



Unclassified  
RETIREMENT PLAN



**Your** foundation for retirement.



# About MSRS

The Legislature established the Minnesota State Retirement System (MSRS) in 1929 to provide retirement benefits for state employees.

MSRS administers multiple retirement plans that provide retirement, survivor and disability benefit coverage for Minnesota state employees, the Metropolitan Council, and many non-faculty employees at the University of Minnesota and the Minnesota State university system.

MSRS covers over 57,000 active employees and currently pays monthly benefits to over 45,000 retirees and survivors. We also administer the Minnesota Deferred Compensation Plan (MNDCP) and the Health Care Savings Plan (HCSP).

This handbook is a general summary of the benefit provisions of the retirement plan. The benefits described apply to active members of the plan at the date this handbook was issued. Unless otherwise stated, if there is any difference between the information in this handbook and the law or policies that govern MSRS, the law and policies will prevail. Plan provisions may be subject to law changes.

This material has been prepared for informational and educational purposes only and is not intended to provide investment, legal or tax advice. Investing involves risk, including possible loss of principal.

**Securities offered through GWFS Equities, Inc., Member FINRA/SIPC and a subsidiary of Great-West Life & Annuity Insurance Company.**

GWL&A and/or its subsidiaries are not responsible for, have not reviewed and do not endorse the content contained on [msrs.state.mn.us](http://msrs.state.mn.us).

## Our Mission

*We empower Minnesota public employees to build a strong foundation for retirement.*

# How We Work

MSRS is governed by an eleven-member Board of Directors. The distribution of membership is:

- 3 Governor appointees
- 4 members elected by the General and Unclassified Plan
- 1 member elected by the Correctional Plan
- 1 member elected by the State Patrol Plan
- 1 member elected by retirees
- 1 member representing the Metropolitan Council Transit Operations

The MSRS Board has a fiduciary responsibility to act in the exclusive interest of the members and beneficiaries of all MSRS plans, the taxpayers and the State of Minnesota.

While MSRS is ultimately governed by the laws and statutes, the MSRS Board is responsible for setting policies, hearing disability and benefit appeals, and overseeing the administration of all MSRS plans, including the Health Care Savings Plan (HCSP) and the Minnesota Deferred Compensation Plan (MNDCP). MSRS Board members do not receive a salary for serving in this capacity.

The State Board of Investment (SBI) is responsible for selecting the investments for the pension plan assets. They continually evaluate the performance of the investment managers.



# Other Plans Administered by MSRS



The Minnesota Deferred Compensation Plan (MNDCP) is a voluntary savings plan intended for long-term investing for retirement. MNDCP is a smart and easy way to supplement retirement income from your Minnesota public pension and Social Security benefits.

MNDCP offers planning tools and investment options that may help you take positive steps toward achieving your desired retirement lifestyle.



The Health Care Savings Plan (HCSP) is an employer-sponsored program that allows employees to save money tax-free to use after they terminate employment to reimburse eligible health care expenses.

Employees can choose among investment options offered by the plan. Assets in the account will accumulate tax-free, and since reimbursements are used for eligible health care expenses, they will remain tax-free.

## Questions?



Contact the MSRS Service Center:  
**1.800.657.5757 or 651.296.2761**



Go online:  
**[www.msrs.state.mn.us](http://www.msrs.state.mn.us)**



Email us:  
**[info@msrs.us](mailto:info@msrs.us)**



Make an appointment to speak with a retirement representative at one of our offices.

## Locations

### **St. Paul - Main Office**

60 Empire Drive, Suite 300  
St. Paul, MN 55103  
Monday – Friday  
8 a.m. - 4:30 p.m.

### **Additional Offices**

Addresses and hours of operation available online.

- Duluth
- Mankato
- St. Cloud
- Detroit Lakes

# Privacy

MSRS staff follows policies and procedures 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. When you contact us with questions regarding your account, you will be asked to verify your information in order to safeguard your privacy.

## MSRS Account ID

MSRS assigns each plan member a 10-digit account ID to help us quickly identify you.

- 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).
- We encourage you to use your account ID when you call or write to MSRS but we do not require that you do so. We can identify you in our system by 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 a PIN, your account ID cannot be changed.
- Your account ID should only be used in conjunction with MSRS-related correspondence.



# Unclassified Retirement Plan

The Unclassified Retirement Plan is administered by the Minnesota State Retirement System (MSRS). This plan provides retirement, survivor and disability coverage for eligible employees. You can access your benefit information on the MSRS website, benefit statements or by contacting one of our retirement counselors. You will also receive newsletters and have opportunities to attend educational retirement seminars.

The Unclassified Plan is a defined contribution plan with some defined benefit pension plan features for certain plan members. Employees are eligible for a lifetime retirement benefit when they reach the retirement age for the plan. Both you and your employer contribute a percentage of salary. At retirement, the lifetime benefit is calculated by converting the lump sum value of the account into monthly benefits based on life expectancy. This type of benefit is valuable because a retiree cannot outlive retirement savings.

**Your** foundation  
for retirement.



# How Your Retirement Plan Works

As an Unclassified Retirement Plan member, you contribute 6% of salary. The employer contributes 6.25%.

You are immediately eligible for monthly benefits, or what we call vested, in the Unclassified Plan. You are eligible to begin collecting a retirement benefit at age 55 or older. Your age at retirement and your account balance are used to determine your retirement benefit. We divide your account balance by a life expectancy factor to calculate your benefit.

After you retire, you may receive post-retirement increases over your lifetime. Survivor benefits are also eligible for increases.

## DIVORCE & YOUR RETIREMENT BENEFIT

Contact MSRS for information on how divorce may affect your retirement benefit. We can provide sample language for use in a divorce decree.

### Assumptions

Age at Retirement:	62
Account Balance:	200,000

### Sample Calculation At age 62

$$\begin{array}{r} \$200,000 \text{ account balance} \\ \div 13.0640 \\ \hline \$15,309 \text{ per year} \div 12 = \end{array}$$

**\$1,275 per month  
retirement benefit**

# Special Provisions for Plan Members

Elected officials, legislators, judges and constitutional officers aren't eligible for these special provisions.

## Transfer Rights During Your First Year of Employment

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

The transfer must be made during your first year of employment. It is best to compare plans carefully because it may not always be beneficial to transfer your assets to the Unclassified Plan.

As with any financial decision, you are encouraged to discuss your options with a financial advisor and to consider costs, risks, investment options and limitations prior to investing.

## Converting to the General Employees Retirement Plan

Unclassified Plan members have the option to convert to the General Employees Retirement Plan, which is a traditional defined benefit pension plan.

**Your election to transfer to the General Plan is irrevocable, so it is important to carefully consider your options.**

- **If hired after June 30, 2010** – You must make the election within the first seven years of each position appointment. If you end employment anytime during the 7-year period, you have 30 days after your termination date to elect coverage under the General Plan.
- **If hired before July 1, 2010** – The election can be made any time after 10 years of state service but must be made within 30 days of leaving state service.

MSRS counselors are available to review plan provisions with you. Contact MSRS to discuss your options and to request the required forms.

### CONTRIBUTION RATE DIFFERENCE

If you decide to transfer to the General Employees Retirement Plan, law requires that you pay for any contribution rate difference between the two plans at that time.

# Fees & Expenses

## Investment Expenses

Investment expenses are charged by the fund manager and are subject to change. This fee is deducted before the calculation of the daily price per share or the fund's performance return. Investment expenses are disclosed on the monthly Investment Performance Report, which is available on the MSRS website. The plan does not charge any trading or short-term redemption fees.

## Administrative Fees

Each participant shares in the costs of the services offered by the plan. The administrative fees are deducted from your account on a monthly basis. Please visit the MSRS website for the current fee schedule.



# Withdrawal Options

The funds in your account are available once you end state service. There are several withdrawal options to consider.

## Lifetime Monthly Benefit

You can start collecting retirement benefits anytime after you terminate public service and reach age 55. If you are not yet age 55 when you end state employment, you may keep your money in the Unclassified Plan, continue to manage the account and collect monthly benefits at age 55 or later.

