

MRSEA 2022 Spring Annual Meeting

Speakers

Bill O'Brien – MRSEA President

Shannon Tupper & Bob Zdechlik – MSRS Benefits Specialists

Erin Leonard – MSRS

Brian Rice – Speaker

Question and Answer Portion

Patricia Ammann - SBI

BACKGROUND

- The Minnesota Retired State Employee Association (MRSEA) is a nonprofit organization that has represented Minnesota Retired State Employees for over 70 years.
- MRSEA has several thousand members that participate in the Twin Cities and 8 subchapters throughout the State of Minnesota.




MRSEA Updates – Spring 2022


SEGIP Retiree Group

- Senior Plans remain very comprehensive
- Minimal out-of-pocket expense
- Very custom and protective; cannot be replicated

Medicare Part B Premium

- Saw significant increase this year
- \$148.50 in 2021  \$170.10 in 2022
- Major driver = Aduhelm drug (Alzheimer's drug)

Medicare Part B Premium

- SEGIP Senior Plans cover injectable drugs
- More drugs on the horizon could  out-of-pocket costs
- Part B premium based on income

Adding Spouses

- Loss of other *employer group* coverage
- Application to Change Insurance Coverage
- Letter on company letterhead
- No later than 30 days from event causing loss
- Must verify eligibility
- Contact Shannon or Bob

All of your Retirement Insurance needs:

- Shannon.Tupper@state.mn.us 651-231-3509
- Bob.Zdechlik@state.mn.us 651-207-3815



