

Retirement Issues Conference Call
Minutes
March 22, 2011

Present at OOC: Shelly Dunn, Gary Janikowski, Mary Muenchow, Cindy Schneider

Update on New Retirement Plan: New Fund Line-up

Gary noted that the MnSCU Board of Trustees has approved TIAA-CREF's 5-year contract beginning July 1, 2011 as retirement administrator. He referred to the spreadsheet attachment that introduces the new line-up of investments through TIAA-CREF. There are different tiers of investing:

- Tier I: Vanguard Funds
- Tier II: Index Funds and Wells Fargo Stable Return Fund (this is only available in IRAP and SRP)
- Tier III: Annuities and frozen funds
- Tier IV: Mutual Funds, including emerging and niche markets

Current accounts will be mapped to the new funds, using like-to-like as much as possible. The Life Cycle funds, which are not in the new offerings, will be mapped to Vanguard.

Communications Regarding Upcoming Changes to the Plan

Gary noted that with the end of the academic year approaching, faculty will need to be informed soon, and asked Eileen Finnegan to provide details.

Eileen reported that TIAA-CREF is preparing an announcement to be mailed in April that will come from MnSCU. The message will be that this is a great opportunity for retirement counseling, to assure people are on track after these changes are implemented. All of the new funds will be available July 1 (Gary noted that the implementation of SWIFT, the State of Minnesota's new accounting system that is going online on July 1, is not expected to create any issues).

TIAA-CREF will be creating webinars to highlight the fund changes, both in the spring and in the fall. There will also be a blackout period for transactions as the funds are moved.

It was noted that the communication to account holders needs to clearly show which funds will be frozen and which will be mapped. Some retirement strategies could change significantly, even with mapping to like funds whenever possible.

TIAA-CREF will have more complete information on dates and deadlines soon. Campuses will be sent a "heads-up" info blurb to send to employees, and the communication letter from TIAA-CREF will be mailed to employees' home addresses.

Process for TRA Buybacks using DCR Funds

Mary noted that this process can only be done using IRAP funds, not TSA, for service credit. She inquired if people were finding this process confusing. Paul Hovelsrud from TIAA-CREF said his processing staff isn't experiencing any issues, but is willing to discuss streamlining with TRA.

Proposed Legislative Changes in 2011 Session

Mary Muenchow is working with the Legislative Pension Commission on a modification of the IRAP statute. She has met with IFO, MSCF and commission staff to work out compromises. The bill now proposes any individual with prior pension service in the State who is hired into MnSCU will default to TRA, with an option to elect IRAP. Those employees with no prior pension will default to IRAP, with a one-year option to elect TRA. Those with St. Paul/Duluth TRA will have the option to switch to IRAP, upon a change in employment within MnSCU. These changes should eliminate confusion and the number of people who want to switch after the fact. Every person that is hired will be required to tell MnSCU about any prior service in any of the state's pension funds. The proposed bill also has a hold harmless clause if the employee does not inform us. Mary noted that the New Employee form will have many changes if the bill is passed.