



HF2237 MSRS Benefit Enhancement Bill

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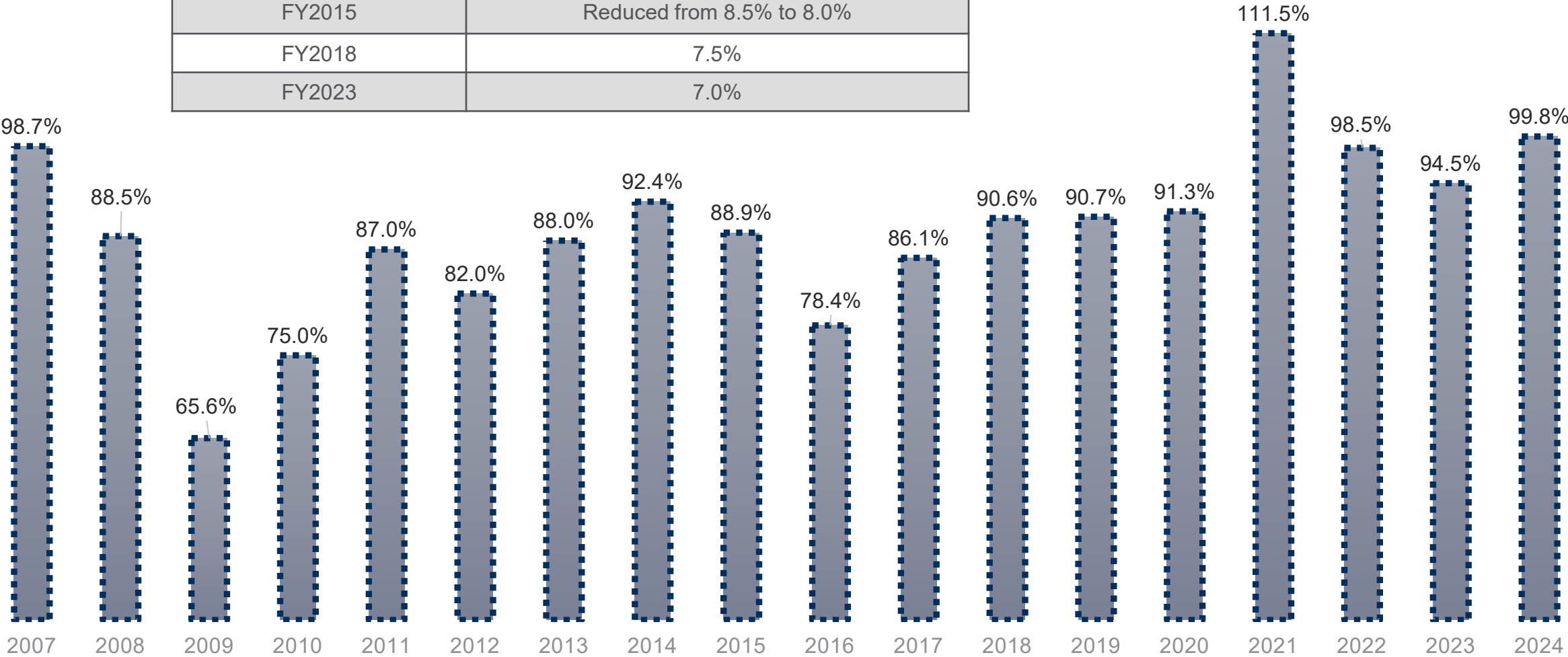
HF2237 Proposed General Plan Benefit Modifications



- Increases the multiplier used to calculate benefits from 1.7% to 1.9% for service credit earned after July 1, 2025.
- Increases the annual compounded post-retirement increase for current and future retirees from 1.5% fixed to 1.75% fixed.

MSRS General Plan: 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

\$20,328 annually

2024 Post-Retirement Increase: 1.5% fixed

Proposed Benefit Modifications- General Plan

- Increase post-retirement increases for MSRS General Plan members to 1.75% fixed beginning January 1, 2026
- Increase prospective multiplier of MSRS General Plan to 1.9% per year beginning July 1, 2025
- These benefits could be absorbed by the plan without additional contributions
- Improvement for both active and retired members

	Percent of Payroll
Current Required Contribution	10.09%
Cost to increase post-retirement increase	1.01%
Cost to increase Multiplier to 1.9%	0.95%
Estimated Required Contribution	12.05%
Statutory Contributions July 1, 2025 EE contributes 6% ER contributes 6.25%	12.25%
Estimated Potential Sufficiency (assuming 7% and 15 year amortization)	0.20%

