL);
- Contributions Sufficiency/(Deficiency);
- Schedule of Changes in Unfunded Actuarial Accrued Liabilities;
- Schedule of Actuarial and Fair Value Funding Progress;
- Schedule of Active Member Valuation Data;
- Schedule of Retirees and Beneficiaries;
- Solvency Test; and
- Summary of Unfunded Actuarial Accrued Liabilities (UAAL).

Reading the Annual Comprehensive Financial Report is not a substitute for reading the actuarial reports. In order to gain a full understanding of the actuarial condition of the Funds, it is important to read and understand the full actuarial reports and potentially other relevant information in addition to this Annual Comprehensive Financial Report for each of the aforementioned funds. Annual actuarial valuation reports for funding purposes, as well as for accounting and financial reporting purposes, are available on the MSRS website, along with online copies of this and previous Annual Comprehensive Financial Reports.

277 Coon Rapids Boulevard | Suite 212 | Coon Rapids, Minnesota 55433-2629

Board of Directors
Minnesota State Retirement System
December 1, 2025
Page 2

Valuation Results

The results of the valuations are summarized in the following table and are based on a 7.0% statutory discount rate (except for LRF). For all plans, except LRF, because the asset returns are smoothed over five years in the valuation, the market value of assets is greater than the actuarial value of assets. LRF assets have been zero since July 1, 2016.

	Accrued Liability Funded Ratio		Contribution Sufficiency/(Deficiency) (% of Pay)	
Plan	Actuarial Value of Assets	Market Value of Assets	Actuarial Value of Assets	Market Value of Assets
SERF	95.01%	98.42%	0.61%	1.83%
SPRF	84.65%	87.76%	10.50%	13.14%
CERF	79.88%	82.83%	2.97%	4.53%
JRF	65.46%	67.86%	3.51%	5.09%
LRF*	0.00%	0.00%	$(141,358,000)*	$(141,358,000)*

* *This fund is closed to new hires and currently funded on a pay-as-you-go basis by annual appropriations from the State's General Fund. The deficiency is expressed as an annual dollar amount rather than a percent of payroll.*

Note: The term "market value" can be used interchangeably with the term "fair value."

SERF, SPRF, CERF, and JRF currently have a contribution sufficiency on an Actuarial Value of Assets basis and on a Market Value of Assets basis. A contribution sufficiency means that the fund is expected to meet the goal of full funding according to (or before) the layered amortization schedule. LRF is funded on a pay-as-you-go basis.

The fundamental financing objective of the fund is to establish contribution rates which will remain approximately level as a percentage of active member payroll from generation to generation and meet the required deadline for full funding.

The funded ratio measurements shown above are not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations (of transferring the obligations to an unrelated third party in an arm's length market value transaction). The measurements also are dependent upon the actuarial cost method which, in combination with the plan's amortization policy, affects the timing and amounts of future contributions. The amounts of future required contributions will be different from those calculated in the actuarial reports due to future actual experience differing from assumed experience based upon the actuarial assumptions. A funded status measurement of 100% is not synonymous with no required future contributions. A plan whose funded status is 100% would still require future normal cost contributions (i.e., contributions to cover the cost of the active membership accruing an additional year of service credit).

GRS

Board of Directors
Minnesota State Retirement System
December 1, 2025
Page 3

GRS performed a brief review of the basic financial and membership data provided to us as of June 30, 2025 by MSRS, and determined that the data appears reasonable in comparison to last year. We did not audit the data. We have relied upon the data as submitted in performing the actuarial valuation and in preparing trend data schedules. The actuarial cost method and the assumptions related to asset valuation and investment return are specified by State Statute, and the earnings progression and active member payroll growth are defined in the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement (LCPR). All other assumptions are based on actual experience, with changes adopted by the MSRS Board, and approved by the LCPR.

All actuarial assumptions used in the annual valuation funding report are reasonable for the purposes of the valuation. The combined effect of the assumptions is expected to have no significant bias (i.e., not significantly optimistic or pessimistic). All actuarial assumptions and methods used in the valuation follow the guidance in the applicable Actuarial Standards of Practice. Additional information about the actuarial assumptions is included in the Actuarial Basis section of the funding valuation report.

The following amortization method change was recognized by all plans, except LRF, this year:

Layered amortization was implemented with the amortization periods defined as follows:

Source of Unfunded Actuarial Accrued Liability (UAAL)	**Closed Period**
Legacy UAAL as of July 1, 2024	Period ending June 30, 2048
Assumption or method changes	20 years
Experience gain or loss Active member benefit changes* Long-term inactive member benefit changes* Statutory Contributions that are more or less than the Total Required Contribution (per Chapter 356)	15 years
Short-term inactive member benefit changes	Period during which benefit change is in effect

* *For SPRF, the increase in UAAL due to the change in post-retirement benefit increase enacted in 2025 is amortized over the period ending June 30, 2048.*

The following changes were recognized this year by the State Employees Retirement Fund:

- The benefit multiplier changed from 1.70% to 1.90% for service earned after July 1, 2025.
- The post-retirement benefit increase changed from 1.50% to 1.75% effective January 1, 2026.
- The combined service annuity load was changed from 4% to 9% for vested terminated members, and from 5% to 51% for non-vested terminated members.

Board of Directors
Minnesota State Retirement System
December 1, 2025
Page 4

The following changes were recognized this year by the State Patrol Retirement Fund:

- Assumption changes as recommended in the experience study dated July 16, 2024:
  - Rates of salary increases were reduced slightly.
  - Rates of retirement were adjusted resulting in an overall increase in unreduced (Normal) retirements and a decrease in reduced (Early) retirements.
  - Rates of withdrawal were changed resulting in an increase in predicted terminations.
  - Rates of disability retirements were increased, with rates more substantially increased above age 40.
  - The mortality table was changed from the Pub-2010 General Mortality Table to the Pub-2010 Public Safety Mortality Table, and the mortality improvement scale was updated from MP-2019 to MP-2021.
  - Minor changes to form of payment assumptions for retirees.
  - Minor changes to assumptions made with respect to missing participant data.
- The combined service annuity load was changed from 13% to 9% for vested terminated members, and from 0% to 70% for non-vested terminated members.
- The post-retirement benefit increase changed from 1.00% per year to 1.25% per year effective January 1, 2026.
- The threshold to cease supplemental employer contributions was changed from 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on a market value of assets basis).
- The threshold to cease the $1 million annual State contribution was changed from the earlier of July 1, 2048 or 90% funded for three consecutive years to 100% funded for three consecutive years (on an actuarial value of assets basis).
- Additional annual direct State aid of $2.3 million was added each October 1, beginning October 1, 2025 through June 30, 2048.

Board of Directors
Minnesota State Retirement System
December 1, 2025
Page 5

The following changes were recognized this year by the Correctional Employees Retirement Fund:

- Assumption changes as recommended in the experience study dated July 16, 2024:
  - Rates of salary increases were reduced slightly.
  - Rates of retirement were adjusted resulting in an overall increase in unreduced (Normal) retirements and a slight decrease in reduced (Early) retirements.
  - Rates of withdrawal were changed resulting in an increase in predicted terminations for males with less than 15 years of service, and a decrease in predicted terminations for females.
  - Rates of disability were changed resulting in minor changes in predicted disability retirements below age 50 and fewer predicted disability retirements at ages 50 and older.
  - The mortality table was changed from the Pub-2010 General Mortality Table to the Pub-2010 Public Safety Mortality Table, and the mortality improvement scale was updated from MP-2019 to MP-2021.
  - Minor changes to form of payment assumptions for retirees.
  - Minor changes to assumptions made with respect to missing participant data.
- The combined service annuity load was changed from 17% to 6% for vested terminated members, and from 6% to 111% for non-vested terminated members.
- Changes were made to eligible employment positions; these changes will be reflected as these members are added to the Correctional Plan membership.
- The threshold to cease supplemental employer contributions was changed from 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on a market value of assets basis).

The following changes were recognized this year by the Judges Retirement Fund:

- Assumption changes as recommended in the experience study dated July 16, 2024:
  - Rates of retirement were adjusted resulting in an overall increase in unreduced (Normal) retirements and a decrease in reduced (Early) retirements.
  - The mortality table was changed from the Pub-2010 General Mortality Table to the Pub-2010 General Mortality Table, Above Median Income, and the mortality improvement scale was updated from MP-2019 to MP-2021.
  - Minor changes to assumptions made with respect to missing participant data.
- The threshold to cease supplemental employer contributions was changed from the earlier of July 1, 2048 or 100% funded for three consecutive years to 110% funded for three consecutive years (on an actuarial value of assets basis).

Board of Directors
Minnesota State Retirement System
December 1, 2025
Page 6

The following changes were recognized this year by the Legislators Retirement Fund:

- The post-retirement benefit increase changed from 1.50% to 1.75%, effective January 1, 2026.
- The period for determining the statutory amortization date if the Plan has a surplus changed from 30 years to one year.

The assumptions and methods used for funding purposes meet the guidance set by the Actuarial Standards of Practice.

Actuarial standards do not require the actuary to evaluate the ability of the plan sponsor or other contributing entity to make required contributions to the plan when due. Such an evaluation was not within the scope of this project and is not within the actuary’s domain of expertise. Consequently, the actuary did not make such a determination.

We have assessed that the contribution rate calculated under the current funding policy is a reasonable Actuarially Determined Employer Contribution (ADEC) and it is consistent with the plan accumulating adequate assets to make benefit payments when due.

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation, and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

To the best of our knowledge and belief, the valuations were performed in accordance with generally accepted actuarial principles and procedures, the requirements of Minnesota Statutes, Section 356.215, and the requirements of the Standards for Actuarial Work established by the LCPR. In our opinion, the results of the valuations reflect the actuarial position of the plans on an ongoing basis under the prescribed assumptions, methods, and procedures.

Bonita J. Wurst and Sheryl L. Christensen are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained in this report. In addition, GRS meets the requirements of “approved actuary” under Minnesota Statutes, Section 356.215, Subdivision 1, Paragraph (c). The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

Respectfully submitted,
Gabriel, Roeder, Smith & Company

Bonita J. Wurst | Sheryl L. Christensen

Bonita J. Wurst, ASA, EA, FCA, MAAA | Sheryl L. Christensen, FSA, EA, FCA, MAAA

BJW/SLC:sc

GRS

Summary of Actuarial Methods and Assumptions

State Employees Retirement Fund

Actuarial Methods

1. **Actuarial Cost Method:** Entry age normal, with the unfunded actuarial accrued liability amortized over the statutory period using a level percent of payroll assuming payroll increases.
2. **Asset Valuation Method:** fair value smoothed over five years.
3. **Funding Objective:** Establish contribution rates which, when expressed as a percentage of active member payroll, will remain approximately level from generation to generation and meet the required deadline for full funding.
4. **Change in Methods since the July 1, 2024 Valuation:** Layered amortization was implemented effective with the July 1, 2025 valuation.

Actuarial Assumptions [1]

1. **Investment Return:** 7.00% per year (2023)
2. **Salary Increases:** Service-related rates as shown in the table on page 150 (2024)
3. **Inflation:** 2.25% per year (2020)
4. **Payroll Growth:** 3.00% per year (2020)
5. **Mortality Rates:**
    a. Healthy Pre-retirement: Pub-2010 General Employee Mortality Table adjusted for mortality improvements using projection scale MP-2021. (2024)
    b. Healthy Post-retirement: Pub-2010 Healthy Retired General Mortality Table, adjusted for mortality improvements using projection scale MP-2021. Rates are multiplied by a factor of 1.04 for males and 1.10 for females. (2024)
    c. Disabled: Pub-2010 General/Teacher Disabled Retiree Mortality Table, adjusted for mortality improvements using projection scale MP-2021. Rates are multiplied by a factor of 1.10 for males and 1.17 for females. (2024)
6. **Retirement:** Age-based rates as shown in the table on page 151 (2024)
7. **Withdrawal:** Service-related rates based on experience as shown in the table on page 152 (2024)
8. **Disability:** Age-related rates based on actual experience as shown in the table on page 154 (2024)
9. **Allowance for Combined Service Annuity:** Liabilities for former vested members are increased by 9%, and liabilities for former, non-vested members are increased by 51% to account for the effect of some participants having eligibility for a Combined Service Annuity (2025)
10. **Administrative Expenses:** Prior year administrative expenses expressed as a percentage of prior year projected payroll (1994)
11. **Refund of Contributions:** Employees who withdraw are assumed to take the larger of their contributions accumulated with interest or the value of their deferred benefit (1978)

[1] Year in parentheses is the date of adoption

Summary of Actuarial Methods and Assumptions

State Patrol Retirement Fund

Actuarial Methods

1. **Actuarial Cost Method:** Entry age normal, with the unfunded actuarial accrued liability amortized over the statutory period using a level percent of payroll assuming payroll increases
2. **Asset Valuation Method:** fair value smoothed over five years
3. **Funding Objective:** Establish contribution rates which, when expressed as a percentage of active member payroll, will remain approximately level from generation to generation and meet the required deadline for full funding
4. **Change in Methods since the July 1, 2024 Valuation:** Layered amortization was implemented effective with the July 1, 2025 valuation.

Actuarial Assumptions [1]

1. **Investment Return:** 7.00% per year (2023)
2. **Salary Increases:** Service-related rates as shown in the table on page 150 (2025)
3. **Inflation:** 2.25% per year (2021)
4. **Payroll Growth:** 3.00% per year (2021)
5. **Mortality Rates:**
   a. Healthy Pre-retirement: Pub-2010 Public Safety Employee Mortality Table adjusted for mortality improvements using mortality improvement scale MP-2021 (2025)
   b. Healthy Post-retirement: Pub-2010 Public Safety Healthy Retiree Mortality Table adjusted for mortality improvements using mortality improvement scale MP-2021 (2025)
   c. Disabled: Pub-2010 Public Safety Disabled Retiree Mortality Table adjusted for mortality improvements using mortality improvement scale MP-2021 (2025)
6. **Retirement:** Age-based rates as shown in the table on page 151 (2025)
7. **Withdrawal:** Service-related rates based on experience as shown in the table on page 152 (2025)
8. **Disability:** Age-related rates based on experience as shown in the table on page 154. All incidences are assumed to be duty-related (2025)
9. **Allowance for Combined Service Annuity:** Liabilities for former vested members are increased by 9%, and liabilities for non-vested members are increased by 70% to account for the effect of some participants having eligibility for a Combined Service Annuity (2025)
10. **Administrative Expenses:** Prior year administrative expenses expressed as a percentage of prior year projected payroll (1994)
11. **Refund of Contributions:** Employees who withdraw are assumed to take the larger of their contributions accumulated with interest or the value of their deferred benefit (1978)

[1] Year in parentheses is the date of adoption.

Summary of Actuarial Methods and Assumptions

Correctional Employees Retirement Fund

Actuarial Methods

1. **Actuarial Cost Method:** Entry age normal, with the unfunded actuarial accrued liability amortized over the statutory period using a level percent of payroll assuming payroll increases
2. **Asset Valuation Method:** fair value smoothed over five years
3. **Funding Objective:** Establish contribution rates which, when expressed as a percentage of active member payroll, will remain approximately level from generation to generation and meet the required deadline for full funding
4. **Change in Methods since the July 1, 2024 Valuation:** Layered amortization was implemented effective with the July 1, 2025 valuation.

Actuarial Assumptions [1]

1. **Investment Return:** 7.00% per year (2023)
2. **Salary Increases:** Service-related rates as shown in the table on page 150 (2025)
3. **Inflation:** 2.25% per year (2021)
4. **Payroll Growth:** 3.00% per year (2021)
5. **Mortality Rates**
    a. Healthy Pre-retirement: Pub-2010 Public Safety Employee Mortality Table adjusted for mortality improvements using mortality improvement scale MP-2021 (2025)
    b. Healthy Post-retirement: Pub-2010 Public Safety Healthy Retiree Mortality Table adjusted for mortality improvements using mortality improvement scale MP-2021 (2025)
    c. Disabled: Pub-2010 Public Safety Disabled Retiree Mortality Table adjusted for mortality improvements using mortality improvement scale MP-2021 (2025)
6. **Retirement:** Age-based rates as shown in the table on page 151 (2025)
7. **Withdrawal:** Service-related rates based on experience as shown in the table on page 153 (2025)
8. **Disability:** Age-related rates based on experience as shown in the table on page 154. All incidences are assumed to be duty-related (2025)
9. **Allowance for Combined Service Annuity:** Liabilities for former, vested members are increased by 6% and liabilities for former, non-vested members are increased by 111% to account for the effect of some participants having eligibility for a Combined Service Annuity (2025)
10. **Administrative Expenses:** Prior year administrative expenses expressed as a percentage of prior year projected payroll (1994)
11. **Refund of Contributions:** Employees who withdraw are assumed to take the larger of their contributions accumulated with interest or the value of their deferred benefit (1978)

[1] Year in parentheses is the date of adoption

Summary of Actuarial Methods and Assumptions

Judges Retirement Fund

Actuarial Methods

1. **Actuarial Cost Method:** Entry age normal, with the unfunded actuarial accrued liability amortized over the statutory period using a level percent of payroll assuming payroll increases
2. **Asset Valuation Method:** fair value smoothed over five years
3. **Funding Objective:** Establish contribution rates which, when expressed as a percentage of active member payroll, will remain approximately level from generation to generation and meet the required deadline for full funding
4. **Change in Methods since the July 1, 2024 Valuation:** Layered amortization was implemented effective with the July 1, 2025 valuation.

Actuarial Assumptions [1]

1. **Investment Return:** 7.00% per year (2023)
2. **Salary Increases:** 2.50% per year (2018)
3. **Inflation:** 2.25% per year (2021)
4. **Payroll Growth:** 2.50% per year (2018)
5. **Mortality Rates:**
    a. Healthy Pre-retirement: Pub-2010 General Employee Mortality Table, Above Median Income, adjusted for mortality improvements using mortality improvement scale MP-2021 (2025)
    b. Healthy Post-retirement: Pub-2010 General Healthy Retiree Mortality Table Above Median Income, adjusted for mortality improvements using mortality improvement scale MP-2021 (2025)
    c. Disabled: Pub-2010 General Disabled Retiree Mortality Table adjusted for mortality improvements using mortality improvement scale MP-2021 (2025)
6. **Retirement:** Age-based rates as shown in the table on page 151 (2025)
7. **Withdrawal:** None
8. **Disability:** Age-related rates are based on actual experience as shown in the table on page 154 (2021)
9. **Allowance for Combined Service Annuity:** None
10. **Administrative Expenses:** Prior year administrative expenses expressed as a percentage of prior year projected payroll
11. **Refund of Contributions:** Account balances for deferred members accumulate interest until normal retirement date and are discounted back to the valuation date

[1] Year in parentheses is the date of adoption.

Summary of Actuarial Methods and Assumptions

Legislators Retirement Fund

Actuarial Methods

1. **Actuarial Cost Method:** Entry age normal, with the unfunded actuarial accrued liability amortized over 30 years as a level percent of payroll

2. **Asset Valuation Method:** fair value

3. **Funding Objective:** Pay-as-you-go, with annual benefit payments and administrative expenses financed primarily by State of Minnesota General Fund appropriations

4. **Change in Methods since the July 1, 2024 Valuation:** The period for determining the statutory amortization date in the Plan has a surplus changed from 30 years to one year.

Actuarial Assumptions (1)

1. **Investment Return:** 0% per year (2011)

2. **Salary Increases:** 4.25% per year (2021)

3. **Inflation:** 2.25% per year (2021)

4. **Payroll Growth:** Not applicable; closed plan with decreasing payroll

5. **Mortality Rates:**

   a. Healthy Pre-retirement: Pub-2010 General Employee Mortality Table adjusted for mortality improvements using projection scale MP-2021. (2024)

   b. Healthy Post-retirement: Pub-2010 Healthy Retired General Mortality Table, adjusted for mortality improvements using projection scale MP-2021. Rates are multiplied by a factor of 1.04 for males and 1.10 for females. (2024)

   c. Disabled: Not applicable

6. **Retirement:** Age-based rates as shown in the table on page 151 (2012)

7. **Withdrawal:** Ultimate rates based on actual experience as shown on page 153

8. **Disability:** No disability benefits

9. **Allowance for Combined Service Annuity:** None (2017)

10. **Administrative Expenses:** Prior year administrative expenses expressed as a percentage of prior year projected payroll (1994)

11. **Refund of Contributions:** Employees who withdraw are assumed to take the larger of their contributions accumulated with interest or the value of their deferred benefit (1978)

(1) Year in parentheses is the date of adoption

Changes in Actuarial Assumptions

The following changes were made to actuarial assumptions since the July 1, 2024, actuarial valuations.

