

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND
TAX-SHELTERED ANNUITY PROGRAM**

Statement of Investment Policy

TABLE OF CONTENTS

	Page
INTRODUCTION AND OBJECTIVES OF THE PLAN	1
SELECTION OF INVESTMENT OPTIONS	5
INVESTMENT CATEGORIES/OBJECTIVES	7
REPORTING AND MONITORING PROCEDURES	16
RESPONSIBILITIES OF COMMITTEE/PARTICIPANTS.....	19
ADMINISTRATIVE POLICIES	20
EXCESSIVE TRADING POLICY	24
EXHIBIT A – LIST OF OPTIONS	26

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

Introduction

The Minnesota State Colleges and Universities Defined Contribution Retirement Plan and Tax-Sheltered Annuity Program through its Investment Committee (the “Committee”) - to be referred to hereafter hereby adopts this Statement of Investment Policy (Statement – to be referred to hereafter) for the Minnesota State Colleges and Universities Defined Contribution Retirement Plan and Tax-Sheltered Annuity Program.

A formal review process will be established to monitor the performance of the investment options and to ensure that the funds are performing to their benchmarks and peer groups. The review will be based upon calendar quarter ending data.

The investment performance reports will provide all necessary fund information related to the performance of each investment option to its appropriate benchmarks, peer indices and style conformance. The investment performance reports will be a tool for assisting the Committee in making informed decisions related to either the retention or replacement of any investment option in the plan.

Nothing in this document precludes MNSCU from taking whatever action is necessary to safeguard the best interest of the Plan participants. If a conflict arises between the Plan document and the investment Guidelines the Plan document will supersede all matters herein.

The Committee operates in conformance with applicable statutory language which requires that the State Board of Investment (SBI) makes all final decisions with regard to fund selection, deletion, replacement, etc. Any references in this document to committee decisions or actions with regard to funds are made in accordance with the relevant statutory language.

Objectives of the Plan

The overall objective of the MNSCU 403b Plan is to enable eligible employees to save for retirement by providing a tax-deferred savings plan suitable to participants’ retirement planning needs, The array offered needs to include enough funds from distinct asset classes in order to accommodate a broad range of individual investment goals. At the same time, the fund array should be structured so as not to cause confusion to

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

participants or plan administrator. The fund array is intended to provide Plan participants with a range of investment options that have incremental and identifiable steps up the risk and return spectrum.

Responsibilities of the Investment Committee

The members of the Investment Committee are:

Vice Chancellor for Human Resources

Vice Chancellor of Finance/Chief Financial Officer

The responsibilities of the Investment Committee include the following:

1. The Committee will select benchmarks for each investment goal set forth by the Committee and continue to be met by the investment fund.
2. If the investment goals are not met, the Committee will monitor the investment style, objective and performance of that fund to determine if other action is warranted.
3. To establish retirement program principles and administer the program accordingly.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

This Statement of Investment Policy serves the following purposes:

- To ensure that an appropriate range of investment options are offered to Plan participants. To establish an investment program that will allow Plan participants the opportunity to structure an investment strategy that meets their individual return objectives and risk tolerances.
- To define the investment categories offered by the Plan.
- To establish investment objectives and guidelines for each investment category offered within the Plan.
- To establish benchmarks and performance standards for each investment category and to evaluate each option's performance against appropriate benchmarks and standards.
- To establish a procedure for reporting and monitoring of the various investment options.
- To define the procedures for investment option evaluation and formal investment option review.
- To ensure that the investment management fees are in line with peer groups and monitor fund class share eligibility for lower investment management fees.
- To set guidelines and procedures for either adding or replacing an investment option which, in the Committee's opinion, does not, or will not, fulfill the Plan's objectives or performance for which it was selected and replace the option with an appropriate substitute. Funds will not be automatically replaced or substituted with replacement options; the review process will determine strength and weakness of each option and provide necessary data and information to determine if funds are to be placed on formal watchlist.
- The investment policy statement along with performance monitoring process will assist the Committee in the evaluation assessment.
- The plan service provider is prohibited from adding new or additional funds to the investment offerings. New or replacement options will be evaluated and a formal mutual fund search process

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

would be conducted to ensure that top performing and quality investment products are offered to the plan participants.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

Selection of Investment Options

The Plan has chosen to offer investment options in the following investment categories:

Category
Stable Value Fund
Money Market
Inflation Linked Bond
Core Bond
Balanced
Large Cap Blend Equity (passive)
Large Cap Blend Equity (active)
Large Cap Growth Equity
Mid Cap Blend Equity (passive)
Mid Cap Blend Equity (active)
Small Cap Blend Equity (passive)
Small Cap Blend Equity (active)
International Equity
Global Equity
Real Estate

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

Each investment option offered under the Plan shall:

- Operate in full accordance with its current published prospectus or “fact sheet”.
- Maintain asset management fees that are reasonable and consistent with the industry.
- Have its performance results measured against the applicable performance standards described herein for that investment category.

