

Senate Counsel, Research, and Fiscal Analysis

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Senate

State of Minnesota

TO: Members of the Compensation Council

FROM: Stephanie J. James, Senate Counsel (651/296-0103)
Susan Lenczewski, Executive Director, Minnesota Legislative Commission on
Pensions and Retirement

DATE: February 2, 2021

RE: Total Compensation Packages for Constitutional Officers and Judges

In addition to the salaries listed in the other materials distributed for this meeting, Minnesota's constitutional officers and judges receive retirement and insurance benefits, and, in some instances, other compensation. The benefits and payments listed in this memorandum should be considered along with actual salaries in determining those officials' total compensation.

Constitutional Officers

The state's constitutional officers are covered by the unclassified employee retirement plan administered by the Minnesota State Retirement System. The unclassified plan is a defined contribution plan to which the state contributes 6.25 percent and the employee contributes six percent of salary. The retirement benefit is equal to the contributions to the officer's account in the plan plus net investment earnings thereon.

In addition, constitutional officers are covered by the same insurance benefits offered to state employees, which include health, dental, and term life coverage. The governor's compensation includes use of a residence and a car and driver.

Judges

Judges are covered by a retirement plan that is a defined benefit pension plan. The employer's contribution rate is 22.5 percent of salary. The employee's contribution is nine percent for "tier I" members, who are judges elected or appointed before July 1, 2013, and did not or could not elect the "tier II" program, or seven percent for tier II members, who are judges elected or appointed on or after July 1, 2013, or who elected the tier II program.

For tier I members, the retirement benefit is a pension calculated by multiplying the average "high-five" salary by 2.7 percent for each year of service before July 1, 1980, and 3.2 percent for each year of service after June 30, 1980. The maximum benefit, however, is capped at 76.8 percent of

the judge's average high-five salary. For tier II members, the pension is calculated by multiplying the average high-five salary by 3.2 percent for each year of service before January 1, 2014, and 2.5 percent for each year of service after December 31, 2013. There is no cap for this benefit.

Judges are vested in their pension benefit after five years of service. After pension payments begin, the pension amount is eligible for annual postretirement increases.

SJ:SL;rdr