State Employees Retirement Fund

- The combined service annuity load was changed from 4 percent to 9 percent for vested terminated members, and from 5 percent to 51 percent for non-vested terminated members.

State Patrol Retirement Fund

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced retirements and a decrease in reduced retirements.
- Assumed rates of withdrawal were changed resulting in an increase in predicted terminations.
- Assumed rates of disability retirements were increased, with rates more substantially increased above age 40.
- The mortality table was changed from the Pub-2010 General Mortality Table to the Pub-2010 Public Safety Mortality Table, and the mortality projection scale was updated from MP-2019 to MP-2021.
- Minor changes were made to the form of payment assumption and with respect to missing participant data.
- The combined service annuity load was changed from 13 percent to 9 percent for vested terminated members, and from 0 percent to 70 percent for non-vested terminated members.

Correctional Employees Retirement Fund

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted resulting in an overall increase in unreduced retirements and a light decrease in reduced retirements.
- Assumed rates of withdrawal were changed resulting in an increase in predicted terminations for males with less than 15 years of service, and a decrease in predicted terminations for females.
- Assumed rates of disability were changed, resulting in minor changes in predicted disability retirements below age 50 and few predicted disability retirements at ages 50 and older.
- The mortality table was changed from the Pub-2010 General Mortality Table to the Pub-2010 Public Safety Mortality Table, and the mortality projection scale was updated from MP-2019 to MP-2021.
- Minor changes were made to the form of payment assumption and with respect to missing participant data.
- The combined service annuity load was changed from 17 percent to 6 percent for vested terminated members, and from 6 percent to 111 percent for non-vested terminated members.

Judges Retirement Fund

- Assumed rates of retirement were adjusted resulting in an overall increase in unreduced retirements and a decrease in reduced retirements.
- The mortality table was changed from the Pub-2010 General Mortality Table to the Pub-2010 General Mortality Table, Above Median Income, and the mortality projection scale was updated from MP-2019 to MP-2021.
- Minor changes were made with respect to assumptions for missing participant data.

Changes in Plan Provisions

The following changes were made to plan provisions since the July 1, 2024, actuarial valuations.

State Employees Retirement Fund

- The benefit multiplier changed from 1.70 percent to 1.90 percent for service earned after July 1, 2025.
- The post-retirement benefit increase changed from 1.50 percent to 1.75 percent effective in January 2026.

State Patrol Retirement Fund

- The post-retirement benefit increased changed from 1.00 percent to 1.25 percent effective January 1, 2026.
- The threshold to cease supplemental employer contributions was changed from 100 percent funded for three consecutive years, to 110 percent funded for three consecutive years (on a market value of assets basis).
- The threshold to cease the $1 million annual state contribution was changed from the earlier of July 1, 2048 or 90 percent funded for three consecutive years, to 100 percent funded for three consecutive years (on a actuarial value of assets basis).
- Additional annual direct state aid of $2.3 million was added each October 1, beginning in 2025 through 2047.

Correctional Employees Retirement Fund

- Changes were made to eligible employment positions, which will be reflected as members are added to the plan.
- The threshold to cease supplemental employer contributions was changed from 100 percent funded for three consecutive years, to 110 percent funded for three consecutive years (on a market value of assets basis).

Judges Retirement Fund

- The threshold to cease supplemental employer contributions was changed from the earlier of July 1, 2048 or 100 percent funded for three consecutive years, to 110 percent funded for three consecutive years (on a actuarial value of assets basis).

Legislators Retirement Fund

- The post-retirement benefit increase changed from 1.50 percent to 1.75 percent effective in January 2026.

A description of the system and plans may be found in the *Notes to the Financial Statements* beginning on page 56. Additional plan provisions are summarized in the *Introductory Section* beginning on page 18.

Other Assumptions

Used in the July 1, 2025 Actuarial Valuations

Member Information

Active Member Percentage Married and Beneficiary Age

Retirement Fund	Percent Married [1] Males	Percent Married [1] Females	Age of Beneficiaries for: Males	Age of Beneficiaries for: Females
State Employees	75 %	65 %	2 years younger	2 years older
State Patrol	85	85	2 years younger	2 years older
Correctional Employees	75	60	2 years younger	2 years older
Judges	marital status as indicated in member data file		3 years younger	2 years older
Legislators	85	85	3 years younger	3 years older

Form of Payment

Annuity Benefit Option Selected

Retirement Fund	50% Joint and Survivor	75% Joint and Survivor	100% Joint and Survivor	Straight Life
State Employees				
Male - Married	10 %	15 %	65 %	10 %
Female - Married	20	10	45	25
All Unmarried	0	0	0	100
All Deferred	0	0	0	100
State Patrol				
All Married	7.5 %	12.5 %	75 %	5 %
All Unmarried	0	0	0	100
Correctional Employees				
Male - Married	15.0 %	10.0 %	65 %	10 %
Female - Married	20	5	60	15
All Unmarried	0	0	0	100
All Deferred [2]	0	0	0	100
Judges				
All	0 %	0 %	0 %	100 %
Legislators				
Active Married	100 %	0 %	0 %	0 %
Active Single	0	0	0	100
All Deferred	0	0	0	100

[1] Actual marital status is used for members in payment status in the four largest plans. Legislators in payment status are assumed to be 100% married for purposes of a death benefit, except if reported with a joint and survivor benefit. 100% of Elective State Officers members are assumed to be eligible for the automatic survivor benefit.

[2] Deferred members who terminated prior to July 1, 1997, are assumed to receive the Level Social Security option to age 62.

Actuarial Tables

Used in the July 1, 2025 Actuarial Valuations

Mortality Rates [1]

State Employees and Legislators Retirement Funds

Age in 2025	Rates [2] Healthy Pre-Retirement Mortality Male	Healthy Pre-Retirement Mortality Female	Healthy Post-Retirement Mortality Male	Healthy Post-Retirement Mortality Female	Disability Mortality [3] Male	Disability Mortality [3] Female
20	0.04 %	0.01 %	0.04 %	0.02 %	0.47 %	0.30 %
25	0.03	0.01	0.03	0.01	0.36	0.24
30	0.05	0.02	0.05	0.02	0.55	0.42
35	0.07	0.03	0.08	0.04	0.78	0.67
40	0.09	0.04	0.10	0.05	0.99	0.89
45	0.11	0.05	0.13	0.07	1.23	1.13
50	0.14	0.07	0.29	0.22	1.67	1.56
55	0.21	0.12	0.42	0.30	2.18	1.96
60	0.32	0.19	0.64	0.43	2.77	2.32
65	0.46	0.28	0.94	0.63	3.32	2.48
70	0.64	0.42	1.45	1.01	3.92	2.88
75	0.96	0.69	2.42	1.77	4.98	4.01
80	1.51	1.18	4.34	3.29	7.07	6.26
85	6.50	4.93	8.04	6.31	10.70	10.09
90	13.55	10.83	14.09	11.91	16.51	15.08

(1) Generally, mortality rates are expected to increase as age increases. These standard mortality rates have been adjusted slightly to prevent decreasing mortality rates. The adjustment had no material effect on results.

(2) These rates were adjusted for mortality improvements using Projection Scale MP-2021 from a base year of 2010.

(3) No disability benefits are available with the Legislators Retirement Plan.

Actuarial Tables

Used in the July 1, 2025 Actuarial Valuations

Mortality Rates [1]

State Patrol and Correctional Employees Retirement Funds

Age in 2025	Rates [2] Healthy Pre-Retirement Mortality Male	Healthy Pre-Retirement Mortality Female	Healthy Post-Retirement Mortality Male	Healthy Post-Retirement Mortality Female	Disability Mortality Male	Disability Mortality Female
20	0.04 %	0.02 %	0.04 %	0.02 %	0.12 %	0.06 %
25	0.04	0.02	0.04	0.02	0.13	0.08
30	0.06	0.04	0.06	0.04	0.17	0.12
35	0.07	0.05	0.07	0.05	0.21	0.17
40	0.08	0.06	0.09	0.06	0.24	0.20
45	0.09	0.07	0.14	0.09	0.27	0.22
50	0.11	0.08	0.18	0.13	0.33	0.27
55	0.16	0.12	0.29	0.25	0.45	0.44
60	0.27	0.17	0.51	0.45	0.74	0.71
65	0.41	0.21	0.87	0.72	1.18	1.00
70	0.70	0.39	1.43	1.15	1.74	1.39
75	1.25	0.77	2.46	1.97	2.82	2.09
80	2.34	1.60	4.46	3.53	4.90	3.53
85	7.36	5.54	8.22	6.32	8.29	6.32
90	14.64	11.14	14.64	11.14	14.64	11.14

(1) Generally, mortality rates are expected to increase as age increases. These standard mortality rates have been adjusted slightly to prevent decreasing mortality rates. The adjustment has no material effect on results.

(2) These rates were adjusted for mortality improvements using Scale MP-2021 from a base year of 2010.

Actuarial Tables

Used in the July 1, 2025 Actuarial Valuations

Mortality Rates [1]

Judges Retirement Fund

Age in 2025	Rates [2]					
	Healthy Pre-Retirement Mortality		Healthy Post-Retirement Mortality		Disability Mortality	
	Male	Female	Male	Female	Male	Female
20	0.04 %	0.01 %	0.04 %	0.01 %	0.42 %	0.25 %
25	0.03	0.01	0.03	0.01	0.33	0.20
30	0.04	0.02	0.04	0.02	0.50	0.36
35	0.06	0.03	0.06	0.03	0.71	0.57
40	0.08	0.04	0.08	0.04	0.90	0.76
45	0.09	0.05	0.11	0.06	1.12	0.96
50	0.12	0.07	0.25	0.19	1.52	1.33
55	0.18	0.11	0.36	0.26	1.99	1.68
60	0.28	0.17	0.55	0.38	2.51	1.98
65	0.40	0.25	0.81	0.56	3.02	2.12
70	0.56	0.38	1.26	0.89	3.56	2.47
75	0.83	0.63	2.12	1.57	4.52	3.43
80	1.31	1.08	3.84	2.90	6.43	5.35
85	5.97	4.73	7.17	5.56	9.73	8.62
90	12.66	10.50	12.66	10.50	15.01	12.89

(1) Generally, mortality rates are expected to increase as age increases. These standard mortality rates have been adjusted slightly to prevent decreasing mortality rates. The adjustment had no material effect on results.

(2) These rates were adjusted for mortality improvements using Projection Scale MP-2021 from a base year of 2010.

Actuarial Tables

Used in the July 1, 2025 Actuarial Valuations

Salary Increase Rates

State Employees Retirement Fund

Service Years	Increase
1	11.75 %
2	7.50
3	5.65
4	5.50
5	5.20
6	5.00
7	4.80
8	4.60
9	4.50
10	4.30
11	4.20
12	4.10
13	4.00
14	3.90
15	3.70
16	3.60
17	3.50
18	3.40
19	3.40
20	3.40
21	3.30
22	3.20
23	3.20
24	3.20
25	3.20
26	3.20
27	3.00
28	3.00
29	3.00
30+	3.00

State Patrol Retirement Fund

Service Years	Increase
1	11.00 %
2	8.00
3	6.60
4	6.40
5	6.20
6	6.00
7	5.60
8	5.30
9	4.80
10	4.40
11	4.00
12	3.90
13	3.80
14	3.70
15	3.60
16	3.50
17	3.40
18	3.30
19	3.30
20	3.30
21	3.30
22	3.30
23	3.20
24	3.10
25+	3.00

Correctional Employees Retirement Fund

Service Years	Increase
1	11.00 %
2	6.50
3	4.80
4	4.60
5	4.50
6	4.50
7	4.50
8	4.50
9	4.50
10	4.50
11	1.25
12	4.15
13	3.95
14	3.75
15	3.75
16	3.75
17	3.75
18	3.50
19	3.25
20	3.25
21	3.25
22	3.00
23	3.00
24	3.00
25+	3.00

Judges Retirement Fund

2.50% per year

Legislators Retirement Fund

4.25% per year

Actuarial Tables

Used in the July 1, 2025 Actuarial Valuations

Retirement Rates

State Employees Retirement Fund

Age	Percent Retiring: Rule of 90 Eligible	Percent Retiring: Hired Prior to 7/1/1989	Percent Retiring: Hired after 6/30/1989
55	15.0 %	3.0 %	3.5 %
56	15.0	3.0	3.5
57	11.0	3.0	3.5
58	11.0	6.0	4.0
59	12.0	7.0	4.5
60	15.0	8.0	5.0
61	15.0	9.0	6.0
62	22.0	15.0	12.0
63	22.0	15.0	13.0
64	20.0	15.0	14.0
65	35.0	35.0	22.0
66	35.0	35.0	35.0
67	35.0	35.0	35.0
68	30.0	30.0	30.0
69	25.0	25.0	25.0
70	30.0	30.0	30.0
71+	100.0	100.0	100.0

Correctional Employees Retirement Fund

Age	Percent Retiring
50	3.0 %
51	2.5
52	2.5
53	3.5
54	4.0
55	55.0
56	35.0
57	20.0
58	15.0
59	15.0
60	15.0
61	25.0
62	25.0
63	25.0
64	20.0
65	30.0
66	30.0
67	30.0
68	30.0
69	25.0
70+	100.0

Judges Retirement Fund

Age	Percent Retiring: Appointed before 7/1/2013	Percent Retiring: Appointed after 6/30/2013
60	1.0 %	1.0%
61	1.0	1.0
62	5.0	5.0
63	5.0	5.0
64	9.0	9.0
65	30.0	9.0
66	20.0	30.0
67	20.0	20.0
68	30.0	30.0
69	40.0	40.0
70	100.0	100.0

State Patrol Retirement Fund

Age	Percent Retiring
50	3.0 %
51	3.0
52	3.0
53	3.0
54	3.0
55	65.0
56	55.0
57	30.0
58	30.0
59	25.0
60+	100.0

Legislators Retirement Fund

Age	Percent Retiring
60	0.0 %
61	0.0
62	40.0
63	30.0
64	30.0
65	40.0
66	30.0
67	25.0
68	25.0
69	25.0
70	30.0
71+	100.0

Actuarial Tables

Used in the July 1, 2025 Actuarial Valuations

Withdrawal Rates

State Employees Retirement Fund

Years of Service	Withdrawal Rates	
	Male	Female
1	20.00 %	20.50 %
2	15.00	16.50
3	10.50	12.50
4	8.25	9.75
5	7.00	9.00
6	6.50	8.00
7	5.50	7.50
8	4.50	6.25
9	4.25	5.25
10	3.75	4.75
11	3.50	4.50
12	3.25	4.25
13	3.00	4.00
14	2.50	3.75
15	2.40	3.25
16	2.30	3.25
17	2.20	3.00
18	2.10	2.75
19	2.00	2.50
20	1.75	2.50
21	1.75	2.50
22	1.75	2.50
23	1.75	2.25
24	1.50	1.75
25	1.50	1.75
26	1.25	1.75
27	1.00	1.50
28	1.00	1.50
29	1.00	1.00
30+	1.00	1.00

State Patrol Retirement Fund

Years of Service	Withdrawal Rates
1	6.00 %
2	3.00
3	2.50
4	2.50
5	2.50
6	2.00
7	1.50
8	1.50
9	1.50
10	1.50
11	1.50
12	1.50
13	1.50
14	1.50
15	1.00
16	1.00
17	1.00
18	1.00
19	1.00
20	0.50
21	0.50
22+	0.50

Actuarial Tables

Used in the July 1, 2025 Actuarial Valuations

Withdrawal Rates

Correctional Employees Retirement Fund

Years of Service	Withdrawal Rates	
	Male	Female
1	25.00 %	28.00 %
2	16.00	18.00
3	13.00	15.00
4	11.00	14.00
5	9.00	13.00
6	8.50	9.50
7	6.50	9.00
8	5.75	8.50
9	5.25	8.50
10	4.00	7.00
11	3.25	7.00
12	3.00	7.00
13	3.00	4.50
14	2.50	4.25
15	2.00	3.50
16	1.90	3.50
17	1.80	3.50
18	1.60	3.00
19	1.30	2.75
20	1.00	2.50
21	0.50	2.25
22	0.50	2.00
23	0.50	1.00
24	0.50	0.50
25+	0.00	0.00

Legislators Retirement Fund

Years of Service	Withdrawal Rates	
	House	Senate
1	0.00 %	0.00 %
2	30.00	0.00
3	0.00	0.00
4	20.00	25.00
5	0.00	0.00
6	10.00	0.00
7	0.00	0.00
8	5.00	10.00
9+	0.00	0.00

Judges Retirement Fund

Members in the Judges Plan are assumed not to withdraw.

Actuarial Tables

Used in the July 1, 2025 Actuarial Valuations

Disability Retirement Rates

State Employees Retirement Fund

	Disability Retirement Rates	
Age	Male	Female
20	0.01 %	0.00 %
25	0.01	0.00
30	0.01	0.00
35	0.01	0.01
40	0.03	0.02
45	0.05	0.05
50	0.11	0.11
55	0.16	0.17
60	0.23	0.25
65	0.00	0.00

State Patrol Retirement Fund

Age	Disability Retirement Rates
20	0.100 %
25	0.100
30	0.100
35	0.135
40	0.600
45	0.650
50	0.900
55	1.200
60+	1.200

Correctional Employees Retirement Fund

	Disability Retirement Rates	
Age	Male	Female
20	0.05 %	0.05 %
25	0.08	0.08
30	0.11	0.11
35	0.17	0.17
40	0.22	0.22
45	0.25	0.25
50	0.40	0.40
55	0.40	0.40
60	0.40	0.40
65	0.40	0.40
70	0.40	0.40

Judges Retirement Fund

Age	Disability Retirement Rates
20	0.000 %
25	0.000
30	0.000
35	0.000
40	0.006
45	0.018
50	0.030
55	0.072
60	0.186
65	0.000
70	0.000

Legislators Retirement Fund

No disability benefits are available with this plan.


the Journey is THE DESTINATION

Actuarial Accrued Liability (AAL)

As of June 30, 2025
(Dollars in thousands)

	State Employees	State Patrol	Correctional Employees	Judges	Legislators
Active Members					
Retirement Annuities	$7,209,447	$460,108	$953,923	$134,276	$6,444
Disability Benefits	118,488	33,068	22,469	936	0
Survivor Benefits	80,959	2,050	6,305	1,297	59
Deferred Retirements	(4,311)	1,359	7,238	0	(22)
Refunds	(81,308)	(2,095)	(21,093)	85	(3)
Total Active Members	$7,323,275	$494,490	$968,842	$136,594	$6,478
Deferred Retirements	1,148,438	22,529	181,808	12,820	8,748
Former Members Not Vested	29,207	1,066	12,850	23	0
Benefit Recipients	11,334,862	798,705	1,233,924	321,106	125,633
Unclassified Employees Retirement Fund Contingent Liability	15,913	0	0	0	0
Total AAL	**$19,851,695**	**$1,316,790**	**$2,397,424**	**$470,543**	**$140,859**

Contribution Sufficiency / (Deficiency)

As of June 30, 2025
(Dollars in thousands)

		Actual Contribution Rates					
Retirement Fund	Actuarial Valuation Date	Employee	Employer	State	Total	Recommended Rate	Sufficiency/ (Deficiency)
State Employees	July 1, 2025	6.00 %	6.25 %	NA	12.25 %	11.64 %	0.61 %
State Patrol (1)	July 1, 2025	15.40	30.10	2.40 %	47.90	37.40	10.50
Correctional Employees	July 1, 2025	9.60	14.40	4.45	28.45	25.48	2.97
Judges (2) (3)	July 1, 2025	7.37	22.50	9.13	39.00	35.49	3.51
Legislators	July 1, 2025	9.00	NA	0.00	9.00	$141,393,000	$(141,358,000)

(1) Annual state contribution of $1 million is statutorily required until the Public Employee Retirement Association Police and Fire Retirement Fund and the MSRS State Patrol Retirement Fund both reach a 100 percent funded ratio on an actuarial value of assets basis for three consecutive years.