If the Committee determines an investment option no longer meets the performance criteria, it may replace that option with a suitable alternative pursuant to the investment option evaluation procedure outlined herein.

From time-to-time, the Committee, in its discretion, may add investment options/categories to the current core options. At such time, the Statement of Investment Policy will be modified to include these additions.

Benchmarks for measuring fund performance will be the benchmarks identified by Morningstar and fund fact sheets, and fund performance data furnished by TIAA-CREF on core propriety options.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

Investment Categories:

Objectives, Guidelines & Performance Standards

The Program shall offer at least one investment option within each of the following investment categories: (as reference in Exhibit A)

Stable Value Fund

Objective

The objective of this investment category is to preserve principal and provide a stable, competitive rate of return. A fund in this category invests in fixed income instruments including those of U. S. Government and its agencies, corporations, mortgage and asset-backed securities, collateralized emerging market, high-yield and preferred stock security, emerging market and high yield securities, if invested in, shall represent a small percentage of total assets, in-line with the objectives to preserve capital.

Performance Standards

- To provide a competitive rate of interest that exceeds the 91-day Treasury Bill plus 125 basis points.
- To provide a competitive rate of interest that exceeds the Hueler Stable Value Index

Money Market

Objective

The objective of this investment category is to seek high current income, maintaining liquidity and preserving capital.

Performance Standards (Net of fees)

- To exceed the return of the three-month U.S. Treasury Bill over a market cycle¹, or generally a period of 3 to 5 years.

¹ Market cycles include both a rising and declining leg. A rising leg is defined as a period of at least two consecutive quarters of rising stock prices. A declining leg is defined as a period of at least two consecutive quarters of declining stock prices. Typically, market cycles are from 3 to 5 years in duration.

MINNESOTA STATE COLLEGES AND UNIVERSITIES DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY PROGRAM

Statement of Investment Policy

- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the three-month U.S. Treasury Bill.

Inflation-Linked Bond

Objective

The objective of this investment category is To seek a long-term rate of return that outpaces inflation, primarily through investment in inflation-indexed bonds – fixed income securities whose returns are designed to track a specified inflation index over the life of the bond.

Performance Standards (Net of fees)

- To exceed the return of the Lehman Brothers U.S. TIPS Index over a market cycle², or generally a period of 3 to 5 years.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the Lehman Brothers U.S. TIPS Index.

Core Fixed Income

Objective

The objective of this investment category is to seek current income, with a secondary objective of capital appreciation.

Performance Standards (Net of fees)

- To exceed the return of the Lehman Aggregate Bond Index over a market cycle³, or generally a period of 3 to 5 years.
- To exceed the median return of the core fixed income fund universe over a market cycle.

² Market cycles include both a rising and declining leg. A rising leg is defined as a period of at least two consecutive quarters of rising stock prices. A declining leg is defined as a period of at least two consecutive quarters of declining stock prices. Typically, market cycles are from 3 to 5 years in duration.

³ Market cycles include both a rising and declining leg. A rising leg is defined as a period of at least two consecutive quarters of rising stock prices. A declining leg is defined as a period of at least two consecutive quarters of declining stock prices. Typically, market cycles are from 3 to 5 years in duration.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the Lehman Aggregate Bond Index and the intermediate fixed income universe.

Balanced

Objective

The objective of this investment category is to invest in stocks, bonds and cash to provide capital appreciation and income with less volatility than an all-stock fund. Investment returns are expected to be derived from a combination of capital appreciation and dividend and interest income.

Performance Standards (Net of Fees)

- To exceed the return of a composite index over a market cycle, or generally a period of 3 to 5 years. The composite for fund will be 60% S&P 500 Index and 40% Lehman Aggregate Bond Index.
- To exceed the median return of the balanced fund universe over a market cycle.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the composite index and the balanced fund universe.

