MN Secure Choice Retirement Program

To: MN Secure Choice Board of Directors

From: Dave Bergstrom, Interim Executive Director

Subject: Mn Secure Choice Retirement Program Budget for F.Y. 2025 (Agenda Item 2)

The Board of Directors needs to establish a Fiscal Year 2025 budget for the agency. The fiscal year for state government agencies runs from July 1 to June 30 each year. While it is important to adhere to a budget, this year's budget may be fluid because there are many uncertainties with a new program. The Board may adjust the budget during the year, and if an increase or decrease in the budget is necessary, it will be brought to the Board for approval. Unlike some State agencies, the fiscal year budget is not a "use it or lose it" budget. If money is unspent, it remains in the Mn Secure Choice account.

Category	Amount	Detail
Salaries	$202,000	*Interim Director Salary $65,000 - 6 months (28 hours a week) at $83.00 an hour plus 7.65% for Social Security and Medicare. *Permanent Executive Director $60,000 - 4 months at $83.00 per hour plus an additional 25% for retirement, Social Security, Medicare, and other benefits. *Temporary Executive Assistant $ 32,000 - 7 months (28 hours a week) at $35.00 per hour plus 7.65% for Social Security and Medicare. *Permanent Communication Specialist $45,000 - 5 months at $50 per hour plus an additional 25% for retirement, Social Security, Medicare and other benefits.
Rent and Office Support Services	$12,300	Includes office rent and use of facility conference rooms, printer, and copier. $1,538 per month for 8 month (November 1, 2024, to June 30, 2025).
Computers and accessories	$8,000	3 laptops, monitors, keyboards, mice, and docking stations.
General Supplies	$300	Paper, pens, stapler, clips, paper pads, etc.

Interoffice agreement	$12,000	The State Board of Investment (SBI) has agreed to provide important support services until June 30. These services include payroll processing, accounting assistance, procurement and other services needed to facilitate a start-up agency. Considerable SBI staff time was spent setting up the initial accounting and budgeting services needed to operate as a state agency.
Executive Director Search	$15,000 – $125,000.	If the Board elects to hire an Executive Search Firm, the estimated cost is $125,000. If the Board elects to conduct their own search, the cost will be about $15,000. This money will be used to advertise in retirement publications and hire a company to conduct a thorough background search. It also includes the cost of flying in potential finalists for an interview.
Incidental Costs	$10,000	This would cover the cost of unexpected items, most likely relating to unforeseen information technology costs.
Board Costs	$900	The costs are associated with reimbursement of travel costs and a stipend under Minnesota Statutes 15.075, subdivision 1.
Travel Cost	$1500	Travel costs include mileage reimbursement for staff, conference attendance, etc. I'd like to attend the State-Facilitated Retirement Savings Program Network hosted by Georgetown University, Center for Retirement Initiatives (January 28 and 29 in Nashville, Tennessee). It would be an opportunity to get suggestions from other Directors who have already implemented similar programs in other states.
Web site cost	$25,000	MNIT (States Information Technology Agency) to host and develop a web site for Mn Secure Choice.
MNIT	$4,000	Set up and maintain a secure Wide Area Network and Local Area Network for the office. $1,200 set up and $350 per month for 8 months.
Consulting Services	$25,000	The Board may want to hire a consultant. A consultant could be utilized on an hourly basis if necessary. A consultant could help the Board decide if they want to join a consortium of other states or set up their own plan. The consultant could also help with best practices regarding plan details and communication efforts. An estimated cost is $100,000 (budget proposes $25,00 for this year and $75,000 for next year.)
TOTAL	$316,000 $426,000	Without Executive Search Firm With Executive Search Firm

MN Secure Choice was appropriated $5,000,000 effective June 30, 2024, to offset the cost of establishing a program. The assets are invested in the Invested Treasure's Cash (ITC) Pool. The ITC objectives are to preserve capital, meet liquidity needs, and provide competitive money market returns. The interest has accrued since July 1, 2024, and is expected to amount to approximately $225,000 in Fiscal Year 2025.