Unclassified Retirement Plan

Minnesota State Retirement System

MSRS Minnesota State Retirement System
Your Foundation for Retirement

2012

MSRS Mission

To administer sustainable retirement plans, a tax-free health care savings plan, and a low-cost deferred compensation plan; assure timely benefit payments; be proactive in public pension policies; and provide exemplary customer service.

This member handbook is a general summary of the benefit provisions administered by the Minnesota State Retirement System (MSRS). The purpose of this handbook is to give you a general idea of your benefits and acquaint you with the Unclassified Retirement Plan. The benefits described apply to members of the Unclassified Retirement Plan at the date this handbook was issued, unless otherwise stated. If there is any difference between the information this handbook provides and the law or policies which govern MSRS, the law and policies will prevail. The provisions may be subject to law changes.

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How to contact MSRS

MSRS retirement counselors are a valuable source for information and assistance regarding your benefits. They can explain plan provisions, provide you with a benefit estimate, and counsel you regarding your benefit rights and options.

St. Paul office:

Main Office Building

60 Empire Drive, Suite 300
St. Paul, MN 55103
Telephone: 651-296-2761
800-657-5757
Fax: 651-297-5238

Minnesota relay: 1-800-627-3529
Website: *www.msrs.state.mn.us*
Email: msrs@state.mn.us

Business hours:
Monday-Friday 8 a.m.-4:30 p.m.

Greater Minnesota offices:

Detroit Lakes Office

714 Lake Avenue, Suite 102
Detroit Lakes, MN 56501
Telephone: 800-657-5757
Fax: 218-846-0460

Duluth Office

Medical Arts Building, Suite 530
324 West Superior Street
Duluth, MN 55802
Telephone 800-657-5757
Fax: 218-740-3174

Mankato Office

12 Civic Center Plaza, Suite 1645
Mankato, MN 56001
Telephone 800-657-5757
Fax: 507-389-6396

St. Cloud Office

110 Second Street, Suite 308
Waite Park, MN 56387
Telephone 800-657-5757
Fax: 320-534-0159

Unclassified Plan

The Unclassified Plan is a tax-deferred, defined contribution retirement plan. A defined contribution plan is a type of retirement plan that bases retirement benefits on the amounts contributed to the account by the employer and employee, plus any investment earnings on the money in the account.

Let's look at what this means to you as a member of this plan. First, as an employee, you contribute five percent of your gross salary. The "tax-deferred" means that you don't pay taxes on the amounts you contribute to the Unclassified Plan. However, when you withdraw the funds, both contributions and earnings are taxable.

Investment earnings

With the Unclassified Plan, the value of your retirement benefit is determined by the amount in your account when you begin collecting your benefit. This makes choosing your investments an important decision.

It is your responsibility to direct your investments for the contributions into your account. Descriptions of the investment options begin on page 8.

Who is a member of the Unclassified Plan

Minnesota law outlines who is a member of the Unclassified Plan; participation is mandatory, unless you decide to be covered by the General Employees Retirement Plan. Most positions covered by this plan are determined by political election; generally, at-will, appointed positions that may result in a shorter period of service. For example, employees at the legislature and upper-level state government management are members of this plan. For a complete list of positions covered by the Unclassified Plan, see page 32.

Note: Some positions are called "unclassified" but may not be covered by this plan. The position must be specifically outlined in law to participate in the Unclassified Plan. Please contact our office to determine if your position is covered by this plan

Benefit information is available to you in the following ways:

* Website (www.msrs.state.mn.us)
* Handbooks and brochures
* Educational seminars and workshops
* MSRS Messenger newsletter
* Annual benefit statement
* Retirement counselor

Contribution rates

Minnesota law sets the contribution rates for employers and employees. The contribution rates for the Unclassified Plan are:

Employee contributions: .....5 percent
Employer contributions:......6 percent

Special rights and choices

As a member of the Unclassified Plan, you have special rights. Some of these rights require you to make an election by certain deadlines. Please see pages 12 and 20 for more details. If you have questions, contact MSRS.

How to manage your account

It is easy to access information on your Unclassified Plan account. You have four convenient options to review and track your account information.

1. Internet access: You can access your account information or initiate investment changes online 24 hours a day, seven days a week at *www.msrs.state.mn.us*. A password is mailed to you after your first contribution to the plan.
2. MSRS Service Center: To speak with a MSRS representative, call 1-800-657-5757 weekdays from 8:00 a.m. to 4:30 p.m. central time. Representatives are available at our offices listed on page 5. MSRS staff cannot provide investment advice, but they can help you understand the investment options to assist with your retirement decisions.
3. Automated Voice Response System (AVR): You may access your account information or initiate investment changes 24 hours a day, seven days a week by accessing the AVR system at 1-800-657-5757, option 2. You will need your Social Security number and PIN (password) which is mailed you after your first contribution to the Plan.
4. Quarterly Account Statements: About three weeks following the close of a calendar quarter, a quarterly account statement will be mailed to you. These statements provide a detailed summary of your account balance, the contribution amounts made during the quarter, your change in account value, and all other account activity. You may choose to receive these statements electronically. Login to your account online at *www.msrs.state.mn.us* and select “Statements” under the “My Accounts” tab after login to elect to receive electronic statements.

Unclassified Plan investment selection

You direct the investments in your Unclassified Plan account. You may select from seven investment options, and may allocate your investments among any or all of the seven options. Your contributions are automatically invested in the *Income Share Account* until you change your investment selection.

You may change your investment options as often as you wish. There are three ways to change your investment selections.

1. Contact a MSRS Representative at 1-800-657-5757, select option 3.
2. Login to your account online at www.msrs.state.mn.us.
3. Call the Automated Voice Response System (AVR) at 1-800-657-5757, select Option 2.