Large Cap Blend Equity (passive)

Objective

The objective of this investment category is to approximate the performance of the Standard & Poor's 500 Index by investing in common stock of the large capitalization domestic companies comprising the Index. The S&P 500 Index is an equity composite of the 500 largest companies in the United States based on market capitalization. Investment returns are expected to be derived primarily from capital appreciation and, to a lesser degree, dividend income.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

Performance Standards (Net of Fees)

- To approximate the performance of the S&P 500 Index, less expenses, over a market cycle, or generally a period of 3 to 5 years.

Large Cap Blend Equity (active)

Objective

The objective of this investment category is to invest primarily in the common stock of large capitalization domestic companies considered by the fund manager to be undervalued relative to the market or to have above-average potential for capital appreciation. Investment returns are expected to be derived primarily from capital appreciation

Performance Standards (Net of Fees)

- To exceed the return of the S&P 500 Index over a market cycle, or generally a period of 3 to 5 years.
- To exceed the median return of the large cap blend equity fund universe over a market cycle.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the S&P 500 Index and the large cap blend equity fund universe.

Large Cap Growth Equity

Objective

The objective of this investment category is to invest primarily in the common stock of large capitalization domestic companies considered by the fund manager to have above average potential for capital appreciation. Investment returns are expected to be derived primarily from capital appreciation.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

Performance Standards (Net of Fees)

- To exceed the return of the Russell 1000 Growth Index over a market cycle, or generally a period of 3 to 5 years.
- To exceed the median return of the large cap growth equity fund universe over a market cycle.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the Russell 1000 Growth Index and the large cap growth equity fund universe.

Mid Cap Blend Equity (passive)

Objective

The objective of this investment category is to track the performance of the Russell Midcap or S&P Midcap 400 Index by investing in common stock of the medium capitalization domestic companies comprising the Index. The Russell Midcap Index is an equity composite of the 800 smallest companies within the Russell 1000 Index and the S&P Midcap 400 Index is an equity composite of 400 small cap stocks and is maintained by the S&P Index Committee. The fund manager targets to match the index rather than attempt to outperform the index. Investment returns are expected to be derived primarily from capital appreciation and, to a lesser degree, dividend income.

Performance Standards (Net of Fees)

- To approximate the performance of the Russell Midcap or S&P Midcap 400 Index over a market cycle, or generally a period of 3 to 5 years.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

Mid Cap Blend Equity (active)

Objective

The objective of this investment category is to invest primarily in the common stocks of medium-sized companies considered by the fund manager to be undervalued relative to the market or to have above-average potential for capital appreciation. Investment returns are expected to be derived primarily from capital appreciation.

Performance Standards (Net of Fees)

- To exceed the return of the Russell Mid Cap Index over a market cycle, or generally a period of 3 to 5 years.
- To exceed the median return of the mid cap equity fund universe over a market cycle.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the Russell Mid Cap Index and the mid cap equity fund universe.

Small Cap Blend Equity (passive)

Objective

The objective of this investment category is to track the performance of the Russell 2000 or S&P 600 Index by investing in common stock of the small capitalization domestic companies comprising the Index. The Russell 2000 Index is an equity composite of the 2000 smallest companies within the Russell 3000 Index and the S&P 600 Index is an equity composite of 600 small cap stocks and is maintained by the S&P Index Committee. The fund manager targets to match the index rather than attempt to outperform the index. Investment returns are expected to be derived primarily from capital appreciation and, to a lesser degree, dividend income.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

Performance Standards (Net of Fees)

- To approximate the performance of the Russell 2000 or S&P 600 Index over a market cycle, or generally a period of 3 to 5 years.

Small Cap Blend Equity (active)

Objective

The objective of this investment category is to invest primarily in the common stocks of small capitalization domestic companies considered by the fund manager to be undervalued relative to the market (value) or to have above average potential for capital appreciation (growth). Investment returns are expected to be derived primarily from capital appreciation and, to a lesser extent, dividend income.

Performance Standards (Net of Fees)

- To exceed the return of the Russell 2000 Index over a market cycle, or generally a period of 3 to 5 years.
- To exceed the median return of the small cap equity fund universe over a market cycle.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the Russell 2000 Index and the small cap equity fund universe.

International Equity

Objective

The objective of this investment category is to invest primarily in the common stock of companies located outside the United States. Investment returns are expected to be derived primarily from capital appreciation.

Performance Standards (Net of Fees)

- To exceed the return of the MSCI EAFE Index (net dividends) over a full market cycle, or generally a period of 3 to 5 years.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

- To exceed the median return of the international equity fund universe over a full market cycle.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the MSCI EAFE (net) and the international fund universe.

Global Equity

Objective

The objective of this investment category is to invest primarily in the common stock of companies located within and outside the United States. Investment returns are expected to be derived primarily from capital appreciation.