MSRS Legislative & Plan Updates

May 2022



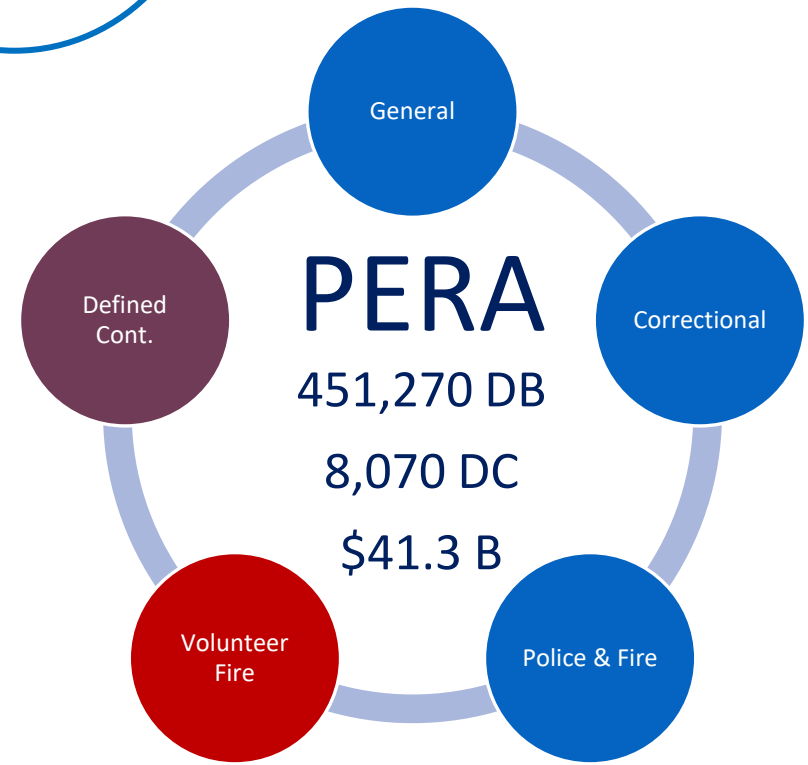
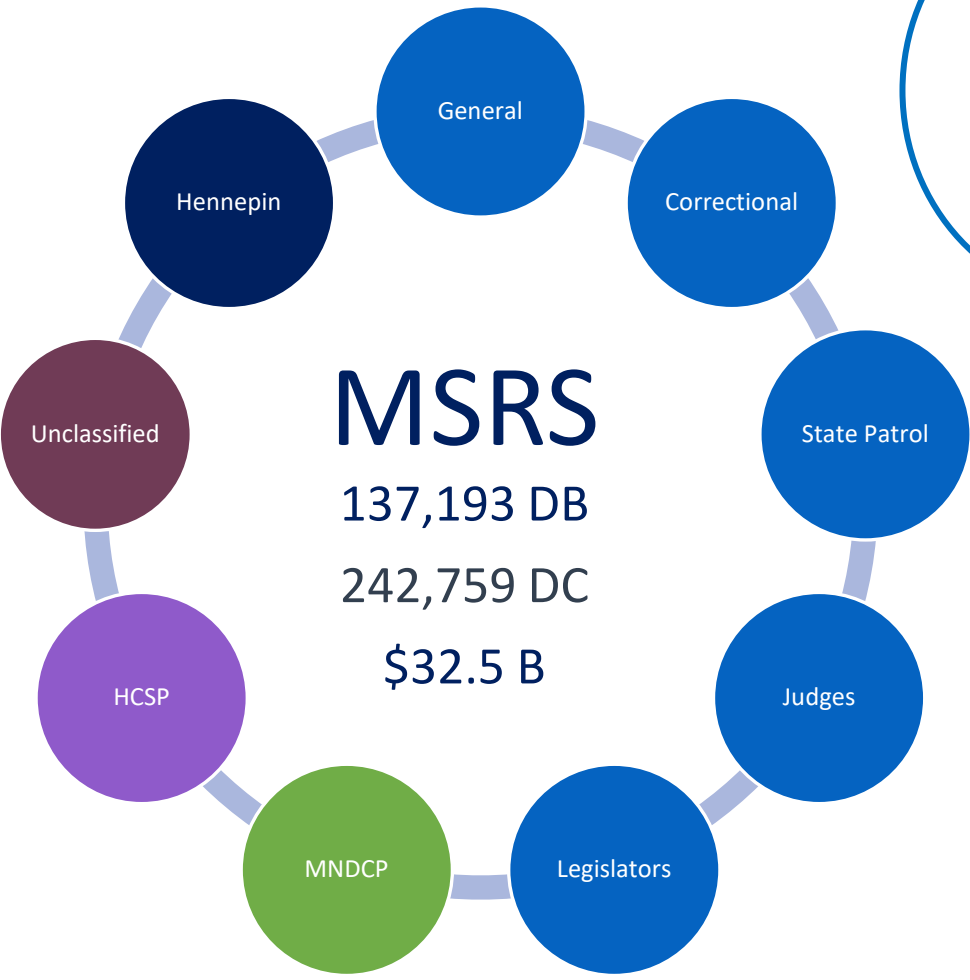
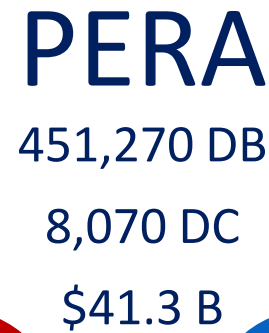
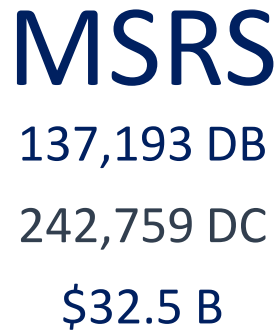
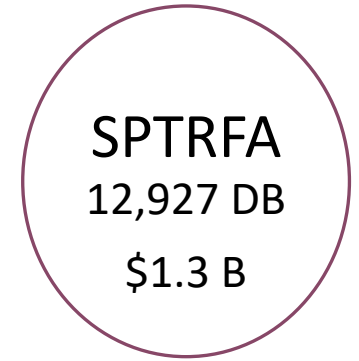
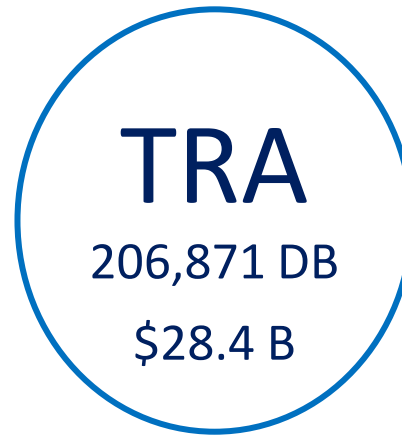
AGENDA

1. General Plan Status
2. Investment Performance
3. 2022 Legislative Update

MSRS Mission:

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

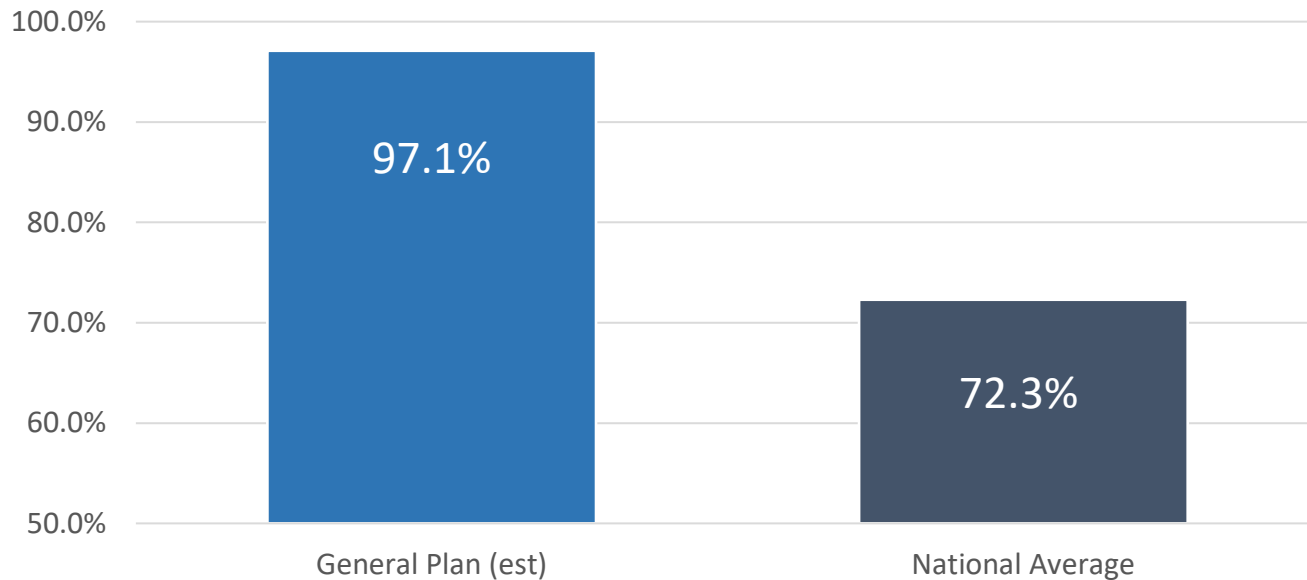
Minnesota Public Pension Plans



MSRS pays monthly annuities to more than 50,000 retirees, beneficiaries, and disabilitants, totaling more than \$970 million dollars.

MSRS is better funded than most public pension plans

Funded Ratio



General Plan Overview

(June 30, 2021)

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

97.1% Funded (actuarial value)

\$15.2 Billion Assets

\$0.4 Billion Unfunded Liability

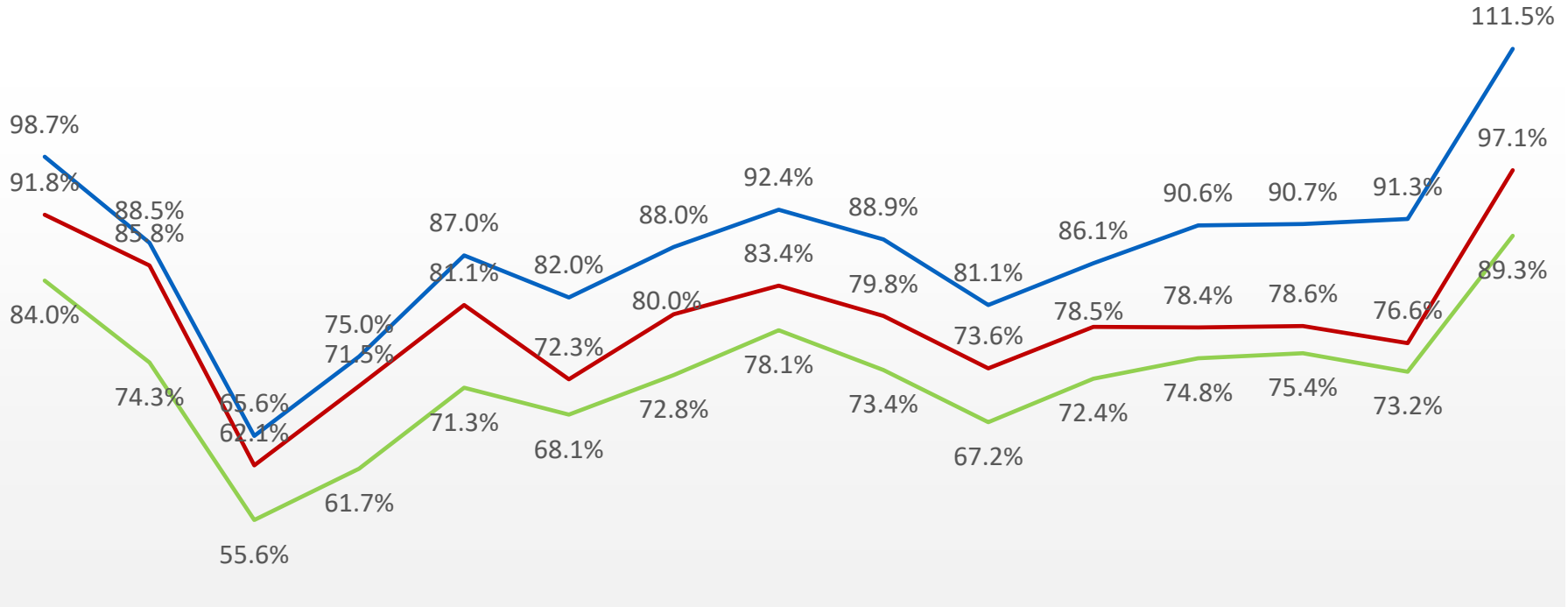
111.5% Funded (market value)