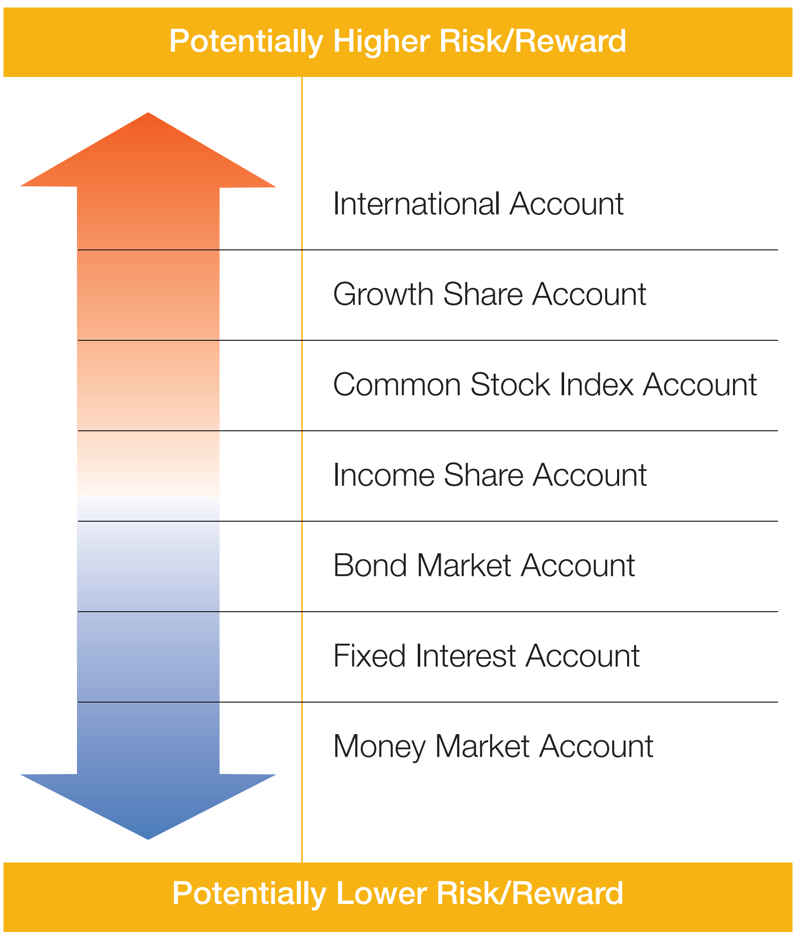
MSRS does not charge a fee for transfers among investment options; however, certain funds may impose restrictions. Changes can be made on a daily basis, when the stock market is open. Transfers received by 3 p.m. central time will be processed that business day; changes requested after 3 p.m., on weekends or stock market holidays will be processed the next business day.

Investment options

Closer look at your investment options

You can invest in any combination of the investment options described below. Please consider investment objectives, risks, fees and expenses carefully before investing. To learn more about the performance and expenses of these investment options, please visit *www.msrs.state.mn.us* or contact Minnesota State Retirement System (MSRS) at 651-296-2761 or toll-free at 1-800-657-5757.

Neither the Minnesota State Retirement System nor the State of Minnesota guarantees investment performance or assumes any liability for any investment losses.



Money Market Account

This Account seeks to maintain the value of a participant's original investment and earns interest that is competitive with rates available in short-term money markets. The Account owns a range of high-quality, short-term securities. The average maturity of the Account is generally 90 days or less. Since the sole source of return for the Account is the interest income on the securities that it holds, returns will closely track the rise and fall of short-term interest rates. Currently, the Account is managed by State Street Global Advisors, an affiliate of State Street Bank and Trust, the organization that manages the cash reserves of retirement assets under the control of the State Board of Investment. *While shares of the Account are neither insured nor guaranteed by the U.S. Government, the Account offers a higher degree of safety than non-government short-term funds.* ***There is no assurance that the portfolio will be able to maintain a stable net asset value of $1.00 per share.***

Fixed Interest Account

This Account is designed to maintain the value of a participant's original investment and to provide competitive returns using somewhat longer-term securities than typically found in a money market-type account. The assets in the Account are invested in a well-diversified portfolio of high quality fixed income securities with strong credit ratings. The Account also invests in contracts issued by highly rated insurance companies and banks which are structured to provide principal protection for the Account's diversified bond portfolios, regardless of daily market changes. The share value reflects the blended crediting rate available from all investments in the Account. Due to the nature of the investments, returns change only modestly from period-to-period.

Bond Market Account

This Account generates returns from interest income and capital appreciation (an increase in the market value of its bonds). The Account invests in government issues, high-quality corporate bonds and mortgage securities that have intermediate to long-term maturation, between 3 and 20 years. While the majority of the Account is invested in the U.S. bond market, a small portion of the portfolio can be invested in international-bond markets and in below investment-grade debt.

Income Share Account

This Account earns returns from both capital appreciation and current yield (dividends from stock and interest on bonds). While holdings vary daily, the Account maintains about 60 percent in common stock, 35 percent in bonds and 5 percent in cash. Currently, the Account's stock segment is managed passively and indexed to the Russell 3000. The Russell 3000 is a broad market index that reflects thousands of publicly traded U.S. stocks. Managed passively means no attempt is made to identify specific stocks that will perform better than others. The bond segment is actively managed and includes high-quality corporate bonds and mortgage securities, as well as U.S. Government issues.

Common Stock Index Account

This Account's objective is to generate high returns that track the returns of the U.S. stock market. The Account invests in over 2,000 domestic stocks and is designed to replicate the return produced by Russell 3000. The Russell 3000 is a stock market index, like the Dow Jones Industrial Average. The Account is invested primarily in U.S. stocks and is passively managed meaning no attempt is made to identify specific stocks that will perform better than others. Instead, the Account is designed to perform in line with the broad stock market.

Growth Share Account

This Account generates returns from capital appreciation by investing almost exclusively in stocks of U.S. companies. The Account uses a group of external stock managers retained by the State Board of Investment to manage other retirement assets. As a result, the Account encompasses a variety of investment styles and approaches. One set of managers actively manages portfolios in specific segments of the U.S. stock market. Another set of managers attempts to add incremental value by investing in a broadly diversified portfolio of stocks across a wide range of industries. This structure assures that the Account covers all areas of the broad stock market.

International Account

This Account earns returns by investing in the stock of companies outside the U.S. Typically, a majority of this Account is invested in the five largest international stock markets, that is, United Kingdom, Japan, France, Canada and Australia. Most of the remainder is invested in other well-established markets in Europe and the Pacific region. In addition, a portion of the Account is invested in developing countries or emerging markets, including those in Asia, Latin America, Eastern Europe, the Middle East and Africa. Approximately half of the Account is actively managed by several international stock managers that use a variety of styles and approaches. These managers buy and sell stock in an attempt to maximize market value. The remainder of the Account is passively and semi-passively managed and is designed to track consistently the return of 23 markets included in the Morgan Stanley Capital International Index of the World ex-U.S.

How we determine your retirement benefit

As a member of the Unclassified Plan, you are eligible to receive monthly benefits for your lifetime. You can begin to collect your retirement benefits anytime after you terminate public service and reach age 55. If you are not yet age 55 when you end your state service, you may keep your money in the Unclassified Plan, continue to manage your account, and collect monthly benefits at age 55 or later. Once you decide to collect your benefits, you no longer have an individual account to manage.

A valuable feature of the Unclassified Plan that sets it apart from other retirement plans is that it not only provides a lifetime benefit to you, but also guarantees that your account balance at the time you begin to receive benefits will be paid to you, your survivor or your beneficiaries.

For example, if your account balance is $100,000 and you choose a single-life option; then you begin to collect $500 per month, we will pay that monthly benefit for your life. If you die before you receive the $100,000 in benefits, the remaining value of your account will be paid to your beneficiary. So, if you die after receiving $50,000 in benefits, the $50,000 account balance would be payable to your beneficiary.

