

# Unclassified Retirement Plan

Minnesota State Retirement System





## MSRS Mission

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



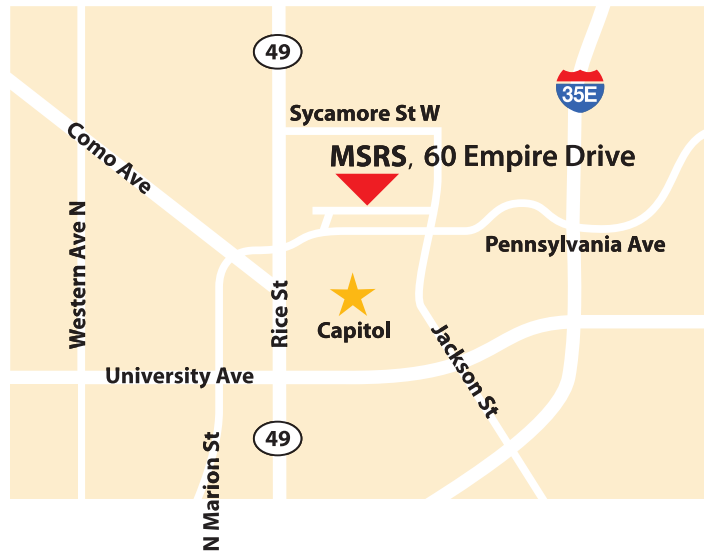
This member handbook is a general summary of the benefit provisions administered by the Minnesota State Retirement System (MSRS). The purpose of this handbook is to give you a general idea of your benefits and acquaint you with the Unclassified Retirement Plan. The benefits described apply to members 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.

# Table of contents

MSRS information:	
How to contact MSRS .....	5
About the Unclassified Plan .....	6
How to manage your account .....	7
Investment options .....	8
How we determine your retirement benefit .....	10
Important provisions for Unclassified Plan members .....	12
Withdrawal options .....	14
Benefit choices .....	15
Single-life .....	15
100 Percent Joint-and-Survivor .....	15
75 Percent Joint-and-Survivor .....	16
50 Percent Joint-and-Survivor .....	16
Life Income, 15-Year Certain .....	17
Service credit .....	18
Combined Service Annuity .....	20
Purchasing service .....	21
After you retire .....	22
Tax information .....	24
How to apply for your retirement benefit .....	25
Retirement checklist .....	26
Disability .....	29
Survivor benefits .....	31
Privacy .....	32
About MSRS .....	33



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

1-800-657-5757

Fax: 651-297-5238

Minnesota relay: 1-800-627-3529

Website: [www.msrs.state.mn.us](http://www.msrs.state.mn.us)

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

##### **Business Hours & Days:**

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

Appointments preferred

#### Greater Minnesota offices:

##### **Detroit Lakes Office**

714 Lake Avenue, Suite 102

Detroit Lakes, MN 56501

Telephone: 1-800-657-5757

##### **Business Hours & Days:**

Tuesday-Friday 8 a.m. - 4:30 p.m.

Appointments preferred

##### **Duluth Office**

Medical Arts Building, Suite 530

324 West Superior Street

Duluth, MN 55802

Telephone 1-800-657-5757

##### **Business Hours & Days:**

Tuesday-Friday 8 a.m. - 4:30 p.m.

Appointments preferred

##### **Mankato Office**

11 Civic Center Plaza, Suite 150

Mankato, MN 56001

Telephone 1-800-657-5757

##### **Business Hours & Days:**

Tuesday-Friday 8 a.m. - 4:30 p.m.

Appointments preferred

# 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 gains or losses.

Let's look at what this means to you as a member of this plan. "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 decision

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. More detail about your 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 are eligible and elect to be covered by the General Employees Retirement Plan. Most positions covered by the Unclassified 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.

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](http://www.msrs.state.mn.us))
- \* Handbooks and brochures
- \* Educational seminars and workshops
- \* MSRS *Messenger* newsletter
- \* Benefit statements
- \* Retirement counselor

## Contribution rates

Minnesota law sets the contribution rates for employers and employees. Contribution rates are a percentage of gross salary.

Employee contribution: 5.5 percent  
Employer contribution: 6 percent

### Special options and elections

As a member of the Unclassified Plan, you may have special options. These require you to make an election by certain deadlines. Please see page 12 for more details. If you have questions, contact MSRS.

