

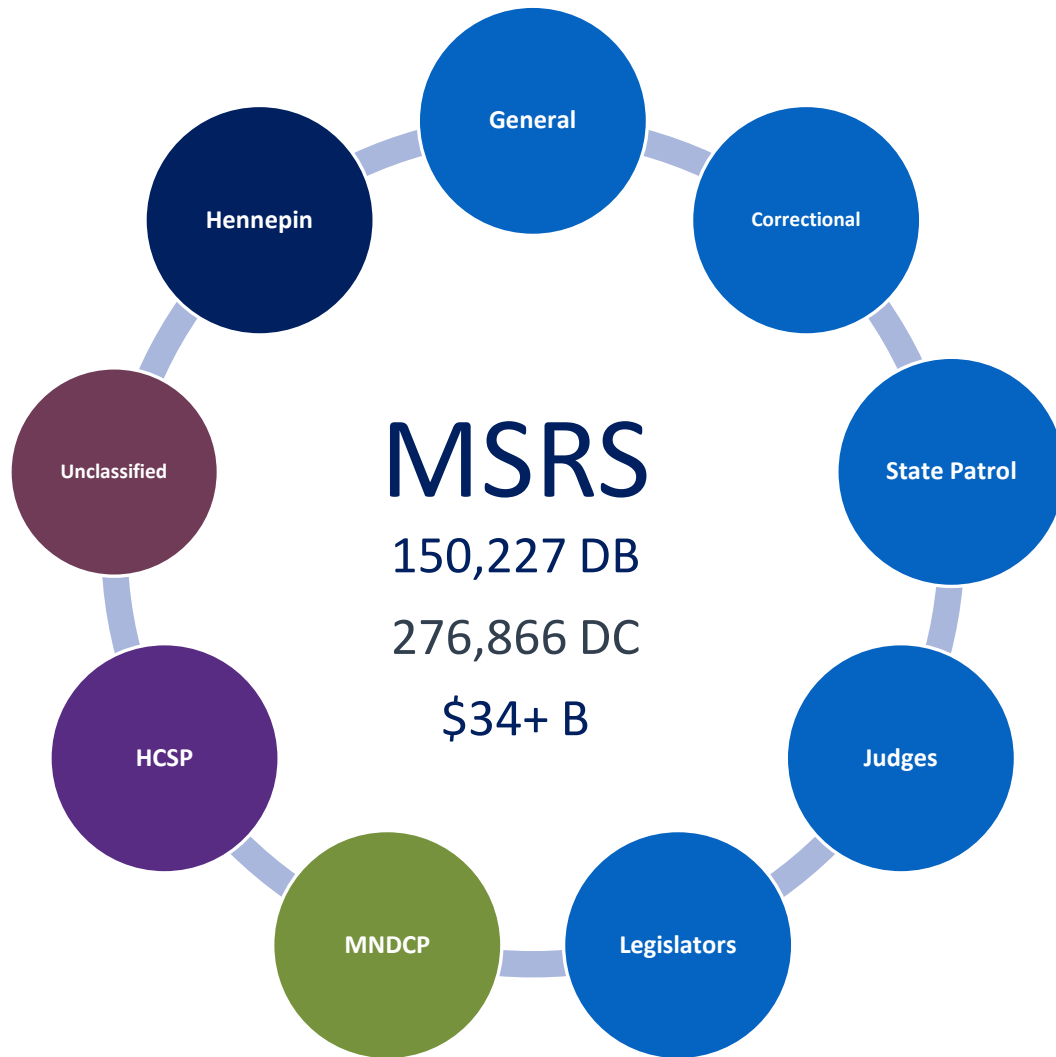


Plan Funding Updates & 2025 Legislative Agenda

Erin Leonard, Executive Director

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Minnesota State Retirement System Governance Overview



As of June 30, 2024

Governed by an 11 member Board of Directors

- 3 Governor appointees
- 4 elected members from General or Unclassified Plan
- 1 elected member from Correctional Plan
- 1 elected member from State Patrol Plan
- 1 elected retiree
- 1 member representing Met Council transit operations

Responsibilities include:

- Set policies, approve the agency operating budget, hiring and advising the executive director
- Consider disability and other appeals
- Oversee the administration of plans administered by MSRS

Defined Benefit (DB) plan and Unclassified Plan provisions are defined in Minnesota statutes