Two factors are used to determine your monthly retirement benefit – your age at retirement and your account balance. The balance includes your contributions, your employer contributions and investment gains or losses.

To determine a "retirement factor" for computing your monthly benefit, we use a number developed by the MSRS actuary based on average life expectancy. We divide account balance by this factor to determine your annual benefit.

Review the example to the right to see how we calculate an Unclassified Retirement benefit.

For simplicity, the chart shows a sampling of the factors we use to calculate your monthly benefits. We use a factor that is based on your age in years and months when we calculate your monthly benefit. Visit our website at *www.msrs.state.mn.us* to calculate an estimate of your benefit or call our office to request an estimate.

Divorce

For more information on how divorce may affect your retirement account, contact us or visit our website. We have information about how state divorce law applies to your retirement account and sample language for use in a divorce decree.

For other withdrawal options, see page 26.

The assumptions:

Age at retirement:	64
Account balance:	$200,000

The calculations:

$	200,000	account balance when begin to collect benefit
÷	12.370	retirement factor from chart
$	16,168	annual retirement benefit
÷	12	months
$	1,347	per month

Age at Retirement	Factor
55	14.075
56	13.910
57	13.740
58	13.563
59	13.379
60	13.191
61	12.995
62	12.793
63	12.584
64	12.370
65	12.150
66	11.923
67	11.689
68	11.452
69	11.209

Important provisions for Unclassified Plan members

Transfer rights during your first year of employment

If you previously contributed to the General Employees Retirement Fund, or another public pension plan in Minnesota, you may transfer your employee and employer contributions, plus interest, from your previous retirement plan to your Unclassified Plan retirement account.

If you took a refund of your employee contributions from another public retirement plan, you may repay the refund of your contributions plus interest, and transfer not only your contributions, but the matching employer's contributions, as well.

It may not always be beneficial to transfer your assets to the Unclassified Plan. In some cases, it is better to leave your money with the other retirement plan and take advantage of the Combined Service Law (see page 19 for details). Also, the General Plan and Unclassified Plan offer different survivor benefits that you need to consider before switching plans. See page 30 for more survivor benefit details.

Before you decide, it is best to compare your options. We can help. Contact MSRS to speak with a retirement counselor for more information.

To convert to the General Plan, or not

Remember earlier, we defined the Unclassified Plan as a defined contribution retirement plan. Under this plan, we base your monthly benefits on the balance in your account and the age at which you elect to begin collecting monthly benefits.

One of the provisions that make the Unclassified Plan unique is that members may have the option to switch to the General Employees Retirement Plan, which is a defined benefit (traditional pension) plan, where your benefit is based on years of service, salary and age.

When you are deciding whether you should switch from the Unclassified Plan to the General Plan, it is important to realize that each plan has advantages and disadvantages depending on your individual circumstances. We recommend that you review both plans carefully before deciding to switch. MSRS retirement counselors are available to review plan provisions, including plan vesting requirements, provide benefit estimates, and explain survivor and beneficiary options of both plans before you make your decision.

Rules for converting to the General Plan

When you were hired determines the rules about switching from the Unclassified Plan to the General Plan. Elected officials including Legislators, Judges, and Constitutional Officers are not allowed to switch to the General Plan.

Hired before July 1, 2010	Hired on or after July 1, 2010
First Hired to a position covered by the Unclassified Plan	First Hired to a position covered by the Unclassified Plan
You may elect to switch to the General Plan within your first year of coverage under the plan, **OR** Any time after you have ten years of service covered by the General Plan and/or the Unclassified Plan. You must make the election within 30 days of terminating your current MSRS-covered position.	You may elect to switch to the General Plan any time in your first seven years of service. If you terminate before your seven years of service is earned, you have 30 days after your termination date to elect coverage under the General Employees Retirement Plan.
Your election to switch to the General Plan is irrevocable.	Your election to switch to the General Plan is irrevocable.

Other factors to consider

Contribution rate difference

If you decide to switch to the General Plan, law requires that you pay for any contribution rate difference between the two plans at that time. For example, between July 1, 2007 and July 1, 2010, the employee contribution rate for the Unclassified Plan was four percent, while the General Employees Retirement Plan rates slowly increased to five percent. There were also times during the 1970s when the contribution rate to the Unclassified Plan was higher than the General Employees Retirement Plan which would reduce the amount that you would need to transfer to the General Plan.

Benefit choices

You have the following benefit choices:

- Single-Life
- 100 Percent Joint-and-Survivor
- 75 Percent Joint-and-Survivor
- 50 Percent Joint-and-Survivor
- Life Income 15-Year Certain

When you apply to receive monthly retirement or disability benefits, you will have to decide whether you want to provide monthly benefits to your survivor when you die. If you wish to choose survivor coverage, you will receive a lower monthly benefit in order to provide this additional coverage. If you are married, you must provide at least a 50 percent survivor option for your spouse unless your spouse waives survivor coverage.

You can name anyone you choose to receive survivor benefits. The reduction in your monthly benefit is based on the age difference between you and your survivor. The younger the survivor is, the greater the reduction in your benefit.

Single-Life benefit

Single-Life benefit is just that—it is a benefit for your life only. So, if you do not select survivor coverage, you will receive a monthly benefit for your lifetime. When you die, the monthly benefit stops.

If you die after you retire, your beneficiary would receive a refund of any remaining balance of your account. This is just one reason to keep your beneficiary designation current.

Once payments begin, you cannot change your choice of survivor coverage or the person(s) you elect to cover. Because it cannot be changed, this decision is important. If you have questions, call us.

Benefit Amount per $100 of Single-Life Benefit

	Employee's Retirement Age											
Survivor's Age	55	56	57	58	59	60	61	62	63	64	65	66
53	89	88	87	86	85	84	82	81	79	78	76	74
54	89	89	88	86	85	84	83	81	80	78	77	75
55	90	89	88	87	86	85	83	82	81	79	77	76
56	90	90	89	88	86	85	84	83	81	80	78	77
57	91	90	89	88	87	86	85	83	82	80	79	77
58	91	91	90	89	88	87	85	84	83	81	80	78
59	92	91	90	89	88	87	86	85	83	82	80	79
60	92	92	91	90	89	88	87	85	84	83	81	80
61	93	92	91	90	89	88	87	86	85	83	82	80
62	93	92	92	91	90	89	88	87	86	84	83	81
63	94	93	92	91	91	90	89	87	86	85	84	82
64	94	93	93	92	91	90	89	88	87	86	84	83
65	94	94	93	92	92	91	90	89	88	86	85	84
66	95	94	94	93	92	92	90	89	88	87	86	85

100 Percent Joint-and-Survivor benefit

- Provides maximum survivor coverage

If you select the 100 Percent Joint-and-Survivor option, you will receive a monthly benefit for your life. When you die, your named survivor will continue to receive the same amount you were receiving. This survivor benefit will be payable for the lifetime of your named survivor. This option provides maximum survivor coverage, but results in lower monthly payments during your lifetime.