## Partial Lump Sum Payout with Benefits

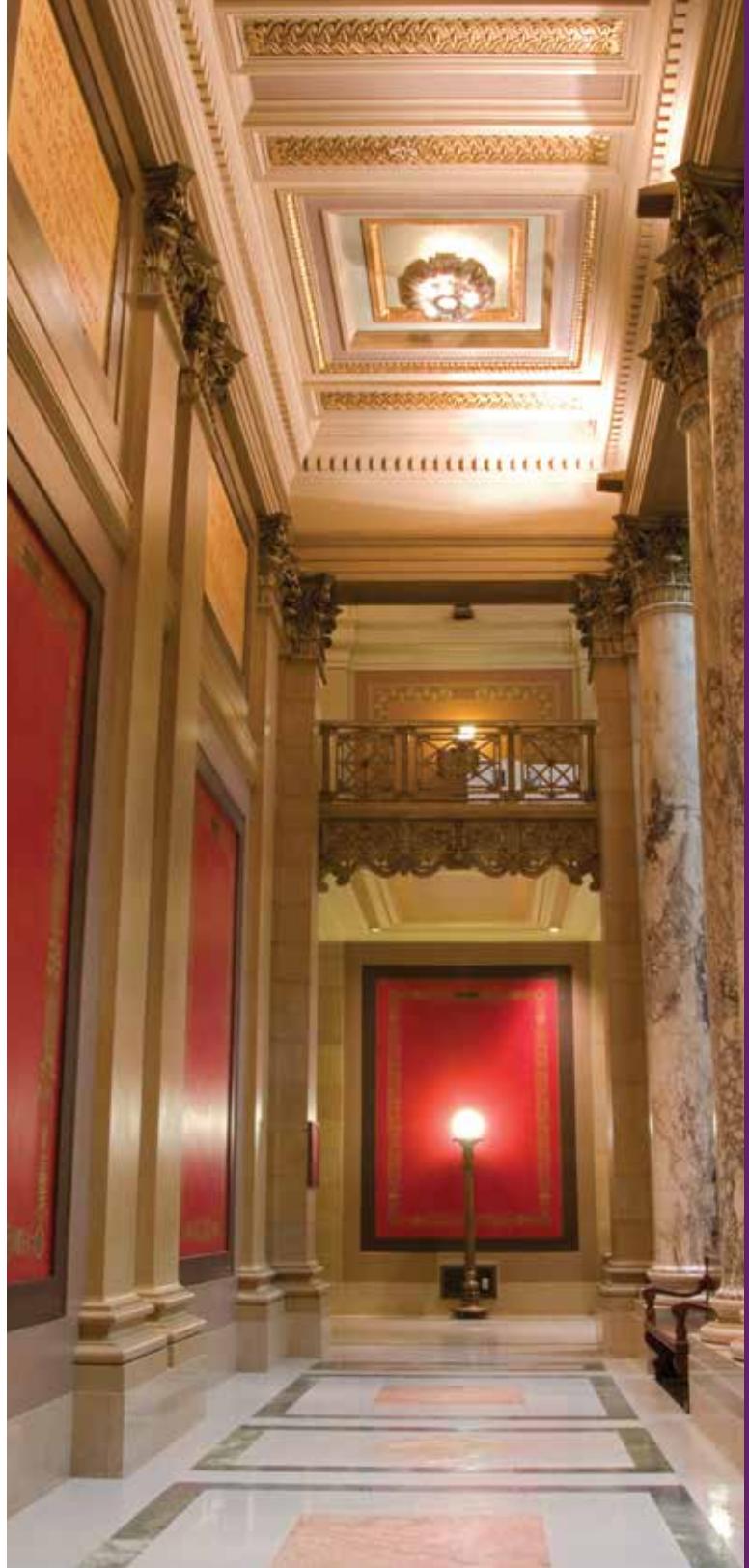
Following the end of your state service and after reaching age 55, you can elect to receive a partial lump sum payment. You must immediately begin to collect a monthly retirement benefit on the remaining portion of your account.

## Rollover Your Account Balance

The entire balance of your account may be transferred to another qualified plan or Individual Retirement Account (IRA). You are encouraged to discuss rolling money from one account to another with your financial advisor/planner. You should consider any potential fees and/or limitations of investment options.

## Lump Sum Payout

You may elect to receive a payout of your entire account balance. If you select this option, there are potential tax consequences. Lump sum payouts are taxed as ordinary income and if you are under age 59½, a 10% IRS tax penalty could apply.





# Calculating Your Retirement Benefit

Your age at retirement and your account balance are used to determine your retirement benefit. We divide your account balance by a factor to determine your monthly retirement benefit. Let's walk through the base calculation.

**ACCOUNT  
BALANCE**

÷

**LIFE EXPECTANCY FACTOR**  
(Age At Retirement)

÷

**12**

=

**MONTHLY  
BENEFIT**

## 1 | Account Balance

The balance includes amounts contributed to the account by you and your employer, plus or minus any investment gains or losses.

## 2 | Age at Retirement

Your age at retirement determines the factor used to calculate your benefit. This factor is based on your life expectancy.

# Calculations Worksheet

Age at Retirement	Factor as of 7.1.2019
55	14.1541
56	14.0143
57	13.8692
58	13.7187
59	13.5630
60	13.4023
61	13.2360
62	13.0640
63	12.8862
64	12.7023
65	12.5123
66	12.3173
67	12.1166
68	11.9099
69	11.6968

## Retirement Calculation

Account Balance \_\_\_\_\_

Retirement Age \_\_\_\_\_

÷ Factor \_\_\_\_\_

÷ 12 \_\_\_\_\_

Monthly Benefit \_\_\_\_\_



# Service Credit When Electing General Plan

Service credit, or allowable service, is the credit you earn each month retirement deductions are withheld from your salary.

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 your retirement benefit is determined.

The more service you have and the higher your annual pay, the higher your monthly benefit.

## Service Credit During Leave of Absence

You can take a leave of absence for various reasons, such as education, illness or pregnancy. If you take a leave, you may not earn service credit because you did not earn salary from which deductions were taken. Once you return to work after a leave, you can make a payment to receive service credit for the leave.

You can 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. The cost to purchase service credit depends on when you took your leave.

You may take multiple leaves and pay for each, but each leave must be followed by state employment before you can take the next leave.

You have one year from the date you return to work to make the payment to purchase your service credit.

The payment amount is the total of the employee and employer contributions that would have been paid if you did not go on leave, plus interest from the date the leave ends until the end of the month when we receive payment.

Payment must be made prior to termination. These are your options:

- Make a payment using tax-sheltered money from an IRA, your Minnesota Deferred Compensation Plan (MNDCP) or by personal check made payable to MSRS.
- Make a payment after one year, however, the cost is generally based on an actuarial method, which is more expensive.
- Contact your employer to determine if they will pay their portion of your contributions.

# Combined Service

Many state employees have worked, or will someday work, for a Minnesota public employer including a city, county, or school district. If you are covered by another Minnesota public retirement plan, this may be combined with your service as a state employee. We call this a Combined Service Annuity (CSA). Under CSA law, 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)

## Reinstating Service with Another Public Retirement Plan

Many state employees who had service with another Minnesota public retirement plan forfeited that service by taking a refund of their contributions. 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 is reinstated and used to calculate your monthly benefits from that plan. To repay a refund, contact the public retirement plan from which you received the refund.

## How CSA Works

Your service with the other plans is included for eligibility of benefits. For example, most plans require five years of service to qualify for monthly retirement, survivor and disability benefits. Employees hired before July 1, 2010 need three years of service to qualify. If you have three years covered by PERA and two years 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.

### QUALIFYING FOR CSA

You must apply for retirement to all plans within one year. Contact MSRS if you have service in more than one plan.





# Purchasing Prior Service Credit

## Legislative Buyback Option

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

### **An employee is qualified if:**

- The employee is a current 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 agency or a legislative commission.

You must purchase service credit prior to terminating your employment.

### **PURCHASING SERVICE CREDIT**

Contact MSRS if you are not sure you qualify to purchase prior service credit.

# Service Credit for 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 from military 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 contributions, plus interest. You must make payment within a time period that equals three times the length of the leave up to five years. 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

You cannot purchase service for military service before working for the state.



# Investment Options

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How you build your investment portfolio depends on your goals, time horizon and risk tolerance. We understand that not everyone is a savvy investor with the knowledge or desire to choose their own investment mix. That's why the Unclassified Retirement Plan offers two approaches to investing.



# What Kind of Investor are You?

Choosing your investments is an important decision. Your contributions are automatically invested in a Minnesota Target Retirement Fund closest to the year you turn age 65. You can transfer all or a portion of your existing account balance to any of the investment options offered by the plan.

Transfers can be done at anytime and as often as you wish. Trading restrictions may apply. Before you jump in and start choosing investments, spend some time thinking about your financial strengths and weaknesses. To learn more about the investment options, visit the MSRS website.

## HANDS-OFF Investor

### Consider this approach if you:

- Find selecting investment options confusing, intimidating or too time consuming.
- Are not confident in your knowledge of asset allocation or diversification.
- Want to choose a single fund that is designed to have the right mix of assets based on your planned retirement date. As your retirement nears, the fund automatically becomes more conservative.

OR

## HANDS-ON Investor

### Consider this approach if you:

- Are a knowledgeable investor and have a working knowledge of asset allocation, diversification and a long-term investment horizon.
- Are comfortable researching and making sure your retirement portfolio has the right mix of asset classes.
- Understand the importance of monitoring your account to ensure the funds you chose continue to meet your retirement goals.

Carefully consider the investment option's objectives, risks, fees and expenses. Call 1.800.657.5757 or visit [msrs.state.mn.us](http://msrs.state.mn.us) for a prospectus, summary prospectus and disclosure document, as available, containing this information. Read them carefully before investing.



## Hands-Off Investor

Simplify investing with a Minnesota Target Retirement Fund. The funds are designed for investors expecting to retire around the year indicated in the fund's name. Simply select a fund with a target date closest to your anticipated retirement date.

