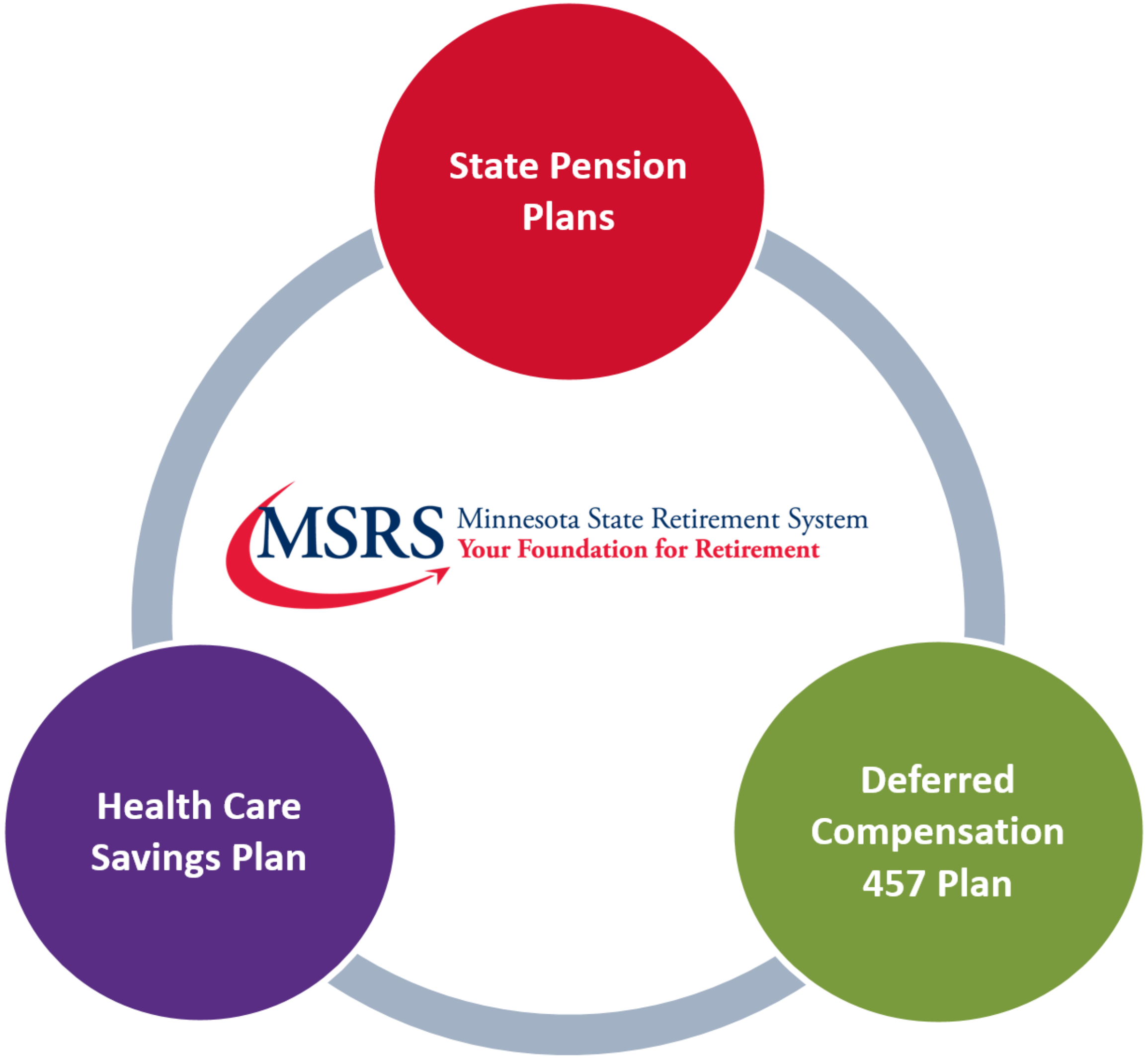
Health Care Savings Plan (HCSP)

WHO WE ARE


State Pension Plans
MSRS Minnesota State Retirement System
Your Foundation for Retirement
Health Care Savings Plan
Deferred Compensation 457 Plan

WHAT IS THE HCSP

A **tax-free** savings account

- ✓ Tax-free contributions
- ✓ Tax-free potential growth
- ✓ Tax-free reimbursements
- ✓ No Social Security, Medicare or income taxes

Reimburse **post-employment** health care expenses for employee, spouse, legal tax dependents, and children up to 26th birthday.