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](http://www.msrs.state.mn.us). A PIN is mailed to you after your first contribution to the plan.
- 2. MSRS Service Center:** To speak with an MSRS representative, call 1-800-657-5757 weekdays from 8 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, select option 2. You will need your Social Security number and PIN<sup>1</sup> (passcode) which is mailed to you after your first contribution to the Plan.
- 4. Account Statements:** These statements provide a detailed summary of your account balance, the contribution amounts made, change in account value, and all other account activity. To receive these statements electronically, log into your account online at [www.msrs.state.mn.us](http://www.msrs.state.mn.us).



<sup>1</sup>The account owner is responsible for keeping their PIN/Passcode confidential. Please contact Client Services immediately if you suspect any unauthorized use.

# Investment options

## About your investments

Contributions to the Unclassified Plan are automatically invested in the MN Target Retirement Fund closest to your retirement year (the year you turn age 65) unless you elect one or more of the other investment options offered.

You have the flexibility to choose how your contributions are invested. And you can change investment options as often as you wish. Either log in to your account online at [www.msrs.state.mn.us](http://www.msrs.state.mn.us) or call MSRS at 651-296-2761 or 1-800-657-5757, select option 3.<sup>1</sup>

## Determine your investment approach

How you build your investment portfolio depends on your goals, time horizon, and tolerance for risk. 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:

***Simplify investing with a MN Target Retirement Fund***

– OR –

***Choose your own investment mix from the Supplemental Investment Funds offered by Minnesota State Board of Investment (SBI)***

Simplify investing with a MN Target Retirement Fund	Choose your own investment mix
<i>Consider this approach if you. . .</i>	<i>Consider this approach if you. . .</i>
<ul style="list-style-type: none"> <li>• find selecting investment options confusing, intimidating, or too time consuming.</li> <li>• are not confident in your knowledge of asset allocation or diversification.</li> <li>• want to choose a single fund designed to have the right mix of assets based on when you plan to retire. As you near retirement, the fund automatically becomes more conservative.</li> </ul>	<ul style="list-style-type: none"> <li>• are a hands-on, knowledgeable investor.</li> <li>• have a working knowledge of asset allocation, diversification, and long-term investment horizon.</li> <li>• are comfortable researching and making sure your retirement portfolio has the right mix of asset classes.</li> <li>• understand the importance of monitoring your account to ensure the funds you chose continue to meet your retirement goals.</li> </ul>

<sup>1</sup> Access to the voice response system and/or any website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.

Transfer requests received on business days prior to close of the New York Stock Exchange (4:00 p.m. Eastern Time or earlier on some holidays or other special circumstances) will be initiated at the close of business the same day the request was received. The actual effective date of your transaction may vary depending on the investment option selected.

## An overview of your investment options

We've looked at the two investment approaches—Target Retirement Funds or build your own investment mix.

Now we will take a closer look at the funds we offer.

For more detailed information, see *About your Investment Options* brochure available on the website at [www.msrs.state.mn.us/unclassified-plan](http://www.msrs.state.mn.us/unclassified-plan) or by calling MSRS.

Simplify investing with a MN Target Retirement Fund	Choose your own investment mix
<p>The date in a Target Retirement Fund name represents an approximate date when an investor is expected to retire (which is assumed to be at age 65) and/or begins withdrawing money.</p> <ul style="list-style-type: none"> <li>• MN Target Retirement Date 2060 Fund</li> <li>• MN Target Retirement Date 2055 Fund</li> <li>• MN Target Retirement Date 2050 Fund</li> <li>• MN Target Retirement Date 2045 Fund</li> <li>• MN Target Retirement Date 2040 Fund</li> <li>• MN Target Retirement Date 2035 Fund</li> <li>• MN Target Retirement Date 2030 Fund</li> <li>• MN Target Retirement Date 2025 Fund</li> <li>• MN Target Retirement Date 2020 Fund</li> <li>• MN Target Retirement Income Fund</li> </ul> <p><i>The principal value of the funds are not guaranteed at any time; including on the target date. For more information, refer to the fund disclosure document.</i></p>	<p>You can invest in any combination of these investment options. Funds appear in order of highest to lowest risk/potential reward.</p> <ul style="list-style-type: none"> <li>• Broad International Stock Fund</li> <li>• US Stock Actively Managed Fund</li> <li>• US Stock Index Fund</li> <li>• Balanced Fund</li> <li>• Bond Fund</li> <li>• Stable Value Fund</li> <li>• Money Market Fund</li> </ul> <p><i>An investment in a Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.</i></p>
<p><b>Get started</b></p> <ul style="list-style-type: none"> <li>• Select a fund with a target date closest to your anticipated retirement date.</li> <li>• A financial professional manages the asset allocation in your chosen fund. Your investment mix automatically gets more conservative as your target retirement date nears.</li> </ul>	<p><b>Get started</b></p> <ul style="list-style-type: none"> <li>• Decide on an asset-allocation strategy that meets your needs.</li> <li>• Choose your investment mix.</li> </ul>