Estimated Impact on Benefit- 20 Years of Service

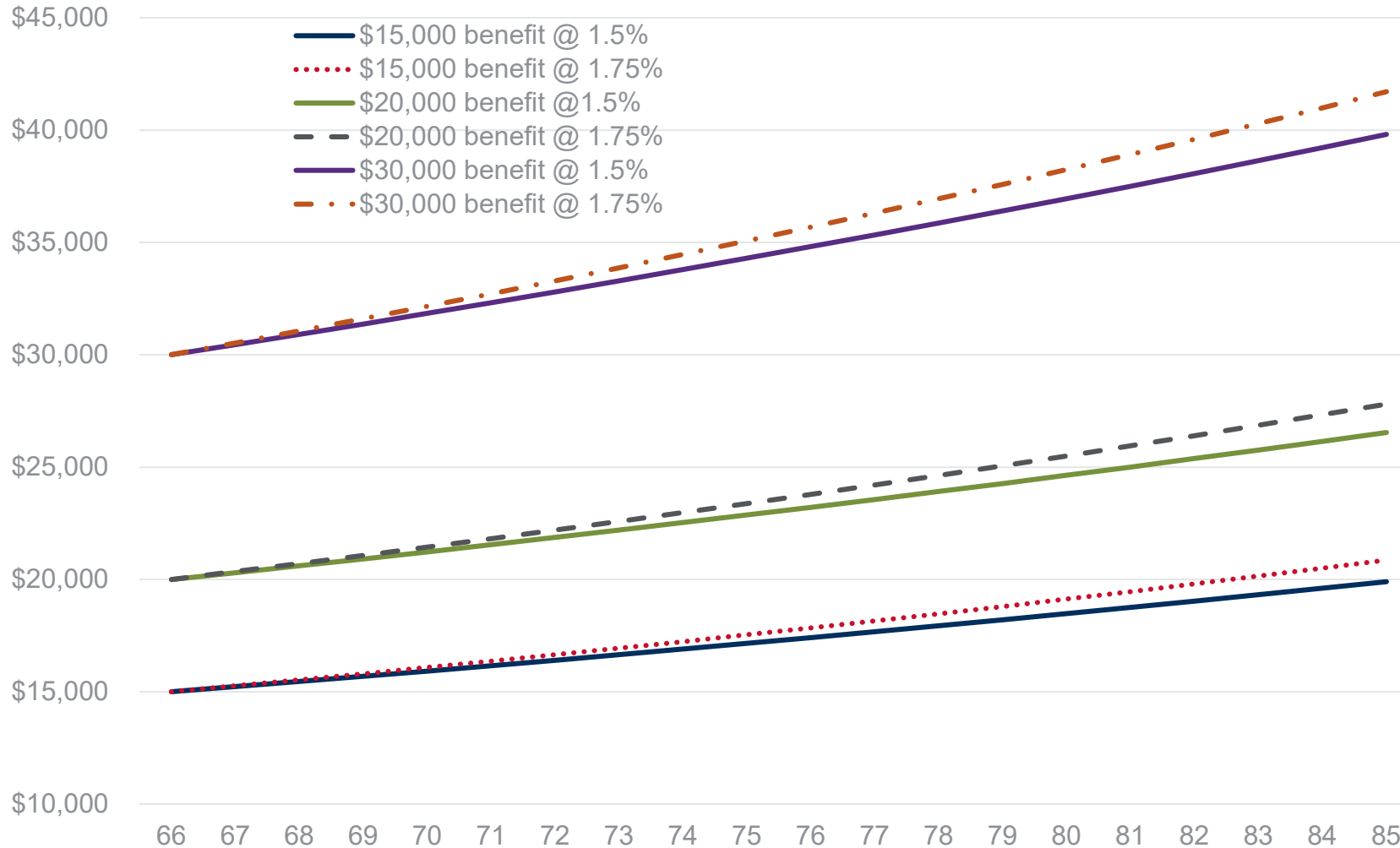
High Five Salary	Annual Benefit at Age 66 20 Years at 1.7% Total 34% <i>Current Formula</i>	Annual Benefit at Age 66 10 Years at 1.7% (17%) + 10 Years at 1.9% (19%) = Total 36% Proposed Current Employee	Annual Benefit at Age 66 20 Years at 1.9% Total 38% Proposed Future Employee*
\$35,000	\$11,900	\$12,600	\$13,300
\$55,000	\$18,500	\$19,800	\$20,900
\$75,000	\$25,500	\$27,000	\$28,500

* For new employees, this results in approximately 11.7% greater benefit

Estimated Impact on Benefit- 30 Years of Service

High Five Salary	Annual Benefit at Age 66 30 Years at 1.7% Total 51% <i>Current Formula</i>	Annual Benefit at Age 66 15 Years at 1.7% (26%) + 15 Years at 1.9% (29%) = Total 54% Proposed Current Employee	Annual Benefit at Age 66 30 Years at 1.9% Total 57% Proposed Future Employee
\$35,000	\$17,850	\$18,900	\$19,950
\$55,000	\$28,050	\$29,700	\$31,350
\$75,000	\$38,250	\$40,500	\$42,750

Impact on Annual Benefit with 1.5% versus 1.75%



- Modest benefit improvement for current and future retirees
- Results in approximately
 - \$8,660 more paid to the retiree over this period with \$15,000 initial annual benefit
 - \$11,550 more with \$20,000 initial annual benefit
 - \$17,330 more with \$30,000 initial annual benefit



MSRS Mission

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