(2) Annual state appropriation of $6 million is statutorily required until the Judges Retirement Fund is 110 percent funded on an actuarial value of assets basis for three consecutive years.

(3) The statutory contribution rate for Judges in the Tier 1 benefit program is 9 percent of salary. The statutory contribution rate for Judges in the Tier 2 benefit program is 7 percent of salary. The employee and total rates on the schedule reflect the fact that member contributions for Tier 1 Judges at the maximum benefit are directed to the Unclassified Employees Retirement Fund. If these contributions were not directed to the Unclassified Employees Retirement Fund, the employee and total rates would be 7.49 percent and 39.12 percent, respectively, instead of 7.37 and 39.00 percent as shown above. The distinction between the Tier 1 and Tier 2 benefit programs is explained in the *Notes to the Financial Statements*.

Schedule of Changes in Unfunded Actuarial Accrued Liabilities

For the Fiscal Year Ended June 30, 2025
(Dollars in thousands)

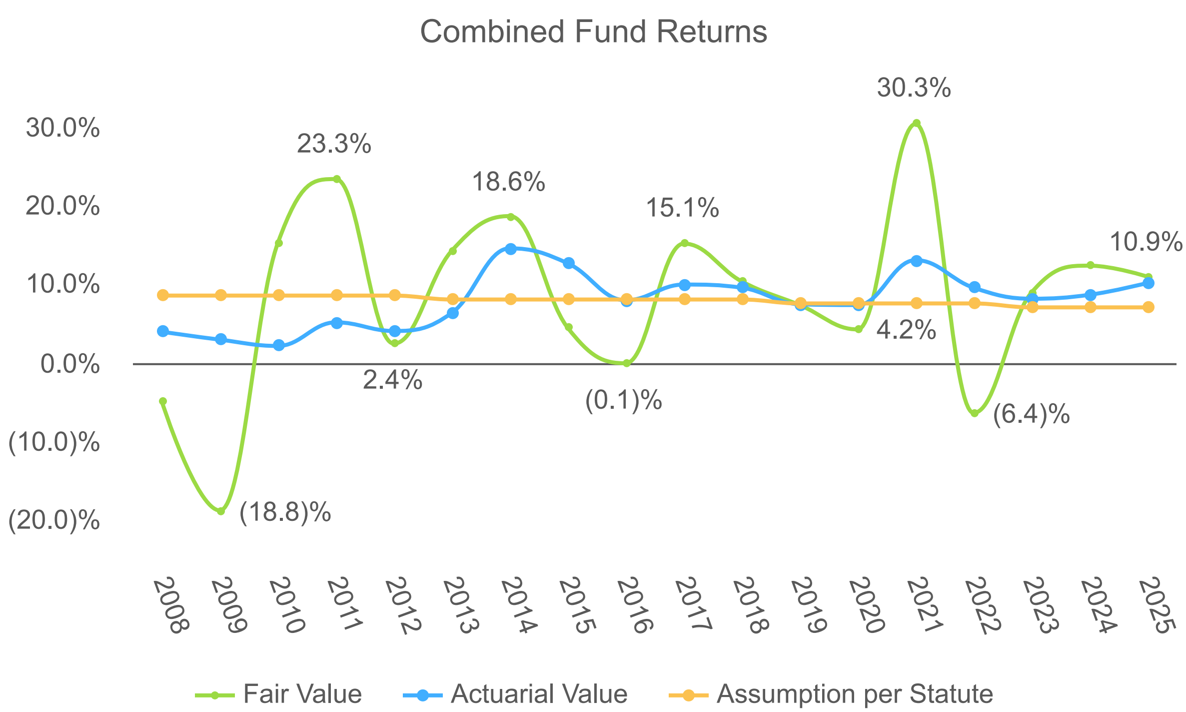
	State Employees	State Patrol	Correctional Employees	Judges	Legislators
A. Unfunded Actuarial Accrued Liabilities (UAAL) at the Beginning of the Year	$513,537	$182,846	$518,969	$159,745	$145,768
B. Changes Due to Interest Requirements and Current Rate of Funding					
1. Normal Cost, including Expenses	$400,505	$32,007	$62,557	$11,064	$593
2. Contributions	(533,773)	(58,960)	(105,442)	(24,435)	(8,400)
3. Interest on A, B1, and B2	30,895	11,777	34,702	10,675	0
4. Totals (B1+B2+B3)	$(102,373)	$(15,176)	$(8,183)	$(2,696)	$(7,807)
C. Expected UAAL at End of the Year (A+B4)	$411,164	$167,670	$510,786	$157,049	$137,961
D. Increase (Decrease) Due to Actuarial Losses (Gains) Because of Experience Deviations from the Expected					
1. Age and Service Requirements	$22,382	$865	$3,700	$943	$(33)
2. Disability Requirements	(1,035)	152	(1,715)	(44)	0
3. Death-in-Service Benefits	(6,179)	(410)	114	(30)	12
4. Withdrawals	5,520	(1,045)	1,901	(2,739)	0
5. Salary Increases	285,410	33,122	32,155	5,630	(65)
6. Investment Return	(553,299)	(29,964)	(49,658)	(8,550)	0
7. Mortality of Annuitants	9,696	1,668	(537)	3,301	(454)
8. Other items	37,494	4,797	6,972	3,583	(199)
9. Totals	$(200,011)	$9,185	$(7,068)	$2,094	$(739)
E. UAAL at End of Year Before Actuarial Assumption and Plan Changes (C + D9)	$211,153	$176,855	$503,718	$159,143	$137,222
F. Change in UAAL Due to Changes in Plan Provisions	717,031	34,447	0	0	3,637
G. Change in UAAL Due to Changes in Actuarial Assumptions	61,578	(9,206)	(21,253)	3,369	0
H. UAAL at the End of the Year	**$989,762**	**$202,096**	**$482,465**	**$162,512**	**$140,859**

Schedule of Actuarial and Fair Value Funding Progress

State Employees Retirement Fund

Actuarial Valuation Date	Actuarial Basis: Assets	Actuarial Basis: Funded Ratio	Actuarial Basis: Contribution Sufficiency/ (Deficiency)	Fair Value Basis: Assets	Fair Value Basis: Funded Ratio	Fair Value Basis: Contribution Sufficiency/ (Deficiency)
07/01/16	$11,676,370	81.56 %	(3.49) %	$11,223,065	78.39 %	(4.51) %
07/01/17	12,364,957	85.22	(2.24)	12,485,614	86.05	(1.98)
07/01/18	13,035,350	88.80	0.10	13,293,422	90.56	0.58
07/01/19	13,489,773	88.87	0.67	13,772,289	90.73	1.19
07/01/20	13,954,562	91.90	1.69	13,855,691	91.25	1.51
07/01/21	15,197,610	97.13	3.12	17,440,051	111.46	7.08
07/01/22	16,045,475	99.86	3.92	15,829,850	98.51	3.52
07/01/23	16,745,486	95.11	3.19	16,645,007	94.54	3.04
07/01/24	17,658,084	97.17	1.66	18,138,356	99.82	2.38
07/01/25	18,861,933	95.01	0.61	19,538,790	98.42	1.83

Plan assets can be valued using two different methods: the actuarial basis or the fair value basis. The fair value basis is the value of assets as reflected in the *Statement of Fiduciary Net Position*. The actuarial basis is less volatile, smoothing investment gains and losses over a five-year period. The chart below reflects the actual investment return (the fair value return), the investment gains and losses smoothed over five years for the State Employees Fund (the actuarial value return), and the investment return assumption used in actuarial valuations, which is set in Minnesota state statute.



Schedule of Actuarial and Fair Value Funding Progress

	Actuarial Basis			Fair Value Basis		
Actuarial Valuation Date	Assets	Funded Ratio	Contribution Sufficiency/ (Deficiency)	Assets	Funded Ratio	Contribution Sufficiency/ (Deficiency)
State Patrol Retirement Fund						
07/01/16	$654,842	78.53 %	(3.08) %	$629,992	75.55 %	(5.51) %
07/01/17	685,077	77.77	(5.33)	691,599	78.52	(4.72)
07/01/18	715,964	76.95	(0.96)	729,799	78.44	0.08
07/01/19	737,700	76.85	1.74	753,144	78.46	2.82
07/01/20	762,865	77.13	4.10	757,590	76.60	3.74
07/01/21	835,280	84.21	11.99	957,864	96.57	20.62
07/01/22	897,216	84.04	12.38	883,581	82.76	11.56
07/01/23	949,612	81.15	17.94	943,099	80.59	17.57
07/01/24	1,024,713	84.86	9.51	1,052,966	87.20	11.04
07/01/25	1,114,694	84.65	10.50	1,155,556	87.76	13.14
Correctional Employees Retirement Fund						
07/01/16	$937,000	71.34 %	(5.61) %	$899,592	68.49 %	(6.68) %
07/01/17	1,013,173	71.63	(6.45)	1,023,817	72.38	(6.15)
07/01/18	1,092,719	73.31	(1.77)	1,114,887	74.80	(1.29)
07/01/19	1,160,399	73.47	(0.57)	1,183,995	74.97	(0.06)
07/01/20	1,233,590	73.83	0.80	1,223,537	73.23	0.58
07/01/21	1,380,410	77.95	3.70	1,580,953	89.27	8.09
07/01/22	1,498,885	79.79	4.18	1,473,921	78.46	3.64
07/01/23	1,607,642	75.33	3.55	1,595,630	74.77	3.31
07/01/24	1,745,171	77.08	1.05	1,792,602	79.17	1.93
07/01/25	1,914,959	79.88	2.97	1,985,814	82.83	4.53
Judges Retirement Fund						
07/01/16	$172,525	52.07 %	(6.28) %	$165,905	50.07 %	(7.30) %
07/01/17	183,361	52.54	(1.97)	185,141	53.05	(1.69)
07/01/18	197,852	52.35	(0.40)	201,755	53.38	0.10
07/01/19	208,012	53.18	(0.65)	212,262	54.27	(0.11)
07/01/20	218,311	54.22	(0.47)	216,737	53.83	(0.67)
07/01/21	240,906	61.56	4.84	276,638	70.69	9.23
07/01/22	257,514	63.84	5.54	253,971	62.96	5.10
07/01/23	270,752	62.89	3.15	268,987	62.48	2.93
07/01/24	286,895	64.23	3.17	294,703	65.98	4.06
07/01/25	308,031	65.46	3.51	319,329	67.86	5.09

The Legislators Retirement Fund has no assets.

Schedule of Active Member Valuation Data

State Employees Retirement Fund

Actuarial Valuation Date	Active Member Count	Annual Payroll	Average Annual Pay	Percentage Increase In Average Pay
07/01/16	49,472	$2,797,345,000	$55,463	4.35 %
07/01/17	50,578	2,939,455,000	56,713	2.25
07/01/18	51,223	3,031,382,000	58,136	2.51
07/01/19	51,997	3,168,870,000	59,807	2.87
07/01/20	51,742	3,298,283,000	62,386	4.31
07/01/21	50,889	3,325,417,000	64,519	3.42
07/01/22	51,219	3,434,267,000	65,772	1.94
07/01/23	52,459	3,648,167,000	69,202	5.21
07/01/24	55,453	4,062,909,000	73,921	6.82
07/01/25	57,594	4,556,436,000	81,639	10.44

State Patrol Retirement Fund

Actuarial Valuation Date	Active Member Count	Annual Payroll	Average Annual Pay	Percentage Increase In Average Pay
07/01/16	892	$69,343,000	$78,097	(1.05) %
07/01/17	902	73,056,000	80,141	2.62
07/01/18	921	74,007,000	80,187	0.06
07/01/19	943	80,792,000	85,990	7.24
07/01/20	937	84,530,000	89,271	3.82
07/01/21	912	88,351,000	94,044	5.35
07/01/22	937	107,240,000	108,694	15.58
07/01/23	979	106,714,000	107,835	(0.79)
07/01/24	987	113,331,000	114,643	6.31
07/01/25	1,008	127,240,000	130,333	13.69

Correctional Employees Retirement Fund

Actuarial Valuation Date	Active Member Count	Annual Payroll	Average Annual Pay	Percentage Increase In Average Pay
07/01/16	4,521	$241,242,000	$52,524	3.66 %
07/01/17	4,579	248,879,000	53,380	1.63
07/01/18	4,650	257,330,000	54,750	2.57
07/01/19	4,582	267,563,000	57,486	5.00
07/01/20	4,523	278,479,000	60,194	4.71
07/01/21	4,504	282,667,000	61,427	2.05
07/01/22	4,420	294,479,000	64,939	5.72
07/01/23	4,426	310,865,000	69,543	7.09
07/01/24	4,476	331,010,000	74,792	7.55
07/01/25	4,724	371,313,000	81,601	9.10

Schedule of Active Member Valuation Data

Judges Retirement Fund

Actuarial Valuation Date	Active Member Count	Annual Payroll	Average Annual Pay	Percentage Increase In Average Pay
07/01/16	311	$45,418,000	$150,726	8.40 %
07/01/17	317	47,813,000	150,265	(0.31)
07/01/18	317	49,009,000	153,339	2.05
07/01/19	315	50,164,000	157,199	2.52
07/01/20	322	52,298,000	161,101	2.48
07/01/21	320	52,960,000	165,705	2.86
07/01/22	320	54,436,000	168,816	1.88
07/01/23	321	54,422,000	162,876	(3.52)
07/01/24	318	58,849,000	182,110	11.81
07/01/25	323	61,587,000	198,548	9.03

Legislators Retirement Fund

Actuarial Valuation Date	Active Member Count	Annual Payroll	Average Annual Pay	Percentage Increase In Average Pay
07/01/16	23	$989,000	$37,047	(10.33) %
07/01/17	19	889,000	40,819	10.18
07/01/18	19	1,033,000	51,657	26.55
07/01/19	17	1,011,000	53,481	3.53
07/01/20	17	967,000	53,326	(0.29)
07/01/21	12	856,000	58,378	9.47
07/01/22	12	689,000	58,228	(0.26)
07/01/23	7	544,000	59,496	2.18
07/01/24	7	422,000	61,200	2.86
07/01/25	6	400,000	62,548	2.20

Schedule of Retirees and Beneficiaries

State Employees Retirement Fund

Valuation Year Ended	Number Added	Annual Allowances Added	Number Removed	Annual Allowances Removed	Number at Year End	Annual Allowances at Year End	% Change in Annual Allowances	Average Annual Allowances
06/30/16	2,548	$22,010,668	1,072	$10,993,119	37,952	$707,361,000	6.24 %	$18,638
06/30/17	2,481	50,812,764	1,100	21,950,949	39,333	750,526,000	6.10	19,081
06/30/18	2,705	55,152,884	1,217	23,707,118	40,821	797,027,000	6.20	19,525
06/30/19	2,791	58,013,228	1,239	24,093,519	42,373	841,776,000	5.61	19,866
06/30/20	2,849	59,688,946	1,303	26,876,587	43,919	885,517,000	5.20	20,163
06/30/21	2,936	62,574,088	1,425	29,253,228	45,430	923,364,000	4.27	20,617
06/30/22	2,921	61,170,858	1,505	31,118,064	48,262	966,698,000	4.69	20,833
06/30/23	2,605	55,210,975	1,398	29,878,807	48,053	1,001,955,000	3.65	21,036
06/30/24	2,360	47,834,036	1,457	30,209,641	48,956	1,043,040,000	4.10	21,307
06/30/25	2,382	51,032,258	1,513	31,845,676	49,825	1,068,310,000	2.42	21,632

State Patrol Retirement Fund

Valuation Year Ended	Number Added	Annual Allowances Added	Number Removed	Annual Allowances Removed	Number at Year End	Annual Allowances at Year End	% Change in Annual Allowances	Average Annual Allowances
06/30/16	51	$1,282,399	30	$1,020,976	1,048	$57,695,000	4.02 %	$55,052
06/30/17	44	2,344,952	40	1,952,046	1,052	58,560,000	1.50	55,665
06/30/18	47	2,112,033	28	1,511,936	1,071	59,653,000	1.87	55,698
06/30/19	43	1,927,569	36	1,901,474	1,078	60,375,000	1.21	56,006
06/30/20	55	2,859,172	26	1,632,597	1,107	61,859,000	2.46	55,880
06/30/21	51	2,692,576	37	2,139,100	1,121	63,094,000	2.00	56,378
06/30/23	58	2,811,527	39	2,168,849	1,140	64,332,000	1.96	56,565
06/30/23	57	3,678,719	29	1,786,643	1,168	66,343,000	3.13	57,382
06/30/24	30	1,906,349	26	1,675,984	1,172	69,703,000	5.06	57,985
06/30/25	58	3,803,917	30	1,765,636	1,200	69,687,000	(0.02)	58,839

Correctional Employees Retirement Fund

Valuation Year Ended	Number Added	Annual Allowances Added	Number Removed	Annual Allowances Removed	Number at Year End	Annual Allowances at Year End	% Change in Annual Allowances	Average Annual Allowances
06/30/16	193	$1,741,689	44	$488,337	2,918	$59,045,000	7.53 %	$20,235
06/30/17	208	4,863,463	42	844,411	3,084	63,221,000	7.07	20,500
06/30/18	215	5,096,589	40	930,452	3,259	67,622,000	6.96	20,749
06/30/19	222	5,507,267	53	1,093,704	3,428	72,419,000	7.09	21,126
06/30/20	215	5,730,091	57	1,174,940	3,586	77,045,000	6.39	21,485
06/30/21	229	6,213,721	87	1,943,197	3,728	81,829,000	6.21	22,304
06/30/22	264	7,359,681	78	1,589,552	3,914	87,102,000	6.44	22,743
06/30/23	249	7,338,186	74	1,451,452	4,089	92,863,000	6.61	23,276
06/30/24	205	6,018,198	56	1,273,954	4,238	99,438,000	7.08	23,694
06/30/25	220	6,296,172	91	1,863,815	4,367	103,706,000	4.29	24,058

Schedule of Retirees and Beneficiaries

Judges Retirement Fund

Valuation Year Ended	Number Added	Annual Allowances Added	Number Removed	Annual Allowances Removed	Number at Year End	Annual Allowances at Year End	% Change in Annual Allowances	Average Annual Allowances
06/30/16	20	$532,785	16	$673,338	350	$22,378,000	2.22 %	$63,937
06/30/17	17	991,663	16	1,223,853	351	22,785,000	1.82	64,915
06/30/18	31	2,036,076	13	904,562	369	23,585,000	3.51	63,916
06/30/19	29	1,959,657	15	761,539	383	25,233,000	6.99	65,883
06/30/20	23	1,409,710	16	1,047,563	390	26,272,000	4.12	67,364
06/30/21	24	1,582,527	20	1,439,525	394	27,038,000	2.92	68,625
06/30/22	31	2,130,811	13	975,524	412	28,035,000	0.37	69,414
06/30/23	24	1,667,818	15	1,077,181	421	29,287,000	4.47	70,317
06/30/24	18	1,297,470	16	1,114,425	423	30,354,000	3.64	71,467
06/30/25	31	2,148,862	10	764,710	444	31,575,000	4.02	72,224

Legislators Retirement Fund

Valuation Year Ended	Number Added	Annual Allowances Added	Number Removed	Annual Allowances Removed	Number at Year End	Annual Allowances at Year End	% Change in Annual Allowances	Average Annual Allowances
06/30/16	7	$52,356	12	$107,867	372	$8,496,000	2.01 %	$22,839
06/30/17	20	559,014	17	475,881	375	8,716,000	2.59	23,243
06/30/18	13	433,800	16	568,833	372	8,912,000	2.25	23,957
06/30/19	17	432,809	19	483,535	370	8,853,000	(0.66)	23,927
06/30/20	7	138,945	17	444,719	360	8,812,000	(0.46)	24,478
06/30/21	23	656,052	26	706,741	357	8,679,000	(1.51)	24,303
06/30/22	14	257,826	22	482,877	349	8,677,000	(0.02)	24,457
06/30/23	20	662,122	20	501,773	349	8,712,000	0.40	25,162
06/30/24	8	100,809	23	535,124	334	8,811,000	1.14	25,368
06/30/25	8	211,604	22	640,253	320	8,363,000	(5.08)	25,522