If your named survivor dies before you, your monthly benefit will increase or "bounce back" to the single-life benefit amount the first of the month following the survivor's death.

If a non-spouse survivor is more than 10 years younger than you, you may not select the 100 percent option.

75 Percent Joint-and-Survivor benefit

Provides some survivor coverage

If you select the 75 Percent Joint-and-Survivor option, you will receive a monthly benefit for your life. When you die, your named survivor will receive 75 percent of the amount you were receiving.

If your named survivor dies before you, your monthly benefit will increase or "bounce back" to the single-life benefit amount the first of the month following the survivor's death.

If a non-spouse survivor is more than 19 years younger than you, you may not select the 75 percent option.

Benefit Amount per $100 of Single-Life Benefit

	Employee's Retirement Age											
Survivor's Age	55	56	57	58	59	60	61	62	63	64	65	66
53	92	91	90	89	88	87	86	85	84	83	81	80
54	92	91	90	90	89	88	87	86	84	83	82	80
55	92	92	91	90	89	88	87	86	85	84	82	81
56	93	92	91	90	90	89	88	87	85	84	83	82
57	93	92	92	91	90	89	88	87	86	85	84	82
58	93	93	92	91	91	90	89	88	87	85	84	83
59	94	93	93	92	91	90	89	88	87	86	85	84
60	94	94	93	92	91	91	90	89	88	87	85	84
61	95	94	93	93	92	91	90	89	88	87	86	85
62	95	94	94	93	92	92	91	90	89	88	87	85
63	95	95	94	93	93	92	91	90	89	88	87	84
64	95	95	94	94	93	93	92	91	90	89	88	87
65	96	95	95	94	94	93	92	91	91	90	89	87
66	96	96	95	95	94	93	93	92	91	90	89	88

50 Percent Joint-and-Survivor benefit

Provides some survivor coverage

If you select the 50 Percent Joint-and-Survivor option, you will receive monthly benefits for your life. When you die, your named survivor will receive 50 percent of the amount you were receiving. This survivor benefit will be payable for the lifetime of your named survivor.

If your named survivor dies before you, your monthly benefit will increase or "bounce back" to the single-life benefit amount the first of the month following your survivor's death.

Benefit Amount per $100 of Single-Life Benefit

	Employee's Retirement Age											
Survivor's Age	55	56	57	58	59	60	61	62	63	64	65	66
53	94	94	93	92	92	91	90	89	88	87	86	85
54	94	94	93	93	92	91	91	90	89	88	87	86
55	95	94	94	93	92	92	91	90	89	88	87	86
56	95	94	94	93	93	92	91	91	90	89	88	87
57	95	95	94	94	93	92	92	91	90	89	88	87
58	95	95	95	94	93	93	92	91	91	90	89	88
59	96	95	95	94	94	93	92	92	91	90	89	88
60	96	96	95	95	94	93	93	92	91	91	90	89
61	96	96	95	95	94	94	93	93	92	91	90	89
62	96	96	96	95	95	94	94	93	92	91	91	90
63	97	96	96	96	95	95	94	93	93	92	91	90
64	97	97	96	96	95	95	94	94	93	92	92	91
65	97	97	96	96	96	95	95	94	93	93	92	91
66	97	97	97	96	96	95	95	94	94	93	92	92

Life Income 15-Year Certain

- This benefit option provides you a lifetime monthly benefit.

If you die before you have collected a monthly benefit for 15 years, your survivor(s) will continue to receive the benefit for the balance of the 15 years. For example, if you die after collecting benefits for 10 years, your named survivor(s) may collect monthly benefits for the remaining five years.

If you live longer than 15 years, your monthly benefit continues for your lifetime; however, when you die, your survivor(s) will receive no benefits.

If you die before collecting monthly benefits for 15 years, your survivor(s) may choose either to receive monthly payments or a lump sum payment of the value.

If both you and your survivor(s) die before the 15 years, the balance would be paid to your estate.

You may name more than one survivor.

How we determine the amount

For this option, you would receive a percentage of the Single-Life benefit amount. For example, if you are age 55, you would receive 97 percent of that amount. At age 60, you would receive 95 percent of the Single-Life Benefit amount. See the chart to the right.We use only your age to calculate the Life Income, 15-Year Certain amount you would receive.

This option is most commonly used for someone who wants to preserve assets for their children and does not have a spouse. Remember, by selecting this option, your monthly benefit amount is permanently reduced and there is no bounce back as the Joint-and-Survivor options offer.

If you have questions, our retirement counselors are available to review your specific situation with you.

Benefit Amount per $100 of Single-Life Benefit

Employee Age	Employee Benefit
55	97
56	97
57	96
58	96
59	95
60	95
61	94
62	93
63	92
64	91
65	90
66	89

Service Credit

Service credit does not have an impact on your monthly retirement benefit if you elect benefits under the Unclassified Plan. However, if you elect benefits under the General Employees Retirement Plan, service credit is an important part of how we determine your retirement benefit.

Service credit or allowable service is the credit you earn each month retirement deductions are withheld from your salary. It's important since we use your service credit in a formula to determine your monthly retirement benefit under the General Plan.

The more service you have and the higher your annual pay, the higher your monthly benefit. In this section, we will look at the factors that can impact your service credit.

Leave of absence

You can take a leave of absence for various reasons, such as education, illness or parental leave. By taking a leave, you may not receive service credit because you did not earn a salary and no deductions were taken. Once you return to work after a leave, you can make a payment to receive service credit for the leave.

You may only purchase one year of service per leave. For example, if you take a two-year leave, you can buy back only one year of that leave. How we calculate the cost of purchasing service credit depends on when you took your leave.

Leave after June 30, 2007

If you took your leave after June 30, 2007, you have one year from the date you return to work to make the payment to purchase your service credit at an 8.5 percent interest rate. The payment amount is the total of the employee and employer contributions which would have been paid if you did not go on leave, plus 8.5 percent interest from the date the leave ends until the end of the month when we receive payment. Payment must be made prior to termination.

- You can make payment after one year, however the cost is generally based on an actuarial method, which is more expensive.
- Your employer has the choice to pay the employer portion.
- You can take multiple leaves and pay for each, but each leave must be followed by state employment before you can take the next leave.
- You can make payment using tax-sheltered money from an IRA, or your deferred compensation plan.

Leave before July 1, 2007

If you took your leave before July 1, 2007, the cost to purchase the credit is the total of the employee and employer contributions which would have been paid if the leave had not occurred, plus 8.5 percent interest. You can purchase this leave anytime before you terminate employment. Cost to pay for the leave includes 8.5 percent interest per year from the date the leave ends until the payment date. Your employer has a choice to pay its portion of the contributions. We do not contact your employer to determine if they will pay their portion of your contributions. This is the employee's responsibility.