NOTE: *Your Social Security benefit may be slightly reduced because no FICA tax is collected on contributions*

TAX-FREE MATTERS

Taxable Cash Payout	
Severance payment	$10,000
Federal income tax	- 2,200
State income tax	- 680
FICA tax	- 765
Net cash payment	**$ 6,355**

Tax-Free HCSP Payout	
Severance payment	$10,000
Federal income tax	- 0
State income tax	- 0
FICA tax	- 0
Net cash payment	**$10,000**

FOR ILLUSTRATIVE PURPOSES ONLY *This hypothetical example assumes 22% federal withholding rate + 6.80% state withholding rate + 7.65% FICA (Social Security and Medicare) tax rate. Individual tax rates will vary based on total taxable income and filing status for the year.*

ELIGIBILITY FOR PARTICIPATION

Participation MUST be…

- Negotiated in union contract
  or
- Included in personnel policy for non-union employees

Participation CANNOT be…

- Individual choice
  group participation must be specified in union contract or personnel policy

OPT OUT

- TRICARE retiree benefits
- Military service – connected disability
- Foreign national
  who plans to return to country of origin
- Have comprehensive health insurance coverage provided for life at least 70% paid for by a previous employer

INVESTMENT DEFAULT
MONEY MARKET ACCOUNT

- Seeks to maintain the value of the original investment amount
- Seeks to earn interest that is competitive with short-term interest rates
- Plan expenses can exceed earned interest

You could lose money by investing in a money market account. Although the fund seeks to preserve the value of your investment at $1 per share, it cannot guarantee it will do so. An investment in the account is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The account's sponsor has no legal obligation to provide financial support to the account, and you should not expect that the sponsor will provide financial support to the account at any time.

AVAILABLE INVESTMENT OPTIONS

T. Rowe Price Small Cap Stock Fund

Vanguard Total International Stock Index Fund

Vanguard Mid Cap Stock Index Fund

Vanguard Total Stock Market Index Fund
Vanguard Dividend Growth Fund

Vanguard Balanced Index Fund

Core Bond Account
Vanguard Total Bond Market Index Fund

Stable Value Account

FOR ILLUSTRATIVE PURPOSED ONLY The chart reflects the expected relative risk/return potential over the long-term.
Past performance is not a guarantee of future results. Investing involves risk, including possible loss of principal.

Investment Disclosure

Please consider the investment objectives, fees and expenses carefully before investing. The prospectus and/or disclosure documents contain this and other important information about the investments offered through your plan. To obtain a prospectus or disclosure document, or to learn more about the investment options, visit www.mnretire.gov or call 800-657-5757. Read such materials carefully before investing.

No investment is 100% risk free. You can incur loss of principal by investing. There is no assurance that investing will ensure a profit or protect against loss.

Foreign investments involve special risks, including currency fluctuation, taxation differences and political developments. Equity securities of small and mid-sized companies may be more volatile than securities of larger, more established companies. Asset allocation and balanced investment options and models are subject to the risks of the underlying funds, which can be a mix of stocks/stock funds and bond/bond funds. A bond fund's yield, share price and total return change daily and are based on changes in interest rates, market conditions, economic and political news, and the quality and maturity of its investments. In general, bond prices fall when interest rates rise and vice versa.

WHEN YOU CAN REQUEST REIMBURSEMENTS

- Upon termination of employment… at any age
- Once retired
- If collecting a disability benefit from a MN public employer

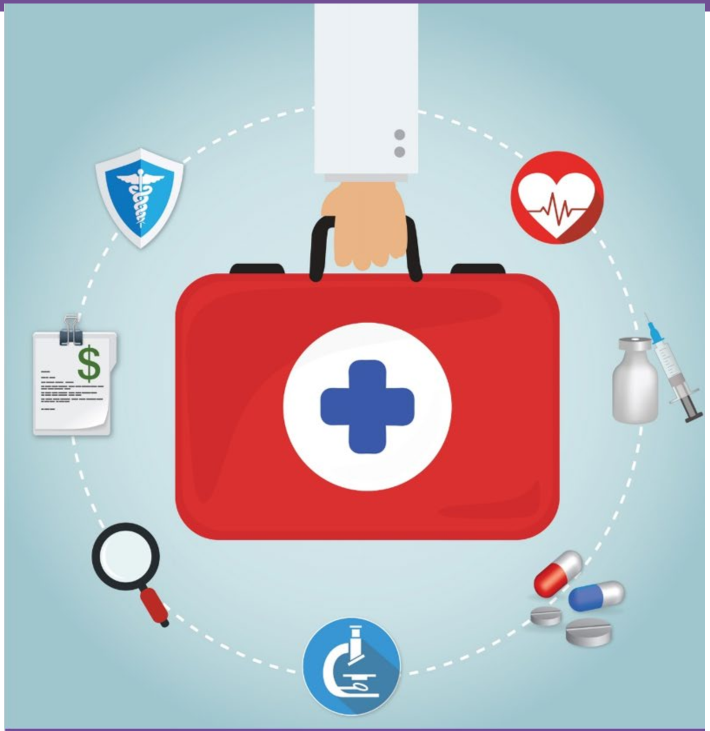
Returning to work?
You may have limited or no access to HCSP