Solvency Test

(Dollars in thousands)

Actuarial Valuation Date	Aggregate Accrued Liabilities (a) Active Member Contributions	(b) Retired and Beneficiaries	(c) Active Member (Employer Financed)	Total Actuarial Accrued Liabilities	Reported Assets	Portion Covered by Reported Assets (a)	(b)	(c)
State Employees Retirement Fund								
07/01/16	$1,206,968	$7,746,511	$5,363,407	$14,316,886	$11,676,370	100.0 %	100.0 %	50.8 %
07/01/17	1,260,721	8,207,943	5,040,486	14,509,150	12,364,957	100.0	100.0	57.5
07/01/18	1,309,528	8,512,016	4,857,945	14,679,489	13,035,350	100.0	100.0	66.2
07/01/19	1,365,782	8,974,283	4,839,075	15,179,140	13,489,773	100.0	100.0	65.1
07/01/20	1,429,966	9,117,035	4,636,842	15,183,843	13,954,562	100.0	100.0	73.5
07/01/21	1,493,476	9,563,516	4,589,409	15,646,401	15,197,610	100.0	100.0	90.2
07/01/22	1,539,574	9,977,891	4,551,293	16,068,758	16,045,475	100.0	100.0	99.5
07/01/23	1,610,978	10,740,811	5,254,020	17,605,809	16,745,486	100.0	100.0	83.6
07/01/24	1,711,335	10,867,182	5,593,104	18,171,621	17,658,084	100.0	100.0	90.8
07/01/25	1,835,866	11,334,862	6,680,967	19,851,695	18,861,933	100.0	100.0	85.2
State Patrol Retirement Fund								
07/01/16	$70,738	$581,343	$181,805	$833,886	$654,842	100.0 %	100.0 %	1.5 %
07/01/17	76,399	611,782	192,665	880,846	685,077	100.0	99.5	0.0
07/01/18	81,702	647,308	201,398	930,408	715,964	100.0	98.0	0.0
07/01/19	89,141	654,242	216,581	959,964	737,700	100.0	99.1	0.0
07/01/20	93,380	676,416	219,249	989,045	762,865	100.0	99.0	0.0
07/01/21	99,116	665,806	226,928	991,850	835,280	100.0	100.0	31.0
07/01/22	107,695	682,115	277,795	1,067,605	897,216	100.0	100.0	38.7
07/01/23	114,680	748,786	306,730	1,170,196	949,612	100.0	100.0	28.1
07/01/24	124,887	756,978	325,694	1,207,559	1,024,713	100.0	100.0	43.9
07/01/25	133,551	798,705	384,534	1,316,790	1,114,694	100.0	100.0	47.4
Correctional Employees Retirement Fund								
07/01/16	$136,511	$673,129	$503,876	$1,313,516	$937,000	100.0 %	100.0 %	25.3 %
07/01/17	146,482	741,694	526,267	1,414,443	1,013,173	100.0	100.0	23.8
07/01/18	154,678	792,275	543,568	1,490,521	1,092,719	100.0	100.0	26.8
07/01/19	164,401	842,753	572,220	1,579,374	1,160,399	100.0	100.0	26.8
07/01/20	173,958	894,918	601,978	1,670,854	1,233,590	100.0	100.0	27.4
07/01/21	186,049	948,754	636,195	1,770,998	1,380,410	100.0	100.0	38.6
07/01/22	192,603	1,016,714	669,132	1,878,449	1,498,885	100.0	100.0	43.3
07/01/23	198,936	1,138,047	797,109	2,134,092	1,607,642	100.0	100.0	34.0
07/01/24	208,042	1,193,515	862,583	2,264,140	1,745,171	100.0	100.0	39.8
07/01/25	226,783	1,233,924	936,717	2,397,424	1,914,959	100.0	100.0	48.5

Solvency Test

(Dollars in thousands)

Actuarial Valuation Date	Aggregate Accrued Liabilities: (a) Active Member Contributions	(b) Retired and Beneficiaries	(c) Active Member (Employer Financed)	Total Actuarial Accrued Liabilities	Reported Assets	Portion Covered by Reported Assets: (a)	(b)	(c)
Judges Retirement Fund								
07/01/16	$30,486	$211,594	$89,254	$331,334	$172,525	100.0 %	67.1 %	0.0 %
07/01/17	32,460	219,587	96,929	348,976	183,361	100.0	68.7	0.0
07/01/18	31,888	246,060	99,977	377,925	197,852	100.0	67.4	0.0
07/01/19	31,085	263,979	96,082	391,146	208,012	100.0	67.0	0.0
07/01/20	32,684	270,913	99,063	402,660	218,311	100.0	68.5	0.0
07/01/21	33,581	262,676	95,084	391,341	240,906	100.0	78.9	0.0
07/01/22	32,869	278,196	92,303	403,368	257,514	100.0	80.8	0.0
07/01/23	33,941	297,042	99,543	430,526	270,752	100.0	79.7	0.0
07/01/24	34,648	300,053	111,939	446,640	286,895	100.0	84.1	0.0
07/01/25	33,997	321,106	115,440	470,543	308,031	100.0	85.3	0.0
Legislators Retirement Fund								
07/01/16	$2,103	$151,293	$65,118	$218,514	$0	0.0 %	0.0 %	0.0 %
07/01/17	1,769	172,400	53,531	227,700	0	0.0	0.0	0.0
07/01/18	1,857	156,501	54,650	213,008	0	0.0	0.0	0.0
07/01/19	1,743	159,573	39,666	200,982	0	0.0	0.0	0.0
07/01/20	1,830	152,264	41,311	195,405	0	0.0	0.0	0.0
07/01/21	1,355	140,715	32,231	174,301	0	0.0	0.0	0.0
07/01/22	1,418	134,651	29,892	165,961	0	0.0	0.0	0.0
07/01/23	877	137,331	20,547	158,755	0	0.0	0.0	0.0
07/01/24	916	126,857	17,995	145,768	0	0.0	0.0	0.0
07/01/25	815	125,633	14,411	140,859	0	0.0	0.0	0.0

Summary of Unfunded Actuarial Accrued Liabilities (UAAL)

(Dollars in thousands)

State Employees Retirement Fund

Actuarial Valuation Date	Actuarial Accrued Liabilities	Actuarial Value of Assets	Unfunded Actuarial Accrued Liabilities	Member Payroll	UAAL as a Percent of Payroll
07/01/16	$14,316,886	$11,676,370	$2,640,516	$2,797,345	94.39 %
07/01/17	14,509,150	12,364,957	2,144,193	2,939,455	72.95
07/01/18	14,679,489	13,035,350	1,644,139	3,031,382	54.24
07/01/19	15,179,140	13,489,773	1,689,367	3,168,870	53.31
07/01/20	15,183,843	13,954,562	1,229,281	3,298,283	37.27
07/01/21	15,646,401	15,197,610	448,791	3,325,417	13.50
07/01/22	16,068,758	16,045,475	23,283	3,434,267	0.68
07/01/23	17,605,809	16,745,486	860,323	3,648,167	23.58
07/01/24	18,171,621	17,658,084	513,537	4,062,909	12.64
07/01/25	19,851,695	18,861,933	989,762	4,556,436	21.72

State Patrol Retirement Fund

Actuarial Valuation Date	Actuarial Accrued Liabilities	Actuarial Value of Assets	Unfunded Actuarial Accrued Liabilities	Member Payroll	UAAL as a Percent of Payroll
07/01/16	$833,886	$654,842	$179,044	$69,343	258.20 %
07/01/17	880,846	685,077	195,769	73,056	267.97
07/01/18	930,408	715,964	214,444	74,007	289.76
07/01/19	959,964	737,700	222,264	80,792	275.11
07/01/20	989,045	762,865	226,180	84,530	267.57
07/01/21	991,850	835,280	156,570	88,351	177.21
07/01/22	1,067,605	897,216	170,389	107,240	158.89
07/01/23	1,170,196	949,612	220,584	106,714	206.71
07/01/24	1,207,559	1,024,713	182,846	113,331	161.34
07/01/25	1,316,790	1,114,694	202,096	127,240	158.83

Correctional Employees Retirement Fund

Actuarial Valuation Date	Actuarial Accrued Liabilities	Actuarial Value of Assets	Unfunded Actuarial Accrued Liabilities	Member Payroll	UAAL as a Percent of Payroll
07/01/16	$1,313,516	$937,000	$376,516	$241,242	156.07 %
07/01/17	1,414,443	1,013,173	401,270	248,879	161.23
07/01/18	1,490,521	1,092,719	397,802	257,330	154.59
07/01/19	1,579,374	1,160,399	418,975	267,563	156.59
07/01/20	1,670,854	1,233,590	437,264	278,479	157.02
07/01/21	1,770,998	1,380,410	390,588	282,667	138.18
07/01/22	1,878,449	1,498,885	379,564	294,479	128.89
07/01/23	2,134,092	1,607,642	526,450	310,865	169.35
07/01/24	2,264,140	1,745,171	518,969	331,010	156.78
07/01/25	2,397,424	1,914,959	482,465	371,313	129.93

A schedule of actuarially determined and actual contributions can be found in the *Required Supplementary Information* beginning on page 101.

Summary of Unfunded Actuarial Accrued Liabilities (UAAL)

(Dollars in thousands)

Judges Retirement Fund

Actuarial Valuation Date	Actuarial Accrued Liabilities	UAAL as a Percent of Payroll	Unfunded Actuarial Accrued Liabilities	Member Payroll	UAAL as a Percent of Payroll
07/01/16	$331,334	$172,525	$158,809	$45,418	349.66 %
07/01/17	348,976	183,361	165,615	47,813	346.38
07/01/18	377,925	197,852	180,073	49,009	367.43
07/01/19	391,146	197,852	183,134	50,164	365.07
07/01/20	402,660	218,311	184,349	52,298	352.50
07/01/21	391,341	240,906	150,435	52,960	284.05
07/01/22	403,368	257,514	145,854	54,436	267.94
07/01/23	430,526	270,752	159,774	54,422	293.58
07/01/24	446,640	286,895	159,745	58,849	271.45
07/01/25	470,543	308,031	162,512	61,587	263.87

Legislators Retirement Fund

Actuarial Valuation Date	Actuarial Accrued Liabilities	UAAL as a Percent of Payroll	Unfunded Actuarial Accrued Liabilities	Member Payroll	UAAL as a Percent of Payroll
07/01/16	$218,514	$0	$218,514	$989	22,094.44 %
07/01/17	227,700	0	227,700	889	25,613.05
07/01/18	213,008	0	213,008	1,033	20,620.33
07/01/19	200,982	0	200,982	1,011	19,879.53
07/01/20	195,405	0	195,405	967	20,207.34
07/01/21	174,301	0	174,301	856	20,362.27
07/01/22	165,961	0	165,961	689	24,087.23
07/01/23	158,755	0	158,755	544	29,182.90
07/01/24	145,768	0	145,768	422	34,542.18
07/01/25	140,859	0	140,859	400	35,214.75

A schedule of actuarially determined and actual contributions can be found in the *Required Supplementary Information* beginning on page 101.

GASB Statements No. 67 and No. 68 Actuarial Valuation Results

The following pages contain information specific to the actuarial valuations performed to determine the pension liability and pension expense reported in the *Notes to the Financial Statements* in this ACFR. In addition, each employer participating in a MSRS defined benefit retirement plan will be allocated their proportionate share of these liability and expense amounts. State and local government employers will be required to recognize their share of the pension expense and pension liability in their financial statements.

These valuations have no bearing on measurement of pension plan funding status, or in decisions regarding contribution requirements for any plan.

Actuary's Certification Letter

| P: 800.521.0498 | www.grsconsulting.com

December 1, 2025

Board of Directors
Minnesota State Retirement System
60 Empire Drive, Suite 300
St. Paul, Minnesota 55103-3000

Re: 2025 Annual Comprehensive Financial Report

Dear Members of the Board:

We have previously prepared and presented to you our actuarial valuations for accounting and financial reporting purposes for the State Employees Retirement Fund (SERF), the State Patrol Retirement Fund (SPRF), the Correctional Employees Retirement Fund (CERF), the Judges Retirement Fund (JRF) and the Legislators Retirement Fund (LRF) as of June 30, 2025. These annual reports provide information that is intended to comply with the Governmental Accounting Standards Board (GASB) Statements No. 67 and No. 68. These calculations have been made on a basis that is consistent with our understanding of these accounting standards.

GASB Statement No. 67 is the accounting standard that applies to the financial reports issued by retirement systems. GASB Statement No. 68 establishes accounting and financial reporting requirements for state and local government employers who provide their employees (including former employees) pension benefits through a trust.

In this Annual Comprehensive Financial Report, MSRS was responsible for preparing the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer. MSRS prepared the following exhibits in the Financial Section and the Actuarial Section based on information included in the annual actuarial valuation prepared by Gabriel, Roeder, Smith & Company (GRS):

- Schedule of Changes in the Employers' Net Pension Liability and Related Ratios;
- Schedule of Employer Contributions (and Notes to Schedule);
- Summary of GASB Statements No. 67 and No. 68 Actuarial Valuation Results;
- Summary of Deferred Outflows (Inflows) of Resources Arising from Current Reporting Period;
- Summary of Pension Expense (Income); and
- Summary of Actuarial Methods and Assumptions.

Reading the Annual Comprehensive Financial Report is not a substitute for reading the actuarial reports. In order to gain a full understanding of the actuarial condition of the System, it is important to read and understand the full actuarial reports for each of the aforementioned funds. Annual actuarial valuation reports for funding purposes, as well as for accounting and financial reporting purposes, are available on the MSRS website.

277 Coon Rapids Boulevard | Suite 212 | Coon Rapids, Minnesota 55433-2629

Actuary's Certification Letter

Board of Directors
Minnesota State Retirement System
December 1, 2025
Page 2

Valuation Results

The results of the June 30, 2025 GASB Statements No. 67 and No. 68 valuations are summarized in the following table (Dollars in Thousands).

Plan	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Ratio[1]	Pension Expense/ (Income)	Single Discount Rate
	(a)	(b)	(a) – (b)	(b) / (a)		
SERF	$19,851,695	$19,538,790	$312,905	98.42%	$586,149	7.00 %
SPRF	1,316,790	1,155,556	161,234	87.76%	42,344	7.00
CERF	2,397,424	1,985,814	411,610	82.83%	50,761	7.00
JRF	470,543	319,329	151,214	67.86%	12,597	7.00
LRF[2]	88,073	0	88,073	0.00	(4,024)	5.20

[1] *Plan Fiduciary Net Position as a Percentage of Total Pension Liability.*
[2] *The Legislators Retirement Fund is currently funded on a pay-as-you-go basis.*

The following amortization method change was recognized by all plans, except LRF, this year:

Layered amortization was implemented with the amortization periods defined as follows:

Source of Unfunded Actuarial Accrued Liability (UAAL)	Closed Period
Legacy UAAL as of July 1, 2024	Period ending June 30, 2048
Assumption or method changes	20 years
Experience gain or loss Active member benefit changes* Long-term inactive member benefit changes* Statutory Contributions that are more or less than the Total Required Contribution (per Chapter 356)	15 years
Short-term inactive member benefit changes	Period during which benefit change is in effect

* *For SPRF, the increase in UAAL due to the change in post-retirement benefit increase enacted in 2025 is amortized over the period ending June 30, 2048.*

Actuary's Certification Letter

Board of Directors
Minnesota State Retirement System
December 1, 2025
Page 3

The following changes were recognized this year by the State Employees Retirement Fund:

- The benefit multiplier changed from 1.70% to 1.90% for service earned after July 1, 2025.
- The post-retirement benefit increase changed from 1.50% to 1.75% effective January 1, 2026.
- The combined service annuity load was changed from 4% to 9% for vested terminated members, and from 5% to 51% for non-vested terminated members.

The following changes were recognized this year by the State Patrol Retirement Fund:

- Assumption changes as recommended in the experience study dated July 16, 2024:
    - Rates of salary increases were reduced slightly.
    - Rates of retirement were adjusted resulting in an overall increase in unreduced (Normal) retirements and a decrease in reduced (Early) retirements.
    - Rates of withdrawal were changed resulting in an increase in predicted terminations.
    - Rates of disability retirements were increased, with rates more substantially increased above age 40.
    - The mortality table was changed from the Pub-2010 General Mortality Table to the Pub-2010 Public Safety Mortality Table, and the mortality improvement scale was updated from MP-2019 to MP-2021.
    - Minor changes to form of payment assumptions for retirees.
    - Minor changes to assumptions made with respect to missing participant data.
- The combined service annuity load was changed from 13% to 9% for vested terminated members, and from 0% to 70% for non-vested terminated members.
- The post-retirement benefit increase changed from 1.00% per year to 1.25% per year effective January 1, 2026.
- The threshold to cease supplemental employer contributions was changed from 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on a market value of assets basis).
- The threshold to cease the $1 million annual State contribution was changed from the earlier of July 1, 2048 or 90% funded for three consecutive years to 100% funded for three consecutive years (on an actuarial value of assets basis).
- Additional annual direct State aid of $2.3 million was added each October 1, beginning October 1, 2025 through June 30, 2048.

Actuary's Certification Letter

Board of Directors
Minnesota State Retirement System
December 1, 2025
Page 4

The following changes were recognized this year by the Correctional Employees Retirement Fund:

- Assumption changes as recommended in the experience study dated July 16, 2024:
  - Rates of salary increases were reduced slightly.
  - Rates of retirement were adjusted resulting in an overall increase in unreduced (Normal) retirements and a slight decrease in reduced retirements.
  - Rates of withdrawal were changed resulting in an increase in predicted terminations for males with less than 15 years of service, and a decrease in predicted terminations for females.
  - Rates of disability were changed resulting in minor changes in predicted disability retirements below age 50 and fewer predicted disability retirements at ages 50 and older.
  - The mortality table was changed from the Pub-2010 General Mortality Table to the Pub-2010 Public Safety Mortality Table, and the mortality improvement scale was updated from MP-2019 to MP-2021.
  - Minor changes to form of payment assumptions for retirees.
  - Minor changes to assumptions made with respect to missing participant data.
- The combined service annuity load was changed from 17% to 6% for vested terminated members, and from 6% to 111% for non-vested terminated members.
- Changes were made to eligible employment positions; these changes will be reflected as these members are added to the Correctional Plan membership.
- The threshold to cease supplemental employer contributions was changed from 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on a market value of assets basis).

The following changes were recognized this year by the Judges Retirement Fund:

- Assumption changes as recommended in the experience study dated July 16, 2024:
  - Rates of retirement were adjusted resulting in an overall increase in unreduced (Normal) retirements and a decrease in reduced (Early) retirements.
  - The mortality table was changed from the Pub-2010 General Mortality Table to the Pub-2010 General Mortality Table, Above Median Income, and the mortality improvement scale was updated from MP-2019 to MP-2021.
  - Minor changes to assumptions made with respect to missing participant data.
- The threshold to cease supplemental employer contributions was changed from the earlier of July 1, 2048 or 100% funded for three consecutive years to 110% funded for three consecutive years (on an actuarial value of assets basis).

The following changes were recognized this year by the Legislators Retirement Fund:

- The Single Discount Rate was changed from 3.97% to 5.20%.
- The post-retirement benefit increase changed from 1.50% to 1.75%, effective January 1, 2026.

GRS

Actuary's Certification Letter

Board of Directors
Minnesota State Retirement System
December 1, 2025
Page 5

GRS performed a brief review of the basic financial and membership data provided to us as of June 30, 2025 by MSRS, and determined that the data appears reasonable in comparison to last year. We did not audit the data. We have relied upon the data as submitted in performing the actuarial valuation and in preparing trend data schedules. The assumptions are based on the last experience study (dated June 29, 2023 for SERF, July 16, 2024 for CERF, JRF and SPRF and July 20, 2023 for LRF). The MSRS Board selected the long-term expected rate of investment return based on input from GRS that the proposed selection would be reasonable for the purpose of the measurement. The assumptions and methods used for funding purposes meet the parameters established by Actuarial Standards of Practice.