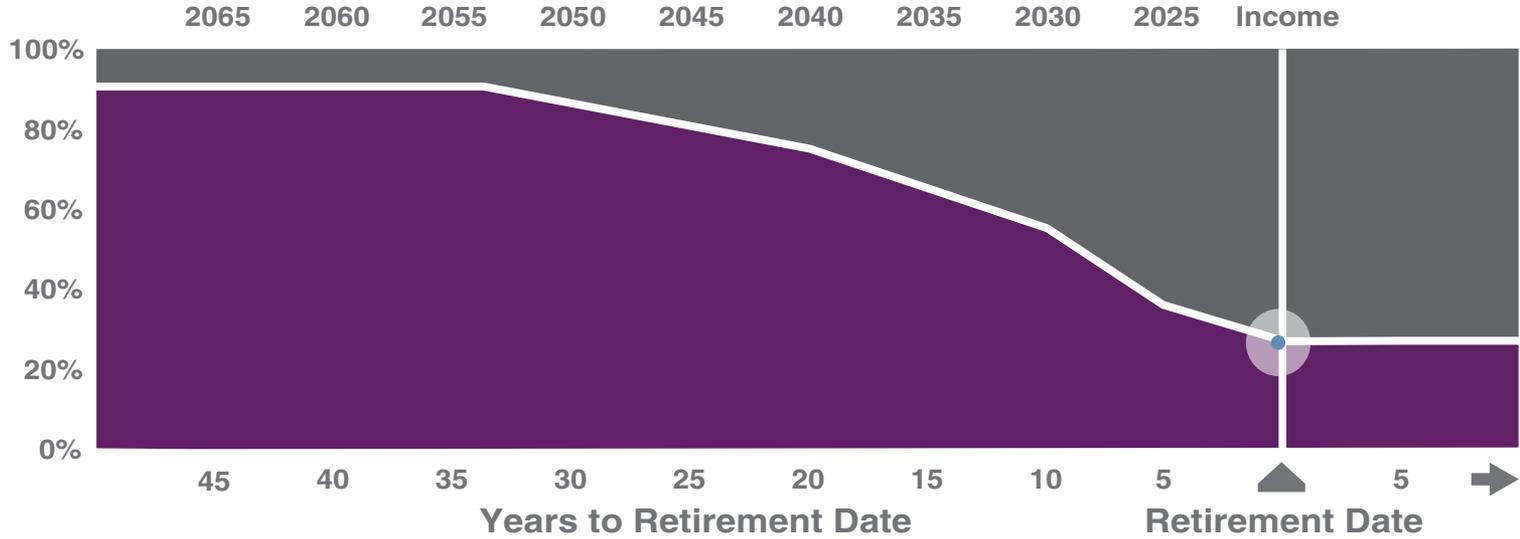
### How Target Retirement Funds Work

These funds offer a diversified mix of stocks and bonds or fixed income investments. A professional money manager selects and manages the right mix of investments based on the target date of the fund. Over time, each of the fund's asset allocation becomes more conservative as the target date nears.

The date in the fund name is the approximate date when the investor plans to start withdrawing their money, assumed to be at age 65 and/or begins withdrawing money. This reflects the need for reduced investment risk as the target date approaches.

Typically at the end of a working career, investors tend to reduce their investment risk by investing more conservatively in order to preserve their principal account balance. The principal value of the fund(s) is not guaranteed at any time, including at the time of the target date and/or withdrawal.

# MN Target Retirement Funds



- Stock Investments
- Bond or Fixed Income Investments

The example shown is intended for illustrative purposes only. The allocation will vary depending on the Target Retirement Funds' anticipated retirement date. Asset allocation and balanced investment options and models are subject to the risks of the underlying funds, which can be a mix of stocks/stock funds and bonds/bond funds.

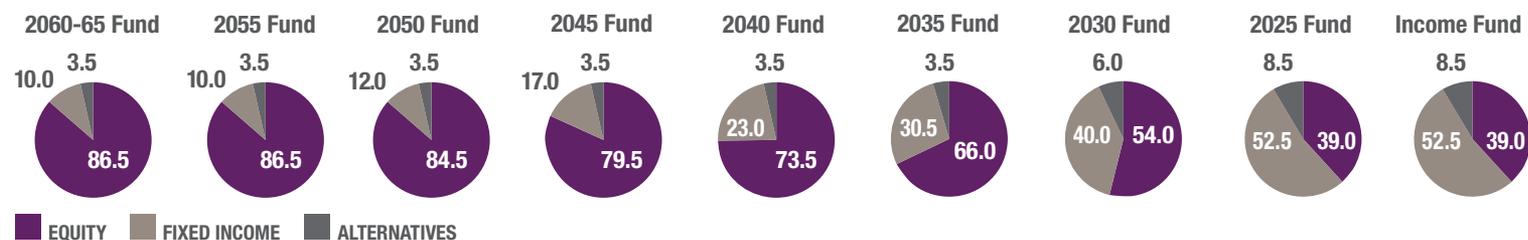


# MN Target Retirement Funds

Diversification of underlying funds – Target allocations among equities and fixed income, shown in percentages.

Data updated December 31, 2019.

	2065	2060	2055	2050	2045	2040	2035	2030	2025	Income
<b>EQUITY</b>	<b>86.50%</b>	<b>86.50%</b>	<b>86.50%</b>	<b>84.50%</b>	<b>79.50%</b>	<b>73.50%</b>	<b>66.00%</b>	<b>54.00%</b>	<b>39.00%</b>	<b>26.50%</b>
State Street S&P 500 Index Fund	35.90	35.90	35.90	35.90	34.90	33.50	31.00	26.49	20.00	13.80
State Street Russell Small/Mid Cap Index Fund	16.00	16.00	16.00	15.10	12.80	10.60	8.60	6.24	3.90	2.60
State Street Global All Cap Equity ex U.S. Index Fund	34.60	34.60	34.60	33.80	31.80	29.40	26.40	21.35	15.10	10.10
<b>FIXED INCOME</b>	<b>10.00%</b>	<b>10.00%</b>	<b>10.00%</b>	<b>12.00%</b>	<b>17.00%</b>	<b>23.00%</b>	<b>30.50%</b>	<b>40.00%</b>	<b>52.50%</b>	<b>65.00%</b>
State Street U.S. Long Government Bond Index Fund	10.00	10.00	10.00	10.00	10.00	10.00	10.00	5.00	0.00	0.00
State Street U.S. Short-Term Government/ Credit Bond Index Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.50	2.50
State Street U.S. High Yield Bond Index Fund	0.00	0.00	0.00	0.00	0.00	1.15	4.10	6.00	7.00	7.00
State Street U.S. Bond Index Fund	0.00	0.00	0.00	2.00	7.00	11.00	13.50	19.00	25.00	25.00
State Street U.S. Inflation Protected Bond Index Fund	0.00	0.00	0.00	0.00	0.00	0.85	2.90	10.00	0.00	0.00
State Street 1-10 Year U.S. TIPS Index Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18.0	18.00
<b>ALTERNATIVES</b>	<b>3.50%</b>	<b>6.00%</b>	<b>8.50%</b>	<b>8.50%</b>						
State Street Global Real Estate Index Fund	0.00	0.00	0.00	0.00	0.00	0.00	2.00	2.50	5.00	5.00
State Street Bloomberg Roll Select Commodity Index Fund	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50



The top holdings are presented to illustrate examples of the securities that the fund has bought and may not be representative of the fund's current or future investments. In the case of fixed income and cash funds the securities are aggregated and shown at the issuer level. The top holdings do not include other assets or instruments that may be held by the fund including, for example and not by way of limitation, cash or cash equivalents and derivatives such as futures, options and swaps. The figures presented are as of the date shown above, do not include the fund's entire investment portfolio, and may change at any time. Although data is gathered from reliable sources, the completeness or accuracy of the data shown cannot be guaranteed. Characteristics and allocations, if shown, are subject to change and should not be relied upon as current thereafter. This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security shown. It is not known whether the sectors or securities shown will be profitable in the future.

<b>FUND CHARACTERISTICS</b>	<b>2065</b>	<b>2060</b>	<b>2055</b>	<b>2050</b>	<b>2045</b>	<b>2040</b>	<b>2035</b>	<b>2030</b>	<b>2025</b>	<b>Income</b>
<b>GENERAL</b>										
Inception Date	8/1/2011	8/1/2011	8/1/2011	8/1/2011	8/1/2011	8/1/2011	8/1/2011	8/1/2011	8/1/2011	8/1/2011
Expense Ratio	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
<b>EQUITY</b>										
Total Number of Holdings	9,507	9,507	9,507	9,507	9,507	9,507	9,507	9,507	9,507	9,507
<b>FIXED INCOME-NOMINAL</b>										
Effective Duration (Years)	17.86	17.86	17.86	15.85	12.90	11.12	9.78	7.29	5.00	5.00
Total Number of Holdings	80	80	80	10,723	10,723	8,193	8,193	8,193	11,749	11,749
<b>FIXED INCOME-REAL RETURN</b>										
Real Duration (Years)	N/A	N/A	N/A	N/A	N/A	7.28	7.28	4.99	5.02	5.02
Total Number of Holdings	N/A	N/A	N/A	N/A	N/A	N/A	42	42	31	31
<b>ALTERNATIVES-REAL ESTATE</b>										
Total Number of Holdings	N/A	N/A	N/A	N/A	N/A	N/A	173	173	173	173



**Fee Disclosure:** Each Target Retirement Fund is a collective investment fund managed by State Street Global Advisors. The fund seeks to achieve its investment objective by primarily owning units of one or other collective investment funds which make direct investments (Component Funds). As a result, the participants investing in the fund indirectly bear the fees and expenses of the Component Funds in which the fund invests, in addition to the direct fees of the fund which include, among others, investment management, audit, administration and legal fees. The indirect fees and expenses may include, among others, the Component Fund's custody, audit, administration and legal fees. The indirect fees and expense of the Component Funds combined with the direct fees of the fund which include the investment management fee (Total Annual Operating Expense Ratio) are not expected to exceed 0.10% annually.

The Total Annual Operating Expense Ratio of 0.10% reflects all indirect and direct fees associated with the fund. Transaction costs (including, for example, brokerage cost and taxes, if any) are not reflected in the Total Annual Operating Expense Ratio, but are reflected in the net performance returns of the fund. The investment manager does not assess any fee or charge in connection with the purchase or redemption of units of the fund.

The following example is intended to help illustrate the impact of fees and expenses associated with investing in the fund (based upon the Total Annual Operating Expense Ratio). It is intended to illustrate the hypothetical expense that you would incur over various time periods if you were to invest \$10,000 in the fund. This example assumes that the fund provides a return of 5% a year and that operating expenses of the fund and its Component Funds remain the same. The results apply whether or not you redeem your investment at the end of the given time period.

Example Fees: 1 year - \$10.50; 3 years - \$33.06; 5 years - \$57.89; 10 years - \$131.41

The example outlined above was for illustrative purposes only and does not represent the actual fees and expenses or the past or future performance of the fund. Actual future fees and expenses may be higher or lower than those shown. Fees and expenses are only one of several factors that participants and beneficiaries should consider when making investment decisions.