### To learn more about . . .

- investment options and expenses, see *About Your Investment Options* brochure.
- fund performance, visit [www.msrs.state.mn.us](http://www.msrs.state.mn.us) or contact MSRS at 651-296-2761 or 1-800-657-5757.

*Please consider the investment objectives, risks, fees and expenses carefully before investing. Additional disclosure documents can be obtained from your registered representative or Plan website. Read them carefully before investing.*

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

## How we determine your retirement benefit

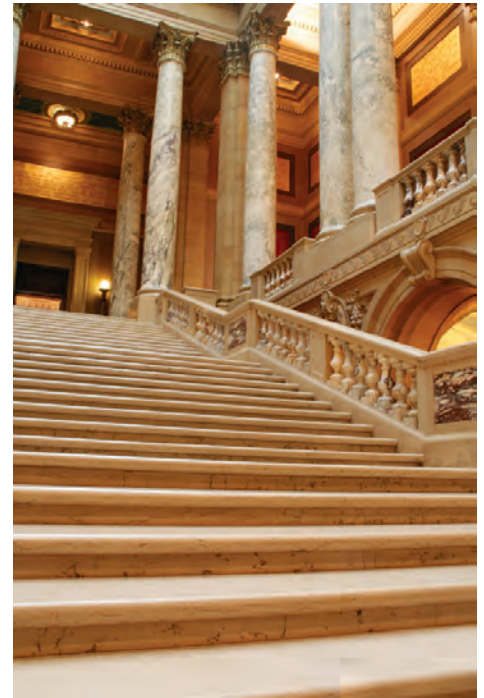
As a member of the Unclassified Plan, you are eligible to receive monthly benefits for your lifetime. You can begin to collect your retirement benefits anytime after you terminate public service and reach age 55. If you are not yet age 55 when you end state service, you may keep your money in the Unclassified 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.

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 adjustments for investment gains or losses.

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

Review the example to the right to see how we calculate an Unclassified Plan 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. Visit our website at [www.msrs.state.mn.us](http://www.msrs.state.mn.us) to calculate an estimate of your benefit or call our office to request an estimate.





A unique feature of the Unclassified Plan is that you and your beneficiaries or survivors will receive the entire balance of your account. The entire balance is not just your contributions, but also your employer contributions and investment gains and losses.

Here's how it works. If your account balance is \$100,000 and you receive \$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. For example, if you die after receiving \$50,000 in benefits, the \$50,000 remaining account balance would be payable to your beneficiary. For more information, see page 31.

## Divorce

During a marriage dissolution proceeding, the court may decide to divide the assets of the Unclassified Plan between the parties.

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.

### The assumptions:

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

### The calculations:

\$	200,000	account balance when begin to collect benefit
÷	11.707	retirement factor from chart
\$	17,084	annual retirement benefit
÷	12	months
\$	1,424	per month

Age at Retirement	Factor
55	13.153
56	13.015
57	12.872
58	12.723
59	12.568
60	12.408
61	12.242
62	12.070
63	11.892
64	11.707
65	11.516
66	11.319
67	11.116
68	10.906
69	10.689

For other withdrawal options, see page 14.



# Important provisions for Unclassified Plan members

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

## Transfer option during your first year of employment

If you previously contributed to the General Employees Retirement Fund, or another public pension plan in Minnesota, state law allows Unclassified Plan members to transfer prior service and contributions from certain state public retirement plans to the Unclassified Plan.

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.

### 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 an 8.5 percent interest rate until July 1, 2015, and 8 percent thereafter.

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](http://www.msrs.state.mn.us) or contact our office.