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation, and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

To the best of our knowledge and belief, the methods and assumptions used in the actuarial valuations comply with Actuarial Standards of Practice (ASOPs), Generally Accepted Accounting Principles (GAAP) applicable in the United States, the requirements of Minnesota Statutes, Section 356.215, and the requirements of the Standards for Actuarial Work established by the LCPR. In our opinion, the results of the reports reflect the actuarial position of the plans on an ongoing basis under these assumptions, methods, and procedures.

Bonita J. Wurst and Sheryl L. Christensen are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained in this report. In addition, GRS meets the requirements of "approved actuary" under Minnesota Statutes, Section 356.215, Subdivision 1, Paragraph (c). The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

Respectfully submitted,
Gabriel, Roeder, Smith & Company

Bonita J. Wurst

Bonita J. Wurst, ASA, EA, FCA, MAAA

Sheryl Christensen

Sheryl L. Christensen, FSA, EA, FCA, MAAA

BJW/SLC:sc

GRS

Summary of GASB Statements No. 67 and No. 68 Actuarial Valuation Results

As of and For the Year Ended June 30, 2025
(Dollars in thousands)

	State Employees Retirement Fund	State Patrol Retirement Fund
Actuarial Valuation Date	June 30, 2025	June 30, 2025
Measurement Date of the Net Pension Liability	June 30, 2025	June 30, 2025
Net Pension Liability		
Total Pension Liability (TPL)	$19,851,695	$1,316,790
Fiduciary Net Position (FNP)	19,538,790	1,155,556
Net Pension Liability (NPL)	$312,905	$161,234
Covered Payroll	$4,556,436	$127,240
FNP as a percentage of TPL	98.42 %	87.76 %
NPL as a percentage of Covered Payroll	6.87 %	126.72 %
Deferred Outflows (Inflows) of Resources		
Arising from the Current Reporting Period due to:		
Differences Between Expected and Actual Experience	$351,254	$39,037
Assumption Changes	61,578	(9,206)
Differences Between Expected and Actual Investment Earnings	(692,461)	(40,562)
Total Pension Expense (Income)	$586,149	$42,344
Single Discount Rate		
Long-Term Expected Rate of Investment Return	7.00 %	7.00 %
Long-Term Municipal Bond Rate	5.20	5.20
Single Discount Rate	7.00	7.00
Last fiscal year for which projected benefits are fully funded (using a 100-year projection)	2125	2125

Summary of GASB Statements No. 67 and No. 68 Actuarial Valuation Results

As of and For the Year Ended June 30, 2025
(Dollars in thousands)

	Correctional Employees Retirement Fund	Judges Retirement Fund	Legislators Retirement Fund
Actuarial Valuation Date	June 30, 2025	June 30, 2025	June 30, 2025
Measurement Date of the Net Pension Liability	June 30, 2025	June 30, 2025	June 30, 2025
Net Pension Liability			
Total Pension Liability (TPL)	$2,397,424	$470,543	$88,073
Fiduciary Net Position (FNP)	1,985,814	319,329	0
Net Pension Liability (NPL)	$411,610	$151,214	$88,073
Covered Payroll	$371,313	$61,587	$400
FNP as a percentage of TPL	82.83 %	67.86 %	0.00 %
NPL as a percentage of Covered Payroll	110.85 %	245.53 %	22,018.25 %
Deferred Outflows (Inflows) of Resources			
Arising from the Current Reporting Period due to:			
Differences Between Expected and Actual Experience	$42,460	$10,584	$(1,053)
Assumption Changes	(21,253)	3,369	(8,978)
Differences Between Expected and Actual Investment Earnings	(69,740)	(11,473)	0
Total Pension Expense (Income)	$50,761	$12,597	$(4,024)
Single Discount Rate			
Long-Term Expected Rate of Investment Return	7.00 %	7.00 %	7.00 %
Long-Term Municipal Bond Rate	5.20	5.20	5.20
Single Discount Rate	7.00	7.00	5.20
Last fiscal year for which projected benefits are fully funded (using a 100-year projection)	2125	2125	NA

Summary of Pension Expense (Income)

For the Year Ended June 30, 2025
(Dollars in thousands)

	State Employees Retirement Fund	State Patrol Retirement Fund
Service Cost	$387,797	$31,757
Interest on the Total Pension Liability	1,247,605	83,191
Current-Period Benefit Changes	717,031	34,447
Employee Contributions	(250,604)	(19,595)
Projected Earnings on Plan Investments	(1,250,651)	(73,313)
Pension Plan Administrative Expenses	12,708	250
Other Changes in Fiduciary Net Position	(21,448)	0
Recognition of Outflow (Inflow) of Resources Arising from the Current Reporting Period due to:		
Difference between expected and actual experience	70,251	6,506
Assumption Changes	12,316	(1,534)
Differences Between Expected and Actual Investment Earnings	(138,492)	(8,112)
Recognition of Outflow (Inflow) of Resources Arising from Prior Reporting Periods due to:		
Difference between expected and actual experience	68,563	8,509
Assumption Changes	146,111	3,291
Differences Between Expected and Actual Investment Earnings	(415,038)	(23,053)
Total Pension Expense (Income)	**$586,149**	**$42,344**

Summary of Pension Expense (Income)

For the Year Ended June 30, 2025
(Dollars in thousands)

	Correctional Employees Retirement Fund	Judges Retirement Fund	Legislators Retirement Fund
Service Cost	$61,392	$10,981	$197
Interest on the Total Pension Liability	156,920	30,544	3,826
Current-Period Benefit Changes	0	0	1,983
Employee Contributions	(35,646)	(4,578)	(36)
Projected Earnings on Plan Investments	(125,414)	(20,376)	0
Pension Plan Administrative Expenses	1,165	83	37
Other Changes in Fiduciary Net Position	(16)	0	0
Recognition of Outflow (Inflow) of Resources Arising from the Current Reporting Period due to:			
Difference between expected and actual experience	10,615	2,117	(1,053)
Assumption Changes	(5,313)	674	(8,978)
Differences Between Expected and Actual Investment Earnings	(13,948)	(2,295)	0
Recognition of Outflow (Inflow) of Resources Arising from Prior Reporting Periods due to:			
Difference between expected and actual experience	21,068	1,167	0
Assumption Changes	17,665	891	0
Differences Between Expected and Actual Investment Earnings	(37,727)	(6,611)	0
Total Pension Expense (Income)	**$50,761**	**$12,597**	**$(4,024)**

Summary of Deferred Outflows (Inflows) of Resources Arising from the Current Reporting Period

For the Fiscal Year Ended June 30, 2025
(Dollars in thousands)

Changes in the net pension liability from one fiscal year to the next are recognized as a pension expense, except in specific situations as outlined in GASB Statement No. 68, and presented here. In the situations noted in the schedule below, the change in net pension liability is considered a deferred outflow of resources or a deferred inflow of resources. The deferred outflows and inflows of resources are amortized on a straight-line basis over a specified period of time, and recognized as an expense (or income) partially in the current period and partially in future periods.

Deferred Outflows (Inflows) of Resources Due to Differences Between Expected and Actual Experience

Plan	Total Difference	Recognition period	Recognized in Current Pension Expense	Recognized in Future Pension Expense
State Employees	$351,254	5 years	$70,251	$281,003
State Patrol	39,037	6 years	6,506	32,531
Correctional Employees	42,460	4 years	10,615	31,845
Judges	10,584	5 years	2,117	8,467
Legislators	(1,053)	1 year	(1,053)	0

Deferred Outflows (Inflows) of Resources Due to Changes in Actuarial Assumptions

Plan	Total Difference	Recognition period	Recognized in Current Pension Expense	Recognized in Future Pension Expense
State Employees	$61,578	5 years	$12,316	$49,262
State Patrol	(9,206)	6 years	(1,534)	(7,672)
Correctional Employees	(21,253)	4 years	(5,313)	(15,940)
Judges	3,369	5 years	674	2,695
Legislators	(8,978)	1 year	(8,978)	0

Deferred Outflows (Inflows) of Resources Due to Differences Between Expected and Actual Earnings on Pension Plan Investments

Plan	Total Difference	Recognition period	Recognized in Current Pension Expense	Recognized in Future Pension Expense
State Employees	$(692,461)	5 years	$(138,492)	$(553,969)
State Patrol	(40,562)	5 years	(8,112)	(32,450)
Correctional Employees	(69,740)	5 years	(13,948)	(55,792)
Judges	(11,473)	5 years	(2,295)	(9,178)
Legislators	0	5 years	0	0

Summary of Actuarial Methods and Assumptions

For the Year Ended June 30, 2025

Actuarial Methods

1. Actuarial Cost Method: Entry age normal

2. Asset Valuation Method: Fair value of assets

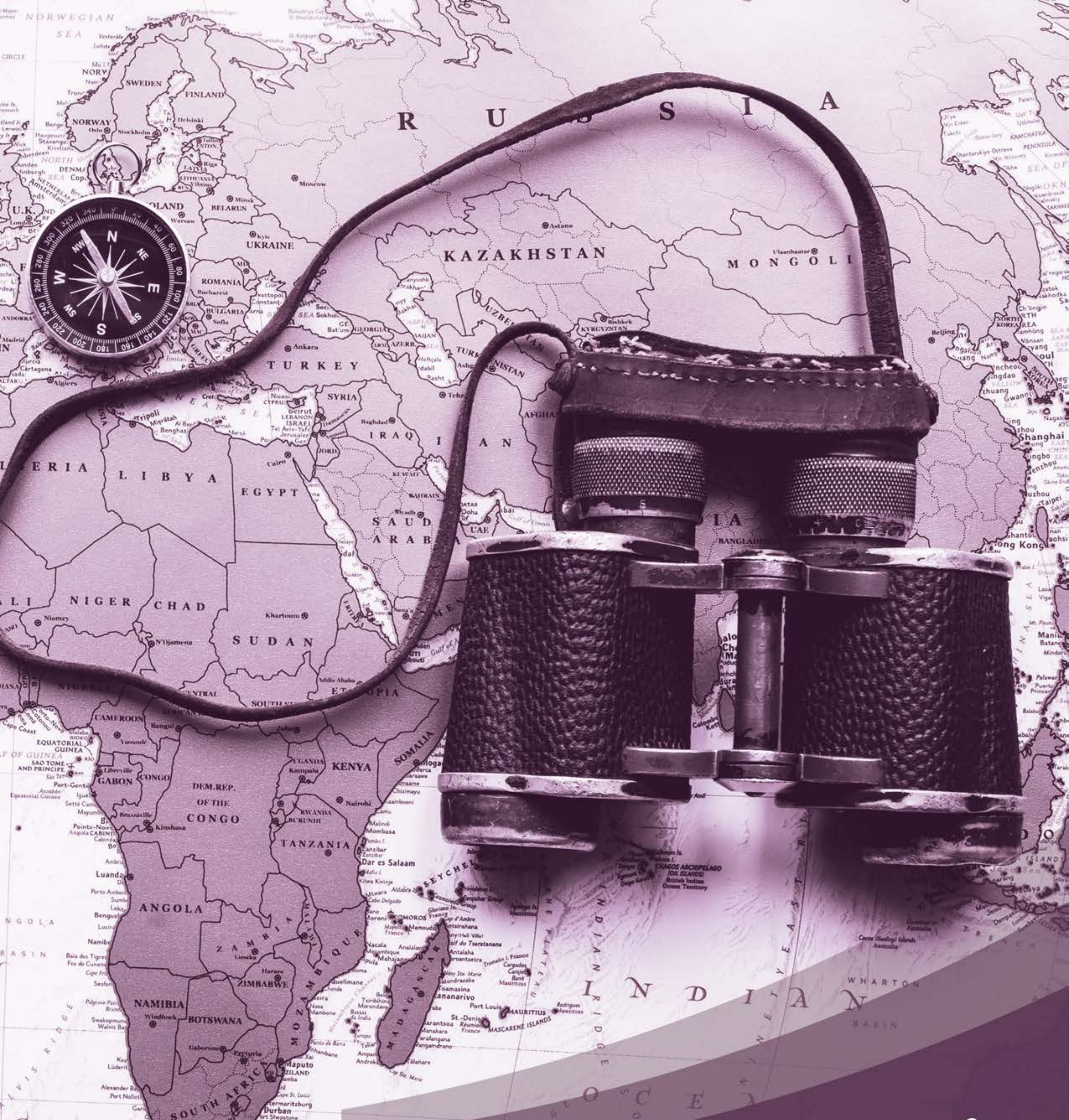
Actuarial Assumptions

Most assumptions used for GASB-compliant financial reporting purposes are the same as those used for the purposes of measuring funding progress and determining the required contribution rate, as noted beginning on page 139 of this section. Only the assumptions that differ are listed below, and the funds to which they pertain are noted parenthetically.

1. Single Discount Rate as of the June 30, 2025, Measurement Date:

7.00 percent (State Employees, State Patrol, Correctional Employees, Judges)
5.20 percent (Legislators)

NORTH
ATLANTIC
OCEAN
BRAZIL
BOLIVIA
PARAGUAY
MAURITANIA
SOUTH



Statistical

Introduction

GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, issued in May 2004, established the requirements for the information presented in this section of the annual comprehensive financial report. The information that follows is intended to provide financial statement users with historical perspectives, context and details. The information contained in this section supplements the financial information provided in the preceding sections and displays trends where they exist, to help readers gain a better understanding of the overall financial condition of MSRS.

The *Schedule of Changes in Fiduciary Net Position* shows a 10-year history of the asset growth of the various funds. This data allows readers to review trends in revenue sources and expense categories for all MSRS defined benefit and defined contribution funds.

The *Schedule of Benefits and Refunds by Type* displays in detail the growth of benefits disbursed, whereas the *Schedule of Revenues by Source* provides a 10-year history of the resources received along with the corresponding member payroll contributions and rate information. The *Schedule of Expenses by Type* summarizes the application of those resources over the past ten years.

The remaining schedules provide demographic information about the memberships and information about the employers that participate in the funds. The *Membership Summary* reports member counts, average age, and service credit over a 10-year period. The *Schedule of New Retirees and Average Benefit Payments* reflects the number of new retirees and their average monthly benefits, also over a 10-year period. The *Schedule of Retired Members by Type of Benefit* reports the June 30, 2025, retirees, monthly benefit amount, and various benefit options selected.

The schedules in this section can be used together to gain a broader historical picture of the activities at MSRS. For instance, when service credit increases on the *Membership Summary*, the average benefit shown on the *Schedule of New Retirees and Average Benefit Payments* will similarly increase for members with comparable years of service. Consequently, higher average benefits will be reflected in larger annuity benefit payment amounts reported in the *Schedule of Changes in Fiduciary Net Position* and *Schedule of Expenses by Type*.

All the information contained in the schedules of this section was extracted from the database records of MSRS and summarized in the formats shown. There were no estimates or assumptions used in compiling this data.

Schedule of Changes in Fiduciary Net Position

For the Ten Fiscal Years Ended 2025
(Dollars in thousands)

State Employees Retirement Fund

	2025	2024	2023	2022	2021
Additions					
Plan Member Contributions	$250,604	$223,460	$218,890	$206,056	$199,525
Employer Contributions	283,169	252,541	227,175	212,759	206,381
State General Fund Contributions	0	76,440	0	0	0
Investment Income (Net of Expenses)	1,943,112	1,996,673	1,373,781	(1,060,537)	4,098,129
Other Additions	23,854	18,480	26,119	28,202	28,972
Total Additions	$2,500,739	$2,567,593	$1,845,965	$(613,520)	$4,533,007
Deductions					
Annuity Benefits	$1,068,310	$1,043,041	$1,001,955	$966,698	$923,364
Refunds	16,881	18,498	17,209	19,243	12,556
Administrative Expenses	12,708	11,826	10,668	10,483	10,779
Other Expenses	1,270	1,103	976	257	1,948
Total Deductions	$1,099,169	$1,074,467	$1,030,808	$996,681	$948,647
Change in Fiduciary Net Position	**$1,401,570**	**$1,493,126**	**$815,157**	**$(1,610,201)**	**$3,584,360**

	2020	2019	2018	2017	2016
Additions					
Plan Member Contributions	$197,897	$182,210	$166,726	$161,670	$153,854
Employer Contributions	204,006	182,939	164,233	158,352	151,168
State General Fund Contributions	0	0	0	0	0
Investment Income (Net of Expenses)	569,670	948,366	1,276,550	1,667,562	(9,633)
Other Additions	21,803	32,434	21,447	47,702	20,751
Total Additions	$993,376	$1,345,949	$1,628,956	$2,035,286	$316,140
Deductions					
Annuity Benefits	$885,517	$841,776	$797,027	$750,526	$707,361
Refunds	13,725	15,199	13,533	11,576	13,345
Administrative Expenses	10,261	9,877	9,564	10,165	10,196
Other Expenses	471	230	1,024	470	492
Total Deductions	$909,974	$867,082	$821,148	$772,737	$731,394
Change in Fiduciary Net Position	**$83,402**	**$478,867**	**$807,808**	**$1,262,549**	**$(415,254)**

Schedule of Changes in Fiduciary Net Position

For the Ten Fiscal Years Ended June 30, 2025
(Dollars in thousands)

State Patrol Retirement Fund

	2025	2024	2023	2022	2021
Additions					
Plan Member Contributions	$19,595	$17,453	$16,434	$16,515	$13,606
Employer Contributions	38,365	34,064	31,537	32,258	24,809
State General Fund Contributions	0	11,971	0	0	0
Investment Income (Net of Expenses)	113,875	115,542	77,364	(59,360)	224,273
Other Additions	1,000	1,000	1,000	1,000	1,000
Total Additions	$172,835	$180,030	$126,335	$(9,587)	$263,688
Deductions					
Annuity Benefits	$69,687	$69,703	$66,343	$64,332	$63,094
Refunds	308	187	237	174	116
Administrative Expenses	250	272	235	190	204
Other Expenses	0	0	2	0	0
Total Deductions	$70,245	$70,162	$66,817	$64,696	$63,414
Change in Fiduciary Net Position	**$102,590**	**$109,867**	**$59,518**	**$(74,283)**	**$200,274**

	2020	2019	2018	2017	2016
Additions					
Plan Member Contributions	$12,595	$12,038	$10,657	$10,520	$9,292
Employer Contributions	21,975	19,479	15,952	15,783	13,938
State General Fund Contributions	0	0	0	0	0
Investment Income (Net of Expenses)	31,073	51,823	70,474	93,077	(774)
Other Additions	1,000	1,000	1,000	1,000	1,000
Total Additions	$66,643	$84,340	$98,083	$120,380	$23,456
Deductions					
Annuity Benefits	$61,859	$60,375	$59,653	$58,560	$57,695
Refunds	112	428	39	5	79
Administrative Expenses	224	191	184	208	220
Other Expenses	2	1	7	0	0
Total Deductions	$62,197	$60,995	$59,883	$58,773	$57,994
Change in Fiduciary Net Position	**$4,446**	**$23,345**	**$38,200**	**$61,607**	**$(34,538)**

Schedule of Changes in Fiduciary Net Position

For the Ten Fiscal Years Ended June 30, 2025
(Dollars in thousands)

Correctional Employees Retirement Fund

	2025	2024	2023	2022	2021
Additions					
Plan Member Contributions	$35,646	$31,777	$29,843	$28,270	$27,136
Employer Contributions	69,796	62,332	58,521	55,104	48,823
State General Fund Contributions	0	10,446	0	0	0
Investment Income (Net of Expenses)	195,154	195,785	130,514	(99,155)	366,352
Other Additions	16	0	10	3	22
Total Additions	$300,612	$300,340	$218,888	$(15,778)	$442,333
Deductions					
Annuity Benefits	$103,706	$99,438	$92,863	$87,102	$81,829
Refunds	2,529	2,809	3,345	3,240	2,136
Administrative Expenses	1,165	1,100	970	909	950
Other Expenses	0	22	1	3	2
Total Deductions	$107,400	$103,368	$97,179	$91,254	$84,917
Change in Fiduciary Net Position	**$193,212**	**$196,972**	**$121,709**	**$(107,032)**	**$357,416**