**Custom Index Description:** The benchmark performance for each Target Retirement Fund is derived by applying each Fund's target allocations to a series of unmanaged benchmarks. The allocation of the Custom Index for each fund is shown in the Diversification of Underlying Funds illustration on the previous page. Each of the applicable individual indices making up the composite benchmarks are described in further detail below.

**S&P 500®:** A registered trademark of Standard & Poor's Financial Services LLC, and is an unmanaged index considered indicative of the domestic Large-Cap equity market.

**Russell Small Cap Completeness® Index:** Measures the performance of the Russell 3000® Index companies excluding S&P 500® constituents.

**MSCI AC World Index ex USA IMI Index:** The MSCI AC World Index ex USA IMI Index is a free float-adjusted market capitalization weighted Index that is designed to measure the equity market performance of developed and emerging markets. The Index consists of approximately 6,100 stocks in markets with emerging markets representing approximately 20%. MSCI attempts to capture approximately 99% of the total market capitalizations in each country. The MSCI AC World Index ex USA IMI Index is a trademark of MSCI Inc.

**FTSE EPRA/NAREIT Developed Liquid Index:** The FTSE EPRA/NAREIT Developed Liquid Real Estate Securities Index is a float-adjusted market-cap-weighted Index designed to track the performance of eligible listed real estate in the developed markets. The index includes Real Estate Operating Companies and REITs that derive at least 75% of their income from relevant real estate activities. Relevant real estate activities are defined as ownership, trading and development of income-producing real estate. The index is screened for liquidity and provides geographic and property sector diversification. The index is priced daily, rebalanced and reconstituted quarterly at the close of business on the third Friday of March, June, September and December.

**Bloomberg Roll Select Commodity Index<sup>SM</sup>:** A broad based commodity index. It is comprised of 20 commodity futures contracts spread across five main commodity groups: Agriculture, Energy, Livestock, Industrial Metals and Precious Metals. The index aims to mitigate the effects of contango on index performance. For each commodity, the index rolls into the futures contract showing the most backwardation or least contango, selecting from those contracts with nine months or fewer until expiration.

**Barclays U.S. Long Government Bond Index:** Consists of U.S. Treasury and native currency U.S. Agency securities with maturities greater than ten years.

**Barclays U.S. Aggregate Bond Index:** An index representative of well diversified exposure to the overall U.S. bond market. More specifically, it covers the dollar denominated investment grade fixed rate taxable bond market, including U.S. Treasuries, government-related and corporate securities, mortgaged pass through securities, asset backed securities and commercial mortgage backed securities.

**Barclays U.S. TIPS Bond Index:** The Barclays U.S. TIPS Bond Index is limited to U.S. Treasury Inflation Protected Securities (TIPS). Like other Treasuries, an inflation-indexed security pays interest every six months and pays the principal when the security matures. The difference is that the coupon payments and underlying principal are automatically increased to compensate for inflation as measured by the consumer price index (CPI). The maturities of the bonds in the Index are more than one year.

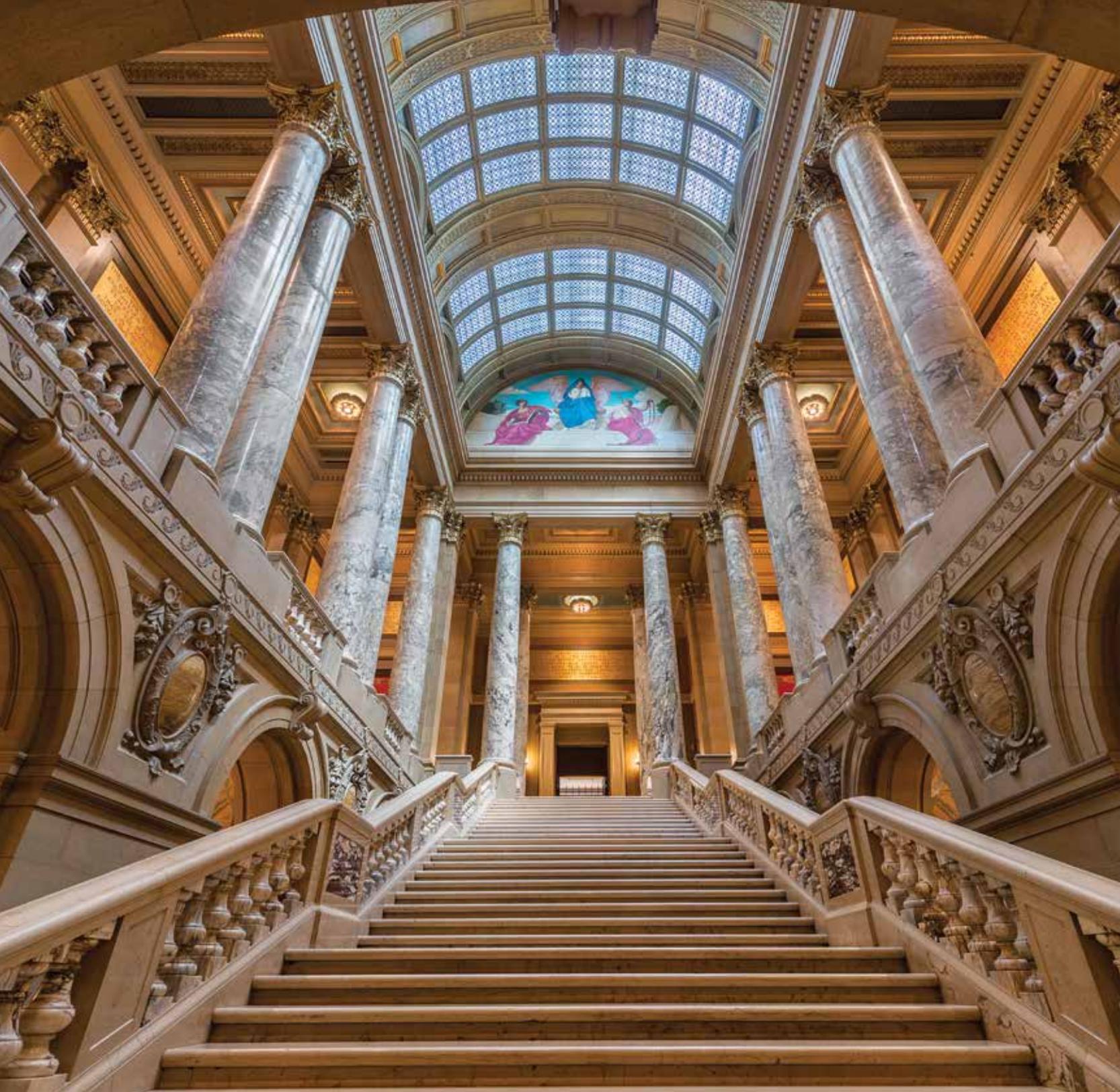
**Barclays U.S. High Yield Very Liquid Index:** The Barclays U.S. High Yield Very Liquid Index (VLI) is a more liquid version of the U.S. High Yield Index that covers USD-denominated, noninvestment grade, fixed-rate, taxable corporate bond.

**Barclays 1-10 Year Government Inflation-linked Bond Index:** The Barclays 1-10 Year Government Inflation-linked Bond Index is designed to measure the performance of the inflation protected public obligations of the U.S. Treasury commonly known as, TIPS, that have a remaining maturity greater than or equal to 1 year and less than 10 years. TIPS are securities issued by the U.S. Treasury that are designed to provide inflation protection to investors. The Barclays 1-10 Year Government Inflation-linked Bond Index includes publicly issued, TIPS that have at least 1 year remaining to maturity and less than 10 years on index rebalancing date, with an issue size equal to or in excess of \$500 million. Bonds must be capital-indexed and linked to a domestic inflation index. The securities must be issued by the US Government and must be denominated in U.S. dollars and pay coupon and principal in U.S. dollars.

**Barclays 1-3 Year Government/Credit Index:** The Barclays U.S. 1-3 Year Government/Credit Index consists of a well diversified group of government, corporate and non-corporate securities with maturities between one and three years.

**Nominal Return:** A nominal interest rate refers to the interest rate before taking inflation into account.

**Real Rate of Return:** A real rate of return is the annual percentage return realized on an investment, which is adjusted for changes in prices due to inflation or other external effects. This method expresses the nominal rate of return in real terms, which keeps the purchasing power of a given level of capital constant over time. Adjusting the nominal return to compensate for factors such as inflation allows you to determine how much of your nominal return is actually real return.



# Hands-On Investor

Choose your own investment mix from the funds offered by the plan. You can invest in any combination of these options. Determine an asset allocation strategy that meets your needs and choose your investment mix.