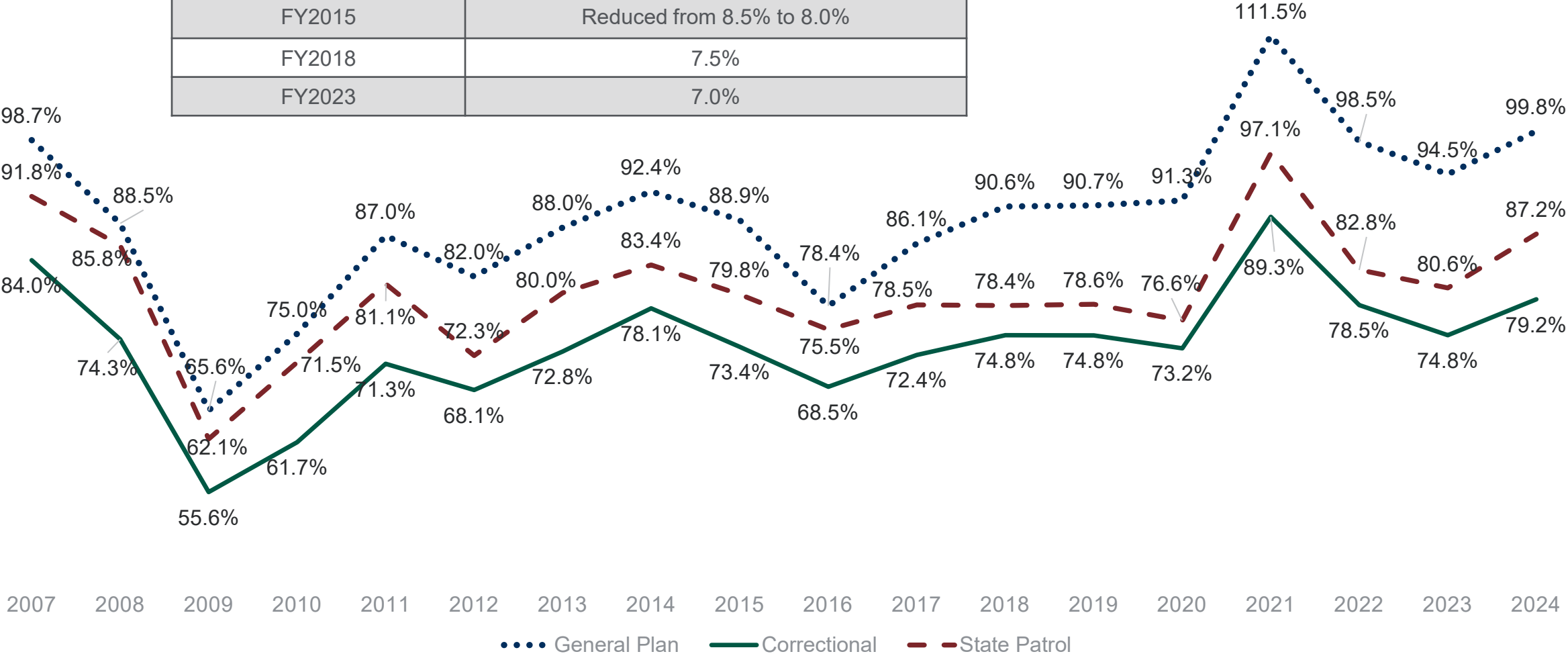
MNDP and HCSP are governed by Plan Documents and federal laws and/or Internal Revenue Code

Minnesota State Board of Investment invests the DB assets and selects the options available in the DC plans

Rate of Return for FY24 was 12.3%

MSRS Pension Plans: Funded Ratio History (Market Value Basis)

Date Changed	Return Assumption
FY2015	Reduced from 8.5% to 8.0%
FY2018	7.5%
FY2023	7.0%



General Employees Retirement Plan Funding (July 1, 2024)

Includes State of Minnesota, Metropolitan Council, University of Minnesota civil service and some Minnesota State university system employees

Membership Information

Total: 134,925

Active: 55,453

Benefit Recipients: 48,956

Deferred/Vested: 18,827

Non-vested: 11,689

Current Funding Summary

(Market Value)

99.8% Funded

\$18.1 Billion Assets

\$33.3 Million Unfunded

Projected Full Funding Date: 2025

Contribution Requirements

Statutory Contribution: 11.75%*

Employee: 5.50%* & Employer: 6.25%

Total Required Contribution: 10.09%

Contribution Sufficiency: 1.66%

Benefit Highlights

Average Initial Benefit: \$1,694 per month

2024 Post-Retirement Increase: 1.5% fixed

* Employee Contribution will be 6% on July 1, 2025, total contributions will be 12.25%

Correctional Employees Retirement Plan Funding (July 1, 2024)

Includes employees working with incarcerated people in the state correctional system or patients in security hospitals

Membership Information

Total: 11,880

Active: 4,476

Benefit Recipients: 4,238

Deferred/Vested: 1,649

Non-vested: 1,517

Current Funding Summary

(Market Value)