	2020	2019	2018	2017	2016
Additions					
Plan Member Contributions	$26,734	$25,686	$23,417	$22,648	$21,953
Employer Contributions	43,658	38,245	32,893	31,763	30,678
State General Fund Contributions	0	0	0	0	0
Investment Income (Net of Expenses)	49,608	80,942	105,263	135,359	(195)
Other Additions	0	0	0	0	0
Total Additions	$120,000	$144,873	$161,573	$189,770	$52,436
Deductions					
Annuity Benefits	$77,045	$72,419	$67,622	$63,221	$59,045
Refunds	2,488	2,484	2,052	1,466	1,895
Administrative Expenses	924	856	827	856	906
Other Expenses	1	6	2	2	0
Total Deductions	$80,458	$75,765	$70,503	$65,545	$61,846
Change in Fiduciary Net Position	**$39,542**	**$69,108**	**$91,070**	**$124,225**	**$(9,410)**

Schedule of Changes in Fiduciary Net Position

For the Ten Fiscal Years Ended June 30, 2025
(Dollars in thousands)

Judges Retirement Fund

	2025	2024	2023	2022	2021
Additions					
Plan Member Contributions	$4,578	$4,420	$4,121	$4,214	$4,166
Employer Contributions	13,857	13,241	12,245	12,248	11,916
State General Fund Contributions	6,000	6,293	6,000	6,000	6,000
Investment Income (Net of Expenses)	31,849	32,494	22,013	(17,022)	64,934
Other Additions	0	0	0	0	0
Total Additions	$56,284	$56,447	$44,379	$5,440	$87,016
Deductions					
Annuity Benefits	$31,575	$30,354	$29,287	$28,035	$27,038
Refunds	0	272	0	0	0
Administrative Expenses	83	106	76	72	77
Other Expenses	0	0	0	0	0
Total Deductions	$31,658	$30,731	$29,363	$28,107	$27,115
Change in Fiduciary Net Position	**$24,626**	**$25,716**	**$15,016**	**$(22,667)**	**$59,901**

	2020	2019	2018	2017	2016
Additions					
Plan Member Contributions	$4,168	$4,049	$3,973	$3,932	$3,763
Employer Contributions	11,767	11,287	11,027	10,758	10,219
State General Fund Contributions	6,000	6,000	6,000	3,000	0
Investment Income (Net of Expenses)	8,955	14,491	19,265	24,729	(186)
Other Additions	0	0	0	0	0
Total Additions	$30,890	$35,827	$40,265	$42,419	$13,796
Deductions					
Annuity Benefits	$26,272	$25,233	$23,585	$22,785	$22,378
Refunds	30	0	0	309	0
Administrative Expenses	113	87	66	89	93
Other Expenses	0	0	0	0	0
Total Deductions	$26,415	$25,320	$23,651	$23,183	$22,471
Change in Fiduciary Net Position	**$4,475**	**$10,507**	**$16,614**	**$19,236**	**$(8,675)**

Schedule of Changes in Fiduciary Net Position

For the Ten Fiscal Years Ended June 30, 2025
(Dollars in thousands)

Legislators Retirement Fund

	2025	2024	2023	2022	2021
Additions					
Plan Member Contributions	$36	$38	$49	$62	$77
State General Fund Contributions	8,364	8,813	8,699	8,682	8,639
Investment Income (Net of Expenses)	0	0	0	0	0
Other Additions	0	0	0	0	0
Total Additions	$8,400	$8,851	$8,748	$8,744	$8,716
Deductions					
Annuity Benefits	$8,363	$8,811	$8,712	$8,677	$8,679
Refunds	0	0	0	28	0
Administrative Expenses	37	41	36	39	37
Other Expenses	0	0	0	0	0
Total Deductions	$8,400	$8,851	$8,748	$8,744	$8,716
Change in Fiduciary Net Position	**$0**	**$0**	**$0**	**$0**	**$0**

	2020	2019	2018	2017	2016
Additions					
Plan Member Contributions	$87	$91	$93	$80	$89
State General Fund Contributions	8,764	8,798	8,856	8,716	5,087
Investment Income (Net of Expenses)	0	0	0	0	(69)
Other Additions	0	0	0	0	0
Total Additions	$8,851	$8,889	$8,949	$8,796	$5,107
Deductions					
Annuity Benefits	$8,812	$8,853	$8,912	$8,716	$8,496
Refunds	0	0	0	0	40
Administrative Expenses	39	36	37	39	42
Other Expenses	0	0	0	0	0
Total Deductions	$8,851	$8,889	$8,949	$8,755	$8,578
Change in Fiduciary Net Position	**$0**	**$0**	**$0**	**$41**	**$(3,471)**

Schedule of Changes in Fiduciary Net Position

For the Ten Fiscal Years Ended June 30, 2025
(Dollars in thousands)

Unclassified Employees Retirement Fund

	2025	2024	2023	2022	2021
Additions					
Plan Member Contributions	$10,473	$9,090	$8,613	$8,370	$7,455
Employer Contributions	10,883	10,355	8,884	8,615	7,457
Investment Income (Net of Expenses)	51,237	54,817	39,536	(47,187)	89,912
Other Additions	1,490	1,291	1,181	433	2,138
Total Additions	$74,083	$75,553	$58,214	$(29,769)	$106,962
Deductions					
Refunds	$9,518	$13,527	$7,287	$9,236	$6,732
Administrative Expenses	502	463	422	271	317
Other Expenses	24,022	18,645	26,271	28,346	29,059
Total Deductions	$34,042	$32,635	$33,980	$37,853	$36,108
Change in Fiduciary Net Position	**$40,041**	**$42,918**	**$24,234**	**$(67,622)**	**$70,854**

	2020	2019	2018	2017	2016
Additions					
Plan Member Contributions	$7,438	$6,918	$6,407	$6,635	$5,810
Employer Contributions	7,832	7,542	7,421	6,945	6,187
Investment Income (Net of Expenses)	19,233	23,215	30,779	37,605	4,673
Other Additions	654	317	1,147	623	682
Total Additions	$35,157	$37,992	$45,754	$51,808	$17,352
Deductions					
Refunds	$4,836	$6,433	$4,790	$4,068	$6,751
Administrative Expenses	408	279	127	148	155
Other Expenses	21,868	32,519	21,511	47,775	20,743
Total Deductions	$27,112	$39,231	$26,428	$51,991	$27,649
Change in Fiduciary Net Position	**$8,045**	**$(1,239)**	**$19,326**	**$(183)**	**$(10,297)**

Schedule of Changes in Fiduciary Net Position

For the Ten Fiscal Years Ended June 30, 2025
(Dollars in thousands)

Health Care Savings Fund

	2025	2024	2023	2022	2021
Additions					
Plan Member Contributions	$195,470	$180,166	$185,389	$198,915	$186,610
Investment Income (Net of Expenses)	207,469	218,085	149,126	(134,441)	239,898
Other Additions	8,707	8,159	7,338	7,225	6,710
Total Additions	$411,646	$406,410	$341,853	$71,699	$433,218
Deductions					
Health Care Reimbursements	$121,717	$108,974	$109,158	$106,361	$94,664
Administrative Expenses	5,269	4,637	4,416	3,717	3,892
Other Expenses	11,702	10,846	9,995	10,055	9,190
Total Deductions	$138,688	$124,458	$123,569	$120,133	$107,746
Change in Fiduciary Net Position	**$272,958**	**$281,952**	**$218,284**	**$(48,434)**	**$325,472**

	2020	2019	2018	2017	2016
Additions					
Plan Member Contributions	$155,367	$153,595	$140,286	$138,807	$130,016
Investment Income (Net of Expenses)	48,611	59,593	63,676	65,084	7,485
Other Additions	5,795	5,299	4,850	4,220	3,959
Total Additions	$209,773	$218,487	$208,812	$208,111	$141,460
Deductions					
Health Care Reimbursements	$87,488	$84,976	$79,448	$74,686	$71,541
Administrative Expenses	3,657	3,365	2,800	2,559	2,290
Other Expenses	9,069	8,359	7,471	7,051	6,316
Total Deductions	$100,214	$96,700	$89,719	$84,296	$80,147
Change in Fiduciary Net Position	**$109,559**	**$121,787**	**$119,093**	**$123,815**	**$61,313**

Schedule of Changes in Fiduciary Net Position

For the Ten Fiscal Years Ended June 30, 2025
(Dollars in thousands)

Minnesota Deferred Compensation Plan

	2025	2024	2023	2022	2021
Additions					
Plan Member Contributions	$422,186	$403,877	$365,682	$354,569	$317,833
Employer Contributions [1]	9,522	9,157	8,472	7,946	5,991
Investment Income (Net of Expenses)	1,171,836	1,121,666	882,813	(1,008,263)	2,026,177
Other Additions	5,262	5,195	4,977	5,147	4,904
Total Additions	$1,608,806	$1,539,895	$1,261,944	$(640,601)	$2,354,905
Deductions					
Ongoing Withdrawals	$98,359	$83,520	$83,810	$80,019	$56,067
Refunds	577,461	536,813	413,286	432,230	367,011
Administrative Expenses	5,411	4,810	4,582	3,781	3,817
Other Expenses	8,105	7,303	6,968	7,151	6,772
Total Deductions	$689,336	$632,446	$508,646	$523,181	$433,667
Change in Fiduciary Net Position	**$919,470**	**$907,449**	**$753,298**	**$(1,163,782)**	**$1,921,238**

	2020	2019	2018	2017	2016
Additions					
Plan Member Contributions	$313,601	$289,998	$278,319	$270,665	$240,934
Employer Contributions	0	5,459	5,239	0	54
Investment Income (Net of Expenses)	299,338	552,287	560,524	665,340	55,177
Other Additions	4,560	4,410	4,320	3,839	4,843
Total Additions	$617,499	$852,154	$848,402	$939,844	$301,008
Deductions					
Ongoing Withdrawals	$61,618	$56,430	$49,160	$41,524	$42,472
Refunds	313,524	298,379	277,223	255,567	232,986
Administrative Expenses	3,592	3,358	2,975	3,444	3,522
Other Expenses	6,780	6,520	6,356	4,939	3,582
Total Deductions	$385,514	$364,687	$335,714	$305,474	$282,562
Change in Fiduciary Net Position	**$231,985**	**$487,467**	**$512,688**	**$634,370**	**$18,446**

[1] Employer contributions have not been consistently available until 2021. In earlier years, employer contributions were included with member contributions.

Schedule of Changes in Fiduciary Net Position

For the Ten Fiscal Years Ended June 30, 2025
(Dollars in thousands)

Hennepin County Supplemental Retirement Fund

	2025	2024	2023	2022	2021
Additions					
Plan Member Contributions	$26	$31	$40	$54	$65
Employer Contributions	26	31	40	54	66
Investment Income (Net of Expenses)	21,416	25,901	18,738	(21,747)	42,367
Other Income	105	93	94	109	106
Total Additions	$21,573	$26,057	$18,912	$(21,530)	$42,604
Deductions					
Ongoing Withdrawals	$5,937	$6,228	$5,361	$7,103	$6,995
Refunds	10,980	4,462	5,690	5,436	4,673
Administrative Expenses	34	34	31	26	29
Other Expenses	201	179	148	194	163
Total Deductions	$17,152	$10,904	$11,230	$12,759	$11,860
Change in Fiduciary Net Position	**$4,421**	**$15,153**	**$7,682**	**$(34,289)**	**$30,744**

	2020	2019	2018	2017	2016
Additions					
Plan Member Contributions	$88	$107	$133	$160	$197
Employer Contributions	89	106	133	160	197
Investment Income (Net of Expenses)	10,112	12,036	15,677	17,757	2,296
Other Income	90	94	95	90	86
Total Additions	$10,379	$12,343	$16,038	$18,166	$2,776
Deductions					
Ongoing Withdrawals	$7,211	$6,194	$6,500	$5,396	$4,665
Refunds	3,871	4,362	3,302	3,434	3,174
Administrative Expenses	27	26	21	21	25
Other Expenses	161	159	165	155	141
Total Deductions	$11,270	$10,741	$9,988	$9,006	$8,005
Change in Fiduciary Net Position	**$(891)**	**$1,602**	**$6,050**	**$9,160**	**$(5,229)**

Schedule of Revenues by Source

(Dollars in thousands)

Fiscal Year Ended June 30	Employee Contributions	Employer Contributions	Investment Income	Other Income (1)	Total	Actual Covered Payroll	Percentage Employer Contributions (2)
State Employees Retirement Fund							
2016	$153,854	$151,168	$(9,633)	$20,751	$316,140	$2,797,345	5.50 %
2017	161,670	158,352	1,667,562	47,702	2,035,286	2,939,455	5.50
2018	166,726	164,233	1,276,550	21,447	1,628,956	3,031,382	5.50
2019	182,210	182,939	948,366	32,434	1,345,949	3,168,870	5.88
2020	197,897	204,006	569,670	21,803	993,376	3,298,283	6.25
2021	199,525	206,381	4,098,129	28,972	4,533,007	3,325,417	6.25
2022	206,056	212,759	(1,060,537)	28,202	(613,520)	3,434,267	6.25
2023	218,890	227,175	1,373,781	26,119	1,845,965	3,648,167	6.25
2024	223,460	252,541	1,996,673	94,920	2,567,593	4,062,909	6.25
2025	250,604	283,169	1,943,112	23,854	2,500,739	4,556,436	6.25
State Patrol Retirement Fund							
2016	$9,292	$13,938	$(774)	$1,000	$23,456	$69,343	20.10 %
2017	10,520	15,783	93,077	1,000	120,380	73,056	21.60
2018	10,657	15,952	70,474	1,000	98,083	74,007	21.60
2019	12,038	19,479	51,823	1,000	84,340	80,792	24.10
2020	12,595	21,975	31,073	1,000	66,643	84,530	26.10
2021	13,606	24,809	224,273	1,000	263,688	88,351	28.10
2022	16,515	32,258	(59,360)	1,000	(9,587)	107,240	30.10
2023	16,434	31,537	77,364	1,000	126,335	106,714	30.10
2024	17,453	34,064	115,542	12,971	180,030	113,331	30.10
2025	19,595	38,365	113,875	1,000	172,835	127,240	30.10
Correctional Employees Retirement Fund							
2016	$21,953	$30,678	$(195)	$0	$52,436	$241,242	12.85 %
2017	22,648	31,763	135,359	0	189,770	248,879	12.85
2018	23,417	32,893	105,263	0	161,573	257,330	12.85
2019	25,686	38,245	80,942	0	144,873	267,563	14.40
2020	26,734	43,658	49,608	0	120,000	278,479	15.85
2021	27,136	48,823	366,352	22	442,333	282,667	17.35
2022	28,270	55,104	(99,155)	3	(15,778)	294,479	18.85
2023	29,843	58,521	130,514	10	218,888	310,865	18.85
2024	31,777	62,332	195,785	10,446	300,340	331,010	18.85
2025	35,646	69,796	195,154	16	300,612	371,313	18.85

(1) Other income in 2024 includes one-time aid from the State of Minnesota General Fund for all funds.

(2) Actual employer contributions may exceed the statutorily required percentage due to employer-paid interest, penalties and leaves of absence. Percentages exclude statutorily required annual state contributions and one time state aid in 2024.

Schedule of Revenues by Source

(Dollars in thousands)

Fiscal Year Ended June 30	Employee Contributions	Employer Contributions	Investment Income	Other Income (1) (2)	Total	Actual Covered Payroll	Percentage Employer Contributions (3)
Judges Retirement Fund							
2016	$3,763	$10,219	$(186)	$0	$13,796	$45,418	22.50 %
2017	3,932	10,758	24,729	3,000	42,419	47,813	22.50
2018	3,973	11,027	19,265	6,000	40,265	49,009	22.50
2019	4,049	11,287	14,491	6,000	35,827	50,164	22.50
2020	4,168	11,767	8,955	6,000	30,890	52,298	22.50
2021	4,166	11,916	64,934	6,000	87,016	52,960	22.50
2022	4,214	12,248	(17,022)	6,000	5,440	54,436	22.50
2023	4,121	12,245	22,013	6,000	44,379	54,422	22.50
2024	4,420	13,241	32,494	6,293	56,447	58,849	22.50
2025	4,578	13,857	31,849	6,000	56,284	61,587	22.50
Legislators Retirement Fund							
2016	$89	NA	$(69)	$5,087	$5,107	$989	NA
2017	80	NA	0	8,716	8,796	889	NA
2018	93	NA	0	8,856	8,949	1,033	NA
2019	91	NA	0	8,798	8,889	1,011	NA
2020	87	NA	0	8,764	8,851	967	NA
2021	77	NA	0	8,639	8,716	856	NA
2022	62	NA	0	8,682	8,744	689	NA
2023	49	NA	0	8,699	8,748	544	NA
2024	38	NA	0	8,813	8,851	422	NA
2025	36	NA	0	8,364	8,400	400	NA

(1) Other income for the Legislators Retirement Fund includes appropriations from the State's General Fund.

(2) Other income in 2024 includes one-time aid from the State of Minnesota General Fund for all funds.

(3) Actual employer contributions may exceed the statutorily required percentage due to employer-paid interest, penalties and leaves of absence. Percentages exclude statutorily required annual state contributions and one time state aid in 2024.