Ways to acquire additional service credit

Reinstating service

Reinstating service with another public retirement plan

Many state employees who had service with another Minnesota public retirement plan forfeited that other service by taking a refund of the contributions with the other plan. If you are currently working for a Minnesota public employer, you may be able to reinstate this time by repaying the refund to the other public retirement plan. By repaying the refund, your service with the other plan would be reinstated and will be used to calculate your monthly benefits. To repay a refund, contact the plan from which you received the refund.

Military service

If you leave state service to serve in the military and return to state employment within 90 days of discharge, you may buy your service credit for that time. There is a limited amount of time to purchase this service credit, so it is important to contact us as soon as you return.

Military leave before July 1, 2004

To receive service credit for military leave, you may pay into the retirement fund the retirement salary deductions you would have contributed had you been employed by the state during your time of military service. Your employer will pay their share of the retirement contribution. For your payment, we add 8.5 percent interest compounded annually. This interest is computed from the date of your leave. Payment must be made prior to termination of state service.

Military leave after June 30, 2004

To receive service credit for military leave, you may pay into the retirement fund the retirement salary deductions you would have contributed had you been employed by the state during your time of military service. Your employer will pay the employer share of the retirement contribution plus interest. You must make payment within a time period that equals three times the length of the leave up to five years and prior to termination of state service. For example, if your leave was for one year, you must make payment for this time within three years.

Military service prior to State employment

If you have military service before working for the State, you cannot purchase this service.

Combined Service Annuity

Many state employees have worked, or will someday work, for a Minnesota public employer including city, county, or school district. If you are covered by another Minnesota public retirement plan, this may combine with your service as a state employee. We call this a Combined Service Annuity (CSA). Under CSA law, the various public retirement plans work together so you get credit for all of your service.

Minnesota plans covered

- Minnesota State Retirement System (MSRS)
- Public Employees Retirement Association (PERA)
- Teachers Retirement Association (TRA)
- St. Paul Teachers Retirement Fund Association (SPTRFA)
- Duluth Teachers Retirement Fund Association (DTRFA)

How Combined Service works

Your service with the other plans is included for eligibility of benefits. For example, most plans require three years of service to qualify for monthly retirement, survivor, or disability benefits (for employees hired after June 30, 2010, you need five years of service). If you have two years covered by PERA, and one year under MSRS, you would be eligible for monthly benefits. The service can also be used to qualify for early retirement benefits, such as the Rule of 90 or retirement with 30 years of service, if hired before July 1, 1989.

If you have service in another Minnesota Public Pension plan, contact MSRS for more information on combined service.

To qualify for CSA, you must apply from all plans within one year.

Purchasing and transferring service

Legislative buyback - purchase of prior service credit

State law allows certain legislative employees to purchase prior service credit from MSRS.

An employee is qualified to purchase prior service credit only if:

- The employee is a permanent employee or former permanent employee of the Senate, the House of Representatives, or of a joint legislative agency or legislative commission who has not withdrawn the value of shares in the Unclassified Plan; and
- Before permanent employment the employee served as a temporary, intermittent, or contract employee of the Senate, the House of Representatives, a joint legislative staff agency, or a legislative commission.

If you are not sure if you qualify to purchase prior service credit, call us.

Transferring prior service contributions to the Unclassified Plan

State law allows Unclassified Plan members to transfer prior service and contributions from certain state public retirement plans to the Unclassified Plan.

Deadline to transfer

If you wish to transfer prior service and contributions to the Unclassified Plan, you must do so within one year of your hire or appointment date.

The transfer will include accumulated employee and equal employer contributions, along with 8.5 percent interest compounded annually.

To transfer service contributions to the Unclassified Plan, complete Election to Transfer Prior Service Contributions to the Unclassified Employee Retirement Plan form available on our website at *www.msrs.state.mn.us* or by calling our office.

Questions

Contact us. We can help determine if you can transfer prior service contributions to the Unclassified Plan.

Federal income tax on monthly benefit

All or most of your monthly benefit is taxable income. You have already paid federal income tax on retirement deductions taken before January 1983 and on voluntary payments made to obtain retirement credit, such as for a leave of absence if the payment was not made using tax-sheltered monies. Federal law allows you to exclude a portion of your benefit from taxable income until the excluded amount equals the tax already paid. MSRS computes the exclusion; it is reported on the 1099-R form, which retired members receive each January.

Minnesota income tax on monthly payment

The portion of your monthly benefit that is taxable income for federal income tax is also taxable income for Minnesota income tax. Minnesota income tax applies to residents of Minnesota and residents of other states who spend more than one-half of the year in Minnesota.

Withholding for Federal and Minnesota income tax

Federal and Minnesota income tax withholding can be started, changed or cancelled online at *ww.msrs.state.mn.us* or write or call MSRS at 651-296-2761 or 1-800-657-5757. If MSRS receives no federal tax withholding request from you, the IRS directs MSRS to assume you are married and claim three allowances. If MSRS receives no state tax withholding request, no tax is withheld.

Every January, MSRS sends you a 1099-R form. The form shows the total benefit payments you received during the previous year, the amount that is taxable income, and the amount withheld for federal or state, if any.

For further information about tax withholding, call your tax advisor.

Federal minimum distribution rule

Federal law requires that any person who reaches age 70½ must begin receiving monthly payments or take a refund of their retirement account. The penalty for not withdrawing your retirement account or starting monthly payments once you reach age 70½ is severe. It may be subject to a tax equal to 50 percent of the money you should have received.

You are not required to draw from your retirement account if you are:

- Working in Minnesota public employment; or
- Collecting a workers' compensation disability benefit

If you do not qualify for one of these two exceptions, law requires that you begin to collect monthly retirement benefits or take a refund of your account by April 1 of the calendar year after you reach age 70½.

How to apply for your retirement benefit

Contact MSRS one to two months before you plan to retire.

Applying for retirement is easy, but your retirement decisions can be complex. We want to make sure you fully understand your retirement benefits and options before you submit your application. Retirement counselors are available for one-on-one sessions at any of our offices, which are located in St. Paul, St. Cloud, Duluth, Mankato and Detroit Lakes. If you prefer, we can help you over the phone.

Forms to complete

You will need to complete a retirement application when you are ready to retire and begin collecting monthly benefits. For the retirement application, visit our website at *www.msrs.state.mn.us*. Go to the forms page to download this application or contact MSRS and we will mail the form to you. (University of Minnesota employees should call the University of Minnesota Employee Benefits Office at 612-624-9090.)