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 Annuity Law (see page 20 for details). Also, the General Employees Retirement 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 Employees Retirement Plan, or not

Remember earlier, we explained that the Unclassified Plan is 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 makes 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 Employees Retirement 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.

See page 21 for more information.

## Rules for converting to the General Employees Retirement Plan

When you were first hired or appointed determines the rules about switching from the Unclassified Plan to the General Employees Retirement Plan. Elected officials including Legislators, Judges, and Constitutional Officers cannot switch to the General Employees Retirement Plan.

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

## Other factors to consider

### Contribution rate difference

If you decide to switch to the General Employees Retirement 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 4 percent, while the General Employees Retirement Plan rates

slowly increased to 5 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 Employees Retirement Plan.

# 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 invested 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 of 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 59½, 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 taking a lump-sum withdrawal will forfeit your MSRS service covered by the Unclassified Plan and you will reduce the amount you have available in 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. Minnesota State law does not require MSRS to withhold taxes from your lump sum; however, we will withhold state taxes at your request or if you live in a state that has mandatory withholding.

### 2. Rollover<sup>1</sup>

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).

<sup>1</sup>You are encouraged to discuss rolling money from one account to another with your financial advisor/planner, considering any potential fees and/or limitation of investment options.

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 determine your monthly benefits, see page 10.

### 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 that are calculated using the remaining balance 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.

## 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 will 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

Survivor's Age	Employee's Retirement Age											
	55	56	57	58	59	60	61	62	63	64	65	66
53	91	90	89	89	88	86	85	84	83	81	80	78
54	92	91	90	89	88	87	86	85	83	82	81	79
55	92	91	90	89	88	87	86	85	84	83	81	80
56	92	92	91	90	89	88	87	86	84	83	82	80
57	93	92	91	90	89	88	87	86	85	84	82	81
58	93	92	92	91	90	89	88	87	86	84	83	82
59	93	93	92	91	90	89	88	87	86	85	84	82
60	94	93	92	92	91	90	89	88	87	86	84	83
61	94	94	93	92	91	90	90	88	87	86	85	84
62	94	94	93	93	92	91	90	89	88	87	86	84
63	95	94	94	93	92	91	91	90	89	87	86	85
64	95	95	94	93	93	92	91	90	89	88	87	86
65	95	95	94	94	93	92	92	91	90	89	88	86
66	96	95	95	94	94	93	92	91	90	89	88	87

## 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 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 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.

## Benefit choices

### 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												
Survivor's Age	Employee's Retirement Age											
	55	56	57	58	59	60	61	62	63	64	65	66
53	93	93	92	91	90	89	89	88	86	85	84	83
54	94	93	92	92	91	90	89	88	87	86	85	83
55	94	93	93	92	91	90	89	88	87	86	85	84
56	94	94	93	92	91	91	90	89	88	87	86	84
57	94	94	93	93	92	91	90	89	88	87	86	85
58	95	94	94	93	92	91	91	90	89	88	87	85
59	95	94	94	93	93	92	91	90	89	88	87	86
60	95	95	94	94	93	92	92	91	90	89	88	87
61	96	95	95	94	93	93	92	91	90	89	88	87
62	96	95	95	94	94	93	92	92	91	90	89	88
63	96	96	95	95	94	93	93	92	91	90	89	88
64	96	96	95	95	94	94	93	92	92	91	90	89
65	97	96	96	95	95	94	94	93	92	91	90	89
66	97	96	96	96	95	95	94	93	93	92	91	90

### 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												
Survivor's Age	Employee's Retirement Age											
	55	56	57	58	59	60	61	62	63	64	65	66
53	95	95	94	94	93	93	92	91	91	90	89	88
54	96	95	95	94	94	93	92	92	91	90	89	88
55	96	95	95	94	94	93	93	92	91	90	90	89
56	96	96	95	95	94	94	93	92	92	91	90	89
57	96	96	95	95	94	94	93	93	92	91	90	89
58	96	96	96	95	95	94	94	93	92	91	91	90
59	97	96	96	95	95	94	94	93	93	92	91	90
60	97	96	96	96	95	95	94	94	93	92	91	91
61	97	97	96	96	95	95	94	94	93	93	92	91
62	97	97	97	96	96	95	95	94	94	93	92	91
63	97	97	97	96	96	96	95	95	94	93	93	92
64	98	97	97	97	96	96	95	95	94	94	93	92
65	98	97	97	97	96	96	96	95	95	94	93	93
66	98	98	97	97	97	96	96	95	95	94	94	93

## Life Income, 15-Year Certain

■ This benefit option provides you a lifetime monthly benefit.