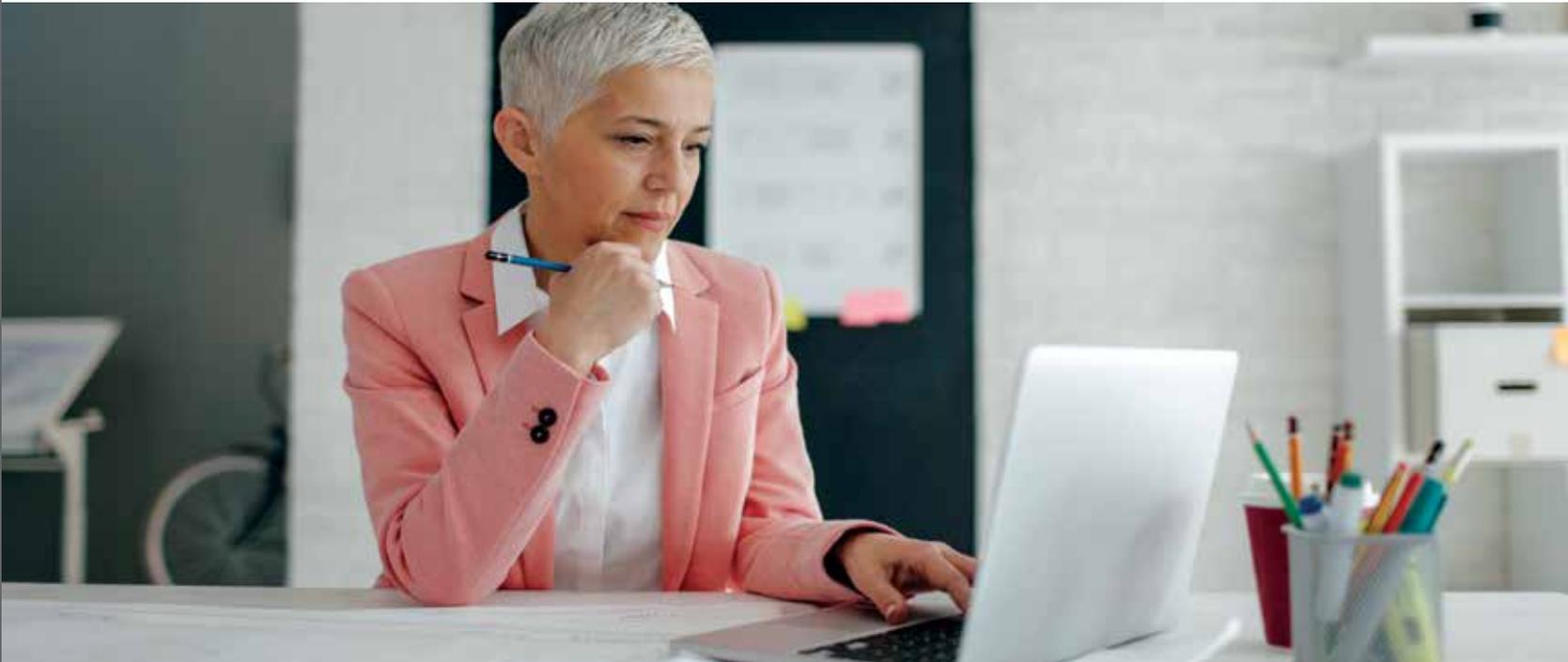
## The Importance of Diversification

Diversification<sup>1</sup> is the process of choosing investments within various asset classes. For example, holding stock funds of international, large, small and mid-size companies along with a variety of bond funds or fixed income funds. Spreading your investments among different asset classes may help weather the ups and downs of the market because you don't depend on any one investment.

## What You Need To Do

1. Determine whether you are an aggressive, moderate or conservative investor. This depends on the level of risk and market volatility you are comfortable with and your time horizon (how long before you will use the funds in your account).
2. Select your investments from a range of asset classes to help build a diversified<sup>1</sup> portfolio.

<sup>1</sup>Using diversification as part of your investment strategy neither assures nor guarantees better performance and cannot protect against loss in declining markets.



# Investment Options

You can invest your account balance in any combination of investment options offered by the plan.

- Investment options appear in the table below in order of higher risk/potential reward to lower risk/potential reward.

Investment Option	Investment Asset Class
T. Rowe Price Small Cap Stock Fund	<b>U.S. Small-Cap Stock.</b> Typically invests in the stock of small U.S. companies whose market capitalization is less than \$2 billion. Small company funds involve increased risk and volatility.
Vanguard Total International Stock Index Fund	<b>International Stock.</b> Typically invests in the stock of non U.S. companies. International investing involves additional risks including: currency fluctuations, political instability, differences in accounting standards and foreign regulations.
Vanguard Mid Cap Index Stock Fund	<b>U.S. Mid-Cap Stock</b> Typically invests in the stock of mid-sized U.S. companies whose market capitalization is valued at \$2-\$10 billion. Mid-cap stock funds are subject to market risk. They are generally perceived to be riskier than large-cap stock funds, but less than small-cap stock funds.
Vanguard Total Stock Market Index Fund	<b>U.S. Large-Cap Stock.</b> Typically invests in the stock of large U.S. companies whose market capitalization is valued over \$10 billion. Large-cap stock funds are subject to market risk.
Vanguard Dividend Growth Fund	
Vanguard Balanced Index Fund	<b>Balanced.</b> Typically invests in a mix of stock/stock funds and bond/bond funds or fixed income investments and are subject to the risks of these investments.
Dodge & Cox Income Fund	<b>Bond.</b> Typically invests in bonds issued by corporations and government entities. Bond funds have the same interest rate, inflation and credit risks that are associated with the underlying bonds owned by the fund.  A bond fund's yield, share price and total return change daily and are based on changes in interest rates, market conditions, economic and political news, and the quality and maturity of its investment. In general, bond prices fall when interest rates rise and vice versa,
Vanguard Total Bond Market Index Fund	
Stable Value Fund	<b>Stable Value.</b> Intended to deliver safety and stability by preserving principal while accumulating interest earnings. Stable value funds are similar to money market funds but tend to offer higher returns. While stable value funds are the largest conservative investment in defined contribution retirement plans, it is possible to lose money by investing in the fund.
Money Market Fund	<b>Money Market.</b> Typically subject to less volatility than any other investments. Depending on short-term interest rates, may not keep pace with inflation. <i>You could lose money by investing in a Money Market Fund. Although the fund seeks to preserve the value of your investment at \$1 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.</i>

*Investing involves risk, including possible loss of principal. Stock funds have greater risk than bond funds and bond funds have greater risk than capital preservation funds.*

*Carefully consider the investment option's objectives, risks, fees and expenses. Call 1.800.657.5757 or visit [msrs.state.mn.us](http://msrs.state.mn.us) for a prospectus, summary prospectus and disclosure document, as available, containing this information. Read them carefully before investing.*

# Benefit Choices

When you apply to receive monthly retirement or disability benefits you will have to decide whether you want to provide a monthly benefit to your survivor when you die. You can name a single or multiple survivors to receive benefits. Your choice will affect your monthly retirement benefit. This section will explain the options available to help you make a decision.



# Your Options

If you choose survivor coverage, you will receive a lower monthly benefit. If you are married, you must provide at least a 50% survivor option for your spouse unless your spouse waives this coverage.

You can name anyone to receive survivor benefits. If you choose a joint-and-survivor option, the reduction in your monthly benefit is based on the age difference between you and your survivor. The younger the survivor, the greater the reduction in your monthly benefit. The age(s) of your survivor(s) may limit the survivor options available to you.

## Single-Life Benefit

### > Provides benefits for your lifetime only

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 will receive the remaining value of your account.



## IMPORTANT DECISION: CHOOSING SURVIVOR COVERAGE

Once payments begin, you **cannot change your choice** of survivor coverage or the person(s) you elect to cover. Contact MSRS with any questions.

# Benefit Choices

## 100% Joint-and-Survivor Benefit > Provides maximum survivor coverage

If you select the 100% Joint-and-Survivor benefit, you will receive monthly payments 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 a lower monthly benefit during your lifetime.

If your named survivor dies before you, your monthly benefit will increase or “bounce back” to the Single-Life benefit amount after notifying MSRS of the survivor’s death.

## 75% Joint-and-Survivor Benefit > Provides some survivor coverage

If you select the 75% Joint-and-Survivor benefit, you will receive monthly payments for your life. When you die, your named survivor will receive 75% of the amount you were receiving. This survivor benefit is 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 after notifying MSRS of the survivor’s death.

Benefit amount per \$100 of Single-Life benefit										
EMPLOYEE'S RETIREMENT AGE	SURVIVOR'S AGE									
	56	57	58	59	60	61	62	63	64	65
55	92.42	92.77	93.11	93.45	93.79	94.12	94.45	94.76	95.07	95.37
56	91.75	92.12	92.49	92.86	93.22	93.58	93.93	94.27	94.61	94.93
57	91.02	91.41	91.81	92.20	92.59	92.98	93.36	93.73	94.09	94.44
58	90.23	90.65	91.07	91.49	91.90	92.32	92.73	93.13	93.52	93.90
59	89.37	89.81	90.26	90.70	91.15	91.59	92.03	92.47	92.89	93.31
60	88.44	88.91	89.38	89.85	90.33	90.80	91.27	91.74	92.20	92.64
61	87.44	87.93	88.42	88.92	89.43	89.93	90.44	90.93	91.43	91.91
62	86.36	86.88	87.40	87.93	88.46	88.99	89.53	90.06	90.59	91.11
63	85.22	85.75	86.30	86.85	87.41	87.97	88.54	89.11	89.67	90.23
64	84.00	84.55	85.12	85.69	86.28	86.87	87.47	88.07	88.68	89.27
65	82.69	83.27	83.85	84.45	85.07	85.69	86.32	86.95	87.59	88.23
66	81.31	81.90	82.51	83.13	83.77	84.42	85.07	85.74	86.42	87.09

Benefit amount per \$100 of Single-Life benefit										
EMPLOYEE'S RETIREMENT AGE	SURVIVOR'S AGE									
	56	57	58	59	60	61	62	63	64	65
55	94.20	94.48	94.74	95.01	85.27	95.53	95.78	96.02	96.26	96.48
56	93.68	93.97	94.26	94.55	94.83	95.10	95.38	95.64	95.90	96.15
57	93.11	93.42	93.73	94.04	94.34	94.64	94.93	95.22	95.50	95.77
58	92.49	92.82	93.15	93.48	93.80	94.13	94.44	94.76	95.06	95.36
59	91.81	92.16	92.51	92.86	93.21	93.56	93.90	94.24	94.57	94.89
60	91.07	91.44	91.82	92.19	92.56	92.94	93.31	93.67	94.03	94.38
61	90.27	90.66	91.06	91.46	91.86	92.25	92.65	93.04	93.43	93.81
62	89.41	89.82	90.24	90.66	91.09	91.51	91.93	92.36	92.77	93.18
63	88.49	88.92	89.36	89.80	90.25	90.70	91.15	91.60	92.05	92.49
64	87.50	87.95	88.41	88.88	89.34	89.82	90.30	90.78	91.26	91.73
65	86.43	86.90	87.38	87.87	88.37	88.87	89.38	89.89	90.40	90.90
66	85.30	85.78	86.28	86.79	87.31	87.84	88.37	88.91	89.45	89.99

## 50% Joint-and-Survivor Benefit

### > Provides some survivor coverage

If you select the 50% Joint-and-Survivor benefit, you will receive monthly payments for your life. When you die, your named survivor will receive 50% 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 after notifying MSRS of the survivor’s death.