We will need the following documents in addition to your retirement application:

- A copy of your birth record
- A copy of your survivor's birth record if you elect survivor coverage
- A tax withholding form *(IRS Form W-4P)*
- A *Direct Deposit Agreement* form

Retirement Checklist

It's never too early to start planning and saving for retirement. It is important to map out a retirement income strategy well in advance of your retirement date. Advanced planning can help preserve your personal assets. This, supplemented by your Social Security and other sources of retirement income, may be sufficient for your lifetime.

MSRS retirement counselors are available to assist you along the way. This checklist provides a general timetable for retirement preparation.

Throughout your career

- ❑ Review your Unclassified Retirement Quarterly Statement. Report any discrepancies to MSRS as soon as possible.
- ❑ Evaluate your personal finances periodically as they relate to meeting your financial needs at retirement.
- ❑ Research purchasing any eligible prior service credit as soon as possible. This includes any active military service or time worked in other covered agencies. See page 19 for more information about combined service.
- ❑ Read the handbook and correspondence regarding your benefits. Contact an MSRS retirement representative with any questions regarding your retirement benefits.
- ❑ Visit our website at *www.msrs.state.mn.us*.
- ❑ Take advantage of the Minnesota Deferred Compensation Plan (MNDCP). It's a great way to start investing in your retirement future. For more information, call MSRS or visit our website.

Early to mid-career

- ❑ Attend a free MSRS seminar. Watch for schedules in our MSRS newsletter, *The Messenger*, and online at *www.msrs.state.mn.us*.
- ❑ Continue to pursue prior service credit possibilities.
- ❑ Set a goal as to how much income you want to have when you retire.
- ❑ Review your savings rate more often to determine if you are saving enough to ensure you're still on track to retire within your desired time frame.
- ❑ Review your MNDCP account. Are you saving enough? Could you afford to save more? If you are age 50 or older, consider maximizing your contribution amount. The IRS permits you to contribute more than the standard contribution amount. Now is a good time to reevaluate your investment allocation to make sure you carry the right amount of risk.

Retirement Checklist

Three to five years from retirement

- ❑ Review your MNDCP account. Determine Catch-Up eligibility. The Catch-Up Provision allows you to contribute up to double the standard maximum contribution limit for three consecutive calendar years prior to reaching your normal retirement age (the age you are eligible for an unreduced pension benefit). Contact a MSRS Representative to see if you are eligible.

Did you receive an estimate with the statement "DOB not verified"?

If the estimate you received from MSRS has this statement under your MSRS ID number, it means we are missing your birth record. Please provide a photocopy of your birth record. On the top of the birth record, write your MSRS account ID or your Social Security number.

Twelve months from retirement

- ❑ Retirement is in sight. You'll have a more realistic understanding of your retirement income needs and expenses, which can help you plan more effectively.
- ❑ Contact a MSRS retirement representative for an estimate of your retirement benefits. Include your account ID, date of birth, and your spouse's name and date of birth. If you want to provide survivor coverage to a person other than your spouse, include that person's date of birth.
- ❑ Read about the MNDCP distribution options at retirement.
- ❑ Start thinking about your retirement budget.
- ❑ Calculate your expected Social Security income (visit *www.ssa.gov/planners/calculators.htm* to calculate your expected benefits).
- ❑ Review your retirement handbook.
- ❑ Review the MSRS quarterly benefit statement and call MSRS if you find any discrepancies.
- ❑ Attend a MSRS retirement seminar. Watch for seminar schedules in the MSRS newsletter, *The Messenger*, and online at *www.msrs.state.mn.us*
- ❑ Dream. What would your perfect retirement look like? Does your dream include starting your own business or volunteering for your favorite cause?

Six months from retirement

- ❑ Discuss your benefit estimate and the different benefit payment options with your family and financial advisor.
- ❑ Prepare a retirement budget. Compare your retirement expenses against your MSRS benefit, Social Security, MNDCP, and any other retirement income such as savings that will be available to you.
- ❑ Contact your employer about health care coverage after you retire; life insurance options; and if you are eligible for severance pay. Ask if your severance pay will go to your HCSP account (if you have an account).

Three months from retirement

- ❑ Ensure that purchases/transfers of prior service (active military service, public employment, etc.) are done.
- ❑ Notify your department personnel office regarding your intention to retire. Find out when you should submit a letter of resignation.
- ❑ Contact your local Social Security office to file for benefits (if age 62 or older).
- ❑ Contact a MSRS representative regarding your distributions options at retirement.

One month from retirement

- Complete the Retirement Application. You can download this form from *www.msrs.state.mn.us* or contact us for a form. Sign the application in the presence of a notary public. If you are married, the application requires your spouse's signature acknowledging your benefit selection. Your spouse's signature must also be notarized.
- Complete a *Direct Deposit* form. We strongly recommend using direct deposit to reduce the possibility of identity theft. It's simple. Just complete the form and we'll take care of the rest.
- Complete a *W-4P* form. This authorizes federal withholding from your monthly benefit. If you do not file a W-4P form, IRS regulations require MSRS to withhold federal taxes based on a filing status of married with three allowances. Complete Section 3 of the *W-4P* form. This authorizes withholding for Minnesota State income tax. You can always change your withholding amount on line at *www.msrs.state.mn.us*, or by writing or calling MSRS.
- Health Care Savings Plan (HCSP). If you have an account, you will receive an informational packet four to six weeks after you end your employment. Check with your Human Resources Department to see if you are a participant of this plan.
- Medical insurance. Check with your Human Resources Department regarding your medical insurance options.
- Follow-up with Social Security if you applied for benefits and have not received an acknowledgment in the mail.
- Review your estate/will information and life insurance beneficiary designations.
- Review your beneficiary information on file for your MSRS retirement, MNDCP, and HCSP.

When will my benefit be paid?

You will receive your benefit via direct deposit on the first business day each month. Be sure to sign up for direct deposit. It's simple. Download the *Direct Deposit* form from our website at *www.msrs.state.mn.us*. Return the form to us and we'll take care of the rest. If you do not want direct deposit, a paper check will be mailed to you, however it can take up to five days to receive the check.

Direct deposit is the safest, fastest, and most convenient way to receive your monthly benefit.

Withdrawal options

Withdrawal options when you leave state service

The funds you and your employer have contributed to your Unclassified Plan account are not available until you leave state service. Once you end your state service, you have several options. You may leave your money in the Unclassified Plan, or you can select from various withdrawal options.

1. Lump-sum payment

A lump-sum payment is when you receive a payment for your entire account balance. If you select this option, there are potential tax consequences. The money you receive is considered taxable income during the year you withdraw it. In addition, if you withdraw your money before age 59 1/2, there may be a 10 percent early withdrawal penalty. It is best to speak with your tax preparer regarding potential tax consequences. Other than the tax considerations, remember that by taking a lump-sum withdrawal you will also reduce the amount you will have available at the time of your retirement.