WHAT IS REIMBURSABLE

Eligible medical/dental expenses including:

- Insurance Premiums
  - Health, Medicare, Dental, Long-Term Care
- Dental costs
- Eye-care costs
- Co-payments & prescription drugs
- Over-the-counter drugs with prescription

WHAT CANNOT BE REIMBURSED



Contact us with questions

- Life insurance premiums
- Teeth bleaching
- Cosmetic surgery
- Finance charges on bills
- Fees for health club membership
- Funeral expenses
- Vitamins

HOW TO REQUEST REIMBURSEMENT

- Paid directly to you, not to the insurer or provider
- Out-of-pocket expenses
  - Minimum payout $75
  - Maximum limit: $45,000 / year in 2026
- Monthly insurance premiums
  - Medical, dental, long-term care, Medicare
- Set up direct deposit to bank account

HCSP/HSA COMPATIBILITY

If a contribution is made to an HSA on your behalf in same year you are eligible to access your HCSP:

- Your HCSP account becomes “limited-use”
- May request reimbursements for dental & vision expenses only during the year

Complete a *Reimbursement Suspension Election* form each calendar year that you or your employer contribute to an HSA

UPON YOUR DEATH

Spouse or legal dependents[1]

- Account balance transfers to HCSP account for spouse

OR, if no spouse

- Account balance transfers to HCSP account for dependent(s)

- Reimbursements remain tax-free

If no spouse or legal dependents[1]

- Account balance transfers to HCSP account for your designated beneficiary(ies)
- Reimbursements taxed as ordinary income (MSRS will issue IRS Form 1099-MISC)

[1] *Legal dependent is someone you can claim on your federal tax return*

IMPORTANT NOTES

The Health Care Savings Plan (HCSP) is administered by Minnesota State Retirement System (MSRS).

Plan administrative services provided by Voya Institutional Plan Services, LLC., a member of the Voya® family of companies.

Retirement specialists are registered representatives of Voya Financial Partners, LLC (member SIPC).

This material is for informational purposes only and is not intended to provide investment, legal or tax recommendations or advice.

