

# Retirement Plans

[http://www.minnstate.edu/system/hr/employees/retirement/Info\\_For\\_Employees.html](http://www.minnstate.edu/system/hr/employees/retirement/Info_For_Employees.html)

All mandatory retirement plan deductions and earnings are tax deferred. Retirement plan eligibility is determined by the Minnesota State Legislature and participation is mandatory.

## Retirement Options for Administrators, Faculty and MSUAASF employees:

Administrators, new faculty and MSUAASF employees who are employed for more than 25% of an academic year are eligible to participate in a state sponsored retirement plan.

### Option 1 - Individual Retirement Account Plan (IRAP), also called the Defined Contribution Retirement Plan (DCR)

- IRAP is a 401(a) defined contribution plan offering several different investment options.
- The employee has control over how the money is invested. A current listing of investment options, along with investment plan performance can be found by visiting the TIAA website at: <https://www.tiaa.org/public/tcm/minnesotastate/home>
- Administrators, faculty and MSUAASF employees contribute 4.5%, employer contribution is 6%. Employees are vested immediately.
- TIAA is the administrator for the IRAP and SRP retirement plans for Minnesota State Colleges & Universities faculty, service faculty and administrators.
- To contact a TIAA Customer Service Representative, call 1-800-682-8969.

### Option 2 – Teachers Retirement Association (TRA)

- TRA new employee information can be found at: <https://www.minnesotatra.org/>
- Teachers Retirement Association is a defined benefit plan which provides an annuity at the time of retirement based on the five highest consecutive years of salary, age, and the number of years of service.
- The account is invested and managed by TRA.
- Employee contribution totals 7.5% of gross earnings and the employer's contribution is 7.71%.
- Employees are vested with TRA after three years of service.
- Teachers Retirement Association can be reached at 1-800-657-3669.

**NOTE: Administrators, new faculty and MSUAASF employees will automatically default into the IRAP plan if they have no prior State of Minnesota pension service. A new unclassified employee with prior service in a defined benefit plan (PERA, MSRS, TRA, First Class Cities) will default into TRA instead of IRAP. New unclassified MnSCU employees have one year to elect to participate in the other plan. Once you actively elected one of the retirement plans OR one year passes, your retirement election is irrevocable.**

## **Supplemental Retirement Plan (SRP)**

After two full-time years of service with Minnesota State Colleges and Universities (Minnesota State), faculty, MSUAASF employees and Minnesota State Administrators also participate in the Supplemental Retirement Plan. Contributions are 5% of gross salary after the first \$6,000 received in the fiscal year up to a maximum amount allowed by the respective collective bargaining agreements. WSU matches the contributions dollar-for-dollar. Contributions can be invested independently from IRAP plan contributions.

## **Retirement Plan for Classified Employees**

All classified employees in permanent, unlimited positions, contribute to the Minnesota State Retirement System (MSRS). MSRS is a defined benefit plan which provides an annuity at retirement based on the 5 highest consecutive years of salary, age and the number of years of service. The account is invested and managed by the Minnesota State Retirement System. Employee deductions are 5.75% and employer contributions are 5.875%

Questions regarding any retirement plan or eligibility should be directed to the Office of Human Resources at (507) 457-5005.



## Voluntary Retirement Plans Available to All Employees

### Tax Sheltered Annuity – 403 (b)

<https://www.tiaa.org/public/tcm/minnesotastate/retirement-benefits/plan3>

The Minnesota State Tax Sheltered Annuity Program is intended to help you accumulate savings to use as retirement income on a pre-tax basis.

Any part-time or full-time employee of Minnesota State is eligible to participate in the program. An “employee” includes individuals who are employed by Minnesota State, receiving wages reportable on Form W-2. An “employee” does not include students performing services for Minnesota State. Employees are eligible upon hire. Contributions are deducted each pay period at the rate specified by the employee on the Employee Self Service website, to the extent that the contributions do not exceed the limits specified by IRS regulation.

For assistance in enrolling online, call TIAA at 1-800-682-8969.

### Deferred Compensation Plan - 457 Plan

[www.mndcplan.com](http://www.mndcplan.com)

The Minnesota Deferred Compensation Plan is open to all Minnesota public employees. It allows you to set aside a portion of your income and accumulate it on a tax-deferred basis. That means less of your salary is subject to current income tax – and your savings and investment earnings accumulate tax-deferred until you start drawing from the Plan at retirement.

The MnDCP has been in place since 1971. It has approximately 70,000 participants with assets approaching \$2 billion.

All employee and elected officials of the State of Minnesota and its political subdivisions are eligible to participate in the plan.

Contributions are deducted each pay period at the rate specified by the employee on the Employee Self Service website, to the extent that the contributions do not exceed the limits specified by IRS regulation.

**Both the 403(b) and 457 plans are available in an after-tax option.**

## Enrollment Instructions for all Voluntary Plans

If you have never contributed to the Tax Sheltered Annuity/403B or the Deferred Compensation Plan Deductions in the past, you will need to enroll in the plan.