79.2% Funded

\$1.8 Billion Assets

\$472 Million Unfunded

Projected Full Funding Date: 2040*

Contribution Requirements

Statutory Contribution: 28.45%

Employee: 9.60%

Employer: 14.40%

Supplemental: 4.45%

Total Required Contribution: 27.40%

Contribution Sufficiency: 1.05%

Benefit Highlights

Average Initial Benefit: \$2,505 per month

2024 Post-Retirement Increase: 1.5% fixed

State Patrol Retirement Plan Funding (July 1, 2024)

Includes State Troopers, Conservation Officers, Crime Bureau officers & other peace officers

Membership Information

Total: 2,302

Active: 987

Benefit Recipients: 1,172

Deferred/Vested: 79

Non-vested: 64

Current Funding Summary

(Market Value)

87.2% Funded

\$1.1 Billion Assets

\$155 Million Unfunded

Projected Full Funding Date: 2032*

Contribution Requirements

Statutory Contribution: 46.34%

Employee: 15.40%

Employer: 23.10%

Supplemental: 7.84%

Total Required Contribution: 36.83%

Contribution Sufficiency: 9.51%

Benefit Highlights

Average Initial Benefit: \$5,757 per month

2024 Post-Retirement Increase: 1.0% fixed

Judges Retirement Plan Funding (July 1, 2024)

Appointed and elected judges

Membership Information

Total: 763

Active: 318

Benefit Recipients: 423

Deferred/Vested: 21

Non-vested: 1

Current Funding Summary

(Market Value)

66.0% Funded

\$294.7 Million Assets

\$152 Million Unfunded

Projected Full Funding Date: 2044*

Contribution Requirements

Statutory Contribution: 40.12%

Employee: 7.51%

Employer: 22.50%

Supplemental: 10.11%

Total Required Contribution: 36.95%

Contribution Sufficiency: 3.17%

Benefit Highlights

Average Initial Benefit: \$5,882 per month

2024 Post-Retirement Increase: 1.5% fixed

Plan Funding Summary Actuarial Valuation Snapshot July 1, 2024



	General	Correctional	State Patrol
Funded Ratio (MVA)	99.82%	79.2%	87.2%
Market Value of Assets	\$18.1 B	\$1.8 B	\$1.05 B
Unfunded Liability (MVA)	\$0.03 B	\$0.5 B	\$0.16 B
Contribution Sufficiency	1.66%	1.05%*	9.51%**
Projected Full Funding Date	2025	2040	2032

*includes 4.45% employer supplemental

**includes 7% employer supplemental

Additional MSRS Plans (June 30, 2024)

Legislators Plan

357 Members

Closed in 1997

Unclassified Plan 401(a)

3,583 Participants with
a balance

\$401.1 Million

MN Deferred Compensation Plan (MNDCP) 457(b)

102,848 Participants
with a balance

\$10.2 Billion

Health Care Savings Plan (HCSP)

169,594 Participants
with a balance

\$2.1 Billion

2025 Legislative Agenda

- Administrative Bill (no cost)
- Adoption of the experience study recommendations (detail to follow)
- Adoption of Amortization Workgroup recommendations
- Proposed Benefit Changes (detail to follow)



Funding Snapshot with Experience Study Recommendations

	Correctional Plan	State Patrol Plan	Judges
Funded Ratio	79.2%	87.2%	66.0%
w/ Experience Study	79.4%	87.7%	65.5%
Difference	0.2%	0.5%	(0.5%)
Required Contributions	27.4%	36.83%	36.95%
w/ Experience Study	27.12%	36.54%	37.61%
Difference	(0.28)	(0.29)	0.66%
Contribution Sufficiency	1.05%	9.51%	3.17%
w/ Experience Study	1.33%	9.80%	2.51%

MSRS Board Position on Benefit Enhancements

- Authorized staff to draft legislation to modify benefits for the General Plan as follows:
- Increase post-retirement benefits for MSRS General Plan members to 1.75% fixed beginning January 1, 2026
- Increase prospective multiplier of MSRS General Plan from 1.7% to 1.9% per year beginning July 1, 2025
- **No additional funding required- costs absorbed by the plan**

Description	Cost as a Percent of Payroll
Current Total Required Contribution	10.09%
Increase post-retirement increase*	1.01%
Increase Multiplier to 1.9%*	0.95%
Potential Total Required Contribution	12.05%
Potential Sufficiency (assuming 7% and 15 year amortization)	0.20%

- Other MSRS Plans: Board authorized staff to collaborate with stakeholders regarding potential benefit modifications if appropriations are provided to fund the modification.



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