\$17.4 Billion Assets

Contributions & Funding Requirements	
Employee Contribution	6.00%
Employer Contribution	6.25%
Total Required Contribution	9.12%
Contribution Sufficiency	3.13%

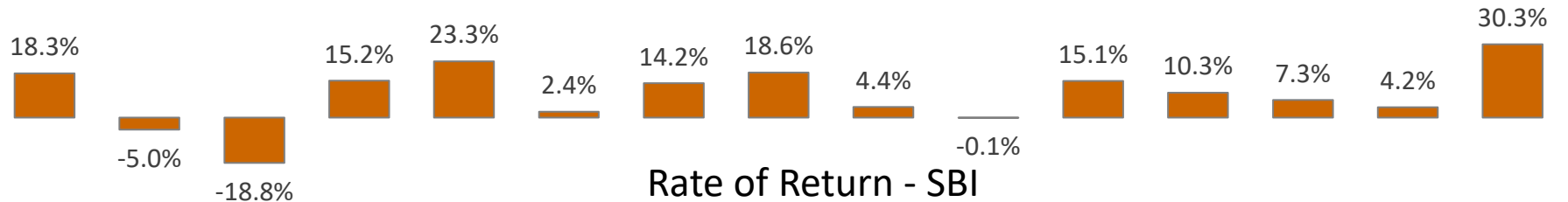
\$1,750 Average Monthly Retiree Benefit

(Market Value)