Performance Standards (Net of fees)

- To exceed the return of the MSCI World Index (net of dividends) over a market cycle, or generally a period of 3 to 5 years.
- To exceed the median return of the global equity fund universe over a market cycle.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the MSCI World Index (net) and the global equity fund universe.

Real Estate

Objective

The objective of this investment category is to invest primarily through rental income and appreciation of real estate investments owned by the account. Investment returns are expected to be derived primarily from capital appreciation.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

Performance Standards (Net of fees)

- To exceed the return of the NCREIF National Index (net of dividends) over a market cycle, or generally a period of 3 to 5 years.
- To exceed the median return of the global equity fund universe over a market cycle.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

Reporting and Monitoring Procedures

The Committee will review the Plan quarterly. The quarterly review will include the following:

- Current trends and developments in the capital markets and investment management community (market review).
- The current level of diversification provided by the investment categories and options offered by the Plan under the investment fund line-up (review of the correlation between investment categories and options).
- Changes in the investment management staff related to each investment option (organizational review).
- The continued consistency between the stated investment guidelines of each investment option and Plan policies (review of the guidelines of each investment option).
- The compliance of each investment option with stated investment guidelines (review of the holdings and characteristics of each investment option), including style drift analysis.
- The compliance of each investment option's risk and return characteristics with the expectations stated herein (performance review).
- Monitor investment management fees to similar managed peer fund universe and eligibility for lower share class management fees.
- Formal review process and meetings will be scheduled to occur on a quarterly basis.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

Investment Option Evaluation

The Committee, in its discretion, may conduct informal review and evaluation of an investment option at any time.

The Committee may place an investment option under formal fund review, terminate an investment option, or “freeze” an investment option to new contributions for any of the following reasons:

1. The investment option has not met the performance standards under the Plan for the investment category.
2. The investment option has changed investment manager, or such change appears imminent.
3. The investment option has had a significant change in ownership or control.
4. The investment option has changed investment focus or has experienced style drift, departing from the investment objectives or parameters in its prospectus or “fact sheet”.
5. The investment option has violated a SEC rule or regulation.
6. The fund has experienced other changes or problems in its procedures, operations, investing, or reporting which, in the Committee’s view, has or could detract from the objectives of the Plan.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

Formal Investment Option Review

When an investment option has been placed under formal review, the Committee shall conduct a detailed evaluation of the investment option, its operations, and its performance. During the review, the Committee: 1) may suspend contributions to the investment option from existing participants and 2) may close the investment option to new enrollers. If the Committee suspends contributions to the investment option from existing participants; the plan's service provider(s) must promptly notify all Plan participants. With regards to the suspended fund, the Committee has the option to apply new contributions or "map" new contributions from the suspended fund to another fund of similar risk and return characteristics or to the stable value fund. Upon completion of the evaluation, the Committee may continue the investment option under formal review status (continue with the suspension of the fund), remove the investment option from formal review (open the fund to contributions), or terminate the investment option.

Termination of Investment Option

1. When the Committee terminates a fund or no longer allows new contributions into a fund, the Committee must promptly notify all Plan participants that the Committee has terminated the fund as an investment option or has opened the fund to new contributions under the Plan.
2. With regards to the terminated fund, the Committee has the option to:
 - a. Transfer, or "map", the monies in the terminated fund to another fund of similar risk and return characteristics. The terminated fund is then totally removed from the Plan.
 - b. Close the terminated fund to future contributions, however, give the participants the option to keep, or remove, the monies in the terminated fund.
 - c. It is the responsibility of the Plan's services providers to provide all related communication materials to all plan participants explaining any fund closures, additions or revisions to the investment line-up.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

Responsibilities of the Committee

The Committee oversees the Plan to ensure that these benefits are competitive while performing within certain standards and objectives. The Committee will meet to review the performance of the administrator, recordkeeper, custodian, investment fund(s) and communications of the Plan to its employees.

As fiduciary of the Plan, the Committee must meet a regular standard of conduct under ERISA. First, fiduciaries must discharge their duties for the “exclusive purpose” of providing participants and beneficiaries with benefits under the Plan. Fiduciaries must also act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of the enterprise of like character and with like aims. Note that the standard is one of the knowledgeable fiduciary, that is, one that is “familiar with such matters.” The objective good faith beliefs of Plan fiduciaries, including the Committee, are not enough. Rather, their conduct must be objectively prudent.