- To enroll in the TSA/403B, go to [www.TIAA.org/minnesotastate](http://www.TIAA.org/minnesotastate), click on the “READY TO ENROLL!” box and follow the instructions.
- To enroll in Deferred Comp, print and complete an enrollment form from [www.mndcplan.com](http://www.mndcplan.com) and send it to the address or fax number on the form.

Once you have enrolled in one or both plans, you may administer your deductions in the Self Service website:

[www.state.mn.us/employee](http://www.state.mn.us/employee)

1. Log on to the Self Service site
2. Select “Other Payroll”
3. Select “Savings Plans”
4. Select “Input Deferred Comp/TSA Deduction”
5. Select “Add Savings Plan” button
6. Select “TSA-MnSCU” or “ROTH TSA” or “Deferred Comp” from the drop down menu at the Description box
7. Select (a) Start date for deductions and (b) Amount you want deducted from the “Before Tax” and/or “After Tax (Roth)” options
8. Save your updated entry

More detailed **Instructions** are available via a link on the **Savings Plans** screen.

# COMPARISON OF IRAP & TRA PLANS

\*Eligibility: Unclassified Faculty/Staff who are employed for 25% time or more during academic year.

Individuals with no prior Minnesota Defined Benefit Plan service are automatically enrolled in IRAP at time of hire and have one year after initial eligibility to choose TRA as main retirement plan.

Individuals with Minnesota Defined Benefit Plan service (TRA, MSRS, PERA, etc) will automatically be entered into TRA and have one year after initial eligibility to enroll in IRAP.

	<b>Teacher's Retirement Association (TRA)</b>	<b>Individual Retirement Account Plan (IRAP)</b>
<b>Type</b>	Deferred Benefit Plan (aka pension plan)	Defined Contribution Plan, 401 (a)
<b>Benefit</b>	Is a percentage of salary based on years of service, age and high five consecutive years of salary	Is based on Employer and Employee Contributions to an account where participant controls investment choices
<b>Vesting</b>	3 years full time equivalent	Immediate
<b>Contributions</b>	Employee: 7.5%  Employer: 7.71%	Employee: 4.5%  Employer: 6%
<b>Portability</b>	Combined service with any public employer in MN	Stays with the employee
<b>Risk</b>	TRA assumes the investment risk	Employee assumes the investment risk
<b>Payout Options</b>	Lifetime pension or refund with interest. At retirement, you choose your level of benefit coverage. Once vested, benefit available if you become disabled or to your survivor if you die before retirement.	Flexible Options: Cash withdrawals, Interest only, minimum distribution, lifetime income, survivor benefits, systematic withdrawals, income for fixed period
<b>Investment Control</b>	Assets managed by the State Board of Investment. Benefit is guaranteed regardless of stock performance.	Employee has the ability to control allocations. Benefit depends on stock performance.
<b>General</b>	Low risk and lifetime pension	Portability and investment control



# Comparison of 457(b) and 403 (b) Plans

	457(b) plan Plan Administrator: MSRS	403(b) plan Plan Administrator: TIAA
Maximum limits on elective deferrals-under age 50	2018 - \$18,500	2018 - \$18,500
Maximum limits on elective deferrals - age 50 or older	2018 - \$24,500*  *Includes EGTRRA catch-up contribution; does not include traditional catch-up contributions allowed for 457 plans	2018 - \$24,500*  *Includes EGTRRA catch-up contribution; does not include traditional catch-up contributions allowed for 403(b) plans
Participant loans allowed?	No	Yes
Hardships allowed?	Yes, only for immediate and unforeseeable events; excludes hardship distributions for purchase of a residence, ordinary consumer debt, and education expenses.	Yes
Penalty for distribution prior to age 59 ½?	No	Yes, 10 % penalty
Minimum Distribution Requirements?	Later of 1) April 1 following the calendar year employee attains age 70 ½ or 2) calendar year following retirement	Later of 1) April 1 following the calendar year employee attains age 70 ½ or 2) calendar year following retirement
Social Security Withholding	FICA/Medicare withholding at time of deferral	FICA/Medicare withholding at time of deferral
Taxation of Benefits?	Taxed as ordinary income in the year received	Taxed as ordinary income in the year received
Can defer taxes on distributions by rolling them into a plan of the same type or an IRA?	Yes	Yes
Can defer taxes on distributions by rolling them into a plan of different type?	Yes	Yes
ERISA coverage?	No	No
Non-Discrimination Rules?	None	None
Top heavy rules apply?	No	No



# Smart steps today can lead to a more solid financial tomorrow



## Enroll now and start planning for a more secure future

The sooner you enroll, the better the chance of increased savings. On average, Social Security will provide only 40% of the money you will need during your retirement years.<sup>1</sup>

For questions regarding your eligibility to contribute to the plan, visit [TIAA.org/minnesotastate](http://TIAA.org/minnesotastate).

Take the right steps toward planning for a secure retirement. Enroll today. It's easier than ever to plan and save for retirement. Whether it's years down the road or just around the corner, you can get started right now.

No matter where you are in life, TIAA focuses on you and your financial future. You'll receive:

- Advice and guidance from experienced consultants, customized to your goals.
- Plan options that can meet your retirement needs.
- Online access to interactive tools and calculators to help plan for retirement.