2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021

— General Plan — Correctional — State Patrol



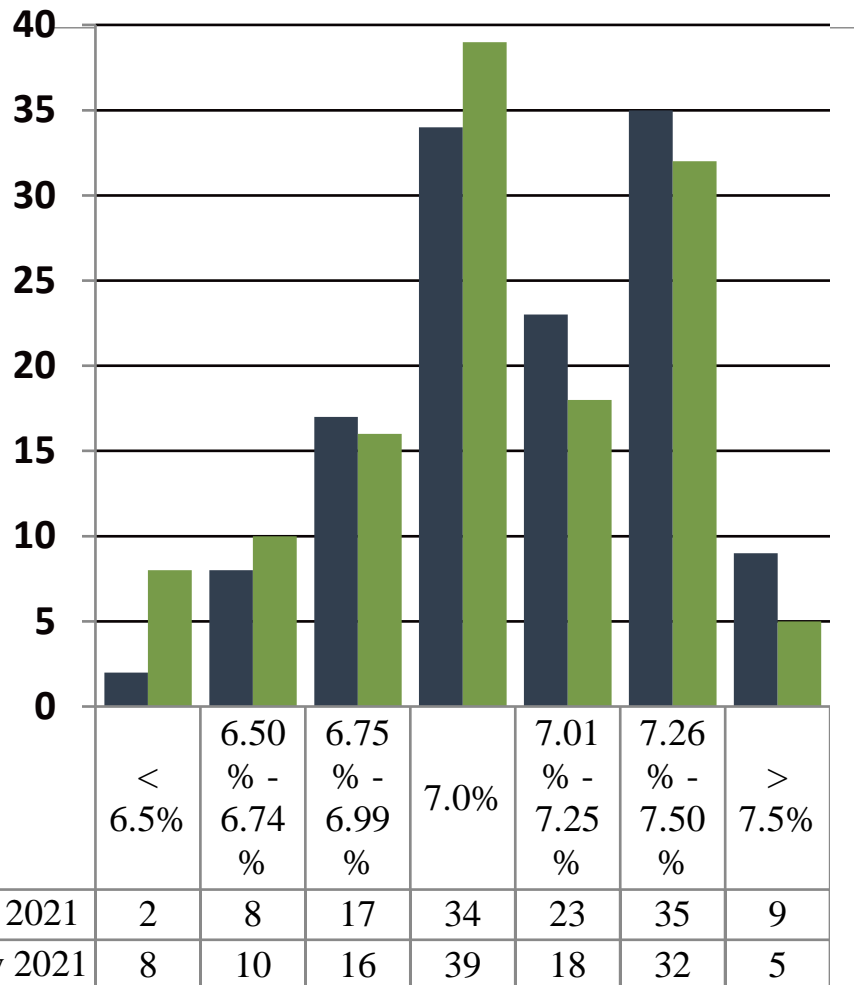
Rate of Return - SBI



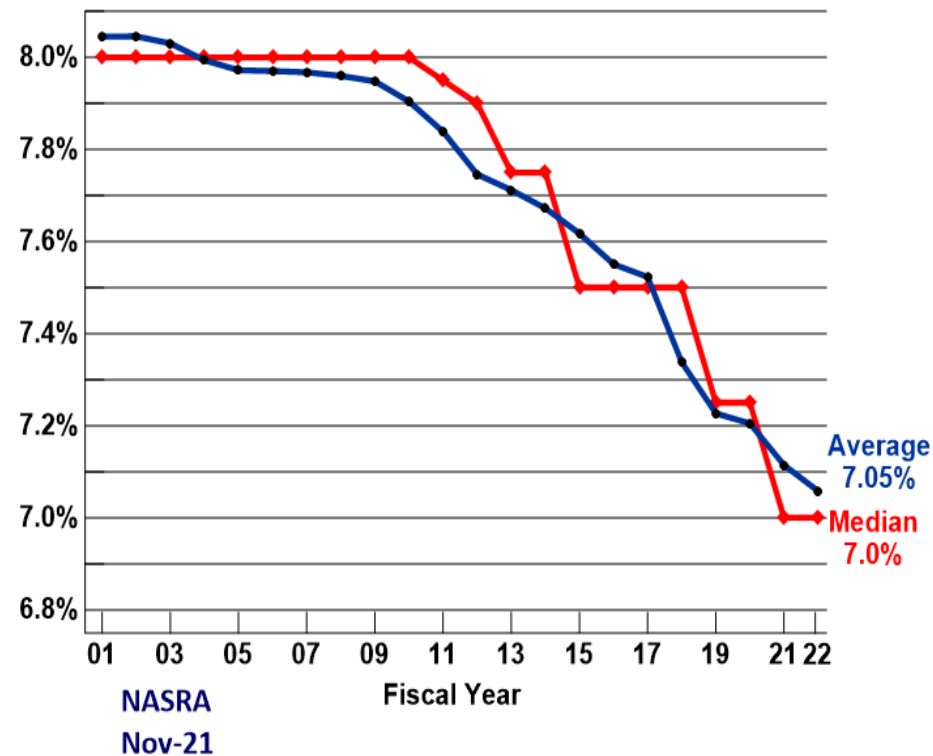
Actuaries Recommended Lower Investment Assumption

- ▶ Currently our 7.5% assumption is outside the range considered acceptable by the MSRS actuary
- ▶ Received a qualified opinion on actuarial valuation from GRS
 - ▶ **In our professional judgment, the statutory investment return assumption of 7.5% used in the report deviates materially from the guidance set forth in Actuarial Standards of Practice No. 27 (ASOP No. 27).** In a 2021 analysis of long-term rate of investment return and inflation assumptions, GRS suggested that an investment return assumption in the range of 5.71% to 7.00% would be reasonable for this valuation. Please see our letter dated June 24, 2021 for additional information.
- ▶ The MSRS Board proposed legislation to change the assumption to 7% during the 2022 session
 - ▶ Discussed at July, September and November Meetings
 - ▶ Reviewed historic investment performance
 - ▶ National Data
 - ▶ Stochastic Modeling shared at both September and November Meetings