		Benefit amount per \$100 of Single-Life benefit									
EMPLOYEE'S RETIREMENT AGE	SURVIVOR'S AGE										
	56	57	58	59	60	61	62	63	64	65	
55	96.06	96.25	96.43	96.62	96.80	96.97	97.14	97.31	97.47	97.63	
56	95.70	95.90	96.10	96.30	96.49	96.68	96.87	97.05	97.23	97.40	
57	95.30	95.51	95.73	95.94	96.15	96.36	96.56	96.76	96.96	97.14	
58	94.86	95.09	95.32	95.55	95.78	96.01	96.23	96.44	96.65	96.85	
59	94.38	94.63	94.88	95.13	95.37	95.61	95.85	96.09	96.32	96.53	
60	93.86	94.13	94.39	94.65	94.92	95.18	95.44	95.69	95.94	96.18	
61	93.30	93.58	93.86	94.14	94.42	94.70	94.98	95.25	95.52	95.78	
62	92.68	92.98	93.28	93.57	93.88	94.18	94.47	94.77	95.06	95.35	
63	92.02	92.33	92.64	92.96	93.28	93.60	93.92	94.24	94.56	94.86	
64	91.30	91.63	91.96	92.30	92.63	92.98	93.32	93.66	94.00	94.33	
65	90.53	90.87	91.22	91.57	91.93	92.29	92.66	93.02	93.39	93.74	
66	89.69	90.05	90.42	90.79	91.17	91.55	91.94	92.32	92.71	93.10	



## Life Income 15-Year Certain

### > Provides you a lifetime monthly benefit

This option is most commonly used by someone who wants to preserve assets for their children and does not have a spouse. You may name more than one survivor. If you die before collecting monthly benefits for 15 years, your survivor(s) will receive monthly payments for the remainder of the 15-year term.

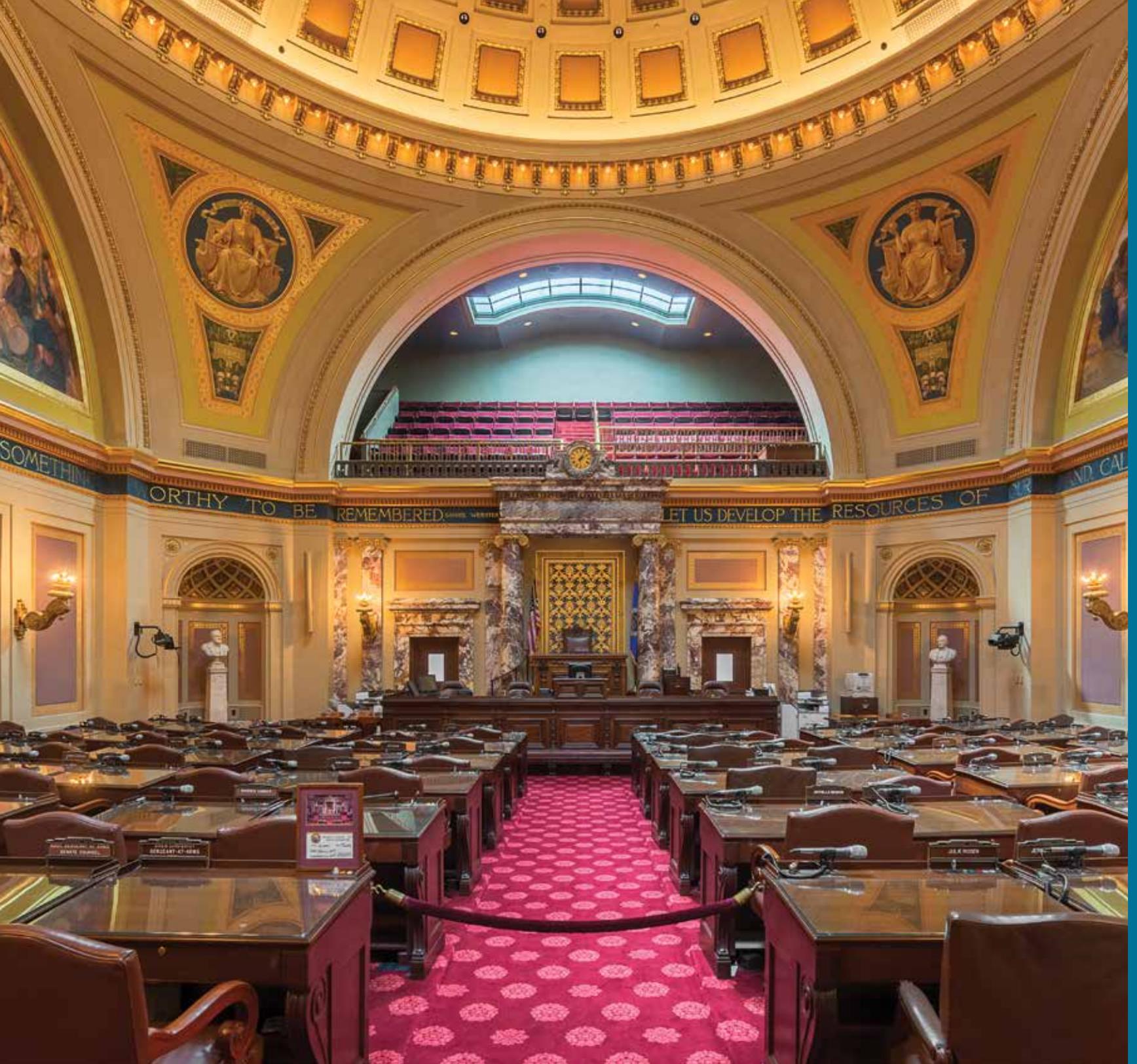
If you live longer than 15 years, your monthly benefit continues for your lifetime. When you die, your survivor will receive no benefit. If both you and your survivor die before the 15 year period ends, the remaining payments will be paid to your estate.

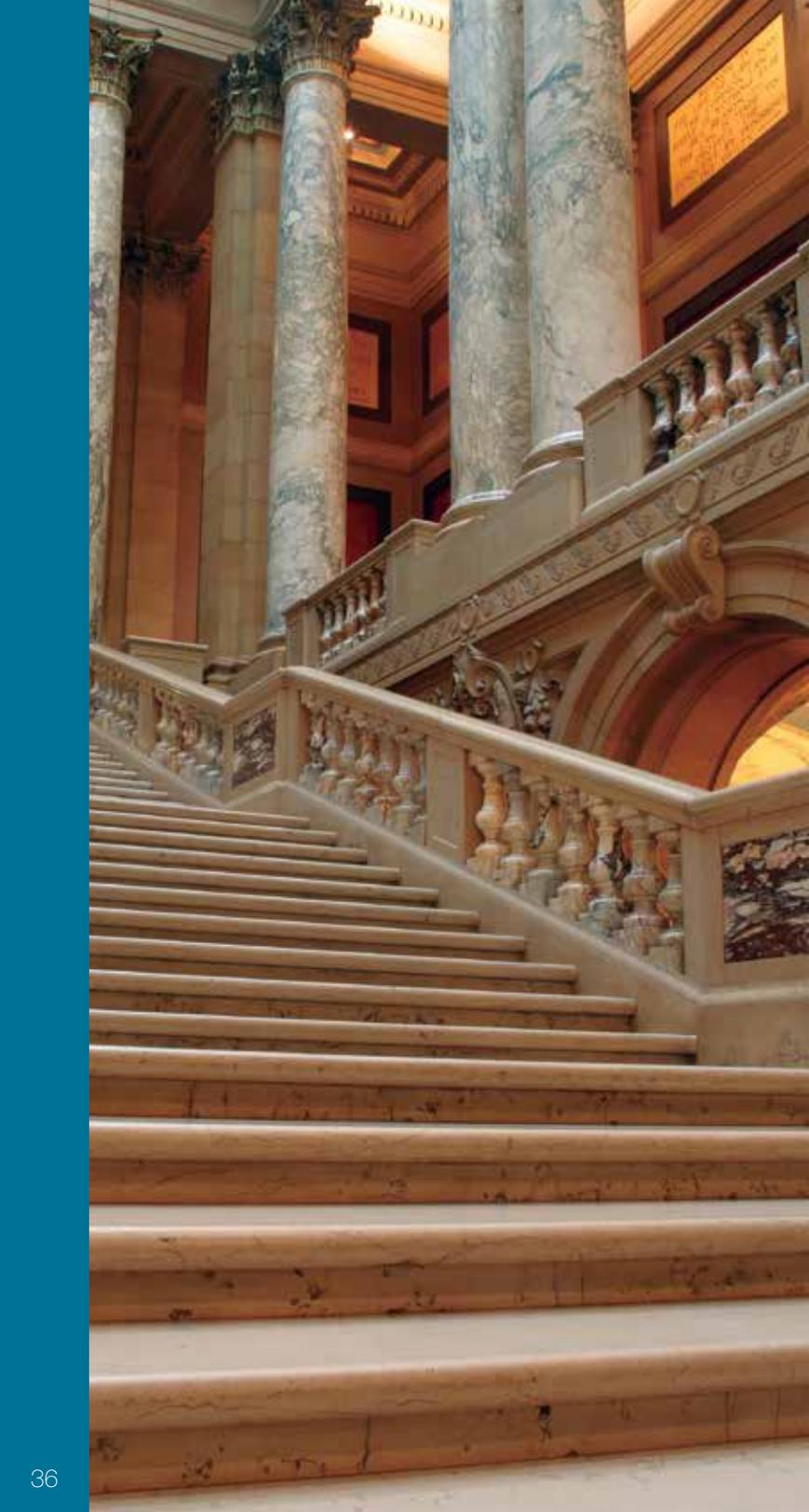
### How We Determine the Amount

For this option, you receive a percentage of the Single-Life benefit amount. For example, at age 62, you would receive 96% of the Single-Life Benefit amount. We use only your age to calculate the Life Income, 15-Year Certain amount.