Schedule of Expenses by Type

(Dollars in thousands)

State Employees Retirement Fund

Fiscal Year Ended June 30	Annuity Benefits	Administrative Expenses	Refunds	Other Expenses	Total
2016	$707,361	$10,196	$13,345	$492	$731,394
2017	750,526	10,165	11,576	470	772,737
2018	797,027	9,564	13,533	1,024	821,148
2019	841,776	9,877	15,199	230	867,082
2020	885,517	10,261	13,725	471	909,974
2021	923,364	10,779	12,556	1,948	948,647
2022	966,698	10,483	19,243	257	996,681
2023	1,001,955	10,668	17,209	976	1,030,808
2024	1,043,041	11,826	18,498	1,103	1,074,467
2025	1,068,310	12,708	16,881	1,270	1,099,169

State Patrol Retirement Fund

Fiscal Year Ended June 30	Annuity Benefits	Administrative Expenses	Refunds	Other Expenses	Total
2016	$57,695	$220	$79	$0	$57,994
2017	58,560	208	5	0	58,773
2018	59,653	184	39	7	59,883
2019	60,375	191	428	1	60,995
2020	61,859	224	112	2	62,197
2021	63,094	204	116	0	63,414
2022	64,332	190	174	0	64,696
2023	66,343	235	237	2	66,817
2024	69,703	272	187	0	70,162
2025	69,687	250	308	0	70,245

Correctional Employees Retirement Fund

Fiscal Year Ended June 30	Annuity Benefits	Administrative Expenses	Refunds	Other Expenses	Total
2016	$59,045	$906	$1,895	$0	$61,846
2017	63,221	856	1,466	2	65,545
2018	67,622	827	2,052	2	70,503
2019	72,419	856	2,484	6	75,765
2020	77,045	924	2,488	1	80,458
2021	81,829	950	2,136	2	84,917
2022	87,102	909	3,240	3	91,254
2023	92,863	970	3,345	1	97,179
2024	99,438	1,100	2,809	22	103,368
2025	103,706	1,165	2,529	0	107,400

Schedule of Expenses by Type

(Dollars in thousands)

Judges Retirement Fund

Fiscal Year Ended June 30	Annuity Benefits	Administrative Expenses	Refunds	Other Expenses	Total
2016	$22,378	$93	$0	$0	$22,471
2017	22,785	89	309	0	23,183
2018	23,585	66	0	0	23,651
2019	25,233	87	0	0	25,320
2020	26,272	113	30	0	26,415
2021	27,038	77	0	0	27,115
2022	28,035	72	0	0	28,107
2023	29,287	76	0	0	29,363
2024	30,354	106	272	0	30,731
2025	31,575	83	0	0	31,658

Legislators Retirement Fund

Fiscal Year Ended June 30	Annuity Benefits	Administrative Expenses	Refunds	Other Expenses	Total
2016	$8,496	$42	$40	$0	$8,578
2017	8,716	39	0	0	8,755
2018	8,912	37	0	0	8,949
2019	8,853	36	0	0	8,889
2020	8,812	39	0	0	8,851
2021	8,679	37	0	0	8,716
2022	8,677	39	28	0	8,744
2023	8,712	36	0	0	8,748
2024	8,811	41	0	0	8,851
2025	8,363	37	0	0	8,400

Schedule of Benefits and Refunds by Type

(Dollars in thousands)

State Employees Retirement Fund

Year Ended June 30	Retirement Benefits	Survivor Benefits	Disability Benefits	Total Benefits	Separation Refunds	Death Refunds	Refund Interest	Total Refunds
2016	$613,101	$67,674	$26,586	$707,361	$7,390	$2,037	$3,918	$13,345
2017	653,158	70,400	26,968	750,526	7,191	1,376	3,009	11,576
2018	696,294	73,168	27,565	797,027	8,175	1,906	3,452	13,533
2019	738,113	75,781	27,882	841,776	9,569	1,625	4,005	15,199
2020	779,260	78,080	28,177	885,517	8,456	1,867	3,402	13,725
2021	815,661	80,090	27,613	923,364	8,183	1,517	2,856	12,556
2022	856,293	82,681	27,724	966,698	11,976	2,826	4,441	19,243
2023	888,226	85,909	27,820	1,001,955	11,359	2,233	3,617	17,209
2024	925,699	89,800	27,541	1,043,041	10,674	4,172	3,652	18,498
2025	948,419	92,790	27,101	1,068,310	10,477	2,396	4,008	16,881

State Patrol Retirement Fund

Year Ended June 30	Retirement Benefits	Survivor Benefits	Disability Benefits	Total Benefits	Separation Refunds	Death Refunds	Refund Interest	Total Refunds
2016	$49,727	$5,453	$2,515	$57,695	$73	$0	$6	$79
2017	50,677	5,434	2,449	58,560	4	0	1	5
2018	51,439	5,568	2,646	59,653	35	0	4	39
2019	51,957	5,730	2,688	60,375	314	29	85	428
2020	53,048	5,904	2,907	61,859	107	0	5	112
2021	53,981	5,905	3,208	63,094	109	0	7	116
2022	53,992	6,523	3,817	64,332	154	0	20	174
2023	55,106	6,602	4,635	66,343	204	0	33	237
2024	58,018	6,679	5,006	69,703	171	0	16	187
2025	58,367	6,407	4,913	69,687	249	0	59	308

Correctional Employees Retirement Fund

Year Ended June 30	Retirement Benefits	Survivor Benefits	Disability Benefits	Total Benefits	Separation Refunds	Death Refunds	Refund Interest	Total Refunds
2016	$50,313	$3,106	$5,626	$59,045	$1,516	$73	$306	$1,895
2017	54,178	3,277	5,766	63,221	1,186	53	227	1,466
2018	58,272	3,435	5,915	67,622	1,651	95	306	2,052
2019	62,380	3,780	6,259	72,419	1,908	143	433	2,484
2020	66,383	4,021	6,641	77,045	1,816	268	404	2,488
2021	70,468	4,480	6,881	81,829	1,758	74	304	2,136
2022	75,166	4,894	7,042	87,102	2,593	218	429	3,240
2023	80,377	5,256	7,230	92,863	2,876	87	382	3,345
2024	86,288	5,699	7,451	99,438	2,080	333	396	2,809
2025	89,651	6,255	7,800	103,706	1,881	288	360	2,529

Schedule of Benefits and Refunds by Type

(Dollars in thousands)

Judges Retirement Fund

Year Ended June 30	Retirement Benefits	Survivor Benefits	Disability Benefits	Total Benefits	Separation Refunds	Death Refunds	Refund Interest	Total Refunds
2016	$16,650	$4,113	$1,615	$22,378	$0	$0	$0	$0
2017	17,328	4,211	1,246	22,785	17	291	1	309
2018	18,372	4,138	1,075	23,585	0	0	0	0
2019	19,918	4,221	1,094	25,233	0	0	0	0
2020	20,904	4,255	1,113	26,272	28	0	2	30
2021	21,595	4,271	1,172	27,038	0	0	0	0
2022	22,699	4,204	1,132	28,035	0	0	0	0
2023	23,873	4,454	960	29,287	0	0	0	0
2024	24,834	4,610	910	30,354	0	202	70	272
2025	26,075	4,725	775	31,575	0	0	0	0

Legislators Retirement Fund

Year Ended June 30	Retirement Benefits	Survivor Benefits	Disability Benefits	Total Benefits	Separation Refunds	Death Refunds	Refund Interest	Total Refunds
2016	$7,114	$1,382	NA	$8,496	$0	$16	$24	$40
2017	7,269	1,447	NA	8,716	0	0	0	0
2018	7,205	1,707	NA	8,912	0	0	0	0
2019	7,081	1,772	NA	8,853	0	0	0	0
2020	7,017	1,795	NA	8,812	0	0	0	0
2021	6,932	1,747	NA	8,679	0	0	0	0
2022	6,773	1,904	NA	8,677	0	6	22	28
2023	6,732	1,980	NA	8,712	0	0	0	0
2024	6,731	2,080	NA	8,811	0	0	0	0
2025	6,545	1,818	NA	8,363	0	0	0	0

Summary of Membership

Fiscal Year	Active Member Count: Vested	Active Member Count: Non Vested	Active Member Count: Total	Total Benefit Recipient Count	Non Active Member Count: Vested	Non Active Member Count: Non Vested	Non Active Member Count: Total	Active Members: Average Age	Active Members: Years of Service Credit
State Employees Retirement Fund									
2016	33,436	16,036	49,472	37,952	17,019	7,571	24,590	46.9	11.6
2017	33,398	17,180	50,578	39,333	17,006	9,468	26,474	46.7	11.3
2018	33,876	17,347	51,223	40,821	17,109	8,235	25,344	46.6	11.1
2019	33,898	18,099	51,997	42,373	17,154	9,110	26,264	46.5	10.8
2020	34,268	17,474	51,742	43,919	17,333	9,670	27,003	46.5	10.7
2021	34,718	16,171	50,889	45,430	17,317	9,562	26,879	46.5	10.7
2022	34,817	16,402	51,219	46,846	17,822	10,668	28,490	46.3	10.4
2023	35,289	17,170	52,459	48,053	18,349	11,437	29,786	46.2	10.1
2024	40,653	14,800	55,453	48,956	18,827	11,689	30,516	45.9	9.8
2025	42,276	15,318	57,594	49,825	19,431	12,066	31,497	45.9	9.6
State Patrol Retirement Fund									
2016	730	162	892	1,048	55	20	75	40.6	11.1
2017	696	206	902	1,052	59	28	87	40.6	11.2
2018	724	197	921	1,071	56	22	78	40.6	11.1
2019	704	239	943	1,078	56	31	87	40.7	11.2
2020	691	246	937	1,107	63	30	93	40.6	11.1
2021	644	268	912	1,121	69	36	105	40.8	11.4
2022	629	308	937	1,140	78	41	119	40.8	11.2
2023	613	366	979	1,168	76	54	130	40.5	10.7
2024	632	355	987	1,172	79	64	143	40.7	10.9
2025	654	354	1,008	1,200	81	69	150	40.5	10.6
Correctional Employees Retirement Fund									
2016	2,970	1,551	4,521	2,918	1,316	661	1,977	41.4	8.7
2017	2,983	1,596	4,579	3,084	1,310	818	2,128	41.4	8.8
2018	2,985	1,665	4,650	3,259	1,347	843	2,190	41.2	8.8
2019	2,981	1,601	4,582	3,428	1,386	950	2,336	41.5	9.0
2020	3,028	1,495	4,523	3,586	1,426	1,008	2,434	41.6	9.1
2021	3,078	1,426	4,504	3,728	1,428	1,068	2,496	41.7	9.4
2022	3,038	1,382	4,420	3,914	1,475	1,169	2,644	41.8	9.5
2023	2,973	1,453	4,426	4,089	1,544	1,309	2,853	41.8	9.3
2024	2,885	1,591	4,476	4,238	1,649	1,517	3,166	41.8	9.1
2025	2,913	1,811	4,724	4,367	1,665	1,698	3,363	41.6	8.8

Summary of Membership

Fiscal Year	Active Member Count: Vested	Active Member Count: Non Vested	Active Member Count: Total	Total Benefit Recipient Count	Non Active Member Count: Vested	Non Active Member Count: Non Vested	Non Active Member Count: Total	Active Members: Average Age	Active Members: Years of Service Credit
Judges Retirement Fund									
2016	278	33	311	350	17	0	17	56.8	9.7
2017	279	38	317	351	15	0	15	57.0	9.9
2018	283	34	317	369	15	0	15	56.3	9.4
2019	285	30	315	383	19	1	20	55.7	8.8
2020	286	36	322	390	17	0	17	55.8	8.9
2021	283	37	320	394	19	0	19	55.9	9.0
2022	280	40	320	412	19	1	20	55.2	8.6
2023	291	30	321	421	17	1	18	55.2	8.8
2024	288	30	318	423	21	1	22	55.1	8.9
2025	292	31	323	444	22	1	23	54.4	8.5
Legislators Retirement Fund									
2016	23	0	23	372	52	0	52	68.2	29.2
2017	19	0	19	375	44	0	44	67.9	29.0
2018	19	0	19	372	39	0	39	68.9	30.0
2019	17	0	17	370	32	0	32	70.7	31.0
2020	17	0	17	360	31	0	31	71.7	32.0
2021	12	0	12	357	27	0	27	70.6	32.3
2022	12	0	12	349	25	0	25	71.6	33.3
2023	7	0	7	349	19	0	19	71.4	34.8
2024	7	0	7	334	16	0	16	72.4	35.8
2025	6	0	6	320	12	0	12	73.4	36.5

Schedule of Retired Members by Type of Benefit

As of June 30, 2025

State Employees Retirement Fund

Monthly Benefit Amount	Number of Retirees	Retirement Type			Option Selected			
		1	2	3	Life	I	II	III
$0-$499	9,922	8,661	285	976	5,442	3,899	229	352
$500-$999	8,323	6,994	356	973	4,051	3,828	204	240
$1,000-$1,499	7,043	5,846	377	820	3,287	3,467	139	150
$1,500-$1,999	5,510	4,612	256	642	2,489	2,847	79	95
$2,000-$2,499	5,200	4,545	157	498	2,146	2,922	60	72
$2,500-$2,999	4,212	3,765	99	348	1,758	2,367	28	59
$3,000-$3,499	3,223	2,933	55	235	1,335	1,819	25	44
$3,500-$3,999	2,320	2,148	19	153	914	1,364	9	33
$4,000-$4,499	1,537	1,422	3	112	589	927	9	12
$4,500-$4,999	1,020	943	8	69	383	628	3	6
$5,000+	1,515	1,413	3	99	625	867	7	16
Totals	**49,825**	**43,282**	**1,618**	**4,925**	**23,019**	**24,935**	**792**	**1,079**

State Patrol Retirement Fund

Monthly Benefit Amount	Number of Retirees	Retirement Type			Option Selected			
		1	2	3	Life	I	II	III
$0-$499	23	21	0	2	9	13	1	0
$500-$999	27	11	3	13	7	9	11	0
$1,000-$1,499	42	32	1	9	15	21	4	2
$1,500-$1,999	27	18	2	7	8	19	0	0
$2,000-$2,499	55	39	3	13	11	41	2	1
$2,500-$2,999	63	30	5	28	16	37	10	0
$3,000-$3,499	64	41	5	18	12	47	3	2
$3,500-$3,999	100	65	20	15	33	63	3	1
$4,000-$4,499	94	62	22	10	29	63	2	0
$4,500-$4,999	105	71	21	13	26	75	3	1
$5,000+	600	555	17	28	196	397	4	3
Totals	**1,200**	**945**	**99**	**156**	**362**	**785**	**43**	**10**

Type:

1	Retired members
2	Disabilitants
3	Survivors

Option:

Life	Single life annuity
I	Joint and Survivor annuity
II	Death while eligible
III	Period certain

Schedule of Retired Members by Type of Benefit

As of June 30, 2025

Correctional Employees Retirement Fund

Monthly Benefit Amount	Number of Retirees	Retirement Type			Option Selected			
		1	2	3	Life	I	II	III
$0-$499	587	498	22	67	289	270	17	11
$500-$999	643	556	14	73	294	320	15	14
$1,000-$1,499	645	533	70	42	297	330	7	11
$1,500-$1,999	620	470	101	49	260	343	8	9
$2,000-$2,499	536	407	70	59	193	327	10	6
$2,500-$2,999	381	322	38	21	137	239	2	3
$3,000-$3,499	305	281	13	11	116	186	1	2
$3,500-$3,999	207	186	11	10	73	130	0	4
$4,000-$4,499	169	158	4	7	59	109	1	0
$4,500-$4,999	104	99	1	4	29	75	0	0
$5,000+	170	166	1	3	57	112	0	1
Totals	**4,367**	**3,676**	**345**	**346**	**1,804**	**2,441**	**61**	**61**

Judges Retirement Fund

Monthly Benefit Amount	Number of Retirees	Retirement Type			Option Selected			
		1	2	3	Life	I	II	III
$0-$499	1	1	0	0	0	1	0	0
$500-$999	5	5	0	0	1	4	0	0
$1,000-$1,499	7	6	0	1	3	4	0	0
$1,500-$1,999	9	7	0	2	2	4	2	1
$2,000-$2,499	11	9	1	1	6	5	0	0
$2,500-$2,999	23	15	0	8	6	15	2	0
$3,000-$3,499	20	13	0	7	6	13	1	0
$3,500-$3,999	25	14	0	11	1	19	3	2
$4,000-$4,499	24	17	0	7	5	17	1	1
$4,500-$4,999	26	17	1	8	8	17	1	0
$5,000+	293	251	8	34	69	213	8	3
Totals	**444**	**355**	**10**	**79**	**107**	**312**	**18**	**7**

Type:

1	Retired members
2	Disabilitants
3	Survivors

Option:

Life	Single life annuity
I	Joint and Survivor annuity
II	Death while eligible
III	Period certain

Schedule of Retired Members by Type of Benefit

As of June 30, 2025

Legislators Retirement Fund

Monthly Benefit Amount	Number of Retirees	Retirement Type		Option Selected		
		1	2	Life	I	II
$0-$499	16	10	6	13	3	0
$500-$999	59	37	22	41	17	1
$1,000-$1,499	60	47	13	42	15	3
$1,500-$1,999	54	45	9	28	25	1
$2,000-$2,499	36	29	7	18	18	0
$2,500-$2,999	23	16	7	15	8	0
$3,000-$3,499	21	20	1	8	13	0
$3,500-$3,999	17	11	6	9	7	1
$4,000-$4,499	10	8	2	7	1	2
$4,500-$4,999	7	5	2	4	3	0
$5,000+	17	14	3	7	10	0
Totals	**320**	**242**	**78**	**192**	**120**	**8**

Type:

1 Retired members
2 Survivors

Option:

Life Single life annuity
I Joint and Survivor annuity
II Life plus 50 percent survivors

Schedule of New Retirees and Average Benefit Payments

Last Ten Years

State Employees Retirement Fund

		Years of Credited Service							
		0-5	5-10	10-15	15-20	20-25	25-30	30+	Totals
Retirements During Fiscal Year									
	Average Monthly Benefit	$195	$536	$950	$1,289	$1,742	$2,073	$2,797	$1,620
2016	Number of New Retirees	221	280	268	290	202	260	639	2,160
	Average Final Average Salary	$4,757	$4,066	$4,420	$4,642	$4,682	$5,199	$5,233	$4,797
	Average Monthly Benefit	$211	$517	$923	$1,398	$1,899	$2,244	$2,898	$1,717
2017	Number of New Retirees	215	266	255	238	207	219	650	2,050
	Average Final Average Salary	$4,666	$4,050	$4,297	$4,629	$5,128	$5,464	$5,460	$4,920
	Average Monthly Benefit	$220	$574	$1,019	$1,451	$1,868	$2,304	$3,019	$1,737
2018	Number of New Retirees	262	274	308	282	228	226	670	2,250
	Average Final Average Salary	$4,593	$4,403	$4,511	$4,848	$4,920	$5,761	$5,641	$5,053
	Average Monthly Benefit	$202	$590	$1,032	$1,575	$1,985	$2,284	$3,071	$1,767
2019	Number of New Retirees	244	322	333	306	229	220	690	2,344
	Average Final Average Salary	$4,756	$4,280	$4,487	$4,958	$5,391	$5,632	$5,787	$5,127
	Average Monthly Benefit	$217	$607	$1,001	$1,583	$1,854	$2,233	$3,285	$1,755
2020	Number of New Retirees	264	356	348	309	247	236	650	2,410
	Average Final Average Salary	$4,720	$4,317	$4,562	$4,724	$5,224	$5,738	$6,079	$5,156
	Average Monthly Benefit	$225	$556	$986	$1,498	$1,788	$2,255	$3,161	$1,792
2021	Number of New Retirees	194	347	366	294	284	197	749	2,431
	Average Final Average Salary	$4,800	$4,191	$4,465	$4,931	$5,333	$5,507	$5,710	$5,079
	Average Monthly Benefit	$236	$611	$1,023	$1,533	$1,861	$2,414	$3,400	$1,766
2022	Number of New Retirees	252	402	342	286	272	190	625	2,369
	Average Final Average Salary	$4,569	$4,704	$4,884	$4,995	$5,624	$6,048	$6,135	$5,342
	Average Monthly Benefit	$221	$600	$1,025	$1,677	$1,937	$2,472	$3,525	$1,798
2023	Number of New Retirees	244	337	313	262	259	170	528	2,113
	Average Final Average Salary	$4,961	$4,634	$4,896	$5,267	$5,813	$6,498	$6,764	$5,616
	Average Monthly Benefit	$213	$609	$1,102	$1,542	$1,995	$2,358	$3,680	$1,693
2024	Number of New Retirees	237	339	311	250	186	169	388	1,880
	Average Final Average Salary	$4,523	$4,856	$5,079	$5,241	$6,040	$6,214	$6,841	$5,551
	Average Monthly Benefit	$213	$657	$1,162	$1,498	$2,173	$2,724	$3,859	$1,839
2025	Number of New Retirees	215	371	262	227	205	156	414	1,850
	Average Final Average Salary	$4,688	$5,095	$5,382	$5,669	$6,330	$6,861	$7,101	$5,893
Ten Years Ending June 30, 2025									
	Average Monthly Benefit	$216	$589	$1,022	$1,505	$1,904	$2,314	$3,220	$1,749
	Number of New Retirees	2,348	3,294	3,106	2,744	2,319	2,043	6,003	21,857
	Average Final Average Salary	$4,701	$4,487	$4,693	$4,974	$5,444	$5,826	$5,979	$5,237

The number of new retirees added in the *Schedule of Retirees and Beneficiaries* in the *Actuarial Section* is greater than the number of new retirees here because it includes benefit restarts and qualified domestic relations order starts.

The Average Final Average Salary is equivalent to the average of the five highest consecutive years of salary, based on service during which member contributions were made.