In order to make prudent decisions, the Committee must exercise due diligence and independent investigation before reaching a decision, and should document its decision making process in writing. In exercising due diligence, consulting with and relying on outside experts, such as investment consultants, accountants, and attorneys, is often required.

Furthermore, there are certain transactions, called “prohibited transactions,” which the Committee must avoid, which generally include transactions between the Plan and a “party in interest” to the Plan. For purposes of ERISA, a party in interest of the Plan generally includes any Plan fiduciary, service provider, and any employee organization whose members are covered by the Plan, any person who owns 50% or more by any of the above. In addition, employees, officers, directors or 10% or more shareholders, or 10% or more partner or joint venturer of any of the above individuals would fall into this category.

Generally, any transaction classified as a prohibited transaction is improper regardless of whether or not it is harmful to the Plan.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

Finally, the Committee, as the Plan fiduciary, must act in accordance the Plan documents and other instruments governing the Plan, including the summary Plan description, in administering the Plan.

General Plan administration and flow of information to the services providers will be the responsibility of the Benefits Committee.

Responsibilities of the Participants

The participants in the Plan are responsible for making ALL investment decisions relating to their account balances. Information will be made available so participants may better understand their investment choices. It will be the participants' responsibility to examine this information and to seek out additional information if necessary.

Administrative Policies & Objectives

The Plan will be administered and record-kept by TIAA-CREF, who will maintain participant records and historical data. As the role of the record keeper, they will be responsible for maintaining individual participant accounts and processing participant requests on a daily basis.

Plan Design and Administration

The Plan is governed by the rules and requirements specified in the Plan Document and Summary Plan Description (SPD). The Internal Revenue Service (IRS) has established rules that apply to contributions and their limitations.

MINNESOTA STATE COLLEGES AND UNIVERSITIES DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY PROGRAM

Statement of Investment Policy

Standards of Performance

The service provider is required to satisfy minimum standards of performance with regard to their administrative services. These standards will include the timeliness of participant statements, accuracy of records being kept and maintenance of Plan and Trust documents.

- *Providing of Information* – The service providers are required to provide various information to Participants and Beneficiaries of the Plan. Most significantly, the service providers must furnish a Summary Plan Description (SPD) to each participant, as well as a summary of any material modifications to the Plan.

On written request, the service providers will provide a participant or beneficiary with the following documents: a complete copy of the Plans' latest annual report, the Plan documents (and other documents under which the Plan was established or is operated) and the latest updated SPD.

- *Timeliness of Statements* – Quarterly statements will be mailed directly to each participant's home address no later than 15 days after the end of each calendar quarter. Confirmations of transactions will be mailed directly to the participant's home address immediately after each transaction occurs.

Quarterly Plan sponsor reports will be mailed to the Committee no later than 15 days after the end of each calendar quarter. Annual statements will be mailed to the Committee no later than 20 days after the calendar year-end. These Plan level statements will include composite Plan level information relative to the market value of each of the Plan's investment options.

- *Accuracy of Reported Information* – Information contained within employee and Plan sponsor statements is expected to meet any and all Financial Accounting Standards Board (FASB) requirements. The pricing of securities and reporting of all dividend and capital gains distributions is expected to be consistent and up-to-date. Errors in reported information should be researched and corrected by the third party administrator/recordkeeper immediately upon discovery.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

- *Maintenance of Plan and Trust Documents* – As the Plan and Trust Documents are subject to various regulatory requirements, it will be the responsibility of the service provider to maintain and amend the Plan documents as needed. The Committee will review or retain legal counsel to approve such changes. It is expected that the language contained within these documents will represent current laws and regulations with regard to deferred compensation programs.

- *Compliance with Claims Appeals Procedures* – If participant or beneficiary makes a claim for benefits and the claim is denied the Committee will follow the specific claim procedures contained in the Plan document for claim denials and appeals. If the claim is denied the denial will be in writing and specify the particular basis for the denial, including the Plan provisions upon which the denial is based. The denial will also provide a description of additional materials, if any, needed to perfect a claim, and will give information on how the claimant may appeal the decision. A notice of any claim denial will be provided within 90 days of receipt of the claim for benefits (except a 90-day extension may be required in special circumstances). Any denial that is appealed within the 60 day time period contained within the Plan will be subject to further review by the Committee, which shall render a final decision on the appeal within 60 days (except that special circumstances may justify an extension or another 60 days). In each case, where an extension is required for determining an initial claim or appeal, the participant must be notified of the extension in writing.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

Communications and Education

In order for participants to effectively exercise control over their assets, the service provider is required to make investment information available to the participants as is deemed necessary for participants to understand the investments and make informed investment decisions. It is expected that employee communications and education will be provided through the Plan's service provider. This material will meet the legal requirements of the Committee to provide participants with information. The Committee may make available additional information as needed.