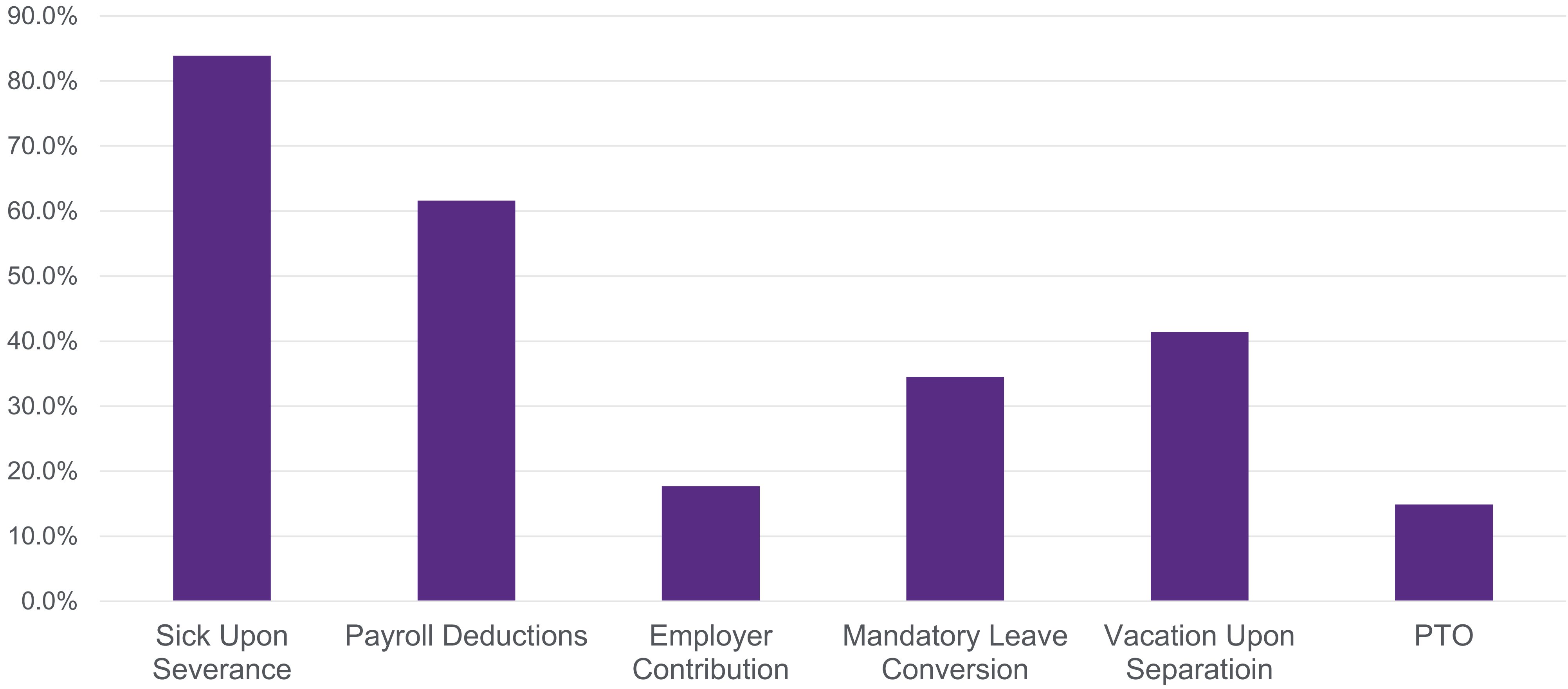
Today's presentation was designed to:

- *Provide you with fundamental information on your MSRS HCSP plan*
- *Objectively highlight your investment options*
- *Outline other sources of information for your decisions*

Summary of Law Enforcement Participation in Minnesota

HCSP Health Care Savings Plan

Contribution Types for Law Enforcement Groups



Summary of Participation Information

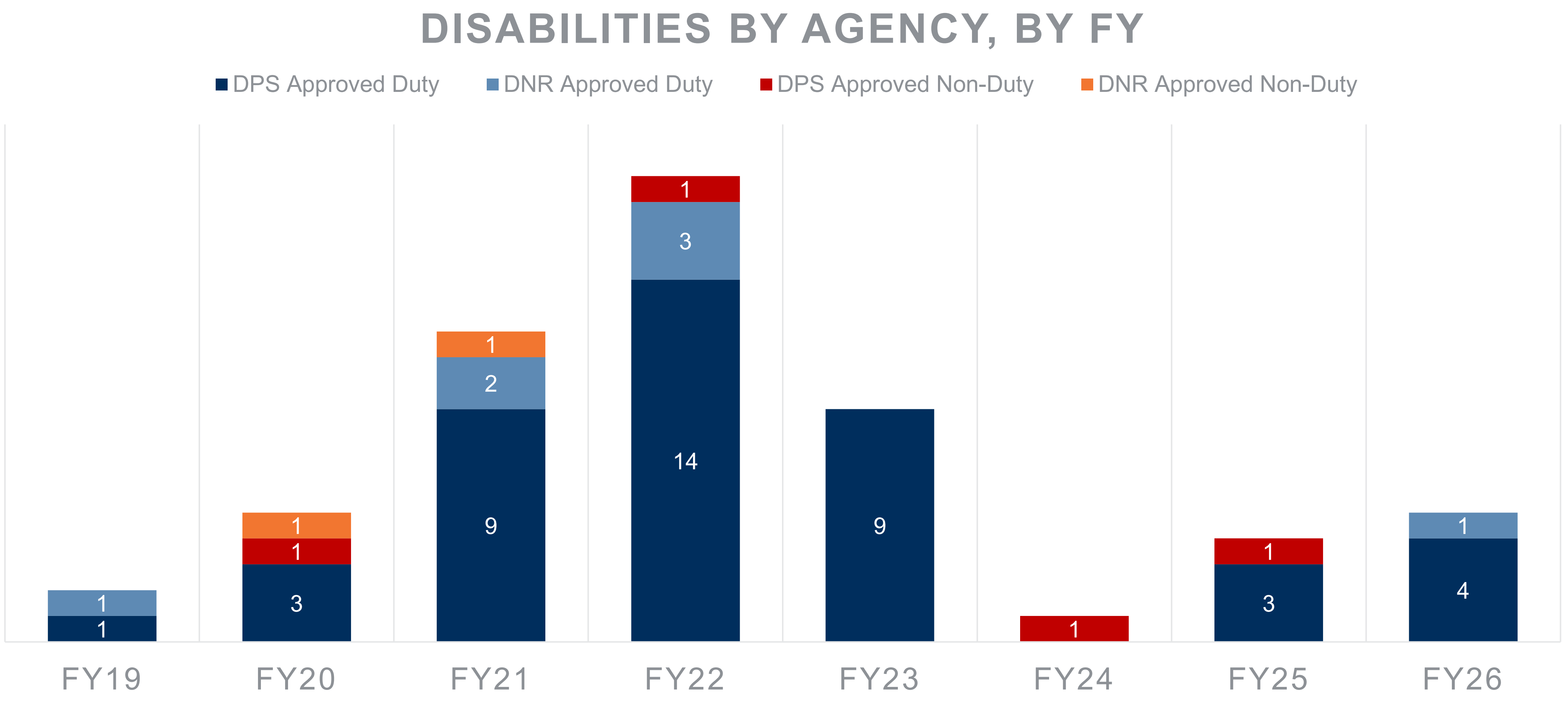
- Total of 435 law enforcement groups participating in HCSP
- Most common contribution type is sick severance upon separation at 83.9%