Schedule of New Retirees and Average Benefit Payments

Last Ten Years

State Patrol Retirement Fund

		Years of Credited Service							
		0-5	5-10	10-15	15-20	20-25	25-30	30+	Totals
Retirements During Fiscal Year									
	Average Monthly Benefit	$1,145	$0	$3,599	$3,062	$3,687	$5,551	$5,135	$4,612
2016	Number of New Retirees	1	0	1	5	8	12	16	43
	Average Final Average Salary	$9,737	$0	$8,638	$6,470	$6,676	$7,179	$6,524	$6,853
	Average Monthly Benefit	$0	$1,724	$2,294	$3,944	$4,099	$4,760	$6,926	$4,788
2017	Number of New Retirees	0	2	2	2	6	6	8	26
	Average Final Average Salary	$0	$7,540	$7,371	$7,700	$6,803	$7,274	$7,660	$7,345
	Average Monthly Benefit	$0	$621	$2,469	$3,012	$4,384	$5,450	$6,864	$3,971
2018	Number of New Retirees	0	2	6	9	6	5	5	33
	Average Final Average Salary	$0	$5,787	$7,040	$6,925	$7,494	$7,195	$7,729	$7,143
	Average Monthly Benefit	$266	$2,138	$2,835	$3,668	$3,505	$5,364	$6,812	$4,070
2019	Number of New Retirees	1	1	3	4	9	4	4	26
	Average Final Average Salary	$2,977	$10,536	$8,014	$7,706	$7,499	$4,339	$7,868	$7,104
	Average Monthly Benefit	$336	$1,349	$2,592	$3,374	$4,846	$5,690	$6,249	$4,499
2020	Number of New Retirees	3	3	2	8	9	6	14	45
	Average Final Average Salary	$6,787	$5,508	$6,912	$7,253	$7,914	$7,592	$8,513	$7,660
	Average Monthly Benefit	$0	$1,372	$2,964	$3,396	$4,205	$4,826	$6,766	$4,363
2021	Number of New Retirees	0	2	4	2	11	7	5	31
	Average Final Average Salary	$0	$4,945	$7,807	$7,684	$7,507	$5,483	$7,776	$6,978
	Average Monthly Benefit	$533	$2,122	$0	$4,242	$4,765	$6,336	$8,755	$5,448
2022	Number of New Retirees	1	1	0	1	4	10	1	18
	Average Final Average Salary	$7,272	$10,106	$0	$8,402	$7,748	$8,696	$10,016	$8,541
	Average Monthly Benefit	$103	$1,537	$2,973	$3,316	$5,175	$6,033	$8,201	$5,588
2023	Number of New Retirees	1	2	2	7	12	7	14	45
	Average Final Average Salary	$5,916	$8,162	$9,444	$8,430	$8,553	$9,927	$9,790	$9,096
	Average Monthly Benefit	$1,185	$1,065	$2,899	$3,624	$6,240	$7,519	$0	$5,757
2024	Number of New Retirees	1	1	2	2	7	9	0	22
	Average Final Average Salary	$9,873	$6,274	$10,358	$9,073	$9,847	$10,177	$0	$9,797
	Average Monthly Benefit	$0	$1,800	$2,758	$4,737	$6,013	$8,076	$7,570	$6,106
2025	Number of New Retirees	0	5	3	7	7	19	3	44
	Average Final Average Salary	$0	$5,993	$8,449	$9,571	$10,342	$10,882	$12,748	$9,993
Ten Years Ending June 30, 2025									
	Average Monthly Benefit	$530	$1,520	$2,742	$3,545	$4,667	$6,335	$6,668	$4,932
	Number of New Retirees	8	19	25	47	79	85	70	333
	Average Final Average Salary	$7,017	$6,646	$7,987	$7,805	$8,043	$8,492	$8,274	$8,064

The number of new retirees added in the *Schedule of Retirees and Beneficiaries* in the *Actuarial Section* is greater than the number of new retirees here because it includes benefit restarts and qualified domestic relations order starts.

The Average Final Average Salary is equivalent to the average of the five highest consecutive years of salary, based on service during which member contributions were made.

Schedule of New Retirees and Average Benefit Payments

Last Ten Years

Correctional Employees Retirement Fund

		Years of Credited Service							
		0-5	5-10	10-15	15-20	20-25	25-30	30+	Totals
Retirements During Fiscal Year									
	Average Monthly Benefit	$275	$761	$1,164	$1,536	$2,034	$2,518	$3,352	$1,438
2016	Number of New Retirees	22	39	31	24	26	13	15	170
	Average Final Average Salary	$4,415	$4,382	$4,311	$4,685	$4,805	$5,017	$6,006	$4,673
	Average Monthly Benefit	$345	$953	$1,114	$1,896	$2,255	$2,827	$3,684	$1,598
2017	Number of New Retirees	28	26	43	30	23	26	8	184
	Average Final Average Salary	$5,090	$4,797	$4,363	$5,305	$5,073	$5,476	$6,378	$5,022
	Average Monthly Benefit	$289	$781	$1,198	$1,821	$2,249	$2,753	$4,135	$1,675
2018	Number of New Retirees	24	19	54	27	24	29	11	188
	Average Final Average Salary	$5,114	$5,042	$5,083	$4,994	$5,209	$5,673	$6,232	$5,244
	Average Monthly Benefit	$324	$813	$1,359	$1,694	$2,355	$2,985	$3,851	$1,716
2019	Number of New Retirees	19	26	46	32	29	18	12	182
	Average Final Average Salary	$6,483	$5,160	$5,218	$5,163	$5,445	$5,661	$6,517	$5,498
	Average Monthly Benefit	$313	$870	$1,402	$2,022	$2,397	$2,787	$3,736	$1,847
2020	Number of New Retirees	20	26	31	36	30	22	14	179
	Average Final Average Salary	$5,000	$4,857	$5,176	$5,176	$5,569	$5,848	$6,241	$5,342
	Average Monthly Benefit	$235	$883	$1,318	$2,123	$2,506	$3,111	$4,166	$1,897
2021	Number of New Retirees	21	26	36	28	27	32	9	179
	Average Final Average Salary	$5,196	$5,822	$5,287	$6,095	$5,888	$6,066	$6,584	$5,775
	Average Monthly Benefit	$235	$829	$1,424	$2,135	$2,732	$3,227	$3,496	$1,939
2022	Number of New Retirees	29	23	49	45	27	35	16	224
	Average Final Average Salary	$5,335	$5,462	$5,284	$5,586	$6,303	$6,156	$6,007	$5,680
	Average Monthly Benefit	$269	$666	$1,451	$2,256	$2,701	$3,484	$3,782	$2,062
2023	Number of New Retirees	28	25	34	39	40	33	15	214
	Average Final Average Salary	$5,287	$5,343	$5,756	$6,450	$6,190	$6,566	$7,164	$6,077
	Average Monthly Benefit	$435	$762	$1,274	$2,411	$2,514	$4,153	$3,712	$2,066
2024	Number of New Retirees	21	23	39	30	23	27	11	174
	Average Final Average Salary	$6,241	$5,653	$5,614	$6,605	$6,266	$7,478	$7,245	$6,344
	Average Monthly Benefit	$336	$774	$1,193	$2,252	$2,890	$4,064	$5,294	$2,163
2025	Number of New Retirees	27	32	19	24	24	24	15	165
	Average Final Average Salary	$5,515	$5,123	$5,404	$6,796	$6,886	$7,404	$8,038	$6,316
Ten Years Ending June 30, 2025									
	Average Monthly Benefit	$304	$808	$1,292	$2,031	$2,475	$3,236	$3,922	$1,844
	Number of New Retirees	239	265	382	315	273	259	126	1,859
	Average Final Average Salary	$5,345	$5,118	$5,138	$5,691	$5,779	$6,210	$6,653	$5,602

The number of new retirees added in the *Schedule of Retirees and Beneficiaries* in the *Actuarial Section* is greater than the number of new retirees here because it includes benefit restarts and qualified domestic relations order starts.

The Average Final Average Salary is equivalent to the average of the five highest consecutive years of salary, based on service during which member contributions were made.

Schedule of New Retirees and Average Benefit Payments

Last Ten Years

Judges Retirement Fund

		Years of Credited Service							
		0-5	5-10	10-15	15-20	20-25	25-30	30+	Totals
Retirements During Fiscal Year									
	Average Monthly Benefit	$0	$2,479	$3,834	$5,135	$7,648	$0	$0	$5,740
2016	Number of New Retirees	0	2	2	5	7	0	0	16
	Average Final Average Salary	$0	$11,108	$9,511	$11,034	$11,383	$0	$0	$11,006
	Average Monthly Benefit	$0	$3,029	$3,505	$4,836	$6,902	$0	$0	$4,840
2017	Number of New Retirees	0	2	5	2	5	0	0	14
	Average Final Average Salary	$0	$11,759	$11,706	$11,279	$11,363	$0	$0	$11,530
	Average Monthly Benefit	$0	$2,032	$4,171	$5,965	$7,407	$0	$0	$5,664
2018	Number of New Retirees	0	3	6	8	10	0	0	27
	Average Final Average Salary	$0	$9,997	$11,848	$11,971	$11,308	$0	$0	$11,479
	Average Monthly Benefit	$0	$0	$4,020	$4,637	$6,957	$0	$0	$5,680
2019	Number of New Retirees	0	0	7	6	14	0	0	27
	Average Final Average Salary	$0	$0	$12,196	$12,065	$12,238	$0	$0	$12,189
	Average Monthly Benefit	$0	$2,073	$0	$6,527	$8,468	$0	$0	$5,463
2020	Number of New Retirees	0	6	0	5	5	0	0	16
	Average Final Average Salary	$0	$11,059	$0	$12,911	$12,690	$0	$0	$12,148
	Average Monthly Benefit	$0	$3,088	$5,037	$6,518	$6,842	$0	$0	$5,699
2021	Number of New Retirees	0	3	3	5	5	0	0	16
	Average Final Average Salary	$0	$13,455	$12,937	$13,052	$12,978	$0	$0	$13,083
	Average Monthly Benefit	$0	$3,630	$4,176	$6,517	$8,582	$0	$0	$6,020
2022	Number of New Retirees	0	3	8	8	7	0	0	26
	Average Final Average Salary	$0	$13,253	$10,016	$13,538	$13,397	$0	$0	$12,384
	Average Monthly Benefit	$1,335	$2,845	$4,216	$7,867	$8,715	$0	$0	$5,872
2023	Number of New Retirees	1	3	5	1	7	0	0	17
	Average Final Average Salary	$8,785	$11,148	$12,979	$13,533	$13,603	$0	$0	$12,699
	Average Monthly Benefit	$1,315	$2,773	$5,142	$6,280	$9,661	$0	$0	$5,882
2024	Number of New Retirees	2	1	2	6	3	0	0	14
	Average Final Average Salary	$11,786	$14,672	$14,054	$13,480	$14,845	$0	$0	$13,698
	Average Monthly Benefit	$0	$2,571	$5,084	$5,805	$9,462	$0	$0	$6,005
2025	Number of New Retirees	0	4	5	12	6	0	0	27
	Average Final Average Salary	$0	$13,996	$14,643	$13,826	$14,184	$0	$0	$14,082
Ten Years Ending June 30, 2025									
	Average Monthly Benefit	$1,321	$2,641	$4,271	$5,922	$7,868	$0	$0	$5,727
	Number of New Retirees	3	27	43	58	69	0	0	200
	Average Final Average Salary	$10,786	$12,085	$12,074	$12,833	$12,578	$0	$0	$12,450

The number of new retirees added in the *Schedule of Retirees and Beneficiaries* in the *Actuarial Section* is greater than the number of new retirees here because it includes benefit restarts and qualified domestic relations order starts.

The Average Final Average Salary is equivalent to the average of the five highest consecutive years of salary, based on service during which member contributions were made.

Schedule of New Retirees and Average Benefit Payments

Last Ten Years

Legislators Retirement Fund

		Years of Credited Service							
		0-5	5-10	10-15	15-20	20-25	25-30	30+	Totals
Retirements During Fiscal Year									
	Average Monthly Benefit	$0	$2,335	$3,084	$2,406	$0	$0	$0	$2,727
2016	Number of New Retirees	0	1	2	1	0	0	0	4
	Average Final Average Salary	$0	$4,361	$9,563	$3,016	$0	$0	$0	$6,625
	Average Monthly Benefit	$485	$652	$2,150	$3,465	$0	$0	$3,767	$2,379
2017	Number of New Retirees	1	2	3	3	0	0	2	11
	Average Final Average Salary	$9,847	$3,052	$6,532	$5,804	$0	$0	$1,790	$5,140
	Average Monthly Benefit	$0	$1,085	$0	$3,309	$1,830	$0	$7,397	$3,386
2018	Number of New Retirees	0	1	0	2	1	0	1	5
	Average Final Average Salary	$0	$4,018	$0	$7,471	$3,383	$0	$7,149	$5,899
	Average Monthly Benefit	$813	$821	$2,618	$0	$0	$0	$6,207	$2,815
2019	Number of New Retirees	1	2	4	0	0	0	2	9
	Average Final Average Salary	$12,183	$3,193	$7,914	$0	$0	$0	$7,636	$7,277
	Average Monthly Benefit	$0	$0	$1,655	$1,004	$0	$0	$0	$1,221
2020	Number of New Retirees	0	0	1	2	0	0	0	3
	Average Final Average Salary	$0	$0	$3,328	$3,466	$0	$0	$0	$3,420
	Average Monthly Benefit	$0	$731	$1,270	$4,014	$2,350	$2,475	$4,355	$3,102
2021	Number of New Retirees	0	1	1	2	1	1	3	9
	Average Final Average Salary	$0	$0	$2,060	$9,123	$4,064	$4,063	$1,290	$3,589
	Average Monthly Benefit	$0	$0	$1,228	$3,327	$0	$0	$0	$2,278
2022	Number of New Retirees	0	0	1	1	0	0	0	2
	Average Final Average Salary	$0	$0	$3,131	$6,071	$0	$0	$0	$4,601
	Average Monthly Benefit	$0	$1,692	$3,251	$2,861	$0	$3,576	$4,499	$3,065
2023	Number of New Retirees	0	4	2	1	0	2	3	12
	Average Final Average Salary	$0	$12,297	$9,313	$6,945	$0	$4,908	$3,034	$7,807
	Average Monthly Benefit	$189	$0	$1,422	$0	$0	$0	$0	$1,011
2024	Number of New Retirees	1	0	2	0	0	0	0	3
	Average Final Average Salary	$3,384	$0	$3,124	$0	$0	$0	$0	$3,211
	Average Monthly Benefit	$0	$0	$2,198	$1,770	$0	$0	$4,929	$2,659
2025	Number of New Retirees	0	0	3	1	0	0	1	5
	Average Final Average Salary	$0	$0	$5,983	$3,223	$0	$0	$4,830	$5,200
Ten Years Ending June 30, 2025									
	Average Monthly Benefit	$495	$1,260	$2,273	$2,878	$2,090	$3,209	$4,903	$2,676
	Number of New Retirees	3	11	19	13	2	3	12	63
	Average Final Average Salary	$8,471	$6,369	$6,406	$5,907	$3,723	$4,626	$3,650	$5,700

The number of new retirees added in the *Schedule of Retirees and Beneficiaries* in the *Actuarial Section* is greater than the number of new retirees here because it includes benefit restarts and qualified domestic relations order starts.

The Average Final Average Salary is equivalent to the average of the five highest consecutive years of salary, based on service during which member contributions were made.

Schedule of Principal Participating Employers

Current Year and Nine Years Ago

Defined Benefit Participating Employer	Fiscal Year 2025 Active Employees	Fiscal Year 2025 Rank	Fiscal Year 2025 Percent of Total Active Members	Fiscal Year 2016 Active Employees	Fiscal Year 2016 Rank	Fiscal Year 2016 Percent of Total Active Members
State Employees Retirement Fund						
State of Minnesota and its component units (1)	57,037	1	99.03 %	49,011	1	99.07 %
All Others	557		0.97	461		0.93
Totals	57,594		100.00 %	49,472		100.00 %
State Patrol Retirement Fund						
State of Minnesota	1,008	1	100.00 %	892	1	100.00 %
Correctional Employees Retirement Fund						
State of Minnesota	4,707	1	99.64 %	4,507	1	99.70 %
All Others	17		0.36	14		0.30
Totals	4,724		100.00 %	4,521		100.00 %
Judges Retirement Fund						
State of Minnesota	323	1	100.00 %	311	1	100.00 %
Legislators Retirement Fund						
State of Minnesota	6	1	100.00 %	23	1	100.00 %

Defined Contribution Participating Employer (2)	Fiscal Year 2025 Covered Employees	Fiscal Year 2025 Rank	Fiscal Year 2025 Percent of Total Fund	Fiscal Year 2016 Covered Employees	Fiscal Year 2016 Rank	Fiscal Year 2016 Percent of Total Fund
Unclassified Employees Retirement Fund						
State of Minnesota and its component units (1)	3,527	1	96.42 %	3,087	1	95.69 %
All Others	131		3.58	139		4.31
Totals	3,658		100.00 %	3,226		100.00 %
Hennepin County Supplemental Retirement Fund						
Hennepin County	607	1	78.42 %	1,089	1	77.07 %
Hennepin County Medical Center	167	2	21.58	324	2	22.93
Totals	774		100.00 %	1,413		100.00 %

(1) Component units of the State of Minnesota include the Housing Finance Agency, Metropolitan Council, University of Minnesota, Agricultural and Economic Development Board, Minnesota Comprehensive Health Association, Minnesota Sports Facilities Authority, National Sports Center Foundation, Office of Higher Education, Public Facilities Authority, Rural Finance Authority, and the Workers' Compensation Assigned Risk Plan.

(2) Includes all members with account balances.

Schedule of Principal Participating Employers

Current Year and Nine Years Ago

Defined Contribution Participating Employer [2]	Fiscal Year 2025 Covered Employees	Fiscal Year 2025 Rank	Fiscal Year 2025 Percent of Total Fund	Fiscal Year 2016 Covered Employees	Fiscal Year 2016 Rank	Fiscal Year 2016 Percent of Total Fund
Health Care Savings Plan						
State of Minnesota and its component units [1]	82,948	1	46.69%	50,165	1	46.96 %
Hennepin County	13,306	2	7.49	5,416	2	5.07
Ramsey County	6,783	3	3.82	3,636	3	3.40
Dakota County	3,768	4	2.12	2,441	4	2.29
City of Minneapolis	2,938	5	1.65	2,049	5	1.92
Independent School District (ISD) 623 Roseville	2,742	6	1.54	1,804	6	1.69
ISD 728 Elk River	1,962	7	1.11	1,382	8	1.29
Special School District 1 (SSD) Minneapolis	1,894	8	1.07	1,657	7	1.55
Alomere Health	1,713	9	0.96			
City of Duluth	1,685	10	0.95	1,271	9	1.19
Scott County				1,180	10	1.10
All Others	57,904		32.60	35,833		33.54
Totals	177,643		100.00%	106,834		100.00 %
Minnesota Deferred Compensation Fund						
State of Minnesota and its component units [1]	61,347	1	58.31%	46,655	1	55.51 %
SSD 1 Minneapolis	3,917	2	3.72	4,538	2	5.40
City of Minneapolis	3,656	3	3.47	3,180	4	3.78
Ramsey County	3,446	4	3.28	3,460	3	4.12
Hennepin County	2,737	5	2.60	2,099	5	2.50
Anoka County	2,195	6	2.09	1,540	8	1.83
ISD 625 St. Paul	1,488	7	1.41	1,708	6	2.03
Hennepin Health Care	1,339	8	1.27			
City of St. Paul	1,302	9	1.24	1,618	7	1.93
Dakota County	1,209	10	1.15			
ISD 279 Osseo				1,145	9	1.36
St. Louis County				1,045	10	1.24
All Others	22,580		21.46	17,065		20.30
Totals	105,216		100.00%	84,053		100.00 %

[1] Component units of the State of Minnesota include the Housing Finance Agency, Metropolitan Council, University of Minnesota, Agricultural and Economic Development Board, Minnesota Comprehensive Health Association, Minnesota Sports Facilities Authority, National Sports Center Foundation, Office of Higher Education, Public Facilities Authority, Rural Finance Authority, and the Workers' Compensation Assigned Risk Plan.

[2] Includes all members with account balances.

USA
YUKON
NUNAVUT
BERING SEA
BRITISH
COLUMBIA
NORTH
ATLANTIC
OCEAN
MAURITANIA
BRAZIL
BOLIVIA
PARAGUAY
SOUTH


R U S S I A
KAZAKHSTAN
MONGOLI
TURKEY
SYRIA
IRAQ
LIBYA
EGYPT
NIGER
CHAD
SUDAN
KENYA
TANZANIA
ANGOLA
NAMIBIA
BOTSWANA
ZIMBABWE
CAMEROON
GABON
DEM.REP. OF THE CONGO
SOMALIA
UKRAINE
ROMANIA
BULGARIA
BELARUS
SWEDEN
FINLAND
NORWAY
I N D I A N
O C E A N


ALABAMA
NASHVILLE
CHATTANOOGA
Bowling Green
Clarksville
Columbia
Florence
Jackson
PORTE DE LA MUETTE