The quality and impact of these materials will be periodically evaluated in order to assess the impact and success of the overall communications program.

Review of Plan's Administration Performance

The Committee will conduct periodic reviews of the service provider's administrative services to evaluate the performance as it relates to the above-described standards. Overall quality of services, as well as review of each service provided will be examined.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

Excessive Trading Policy

In the absence of industry standard excessive trading guidelines, as well as part of its fiduciary duty the Committee has adopted the excessive trading policy of each of its service provider. The policies are used to protect the interest of the Plan's long-term investors from potential adverse impact of excessive trading.

TIAA-CREF and mutual fund companies will work together to identify any participants who are exceeding mutual fund prospectus guidelines and after the issuance of formal written communications, will subject the accounts to these individuals to proposed restrictions.

The service provider will send an announcement to all participants regarding the excessive trading policy of the Plan along with information on how to obtain mutual fund prospectus rules.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

This Statement of Investment Policy is adopted by the Minnesota State Colleges and Universities Defined Contribution Retirement Plan and Tax-Sheltered Annuity Program Investment Committee

Signature/Title

Date

Signature/Title

Date

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**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

Exhibit A Selected Investment Options

The following core investment options are available to Plan participants:

Asset Class	TIAA-CREF
Stable Value Fund	TIAA Traditional Account
Money Market	CREF Money Market Account Vanguard Prime Money Market Fund
Inflation-Linked Bond	CREF Inflation-Linked Bond Account
Core Fixed Bond	CREF Bond Market Account Vanguard Total Bond Market Index Fund Western Asset Core Plus Bond Portfolio
Balanced	CREF Social Choice Account Dodge & Cox Balanced Fund Vanguard Balanced Index Fund
Large Cap Blend Equity (passive)	CREF Equity Index Account Vanguard Institutional Index Fund
Large Cap Blend Equity (active)	Legg Mason Value Fund
Large Cap Growth Equity	CREF Growth Account
Mid Cap Blend Equity (passive)	Vanguard Mid Capitalization Index Fund
Mid Cap Blend Equity (active)	Vanguard Strategic Equity Fund
Small Cap Blend Equity (passive)	Vanguard Small Capitalization Index Fund
Small Cap Blend Equity (active)	Pennsylvania Mutual Fund
International Equity	T. Rowe Price International Growth & Income Fund Vanguard Developed Markets Fund
Global Equity	CREF Global Equities Account
Real Estate	CREF Real Estate Account

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

FUND DESCRIPTIONS

Fund (share class)	Objective	Description
TIAA Traditional Account	To seek stability of principal and consistency of returns.	The TIAA Traditional Annuity, a guaranteed annuity account, guarantees principal and a contractually specified interest rate. It also offers the opportunity for higher returns through additional amounts, which may be declared on a year-by-year basis by the TIAA Board of Trustees.
CREF Money Market Account	To seek high current income consistent with maintaining liquidity and preserving capital.	The account will invest at least 95% of its assets in money market instruments that at the time of purchase are “first tier” – that is, rated within the highest category by at least two nationally recognized statistical rating organizations (NRSROs) or rated within the highest category by one NRSRO if it is the only NRSRO to have issued a rating for the security, or unrated securities of comparable quality.
Vanguard Prime Money Market Fund	To seek to provide current income while maintaining liquidity and a stable share price of \$1.	The Fund invests primarily in high-quality, short-term money market instruments, including certificates of deposit, banker’s acceptances, commercial paper, and other money market securities. The Fund invests more than 25% of its assets in securities issued by companies in the financial services industry. The Fund maintains a dollar-weighted average maturity of 90 days or less.
CREF Inflation-Linked Bond Account	To seek a long-term rate of return that outpaces inflation, primarily through investment in inflation-indexed bonds – fixed income securities whose returns are designed to track a specified inflation index over the life of the bond.	The account invests at least 80% of its assets in U.S. Treasury Inflation-Indexed Securities (TIIS). The account may also invest in other inflation-indexed bonds issued or guaranteed by the U.S. government or its agencies and by corporations and other U.S.-domiciled issuers, as well as by foreign governments; and money market instruments or other short-term securities.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