If you select the Life Income, 15-Year Certain benefit, if you die before you have collected a monthly benefit for 15 years, your survivor\* may choose either to receive monthly benefits for the remainder of the 15 years or a lump-sum payment of the value. For example, if you die after collecting benefits for 10 years, your named survivor 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 will receive no benefit.

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

\*You may name more than one survivor.

## How we determine the Life Income 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 98 percent of that amount. At age 60, you would receive 96 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 benefit you would receive.

The Life Income 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	98
56	97
57	97
58	97
59	96
60	96
61	95
62	95
63	94
64	94
65	93
66	92



## Service credit if you elect General Plan coverage

### 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. See page 12 for more information about service credit.

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 Employees Retirement 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.

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. The interest is calculated at 8.5 percent until July 1, 2015, and 8 percent thereafter. 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 that would have been paid if the leave had not occurred, plus interest. You can purchase this leave anytime before you terminate employment. Cost to pay for the leave includes interest from the date the leave ends until the payment date. The interest is calculated at 8.5 percent until July 1, 2015 and 8 percent thereafter. Your employer has a choice to pay their 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.





## Remember...

Service credit does not impact your monthly retirement benefit unless you elect benefits under the General Employees Retirement Plan.

## 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 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 would be reinstated and used to calculate your monthly benefits. To repay a refund, contact the public employer 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, the interest is calculated at 8.5 percent until July 1, 2015, and 8 percent thereafter. This interest is computed annually 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.

## Service credit if you elect General Plan coverage

### Combined Service Annuity

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, 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)

### How Combined Service Annuity 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 (for employees hired before July 1, 2010 you need three years of service). 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.

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

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





## 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 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 staff agency, or a legislative commission.

You must purchase service credit prior to terminating your employment.

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

## After you retire

### Monthly benefit

You will receive your first benefit check about four to six weeks after your retirement date. Around the time your first benefit is paid, you will receive a benefit authorization letter. This letter:

- Confirms 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 15 for explanations of these optional benefit choices.
- Verifies when you will receive your monthly benefit.
- Provides important tax information.

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. Contact our office to make address changes.

### Increases in benefits

Generally, you will receive a benefit adjustment in January. However, depending on your retirement date, your first increase may be delayed or pro-rated. You will receive a letter each December to confirm your benefit increase.



### Marriage dissolution after retirement

Contact us for more information about marriage dissolution and the impact on your MSRS benefits.



## 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, retirement deductions will not be taken from your salary.

Notify MSRS if you return to state employment and when you end that employment.



## Re-employment 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 monthly benefit will be stopped for the remainder of the calendar year.

The maximum amount that may be earned for 2015/2016 is \$15,720. For those reaching full Social Security age in 2015 or 2016, the limit on the earnings for the months before full retirement age is \$41,880. (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.

## Tax information

### Federal income tax on monthly benefit

Your monthly benefit is taxable income. Exception: A portion of your benefit is not taxable if you 1) already paid federal income tax on retirement deductions taken before January 1983; and 2) made voluntary payments to obtain retirement credit, such as for a leave of absence if the payment was not made using after-tax 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 [www.msrs.state.mn.us](http://www.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.

After you begin your retirement benefit, 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.





## 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, Duluth, Manako, and Detroit Lakes. If you prefer, we can help you by phone, email, or mail.

## Forms and documents to provide

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](http://www.msrs.state.mn.us). Go to the forms and documents 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:

- Copy of your birth record
- Copy of your survivor's birth record if you elect survivor coverage
- Tax withholding form (IRS Form W-4P)
- *Direct Deposit Agreement* form (optional, but recommended)
- Your marriage certificate
- Divorce decree and/or domestic relations order (DRO). If you are currently divorced, or have been divorced, you must provide this document, even if the assets will not be divided between the parties.

## Important decision...

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.