- 17.7% are receiving some form of ER contributions
  - Contribution rates range widely from $10 per month to 3% per year.
  - Some employers make one-time lump sums while working
  - Some employers are contributing an annual amount post-retirement

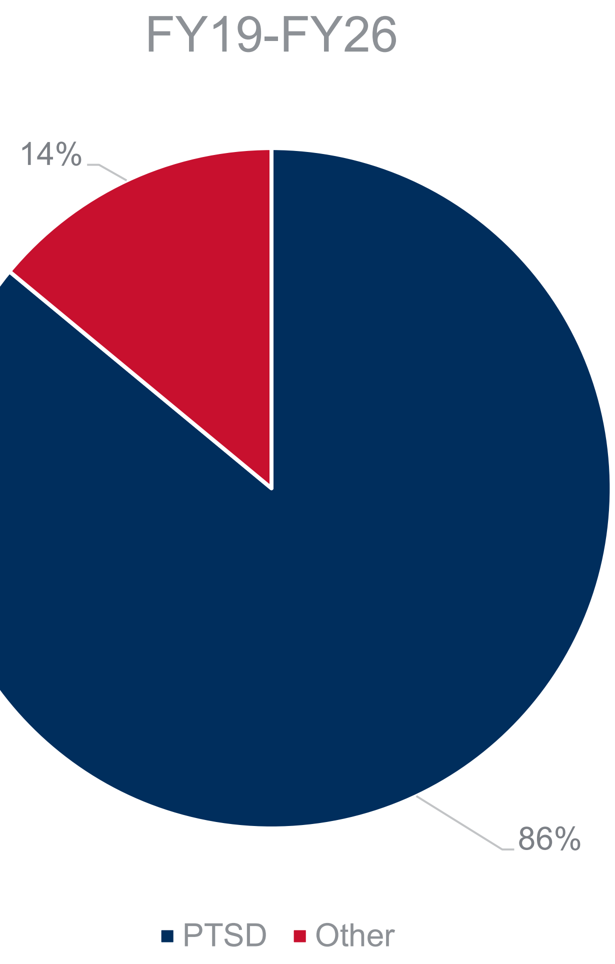
State Patrol Plan Disability & Treatment Program Information

MSRS Minnesota State Retirement System

State Patrol Plan Disability Statistics



Breakdown of Duty Disabilities (PTSD or Other)



Psychological Treatment Program Statistics (FY24-26)

- 16 Applications for the program
  - 4 are currently in treatment
  - 8 completed treatment and applied for disability
  - 2 completed treatment and returned to work
  - 2 completed treatment and did not apply for disability

Thank You!

MSRS Minnesota State Retirement System

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Email: info@mnretire.gov