FUND DESCRIPTIONS

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CREF Bond Market Account	To seek a favorable long-term rate of return, primarily through high current income consistent with preserving capital.	Normally, the account invests at least 80% of its assets in a broad range of debt securities. The majority of the account's assets are invested in U.S. Treasury and Agency securities, corporate bonds and mortgage-backed or other asset-backed securities. The account's holdings are mainly investment-grade securities rated in the top four credit categories by Moodys Investors Service or Standard & Poor's, or that the managers determine are of comparable quality.
Vanguard Total Bond Market Index Fund	To seek to track the performance of a broad, market-weighted bond index.	The Fund employs a "passive management"-or indexing-investment approach designed to track the performance of the Lehman Brothers Aggregate Bond Index. The Fund invests by sampling the Index, meaning that it holds a range of securities that, in the aggregate, approximates the full Index in terms of key risk factors and other characteristics. All of the Fund's investments will be selected through the sampling process, and at least 80% of its assets will be invested in bonds held in the Index.
Western Asset Core Plus Bond Portfolio	To seek to maximize total return consistent with prudent investment management and liquidity needs, by investing to obtain an average duration of generally 2.5 to 7 years.	The portfolio invests in a portfolio of fixed income securities of various maturities and, under normal market conditions, will invest at least 80% of its net assets in debt and fixed income securities. To achieve its objectives, the portfolio may invest in a variety of securities and instruments, including – U.S. Government obligations, corporate obligations and inflation-indexed securities. The portfolio may also invest up to 25% of its total assets in the securities of non-U.S. issuers.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

FUND DESCRIPTIONS

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CREF Social Choice Account	To seek a favorable long-term rate of return that reflects the investment performance of the financial markets while giving special consideration to certain social criteria.	The account invests in a diversified set of stocks and other equity securities, bonds and other fixed-income securities, as well as money market instruments and other short-term debt instruments. The account is balanced, with assets divided between stocks and other equity securities (about 60%) and bonds and other fixed-income securities, including money market instruments (about 40%).
Dodge & Cox Balanced Fund	To seek regular income, conservation of principal and an opportunity for long-term growth or principal and income.	The Fund invests in a diversified portfolio of common stocks, preferred stocks and fixed-income securities. While the mix of equity and fixed-income securities will vary depending on investment manager's outlook on the markets, no more than 75% of total assets will be invested in common stocks, preferred stocks and that portion of the value of convertible securities attributable to the conversion right.
Vanguard Balanced Index Fund	To seek to track the investment performance of a benchmark index that measures the investment return of the overall U.S. stock market with 60% of its assets. With 40% of its assets, the Fund seeks to track the investment performance of a broad, market-weighted bond index.	The Fund employs a "passive management" – or indexing – investment approach designed to track the performance of two benchmark indexes. The Fund invests by sampling its target indexes, meaning that it holds a range of securities that, in the aggregate, approximate the full indexes in terms of key characteristics. The Fund typically holds the largest 1,200 to 1,300 stocks in the MSCI U.S. Broad Market Index and a representative sample of the remainder of the Index.
CREF Equity Index Account	To seek a favorable long-term rate of return from a diversified portfolio selected to track the overall market for common stocks publicly traded in the U.S., as represented by a broad stock market index.	The account is designed to track the U.S. stock market as a whole and invests in stocks in the Russell 3000 Index. Although the account invests in stocks in the Russell 3000 Index, it may not invest in all 3,000 stocks in the Index. The account may also invest in securities and other instruments such as futures, whose return depends on stock market prices.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

FUND DESCRIPTIONS

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CREF Stock Account	To seek a favorable long-term rate of return through capital appreciation and investment income by investing primarily in a broadly diversified portfolio of common stocks.	Normally, the account will invest at least 80% of its assets in a broadly diversified portfolio of common stocks. It uses a combination of three different investment strategies to manager the account – active management, enhanced indexing and pure indexing. Over time, the account intends to transition weightings of its holdings to be approximately 75% domestic equities and 25% international equities, with approximately 3% of the account comprised of emerging market investments.
Vanguard Institutional Index Fund	To seek to track the performance of a benchmark index that measures the investment return of large-capitalization stocks.	The Fund employs a “passive management” – or indexing approach designed to track the performance of the Standard & Poor’s 500 Index, a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weightings in the Index.
Legg Mason Value Fund	To seek long-term growth of capital.	The Fund invests primarily in equity securities that, in the adviser’s opinion, offer the potential for capital growth. The Fund generally invests in companies with market capitalizations greater than \$5 billion, but may invest in companies of any size. The Fund may also invest in debt securities. T may invest up to 25% of its total assets in long-term debt securities. Up to 10% of its total assets may be invested in debt securities rated below investment grade, commonly known as “junk bonds”.
CREF Growth Account	To seek favorable long-term rate of return, mainly through capital appreciation, primarily from a diversified portfolio of common stocks that present the opportunity for exceptional growth.	Normally, the account will invest at least 80% of its assets in common stocks and other equity securities. The account invests primarily invests in large, well-known, established companies, particularly when the managers believe they have new or innovative products, services, or processes that enhance future earnings prospects. Depending on investment opportunities, the account may invest up to 20% of its assets in foreign securities.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

