



Minnesota  
STATE COLLEGES  
& UNIVERSITIES

## Mandatory and Voluntary Retirement Plans





## Greetings



### To Employees of the Minnesota State Colleges and Universities:

As employees of the Minnesota State Colleges and Universities system, you are a respected and important resource. You provide our 390,000 students each year with outstanding academic preparation and career education, student support, financial services, and technology and facilities support and management.



This booklet gives you an overview of the retirement benefits for which you are eligible. We are committed to providing benefits to help employees build an income for their future retirement years. Whether you are a new employee or a current member of the staff, we encourage you to review the full array of benefits and to become actively involved in planning for your future retirement income.



The system offers a mix of mandatory and voluntary retirement plans. All mandatory contributions are invested on a pretax basis. The chart on Page 5 gives an overview, including employee eligibility and employer matching contributions in these plans, with additional information on the following pages. All employees may participate in the voluntary plans.

On behalf of the Office of the Chancellor, we want you to know how highly we value your public service, particularly in the fast-paced and continually changing educational environment in which we work. We are proud of your achievements in delivering high-quality, innovative public higher education for the citizens of Minnesota.

James H. McCormick  
Chancellor

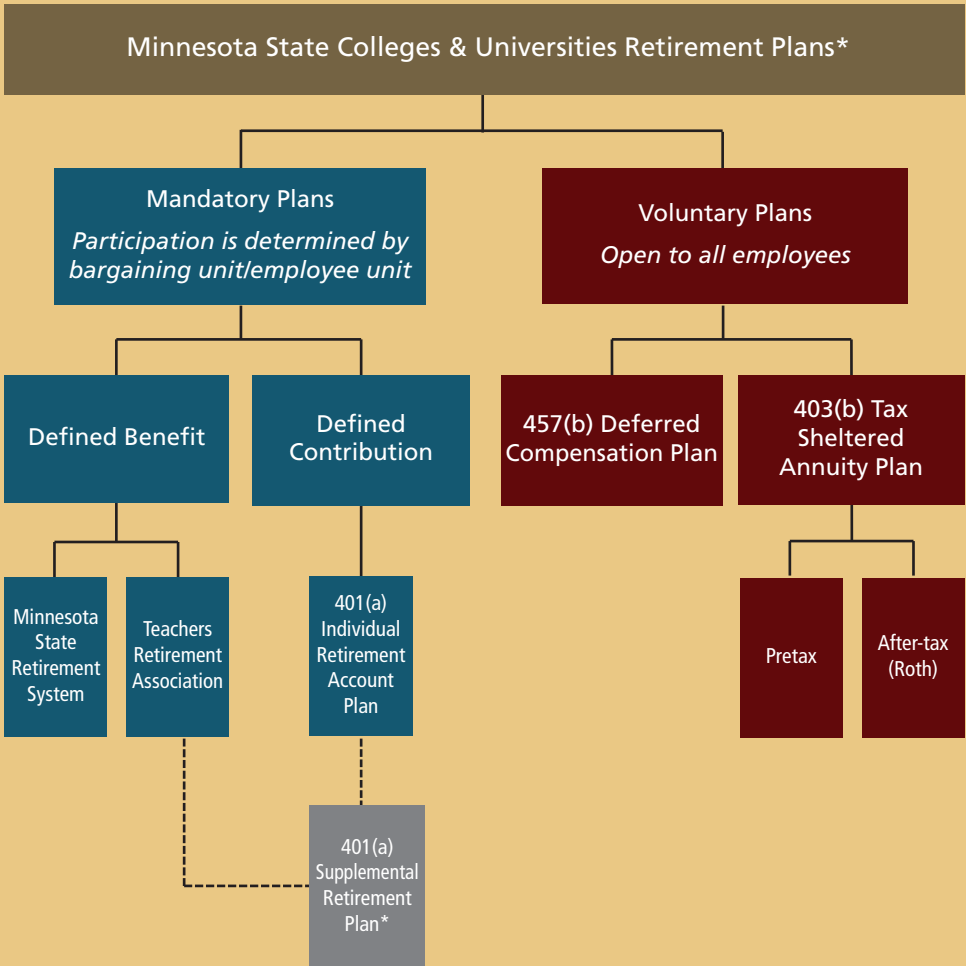
Loretta M. Lamb  
Vice Chancellor of Human Resources



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# Retirement Plan Diagram

Our goal is to provide the tools for all employees to learn more about the features, rules and investments in the mandatory and voluntary plans. Additional information is available at [www.hr.mnscu.edu/employees/retirement](http://www.hr.mnscu.edu/employees/retirement). Links to the investment options, plan comparisons and enrollment materials are provided on the Web site.



\* See chart on Page 5 and plan descriptions for eligibility requirements for all retirement plans.

# The System's Mandatory Retirement Plans

## Defined Contribution Plan

In a Defined Contribution Plan, the amount of your benefit is based on the dollar amount in your account at retirement. Your account, which includes your contributions, employer contributions and investment earnings, is yours beginning on the date of your first contribution. You make all the investment decisions, and you can change the investment funds as often as allowed by the fund managers. The Minnesota State Colleges and Universities System Investment Committee has selected funds ranging from conservative to aggressive investment styles. Employee and employer contribution rates for the Defined Contribution Plan are established by state statute. The entire account balance is portable as you change employment or retire. You can transfer the total balance to another qualified plan (with approval) or to your personal IRA upon termination of employment. There are no tax consequences for this type of transfer.