NASRA Public Funds Survey shows national trend to lower rate- 34 Funds have reduced their assumption between February and November 2021

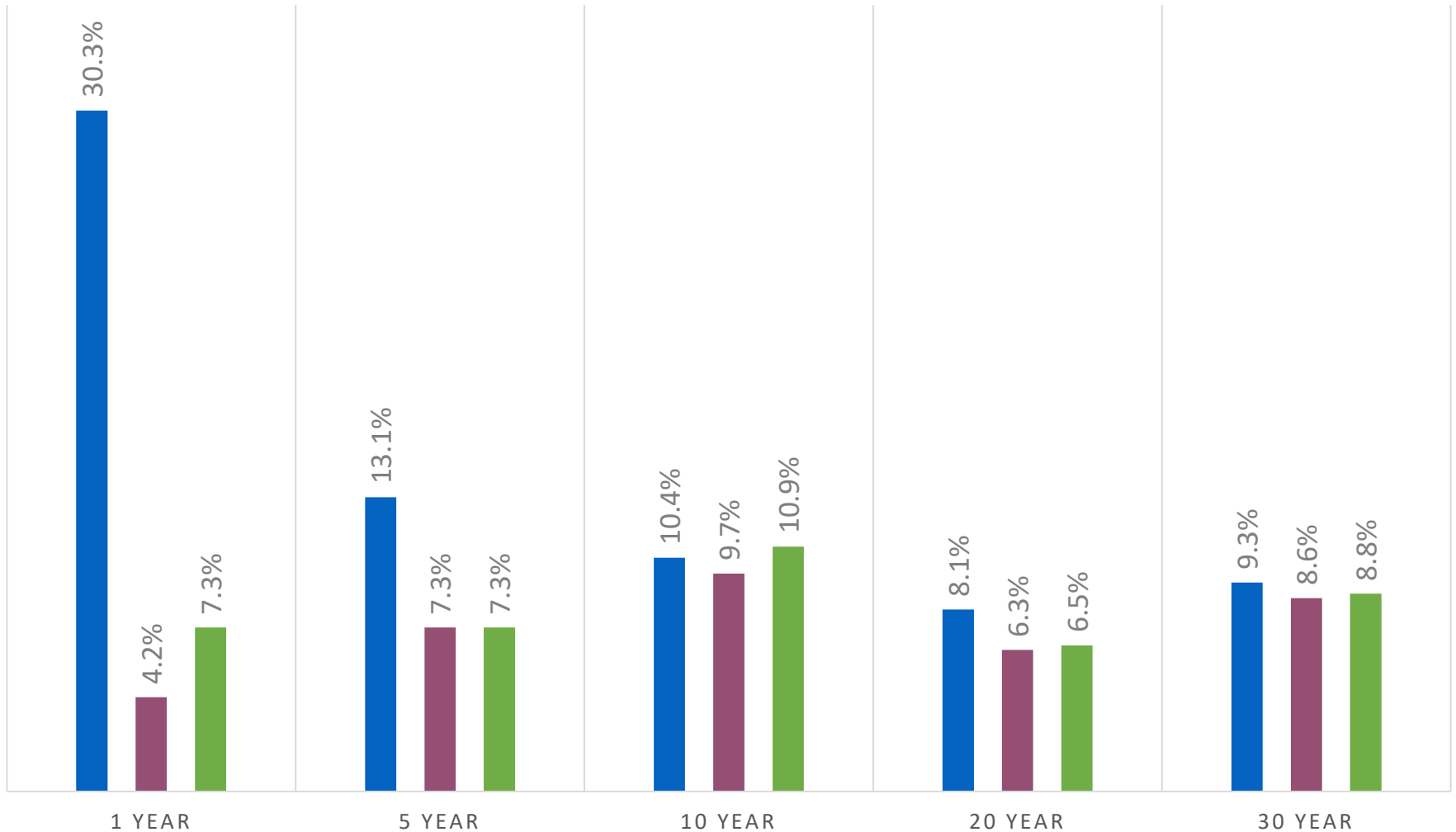


Change to Average and Median Investment Return Assumption, FY 01 to present



■ Feb 2021
■ Nov 2021

■ SBI Combined Funds (FY21) ■ SBI Combined Fund (FY20) ■ SBI Combined Funds (FY19)