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.

Life Income 15-Year Certain Benefit amount per \$100 of Single Life benefit	
Employee's Retirement Age	Percentage of single-life amount
55	97.90
56	97.70
57	97.48
58	97.22
59	96.94
60	96.61
61	96.24
62	95.83
63	95.36
64	94.83
65	94.23
66	93.55
67	92.79





# Comparing Benefit Choices

Here is an example that compares your various options. This comparison chart assumes a \$1,275 Single-Life monthly pension and the retiree and survivor are age 62.

Benefit Type	Your Benefit	Survivor Benefit	Bounce Back
Single Life	\$1,275	N/A	N/A
<b>Joint-and-Survivor with Bounce-Back Feature</b>			
100% option	\$1,141	\$1,141	\$1,275
75% option	\$1,172	\$879	\$1,275
50% option	\$1,204	\$602	\$1,275
<b>Life Income - 15-Year Certain</b>			
	\$1,221	\$1,221*	N/A

\*Only until the 15-year term has ended.

# Beneficiary and Survivor Benefits Before Retirement

Surviving spouse coverage under the Unclassified Plan is automatic. If you would like coverage for someone other than your spouse, your spouse must sign a waiver in the presence of a notary to have the account paid to a designated beneficiary.

Upon your death your surviving spouse may choose from among the following options:

- Lifetime monthly payments.
- 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 the account, which is 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, any remaining account balance 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 coverage, 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 Converted to the General Employees Retirement Plan

As a member of the Unclassified Plan, you may be eligible to transfer to the General Employees Retirement Plan. See page 9 for more details. When deciding what plan is most beneficial to you, there are important considerations:

- Often, the monthly surviving spouse benefit payable from the General Plan is greater than the surviving spouse benefit payable from the Unclassified Plan.
- If you become seriously ill or if surviving spouse coverage is important, 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.

### Get a Beneficiary Designation Form:



Contact an MSRS representative at  
**651.296.2761 or 1.800.657.5757**



Download online at **[www.msrs.state.mn.us](http://www.msrs.state.mn.us)**

# Retirement Checklist & Timetable

It's never too early to start planning for retirement. Dream! What does your perfect retirement look like? Does it include starting your own business or volunteering for your favorite cause? Advanced planning can help you achieve your personal financial goals. Planning will allow you to have a more realistic understanding of your retirement income needs and expenses.



# Retirement Checklist

## Two Months Before Retirement

### 1. Submit your Retirement Application

You can download an application from the MSRS website or contact us to have it mailed to you. Sign the application in the presence of a notary. If you are married, the application requires your spouse's notarized signature acknowledging your benefit selection.

### 2. Complete a Direct Deposit Form

MSRS recommends using direct deposit to have your funds electronically deposited to your financial institution. Direct deposit is the safest, fastest and most convenient way to receive your monthly benefit. Complete the form and we'll take care of the rest.

### 3. Apply for other Minnesota public pension benefits (if applicable)

If you are eligible for retirement benefits from another Minnesota public pension plan such as the Public Employees Retirement Association (PERA) or Teachers Retirement Association (TRA), you will need to contact that retirement plan administrator to complete additional paperwork to apply for those retirement benefits.

### 4. Contact your tax advisor

Determine how much, if any, federal and Minnesota state taxes should be withheld from your monthly retirement benefit.

### 5. Contact your human resources department

Check with your human resources department regarding your retiree insurance options.

### 6. Contact your payroll office

You may or may not be eligible to receive a severance payment. If paid in cash, you may want to consider contributing it to your MNDP account.

### 7. Follow-up with Social Security and Medicare

If you applied for benefits and have not received an acknowledgment, you may want to contact Social Security and Medicare to verify eligibility.

### 8. Beneficiary designation

Review your beneficiary designation information on file for your MSRS pension plan, as well as your MNDP and HCSP accounts.

#### NOTE

Your pension beneficiary may only apply if you elect the Single-Life option.

# Retirement Timetable

It's important to map out a retirement planning strategy well in advance of your retirement date, but it's never too late to start planning or saving. MSRS retirement counselors are available to assist you along the way.



## Throughout Your Career

- Enroll and take advantage of the Minnesota Deferred Compensation Plan (MNDCP). You may receive a yearly match from your employer. The match is a bargained benefit.
- Establish savings goals that will generate the income you want to have when you retire.
- Evaluate your personal finances periodically as they relate to meeting your financial needs at retirement.
- Research purchasing eligible service credit as soon as possible. This includes any active military service or time worked in other covered retirement plans.
- Stay informed! Review plan information online or contact MSRS with questions about your retirement benefits.



## Mid Career

- Review your savings goals to determine if you're still on track.
- If you're not enrolled in MNDCP, contact MSRS to enroll and determine your investment allocation to make sure you carry the right amount of risk.
- If you are age 50 or older, consider maximizing your MNDCP contribution amount. The IRS permits you to contribute more than the standard contribution amount.
- Continue to pursue prior service credit purchases.



## 3 5 Years From Retirement

- Attend a free MSRS pre-retirement seminar. More information about seminars is available at: [www.msrs.state.mn.us](http://www.msrs.state.mn.us)
- Determine MNDCP 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. Contact MSRS to find out if you are eligible.
- Prepare a retirement budget. Compare your budget against your MSRS pension benefit, Social Security, MNDCP and any other retirement income to see if you may need to save more.



### 12 Months From Retirement

- Contact MSRS for an audited estimate of your retirement benefits. Ask about survivor coverage options.
- Attend a free MSRS retirement seminar.
- Review MNDCP distribution options available at retirement.
- Gather information to prepare your retirement budget.
- Calculate your expected Social Security income.



### 6 Months From Retirement

- Discuss your benefit estimate and 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 that will be available to you.
- Contact your employer about health and life insurance options available after you retire.
- Check to see if you are eligible for severance pay. If so, determine if it will be deposited in the MSRS Health Care Savings Plan (HCSP) account.



### 3 Months From Retirement

- Ensure that purchases/transfers of prior service are complete.
- 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 and are eligible for benefits).

#### **IMPORTANT!**

**Review your MSRS benefit statement and contact MSRS if you find any discrepancies.**

# Applying for Retirement

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Applying for retirement is easy, but your retirement decisions can be complex. Contact MSRS two months before you plan to retire. We want to make sure you fully understand your retirement benefit and options before you submit your application. Retirement counselors are also available for individual sessions at one of our offices.



# Forms to Complete

You will need to complete a retirement application when you are ready to retire and begin collecting monthly benefits. MSRS will also need additional documents in order to complete your application. Forms are available on the MSRS website.

## 1 | Retirement Plan Benefit Application

**(required)**

You must sign the application in the presence of a notary. If you are married, your spouse must sign the application in the presence of a notary to acknowledge the benefit option you selected.

Your retirement benefit is taxable income. You will need to complete the tax withholding sections of your application. If you do not choose one of the options on the form, federal taxes will be withheld as if you are married with three allowances, regardless of your marital status. MSRS will not withhold Minnesota state taxes unless directed to do so.

## 2 | Direct Deposit Agreement

**(optional, but recommended)**

Monthly payments can be deposited into your bank account through direct deposit. It is the safest, fastest, and most convenient way to receive your monthly payment. Generally your benefit is sent to your financial institution the first business day of each month. If you do not want direct deposit, a paper check will be mailed to you. You can sign up for direct deposit when you apply for a monthly benefit or any time in the future.

### CHOOSING SURVIVOR OPTIONS

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% Joint-and-Survivor option.



# Documents to Provide

## 1 | Birth Records

(required for you and your survivor)

Payments cannot begin until you provide MSRS with a copy of your birth record. In addition, if you select a survivor option, you must provide a copy of your survivor's birth record. Please write your MSRS Account ID or Social Security number on your survivor's birth record.

## 2 | Copy of Your Marriage Certificate

(required, if applicable)

## 3 | Certified Copy of Divorce Decree and/or Domestic Relations Order

(required, if applicable)

During a marriage dissolution proceeding, the court may decide to divide the assets of the MSRS retirement plan between the parties. If you are currently divorced, or have been divorced, you must provide MSRS with certified copies of any divorce decrees and/or domestic relations order (DRO) before you can collect a retirement or disability benefit, even if the assets will not be divided between the parties. For more information on how divorce may affect your benefit, please contact MSRS.

## Service with Another Minnesota Public Employer

If you had service with another Minnesota public employer, for example, Teachers Retirement Association (TRA) or Public Employees Retirement Association (PERA), the service credit earned from all plans can be combined with your MSRS service to qualify for a retirement benefit. We call this a Combined Service Annuity (CSA).

The service credit that you have accumulated will remain with the retirement plan where it was earned. When you retire, you will receive a separate payment from that retirement plan provider.

Be sure to contact your other retirement plan administrators to learn how to apply for benefits and when you can expect payments. You will need to obtain and submit the necessary paperwork to the appropriate plan administrator to receive benefits.