Federal law requires MSRS to withhold 20 percent of your lump-sum amount for federal taxes. Since the lump-sum payment is subject to ordinary income tax, the 20 percent may or may not cover the tax liability due to the IRS for your payment. State law does not require MSRS to withhold taxes from your lump sum; however, we will withhold state taxes at your request.

2. Rollover

A rollover allows you to consolidate all of your pre-tax retirement plans into one account to make it easier to manage your investments.

You may roll over your funds directly to a qualified retirement plan such as in Individual Retirement Account (IRA), or the Minnesota Deferred Compensation Plan (MNDCP).

When you transfer your Unclassified Plan account to another qualified retirement plan, the assets take on the features of the new plan. For example, if you leave state government and go to work for a different employer, you may be able to roll your Unclassified Plan account to your new employer's retirement plan. The Unclassified Plan assets are now subject to the rules and restrictions of the new plan.

3. Lifetime, monthly benefits

You can begin to collect monthly benefits any time after you reach age 55. This monthly lifetime income is not subject to the IRS 10 percent penalty. If you are not age 55 when you end your state service, you may keep your money in the Unclassified Plan, continue to invest your account, and begin to collect your monthly benefits any time after you reach age 55.

For an example of how we calculate your monthly benefits, see page 11.

4. Partial lump sum/ partial monthly benefits

Following termination and after reaching age 55, you can select to receive a partial lump sum benefit and collect monthly benefits on a portion of your account. You can determine how much you would like to receive under each payout option. If you select this option, you must immediately collect monthly benefits on the remaining value of your account after taking the partial withdrawal.

Monthly benefit

You will receive your first benefit check about four to six weeks after your last day at work. Around the time your first benefit is paid, you will receive a benefit-authorization letter. This letter:

- Verifies the amount of your first benefit and ongoing benefit amount.
- Verifies the optional benefit you selected, if any, such as Joint-and-Survivor. See page 14 for explanations of these optional benefit choices.
- Verifies when you will receive your monthly benefit.
- Provides important tax information.

It is important when applying for a benefit to carefully consider the survivor options available. Your spouse must sign the retirement application in the presence of a notary. If your spouse does not sign the application and no survivor option is selected, we are required to pay the 50 Percent Joint-and Survivor option.

To ensure safe, efficient deposit of your monthly benefit, use direct deposit. Simply fill out the *Direct Deposit* form available on our website and return it to us.

It's important to let us know any address change so all of our mailings reach you. Call our office to make address changes.

Increases in benefits

Generally, you will receive a benefit adjustment in January. However, your first increase may be delayed or a pro-rated portion of the full two percent post-retirement increase.

Re-employment after you retire

For many, retirement means pursuing a second career. Perhaps it is a hobby that you pursue as a paid position. Or, perhaps it is staying in your same career, but working fewer hours or part-time.

Your MSRS monthly benefits do not stop if you are employed by any of the following:

- Private industry
- Federal or local government
- State government other than Minnesota

Here is some important information you should consider.

- If you return to work for the state, you need to wait until at least 30 days after your retirement date to be re-employed in a position MSRS covers.
- If you return to a position MSRS covers, there will not be retirement deductions taken from your salary.
- Notify MSRS if you return to state employment and when you end that employment.

Reemployed retiree earnings limits

After you retire, if you are re-employed in a position covered by MSRS, no retirement contributions will be deducted from your salary; however, you may be subject to an earnings limitation. If you are under the age requirement for a full Social Security benefit and your earnings from your re-employment exceed the annual Social Security earnings limitation your benefit payment will be stopped for the remainder of the calendar year.

The maximum amount that may be earned for 2012 is $14,640. For those reaching full Social Security age in 2012, the limit on the earnings for the months before full retirement age is $38,880. (See the chart for Social Security's full retirement age.) The Social Security Administration evaluates the earning limits each year. If you are over Social Security's full retirement age, there is no earning limit.

You may request reimbursement of the suspended payments after termination of re-employment. Payment will be made one year from the date the last benefit payment was withheld. You may request a lump sum payment or roll the money into another qualified retirement plan.

For MSRS benefit purposes, there is no limit on earnings for self-employment, private sector employment or public employment covered by another fund.

Social Security Full Retirement Age

Year of Birth	Full Retirement Age
1954 or before	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	6 and 10 months
1960 and later	67

For more information regarding your Social Security benefits, contact the Social Security Administration.

Disability benefits

If you become totally and permanently disabled you may apply for a disability benefit. To be considered to be totally and permanently disabled, you must be unable to engage in any substantial, gainful activity because of a medical or mental illness that is expected to last at least one year.

The benefit is based on your age and the value in your account at the time you begin to collect monthly benefits. Please contact our office for information regarding monthly disability benefits.

If you are able to switch to the General Plan, it likely will provide higher monthly disability benefits. For more information regarding the requirements to switch to the General Plan, please see pages 12 and 13.

You must apply for a disability benefit within 18 months of ending employment.

The benefit may be payable up to 180 days retroactive prior to the day our office receives the completed application.

How to apply for a disability benefit

To receive a disability benefit, you must complete a MSRS disability application. Download the application from our website at *www.msrs.state.mn.us* or call our office. Your disability benefit will begin after you receive payment for all your accumulated overtime, vacation, and sick-leave hours. Your disability benefit will end the month you die, unless you selected survivor coverage.

There are important timelines you need to consider when you apply for a disability benefit.

- You cannot apply for a disability benefit until the day after your last working day.
- After that time, apply for a benefit immediately. We strongly recommend not waiting for your sick leave or vacation to run out.
- You cannot apply for a disability benefit more than 18 months after you end your employment.

If you have any questions please contact our office.

Disability documentation

When you apply for a disability benefit, we need documentation of your disability. The following are the documents all disability claims require:

- Two doctors must complete a Physician's Statement regarding your disability. A MSRS medical consultant reviews these reports and makes a recommendation to the MSRS Executive Director on the extent of your disability.
- If your disability application is denied, you can appeal the decision to the MSRS Board of Directors.
- If your disability application is approved, you must submit medical records once a year for the first five years and after that, once every three years until you reach age 65. You must submit these medical documents for your disability benefit to continue.

Workers' Compensation and your disability benefit

If you are receiving a disability benefit, and qualify for Workers' Compensation benefits, your Workers' Compensation benefit may be reduced by the amount you receive as a retirement disability.

For more information on Workers' Compensation, contact the Workers' Compensation office or visit their website.

Re-employment after you are disabled

There may be restrictions on your earnings if you return to work after you overcome disability. Please call our office for more information.

Survivor benefits

If you die before you begin to collect monthly benefits from the Unclassified Plan, your marital status determines who will receive survivor coverage and the type of coverage available.

Before making a decision between the General Plan and the Unclassified Plan, consider the surviving spouse benefits each plan would pay.