<i>Actuarial Value</i>	General Plan		Correctional Plan		State Patrol		Judges	
<i>Investment Return Assumption</i>	7.5%	7.0%	7.5%	7.0%	7.5%	7.0%	7.5%	7.0%
Funded Ratio	97.1%	91.9%	78.0%	73.0%	84.2%	79.6%	61.6%	58.8%
Sufficiency or (Deficiency)	3.12%	0.72%	3.70%	(0.11%)	11.99%	5.85%	4.84%	1.89%
Projected Full Funding Date	2021	2021	2027	2033	2023	2027	2034	2038
Projected Full Funding Date (2020)	2033	NA	2035	NA	2035	NA	2068	NA

2022 Legislative Session

Legislative Proposals for Post-Retirement Increases

- One-time non-compounding
- Expedite the increase to 1.5%
- Bring parity to all MN public retirees since 2010

Small Reductions to Active Employee
Contributions

Lower Investment Return Assumption

Social Security Income Tax



- ▶ Economy
 - ▶ FY2022 Investment Return?
 - ▶ Inflation?
 - ▶ Bear Market?
 - ▶ Interest Rates?
- ▶ Election
- ▶ Experience Study



Contact Us!



www.msrs.state.mn.us



1.800.657.5757 or 651.296.2761

Consider Joining the MRSEA Board of Directors

- Do you have an interest in maintaining and improving retiree benefits?
- Do you want to increase your knowledge about pensions, health insurance, Social Security legislation or information?
- Can you spare two hours a month, with July and August off, to participate in Zoom board meetings?

Then

- Send an email titled MRSEA Board Nomination to info@mrsea.org

Or

- Send a letter or postcard via USPS mail with the title MRSEA Board Nomination to MRSEA, PO Box 416, Excelsior MN 55331

You will then be contacted by the Nominating Committee to answer a few questions and provide a brief work biography

MRSEA MISSION

The MRSEA mission is to promote, protect and enhance your State pension and benefits. It accomplishes its mission in several ways:

1st - advocating for you in the Legislature by monitoring and providing input to important pension and benefit discussions.

2nd - working with MMB to maintain health and dental coverage and provide retiree open enrollment meetings.

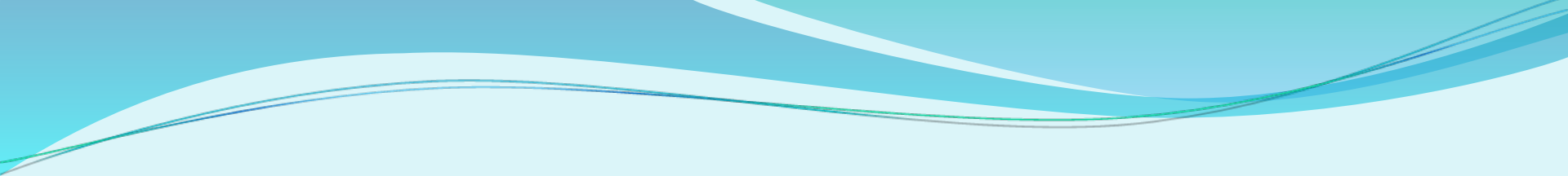
3rd - keeping you informed through newsletters, a website, an annual meeting, a fall membership event and sub chapter meetings throughout the state.

In summary, MRSEA needs your membership to provide a strong voice towards protecting your retirement security.

IF YOU ARE NOT ALREADY A MEMBER ... GET INTO THE ACTION

- Thousands of retired state employees are now members of the Minnesota Retired State Employees Association. (MRSEA)
- All retired state employees are eligible to join.
- MRSEA needs your membership support in order to provide a strong voice for state retirees. The larger the number, the more influence we have with the governor and the legislature, and the more MRSEA can do for you.
- MRSEA's strength is your retirement security.

**PLEASE JOIN US
IN PROTECTING THE FUTURE**



For more information please visit our
web site at:

www.mrsea.org

Or call

TELEPHONE: 952-470-6611

Dues are only \$25 per year.