



March 27, 2024

Jason Kohlmeyer
 Kohlmeyer | Hagen Law Office Chtd.
 150 St. Andrews Court, Suite 110
 Mankato, MN 56001

Re: Candace Marie Hottinger Present Value Calculation under the Minnesota State Retirement System - MSRS General Employees Retirement Plan

Dear Jason:

As requested, we have calculated estimated retirement benefit present values for Candace Marie Hottinger. The plan benefits valued are from the Minnesota State Retirement System - MSRS General Employees Retirement Plan and were provided by the plan's benefit estimate system and received via email on March 18, 2024. Based on the information provided, the benefit amounts appear reasonable. Below is a summary of the data provided to us.

Input Data Provided	
Plan Name	Minnesota State Retirement System - MSRS General Employees Retirement Plan
Participant Name	Candace Marie Hottinger
Date of Birth	December 25, 1979
Date of Marriage	September 15, 2007
Date of Valuation	April 1, 2024
Years of Credited Service at Valuation Date <i>(estimated by Hildi USICG based on information provided on service in the participant benefit statement)</i>	14.9166
Years of Credited Service during Marital Period	14.9166

Estimated Monthly Retirement Benefit	Estimated Credited Service	Monthly Benefit
at age 55.00 based on benefit accrual ceasing 12/26/2034	26.6667	\$580.00
at age 62.00 based on benefit accrual ceasing 12/26/2041	33.6667	\$1,433.00
at age 66.00 based on benefit accrual ceasing 12/26/2045	37.6667	\$2,423.00

While we have made every effort to accurately reflect the plan provisions and census data, we are not the plan administrator. We recommend that the census data, benefit amounts, and plan provisions be confirmed by the plan administrator before these results are used in any kind of marital dissolution settlement agreement. Hildi USICG is not responsible for how these results are used in a settlement agreement or used in an allocation method for a Domestic Relations Order (DRO).

Results

Estimated Present Value Results as of April 1, 2024		
	Total Present Value	Marital Value
Terminate employment 12/26/2034 and commence at age 55.00	\$36,832	\$36,832
Terminate employment 12/26/2041 and commence at age 62.00	\$47,256	\$47,256
Terminate employment 12/26/2045 and commence at age 66.00	\$55,752	\$55,752

The results above are based on the projected benefit approach. This approach values the benefit projected to the termination dates shown above (assuming 0.00% annual salary increases). The total present value is prorated by the credited service earned as of the valuation date of 14.9166 years divided by the credited service as of the projected date of termination. The marital value is the prorated portion of the total present value based on the years of service while married of 14.9166 divided by the total credited service under the plan of 14.9166 as of April 1, 2024.

Assumptions

Assumptions Used to Determine Present Value	
Discount Rate	5.30%
Post Retirement Cost of Living Increases	Deferred to age 66 - 1.50%
Mortality Base Table	RP-2014 Female (White Collar) adjusted to 2006
Mortality Projection Scale	MP-2021 Female

- 1) **Discount Rate:** Actuarial Standard of Practice #34 (ASOP 34) requires that unless another assumption is clearly warranted by the facts and circumstances, the discount rate selected for valuing retirement plan benefits in domestic relations actions should be a low-risk rate of investment return, determined as of the measurement date and based on the cash-flow pattern of benefits being valued (for example, the current or a recent average yield to maturity on U.S. Treasury bonds of comparable duration, or a published index reflecting yield rates for high-quality corporate bonds). For this purpose, the chosen discount rate of 5.30% has been derived by reflecting the applicable expected benefit payments discounted using the high-quality corporate bond rates published for January 2024 under IRC Section 417(e)(3) for lump sums. The equivalent single rate was then analyzed for reasonableness and compared to some appropriate indices and rounded.
- 2) **Mortality:** Mortality has been set using the RP-2014 Female (White Collar) adjusted to 2006 mortality table, which is the most current table issued by the Society of Actuaries, published in 2014. The MP-2021 Female mortality improvement projection scale has been applied to the base mortality table in order to reflect anticipated future mortality improvements.
- 3) **Post Retirement Cost of Living:** The plan provides possible automatic post-retirement cost of living increases. We have assumed a 1.50% post-retirement cost-of-living assumption beginning at age 66. However, since we are not the plan administrator, we recommend that this assumption be carefully reviewed and agreed upon by both parties.

Observations

Some general observations are noted below:

- 1) The estimated pension value will vary based on the actual date of termination and the actual date of retirement. We have only provided a value for the dates of termination and retirement shown above.

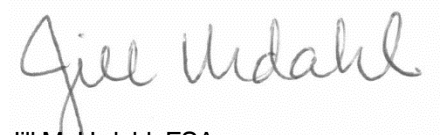
Observations *continued*

Some general observations are noted below:

- 2) The participant's accumulated contributions without interest as of November 30, 2022 were \$27,195. This represents the minimum present value on that date.
- 3) A death benefit is available to the spouse if the participant dies prior to commencement of the benefit. We have not included the value of this benefit but it should be considered in the analysis of whether to offset assets or have a DRO.

Please call if you have any questions or would like any additional information.

Sincerely,

A handwritten signature in cursive script that reads "Jill Urdahl". The signature is written in black ink on a light-colored background.

Jill M. Urdahl, FSA
Minnesota Practice Leader / Consulting Actuary