Enrolling online is easy. All you need is:

- Your Social Security Number
- Your beneficiary's Social Security Number, birth date and address, if possible
- Your selected investment allocations. Need information about your investment options? Please go to [TIAA.org/minnesotastate](http://TIAA.org/minnesotastate) to view the menu.

Enroll online in just a few minutes:

1. Go to [TIAA.org/minnesotastate](http://TIAA.org/minnesotastate)
2. Click *Ready to Enroll*, choose your plan(s) and then click *Next*, and if you haven't already, complete a salary reduction agreement, then select *Begin Enrollment* to be taken to the *Welcome* page.
  - If you are a first-time user: Click *Register with TIAA* to create your user ID and password.
  - If you are a returning user: Enter your TIAA user ID and click *Log In*.
3. Follow the prompts and print out the confirmation page. You are now enrolled.

Keep your retirement money working as hard as you do

The earlier your contributions start, the longer your money can work through the power of compounding. Compounding happens when earnings on your savings get reinvested to generate additional earnings. Over time, compounding can fuel the growth of your savings.





Advice and guidance from TIAA—at no additional cost

You don't have to go it alone. A TIAA financial consultant can help you select a mix of investment options for your retirement savings goals and risk tolerance. To schedule a session, visit [TIAA.org/schedulenow](http://TIAA.org/schedulenow) or call TIAA at 800-732-8353, weekdays, 7 a.m. to 7 p.m. (CT)

## Your employer's retirement plan offers valuable benefits

Take advantage of:



### Convenience

Contributions are automatically applied to your account.



### Tax deferral

No taxes are taken on your contributions or their earnings, until you take money out of the plan.<sup>2</sup>



### Diverse investments

You can build a portfolio of professionally managed investments suited to your personal goals and risk tolerance.



### Pretax savings

If applicable to your plan, every dollar you save is on a pretax basis, which can reduce your current taxable income.<sup>2</sup>



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1. Social Security Administration, <http://ssa.gov/pubs/10035.html#a0=1>

2. Does not apply to Roth contributions. All withdrawals are subject to ordinary income tax. Withdrawals prior to age 59½ may be subject to an additional 10% penalty.

Distributions from 403(b) plans before age 59½, severance from employment, death, or disability may be prohibited, limited, and/or subject to substantial tax penalties. Different restrictions may apply to other types of plans.

Investment, insurance and annuity products are not FDIC insured, are not bank guaranteed, are not insured by any federal government agency, are not a condition to any banking service or activity, and may lose value.

Investment products may be subject to market and other risk factors. See the applicable product literature, or visit [TIAA.org](http://TIAA.org) for details.

You should consider the investment objectives, risks, charges and expenses carefully before investing. Please call 877-518-9161 or log on to [TIAA.org](http://TIAA.org) for current product and fund prospectuses that contain this and other information. Please read the prospectuses carefully before investing.

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CREATED TO SERVE.





# Saving for **YOUR** Financial Future



## ■■■ PLAN OVERVIEWS ■■■

MANDATORY PARTICIPATION

### MSRS Pension Plan

The Minnesota State Retirement System (MSRS) administers pension plans that provide retirement, survivor and disability coverage for eligible state employees.

- ◆ As a State employee, you are required by law to contribute a percentage of your gross salary to MSRS. If you meet eligibility requirements, you will receive a monthly retirement (pension) benefit for life once you separate from service.
- ◆ For more information, visit [www.msrs.state.mn.us/pension-plans](http://www.msrs.state.mn.us/pension-plans)

MANDATORY PARTICIPATION

### HCSP – Health Care Savings Plan

The HCSP is a tax-free medical savings account. Once you separate from service, you can access your HCSP account balance for reimbursement of eligible health care expenses.

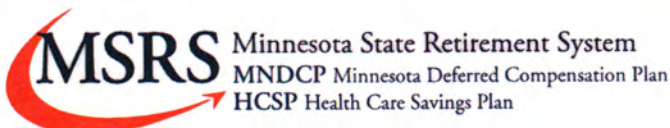
- ◆ Participation is negotiated and agreed upon by your union or other employee groups.
- ◆ You direct where your contributions are invested. Choose from a variety of seven investment options.
- ◆ Funds are available once you separate from service.
- ◆ For more information, visit [www.msrs.state.mn.us/hcsp](http://www.msrs.state.mn.us/hcsp)

VOLUNTARY PARTICIPATION

### MNDCP – Minnesota Deferred Compensation Plan

The MNDCP enables any full, part-time or temporary Minnesota public employee to contribute through payroll deduction to a voluntary retirement account. It is a smart and easy way to supplement income from your pension and Social Security benefits.

- ◆ Flexibility to increase, decrease or stop your contribution amount at any time.
- ◆ Matching dollars through your union.
- ◆ You are always 100% vested.
- ◆ Funds are available once you separate from service.
- ◆ For more information visit [www.msrs.state.mn.us/mndcp](http://www.msrs.state.mn.us/mndcp)



## Questions?



Phone: 1-800-657-5757 or 651-296-2761  
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