# Retirement checklist

It's never too early to start planning for retirement. It is important to map out a retirement income strategy well in advance of your retirement date, but it's never too late to start planning or saving. 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	Early to mid-career	3 to 5 years from retirement
<ul style="list-style-type: none"> <li><input type="checkbox"/> Review your MSRS benefit statements. Report any discrepancies to MSRS as soon as possible.</li> <li><input type="checkbox"/> Evaluate your personal finances periodically as they relate to meeting your financial needs at retirement.</li> <li><input type="checkbox"/> Research purchasing any eligible prior service credit as soon as possible. This includes any active military service or time worked in other covered retirement plans. See page 18 for more information about service credit.</li> <li><input type="checkbox"/> Read the handbooks and correspondence regarding your benefits. Contact an MSRS retirement counselor with any questions regarding your retirement benefits.</li> <li><input type="checkbox"/> Visit our website at <a href="http://www.msrs.state.mn.us">www.msrs.state.mn.us</a>.</li> <li><input type="checkbox"/> 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.</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Continue to pursue prior service credit possibilities.</li> <li><input type="checkbox"/> Set a goal as to how much income you want to have when you retire.</li> <li><input type="checkbox"/> Review your savings rate more often to determine if you're still on track to retire within your desired time frame.</li> <li><input type="checkbox"/> 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.</li> <li><input type="checkbox"/> Re-evaluate your Unclassified Plan and MNDCP investment allocation to make sure you carry the right amount of risk.</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Attend a free MSRS seminar. Watch for schedules in our MSRS newsletter, <i>The Messenger</i>, and online at <a href="http://www.msrs.state.mn.us">www.msrs.state.mn.us</a>.</li> <li><input type="checkbox"/> 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 an MSRS Representative to see if you are eligible.</li> </ul>

12 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 MSRS for an estimate of your retirement benefits. Include your account ID, date of birth, and, if married, 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](http://www.ssa.gov) for more information).
- ☐ Review your retirement handbook and *Your Guide to Retirement*.
- ☐ Review your MSRS benefit statement and call MSRS if you find any discrepancies.
- ☐ Attend an MSRS retirement seminar. Watch for seminar schedules in the MSRS newsletter, *The Messenger*, and online at [www.msrs.state.mn.us](http://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?

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 such as savings that will be available to you.
- ☐ Contact your employer about health insurance options available after you retire, life insurance options, and if you are eligible for severance pay. Ask if your severance pay will go to a Health Care Saving Plan account.

3 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 and are eligible for benefits).
- ☐ Contact MSRS regarding your MNDCP distribution options at retirement.

# Retirement checklist

## 1 month from retirement

- ☐ Complete the *Retirement Application*. You can download this form from [www.msrs.state.mn.us](http://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 notarized signature acknowledging your benefit selection.
- ☐ 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 MSRS to withhold federal and/or Minnesota state taxes 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.
  - No state taxes will be withheld.
- ☐ 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 acknowledgement in the mail.
- ☐ Review your estate/will information and life insurance beneficiary designations.
- ☐ Review your beneficiary designation information on file for your MSRS retirement, MNDCP, and HCSP.

You can always change your withholding amount online at [www.msrs.state.mn.us](http://www.msrs.state.mn.us), or by writing or calling MSRS.

## After retirement

- ☐ You will receive your first monthly benefit four to six weeks after your retirement date.
- ☐ You will receive an HCSP informational packet four to six weeks after you end employment.

### You can 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](http://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.

## Disability benefits

If you become totally and permanently disabled, you may apply for a disability benefit. To be considered 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 Employees Retirement Plan, it will likely provide higher monthly disability benefits. Contact MSRS for more information about your options. For information how to switch to the General Employees Retirement Plan, see pages 12 and 13.

As a member of the General Plan, you have total and permanent disability protection. This is an important protection since it will pay you disability benefits for your lifetime, or until you are no longer disabled. Your age at the time of your disability is not a factor.

### Eligibility

To qualify for disability benefits, you need three years of service; five years if hired on or after July 1, 2010, and you must meet the definition of a total and permanent disability.

### How and when to apply

To receive a disability benefit, you must complete a MSRS disability application. To receive an application, call our office. You may request disability information at any time; however, you may only submit the application and other necessary forms when you are no longer physically at work.

### Important to remember:

- You may apply while you are on a leave of absence, paid or unpaid.
- You do not need to terminate state employment.
- You may apply before you exhaust your vacation and sick leave.
- You may apply up to 18 months after termination of state employment.  
MSRS must receive your disability application before the deadline and the disability must have occurred while you were employed by the state.