Surviving spouse coverage

Surviving spouse coverage under the Unclassified Plan is automatic and continues upon remarriage. However, if you and your spouse would like to provide survivor coverage for someone other than your spouse, you must waive the surviving spouse coverage. To waive the surviving spouse coverage, both you and your spouse must sign a waiver in the presence of a notary to have the survivor benefits paid to a non-spouse beneficiary.

Your surviving spouse will have a choice among the following options:

* Lifetime monthly payments based on your spouse's age and the value of your account.
* The value of the lifetime payments paid over a specific period of 10, 15 or 20 years.
* A lump-sum payment of the cash value of your account, which would be taxable unless rolled into a qualified plan.
* A combination of a lump-sum payment and monthly benefits based on the remainder of the account value. If a lump-sum payment is selected, the monthly benefit must begin immediately.

If your surviving spouse dies with remaining value in the account, the balance of your account would be paid to your spouse's children in equal shares, spouse's parents, or to your spouse's estate.

Designating a beneficiary

If there is no surviving spouse at the time of your death or you and your spouse waived the surviving spouse benefits, the value of your account will be paid to your designated beneficiary. If there is no beneficiary, the value of your account is payable to your children in equal shares, if no children, to your parents, if no parents, to your estate.

Survivor Benefits and Converting to the General Plan

As a member of the Unclassified Plan, you have the right to switch to the General Plan. See pages 12 and 13 for more details on switching plans. When deciding what plan may be the most beneficial to you, there are important considerations:

* Often, the monthly surviving spouse benefits payable from the General Plan are greater than the survivor spouse benefits payable from the Unclassified Plan.
* If you become seriously ill or if surviving spouse coverage is important to you, it may be beneficial to switch to the General Plan.
* The Unclassified Plan generally provides higher value to a non-spouse beneficiary. Under the General Plan, a beneficiary is only entitled to your contributions, plus interest. Under the Unclassified Plan, the beneficiary receives the entire value of your account, including the employee and employer contributions, and any investment gains.

Contact us to receive an estimate of survivor benefits each plan would pay.

Confidentiality of your records

We have policies and procedures we follow to ensure the confidentiality of your personal information. We will not release any private information, unless we have written authorization from you to do so.

If you call us with questions regarding your account, we ask you security questions to verify information to safeguard your privacy.

MSRS account ID

Account IDs are our way of helping protect you against identity theft. The 10-digit ID will help us quickly identify you in our computer system in order to efficiently maintain our records and internal processes.

- MSRS will use your account ID on all correspondence (except tax documents) instead of your Social Security number. We are required to include your Social Security number on any tax-related forms used to complete your income tax return (such as a 1099-R).
- You may use your account ID when you call or write to MSRS; however, we do not require that you do so. We can identify you in our system by either account ID or Social Security number.
- Your account ID is only available on correspondence from MSRS. We will not give this account ID out over the telephone.
- Unlike passwords or PIN numbers, your account ID cannot be changed.
- Your account ID should only be used in conjunction with MSRS-related correspondence.

Positions covered by the Unclassified Plan

Elected officials:

- Governor, Lieutenant Governor, Secretary of State, State Auditor, Attorney General
- Members of the Legislature
- Judges who have exceeded the service credit limit in the Judges Retirement Plan

Employees in the:

- Offices of the Governor, Lieutenant Governor, the Secretary of State, State Auditor, Attorney General
- The head of a department, division or agency created by statute in the unclassified service, an acting department head subsequently appointed to the position or an employee enumerated in Minnesota Statutes, Chapter 15A.0815, 15A.083, Subd. 4 or 43A.08, Subd. 1(3)
- The deputy, assistant deputy, or director of a department or agency authorized under statute

Employees of:

- Legislature, legislative commissions or agencies (includes all permanent, full time employees; also temporary employees who return to legislative positions and at the time of rehire have shares in the Unclassified Plan from former employment)

Employees of:

- State Board of Investment
- Metropolitan Council (not to exceed 27 positions)
- Higher Education Services Office (not to exceed 9 positions)
- Clerk of the appellate courts
- Chief executive officers of correctional facilities and hospitals and nursing homes
- State ceremonial house
- State Lottery (employees at managerial level)
- Enterprise Minnesota, Inc.
- Agricultural Utilization Research Institute
- Minnesota State Colleges and Universities (Excluded administrators with state service previous to July 1, 1995, or who have previously elected TRA, rather than IRAP as a MNSCU employee; also may include employees with continuous service who were appointed prior to May 1, 1995 and elected coverage prior to May 1, 1995)

About MSRS

Minnesota Deferred Compensation Plan (MNDCP)

MNDCP is a voluntary program that allows you to set aside a portion of your income and accumulate it on a tax-deferred basis. That means fewer of your salary dollars are subject to current income tax, and your savings and investment earnings accumulate as tax deferred, until you start drawing from the plan at retirement.

For more information about MNDCP, call 1-800-657-5757 or 651-296-2761. Or you can visit *www.msrs.state.mn.us*

Health Care Savings Plan (HCSP)

HCSP is an employer-sponsored program that allows employees to save money, tax free, to use when they terminate employment to pay for eligible health care expenses.

Employees will be able to choose among seven different investment options provided by the State Board of Investment (SBI). Assets in the account will accumulate tax-free, and since payouts are used for approved health care expenses, they will remain tax-free.

Plan Administrative services provided by ING Institutional Plan Services, LLC, a member of the ING family of companies.

MSRS Representatives are also registered representatives of ING Investment Advisors, LLC (member SIPC).

The Minnesota State Retirement System & Minnesota Deferred Compensation Plan are not members of the ING family of companies.

Fund Investment

The State Board of Investment (SBI) has the responsibility for investment of MSRS funds. Actual investing is done by money management firms on contract with SBI. The board continually evaluates these firms' investment performance.

Management

The MSRS Board of Directors has 11 members, four are elected by members of the General Employees Retirement Plan, which includes the Unclassified Employees Retirement Plan membership.

The board hears appeals to decisions made by the executive director. To begin an appeal process, request a hearing within 60 days of the director's decision.

This member handbook is a general summary of the benefit provisions administered by the Minnesota State Retirement System (MSRS). The purpose of this handbook is to give you an idea of your benefits and acquaint you with the Unclassified Retirement Plan. The benefits described apply to active members of the Unclassified Plan at the date this handbook was issued, unless otherwise stated. If there is any difference between the information this handbook provides and the law or policies which govern MSRS, the law and policies will prevail. The provisions may be subject to law changes.

The Minnesota State Retirement System (MSRS) administers the Minnesota Deferred Compensation Plan (MNDCP) – a voluntary tax-deferred savings plan, the Heath Care Savings Plan (HCSP) –a tax-free medical expenses and premiums savings plan. MSRS also administers various retirement, survivor, and disability benefit plans for state employees.

MSRS Minnesota State Retirement System
MNDCP Minnesota Deferred Compensation Plan
HCSP Health Care Savings Plan

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