### Contact Information:



Contact a **PERA** representative at  
**651.296.7460 or 1.800.652.9026**

Contact a **TRA** representative at  
**651.296.2409 or 1.800.657.3669**



Online at **[www.mnpera.org](http://www.mnpera.org)**

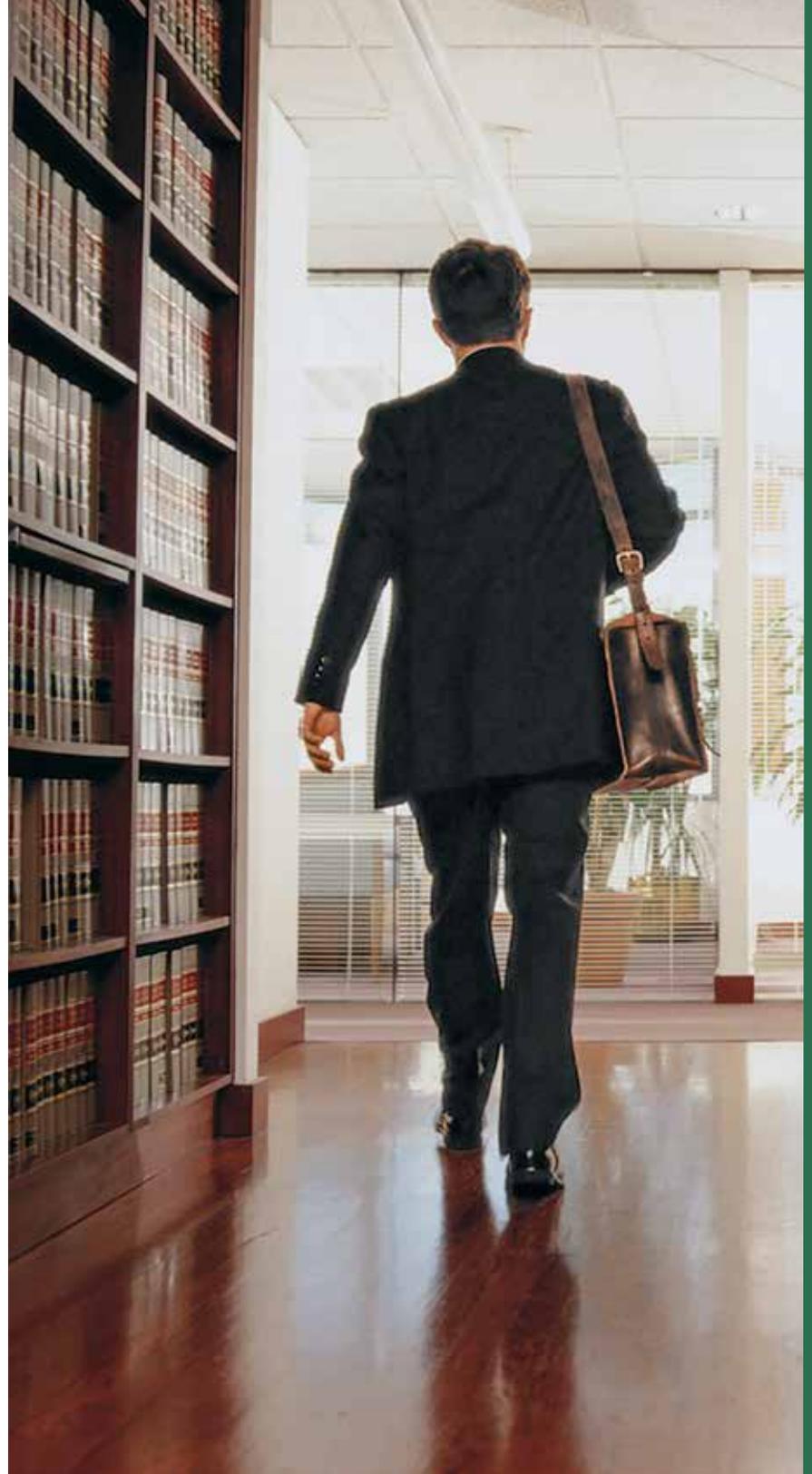
Online at **[www.minnesotatra.org](http://www.minnesotatra.org)**

# Re-Employment After Retirement

For many, retirement means pursuing a second career. Perhaps it is a hobby that you pursue as a paid position. Maybe it means returning to work, but working fewer hours or part-time. Your MSRS monthly benefits do not stop if you are employed by private industry, federal or local government, or a state government other than Minnesota.

## Considerations for Returning to Work With the State Of Minnesota

- In most cases you must wait at least 30 days after your retirement date to be re-employed in a position normally covered by MSRS. Contact MSRS for more detail.
- Generally, retirement deductions are not withheld from your salary if you return to a position covered by MSRS. Exceptions may apply.
- If you are under full Social Security retirement age, you may be subject to an earnings limitation. If you exceed the earnings limit, your benefit payment will be stopped for the remainder of the calendar year. Contact MSRS for more information.



# After Retirement

## First Benefit Payment

You will receive your first benefit payment from MSRS about **SIX WEEKS** after your benefit start date. Please plan accordingly. Around the time your first benefit is paid, you will receive a benefit authorization letter from MSRS which will:

- Verify the amount of your first payment and the ongoing benefit amount
- Confirm your optional benefit selection (for example, 100% Joint-and-Survivor benefit)
- Verify when you will receive your ongoing monthly benefit
- Provide important tax information

## Subsequent Monthly Payments

If you sign up for direct deposit, payments will typically be available in your bank account the first business day of the month. If you receive payment by check, add five business days for mailing time.

### NOTE!

You have 30 days from the date of the benefit authorization letter to change the benefit option.



## Tax Withholding from Benefit Payments

At your request, federal and/or Minnesota state taxes can be withheld from your benefit payments. There are three ways to start, stop or change income tax withholding:



Log in to your pension account online  
**[www.msrs.state.mn.us](http://www.msrs.state.mn.us)**



Speak to an MSRS representative  
**651.296.2761 or 1.800.657.5757.**



Complete and mail a Substitute Form W-4P Tax Withholding Election form that can be obtained on the MSRS website.

## Income Tax Reporting

All or most of your monthly benefit is subject to federal and state income taxes. Each January, MSRS will mail you a Form 1099-R tax document, which provides the following:

- Total benefits paid to you during the previous year
- Total taxable income
- Any amount withheld for federal or Minnesota taxes

## Marriage Dissolution after Retirement

When a marriage dissolution occurs after retirement, a percentage or dollar amount of your benefit can be awarded to your former spouse. Both parties are granted a post-retirement increase on their portion of the benefit. The benefit option elected at retirement can be revoked only if the payment will not be split between the parties. Please contact MSRS in advance of a divorce so we can explain your option.

### POST-RETIREMENT INCREASES

Each January you may be eligible to receive a post-retirement benefit increase. There could be a waiting period for your first increase, and depending on when you retired, the first increase may be prorated. You will receive a letter each December to confirm your benefit increase.



# Disability Retirement Benefits

As a member of the Unclassified Retirement Plan, you have disability protection. This is an important benefit. If eligible, it will pay you a disability benefit for your lifetime or until you are no longer disabled.



# Unclassified Disability

## Definition of Disability

The law defines a disability as the permanent inability to continue to perform your job functions by reason of physical or psychological impairment resulting from sickness or injury.

To be considered totally and permanently disabled, you must be unable to engage in any substantial, gainful activity because of a physical or psychological impairment 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 eligible to transfer to the General Plan and have enough service credit to be vested, it will likely provide a higher monthly disability benefit. Contact MSRS to determine if you are eligible for General Plan coverage.

## Disability Application and Review Process

To learn how to apply for disability and to obtain the necessary documents, we recommend that you contact our office.

There are important time lines you need to consider when applying for a disability. Please consider the following:

- You cannot apply for a disability benefit until after your last work 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.

When you apply for a disability benefit, MSRS will need documentation of your disability.

**The following documents are required:**

- Completed **Application for MSRS Disability Benefit**.
- A **Physician's Statement** must be completed by two different doctors regarding your disability.
- An **Employer Certification** must be completed by your employing department.

The documents will be reviewed by the MSRS medical consultant, who makes a recommendation to the MSRS Executive Director about the extent of your disability.

If your disability application is approved, your benefit will begin after you receive payment for all your accumulated overtime, vacation and sick leave hours. Your disability benefit will end in the month that you die unless you select survivor coverage.

Following disability approval, you must submit medical records supporting the ongoing disabling condition once a year for the first five years, then once every three years until you reach normal retirement age. You must submit these medical documents for your disability benefit to continue.

If your disability application is denied, you may appeal the decision to the MSRS Board of Directors.

### DISABILITY BENEFIT APPLICATION DEADLINE

You must apply for a disability benefit within 18 months after you end state employment.

## Survivor Coverage with a Disability Benefit

When you apply for a disability benefit you can choose the Single-Life benefit, a Joint-and-Survivor benefit or the Life Income, 15-Year Certain. Refer to the Benefit Choice section for more information.

With a disability, if you choose the Single-Life benefit, you have another opportunity to select a benefit to provide coverage for your survivor. You can make this choice within 60 days of normal retirement age or after five years, whichever is later. It is important to note that if you die before you change your selection, no survivor coverage is provided.

If you did not select a Joint-and-Survivor option and die, any balance in your retirement account is refunded, in the following order: beneficiary, spouse, children, parents, estate.

## Workers' Compensation and Your Disability Benefit

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



Review compensation information:

[mn.gov/admin/government/risk/workers-comp/](https://mn.gov/admin/government/risk/workers-comp/)



Contact Minnesota Department of Administration:

**651.201.2555**

### RE-EMPLOYMENT AFTER YOU ARE DISABLED

There may be restrictions on your earnings if you return to work. Please call MSRS for more information.





1.800.657.5757 or 651.296.2761  
[www.msrs.state.mn.us](http://www.msrs.state.mn.us)