## The Defined Contribution Plan has two components:

**Individual Retirement Account Plan** is the mandatory retirement plan for faculty, system administrators and unclassified members of MAPE and MMA. An employee becomes eligible to contribute to the plan if he or she works 25 percent or more of a full-time position. Once an employee meets the eligibility requirement, enrollment in the Individual Retirement Account Plan is automatic.

**Supplemental Retirement Plan** is the mandatory plan for all faculty and unclassified employees with two years of full-time service. Employee contribution limits are established by language in applicable bargaining agreements and personnel plans. The employer contribution is equal to the employee contribution amount.



# The System's Mandatory Retirement Plans (Continued)

## Defined Benefit Plans

Defined Benefit Plans are sometimes called pension plans. This type of plan provides a retirement benefit based on a formula that takes into account your years of service, your highest average salary earned during any five consecutive years of service and your age at retirement. If you have service with other Minnesota state retirement plans, you may apply for a combined service annuity with each plan at retirement. As with the Defined Contribution Retirement Plan, the employee and employer contribution rates to the various defined benefit plans are established by state statute. The State Board of Investment invests all the contributions to the Defined Benefit Plans.

### The system has two Defined Benefit Plans:

**Minnesota State Retirement System** is the plan for members of AFSCME, Classified MAPE and MMA, MNA, MGEC, Managerial and Commissioner's plans.

**Teachers Retirement Association** is an option for faculty and unclassified MMA and MAPE members who wish to participate in a Defined Benefit Plan in lieu of the Individual Retirement Account Plan. Eligible employees have one year from the date they become eligible to participate in a retirement plan to make an irrevocable election to participate in the Teachers Retirement Association, rather than the Individual Retirement Account Plan. Participation in the Teachers Retirement Association is effective from the date of election. Any contributions made to the Individual Retirement Account Plan prior to the election remain in that plan until the employee retires or terminates service with the system.

As of July 1, 2009, faculty who initially attain tenure or unlimited status will have another opportunity to elect TRA within one (1) year of attaining such status. Further information about this election will be mailed to eligible faculty by TRA.



# The System's Voluntary Retirement Plans

The Minnesota State Colleges and Universities system provides two voluntary retirement plans. As a state employee in an educational institution, you may participate in the Tax Sheltered Annuity Plan, 403(b), and the Minnesota State Deferred Compensation Plan, 457(b). For maximum flexibility, the Tax-Sheltered Annuity Plan, 403(b), has both pretax and after-tax Roth options.

No matter which mandatory retirement plan you have, or even if you do not have one, you are eligible for these voluntary retirement plans.

## These plans offer:

### Lower taxes through payroll contributions

These plans are an easy, automatic way to save for retirement through payroll deduction. They allow you to set aside a portion of your income on a tax-deferred basis. That means less of your salary is subject to current income taxes, and your savings accumulate tax deferred until you begin distribution at retirement. These plans are voluntary, and you may enroll at any time.

### Control of your savings account and investment options

You decide how much you will save out of each paycheck – subject to Internal Revenue Service limitations. You select your own investments. You can change your contribution amount or transfer your investments within the plans at anytime. It is your money. You control it. For maximum flexibility, the Tax-Sheltered Annuity Plan, 403(b), has both pretax and after-tax Roth options.

### Professional investment management

You have professional investment managers working on your behalf. The plans offer the flexibility to invest in a wide variety of investment options. Vendors are selected through a competitive bid process. The System Investment Committee regularly reviews the funds in the 403(b) Plan. The Minnesota State Retirement System administers the 457(b). The State Board of Investment and its staff regularly review all investment options in the 457(b) with the exception of the self-directed brokerage account.



	Mandatory Retirement Plans				Voluntary Retirement Plans	
Plan	Minnesota State Retirement System	Teachers Retirement Association	401(a) Individual Retirement Account Plan	401(a) Supplemental Retirement Plan	457(b) Deferred Compensation Plan	403(b) Tax Sheltered Annuity Plan
Plan Type	Defined Benefit	Defined Benefit Eligible employees must elect to participate	Defined Contribution Eligible employees automatically participate	Defined Contribution	Defined Contribution	Defined Contribution (Pretax and after-tax Roth options)
Employees Eligible	AFSCME MAPE-Classified MMA-Classified Managerial Plan Commissioner's Plan MGEC MNA	MSCF IFO MSUAASF Unclassified: MAPE MMA	System Administrators MSCF IFO MSUAASF Unclassified: MAPE MMA	Unclassified Employees with 2 or more years of full-time service	All employees	All employees
Contribution Amount	Effective 7/1/2009 Employee = 4.75% Employer = 4.75%  Effective 7/1/2010 Employee = 5% Employer = 5%	Employee = 5.5%  Employer = 5.5%	Employee = 4.5%  Employer = 6%	Employee Contribution =5% on gross compensation over \$6,000 limited to maximum set by bargaining unit/personnel plan  Employer's Contribution= 100% of employee contribution	100% of taxable income not to exceed \$16,500 in 2009, and \$22,000 for age 50 and older in 2009	100% of taxable income not to exceed \$16,500 in 2009, and \$22,000 for age 50 and older in 2009
Eligible for voluntary state-matching contribution	N/A	N/A	N/A	N/A	AFSCME MAPE MMA Managerial Plan Commissioner's Plan MGEC MNA	N/A



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