FUND DESCRIPTIONS

Fund (share class)	Objective	Description
Vanguard Mid Capitalization Index Fund	To seek to track the performance of a benchmark index that measures the investment return of mid-capitalization stocks.	The Fund employs a “passive management” – or indexing – investment approach designed to track the performance of the MSCI U.S. Mid Cap 450 Index, a broadly diversified index of stocks of medium-size U.S. companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the Index.
Vanguard Strategic Equity Fund	To seek to provide long-term capital appreciation.	The Fund invests in small- and mid-capitalization domestic stocks based on the advisor’s assessment of the relative return potential of the securities. The advisor selects securities that it believes offer a good balance between reasonable valuations and attractive growth prospects relative to their peers, by using proprietary software programs that allow comparisons among thousands of securities at a time. The Fund reserves the right to invest up to 25% of its assets in foreign securities.
Vanguard Small Cap Index Fund	To seek to track the performance of a benchmark index that measures the investment return of small-capitalization stocks.	The Fund employs a “passive management” – or indexing – investment approach designed to track the performance of the MSCI U.S. Small Cap 1750 Index, a broadly diversified index of stocks of smaller U.S. companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the Index.
Pennsylvania Mutual Fund	To seek long-term growth of capital.	The investment manager invests the Fund’s assets primarily in a broadly diversified portfolio of equity securities issued by both small- and micro-cap companies that it believes are trading significantly below its estimate of their current worth, basing this assessment chiefly on balance sheet quality and cash flow levels. Normally, the Fund will invest at least 65% of its net assets in the equity securities of such small- and micro-cap companies.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

FUND DESCRIPTIONS

Fund (share class)	Objective	Description
T. Rowe Price International Growth & Income Fund	To seek long-term growth of capital and reasonable income through investments primarily in the common stocks of well-established, dividend paying non-U.S. companies.	The investment managers expects to invest substantially all of the Fund's assets outside the U.S. and to diversify broadly, primarily among the world's developed countries. The Fund will invest primarily (at least 65% of total assets) in the stocks of large, dividend-paying, well-established companies that have favorable prospects for capital appreciation, as determined be investment manger. Investments in emerging markets will be modest and limited to more mature developing countries.
Vanguard Developed Markets Fund	To seek to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in the major markets of Europe and the Pacific region.	The Fund employs a "passive management" – or indexing – investment approach designed to track the performance of the MSCI EAFE Index, by investing in Vanguard European Stock Index Fund Institutional Shares and Vanguard Pacific Stock Index Fund Institutional Shears. The MSCI EAFE Index includes approximately 1,140 common stocks of companies located in Europe, Australia, Asia and the Far East.
CREF Global Equities Account	To seek a favorable long-term rate of return through capital appreciation and income from a broadly diversified portfolio that consists primarily of foreign and domestic common stocks.	Normally, the account invests at least 80% of its assets in equity securities of foreign and domestic companies. Typically, at least 40% of the account is invested in foreign securities and at least 25% in domestic securities, as the mangers deem appropriate. The remain 35% is distributed between foreign and domestic securities. The account can invest in companies of any size, including small companies.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT PLAN AND TAX-SHELTERED ANNUITY
PROGRAM**

Statement of Investment Policy

FUND DESCRIPTIONS

Fund (share class)	Objective	Description
CREF Real Estate Account	To seek favorable long-term returns primarily through rental income and appreciation of real estate investments owned by the account.	The account seeks to invest between 70% and 95% of its assets directly in real estate or real estate-related securities. The account purchase direct ownership interests of income-producing real estate, such as office, industrial, retail, and multi-family residential properties. The account may also hold other real estate or real estate-related investments through joint ventures, real estate partnerships or real estate investment trusts (REITs), and in conventional mortgage loans, participating mortgage loans, common or preferred stock of companies that primarily own or manage real estate, and mortgage backed securities. The account can also make foreign investments, which are expected to be no more than 25% of the account's portfolio.