If you are approved, your disability benefit will begin after you receive payment for all accumulated overtime, vacation, and sick-leave hours. Your disability benefit will end if you are no longer disabled or upon your death, unless you selected survivor coverage (see page 31 for more information).

The law defines a total and permanent disability as the inability to do any substantial activity because of a physical or mental impairment. The disability must be ongoing and expected to last at least one year.

# Disability

## Process

MSRS shares your medical information to our medical advisor for review. The medical advisor makes a recommendation if you are disabled as defined by statute.

If your disability application is denied, you may appeal the decision by contacting the MSRS Executive Director.

## Combined Service Annuity (CSA)

If you have allowable or refunded service credit with another Minnesota public retirement fund, you may be eligible for a disability benefit from that fund in addition to your benefit from MSRS.

## After approval

If you are approved for a disability benefit, we generally review your disability status for the first five years, and once every three years thereafter until you reach full retirement age.

## Re-employment after you are disabled

You may begin employment (non-state) while you are receiving a disability benefit; however, earnings are limited. If you exceed the earning limit, MSRS may adjust or suspend your disability benefit. MSRS will review your earnings from re-employment annually.

You may return to state employment on a trial basis for up to six months without suspension of your benefit. You will not accrue service credit and MSRS will not collect retirement contributions during this time.

**You will receive a letter from MSRS on an annual basis to verify your earnings.**

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.

## 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 Employees Retirement Plan

As a member of the Unclassified Plan, you have the right to switch to the General Employees Retirement 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 Employees Retirement 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, it may be beneficial to switch to the General Employees Retirement Plan.
- \* The Unclassified Plan generally provides higher value to a non-spouse beneficiary. Under the General Employees Retirement 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.

## If you die after you retire

If you are retired and die, what happens to your retirement account depends on what survivor option you choose. If you selected a joint-and-survivor option, your named survivor would start receiving a lifetime benefit the month after your death.

If your named survivor dies first, your monthly retirement benefit would increase to the Single-Life benefit amount the month after your survivor dies. You cannot add another survivor if your first named survivor dies. It is important to notify MSRS of your survivor's death to adjust your monthly benefit amount.

If you did not select survivor coverage, after you die, your monthly retirement benefit will stop. If there is a balance in your account it is paid in this order to your: spouse, beneficiaries, children in equal shares, parents in equal shares, estate.

# Privacy

## Confidentiality of your records

We follow 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.

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 instead of your Social Security number. Exception: 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.
- Unlike passwords or PIN numbers, your account ID cannot be changed.
- Your account ID should only be used in conjunction with MSRS-related correspondence.





**Core Securities, when offered, are offered through GWFS Equities, Inc., and/or other broker dealers.**

GWFS Equities, Inc., a Member of FINRA/SIPC, is a wholly owned subsidiary of Great-West Life & Annuity Insurance Company.

Portions of this communication were created by MSRS. Neither Great-West Life & Annuity Insurance Company nor any of its subsidiaries have reviewed or approved these materials or are responsible for the materials or for providing updated information with respect to the materials.

## Management

MSRS is governed by an 11-member Board of Directors. Three are appointed by the Governor, five are elected by the membership at large, and the remaining three members represent the State Patrol Plan, Correctional Plan, and the Metropolitan Transit Council.

The MSRS Board members have a fiduciary responsibility to act in the exclusive interest of the members and beneficiaries of all MSRS plans. While MSRS is ultimately controlled by the laws and statutes of Minnesota state government, the MSRS Board is responsible for setting policies, hearing disability and benefit appeals, and overseeing the administration of all MSRS pension plans, including the Health Care Savings Plan and the Minnesota Deferred Compensation Plan. MSRS Board members do not receive a salary for serving in their capacity.

## 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 SBI Board continually evaluates these firms' investment performances.

## Minnesota Deferred Compensation Plan (MNDCP)

MNDCP is a savings plan intended for long-term investing for retirement. Authorized under Section 457 of the Internal Revenue Code, MNDCP is a smart and easy way to supplement retirement income from your Minnesota public pension and Social Security benefits.

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

For more information about MNDCP, call 1-800-657-5757 or 651-296-2761. Or, visit [www.msrs.state.mn.us](http://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 can choose among 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.





*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 retirement savings plan, and the Health 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.*

