

# PLAN NOW

for **your** Financial Future



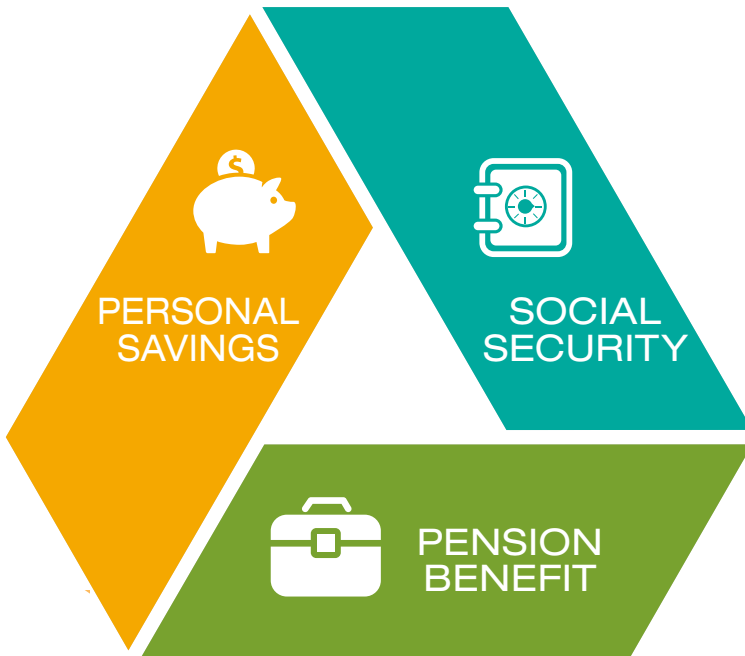
# Plan Now for Your Financial Future

Your post-employment income will most likely come from the following sources: personal savings, Social Security and your pension benefit.

Most Minnesota public employees will receive a monthly pension benefit based on years of service and average salary. Will your pension and Social Security benefits be enough or will you need to rely on personal savings accounts?

**The Minnesota Deferred Compensation Plan (MNDCP)** can help. The MNDCP is a voluntary personal savings plan offered by your employer. It's a smart and easy way to supplement any post-employment income you will receive from your Minnesota public pension and Social Security benefits.

## Typical Post-Employment Income Sources



### Average Monthly Benefits

<b>\$1,341</b>	Social Security for retired workers <sup>1</sup>
<b>\$1,119</b>	Minnesota Public Employees Association (PERA) <sup>2</sup>
<b>\$1,600</b>	Minnesota State Retirement System (MSRS) <sup>2</sup>
<b>\$2,300</b>	Teachers Retirement Association (TRA) <sup>2</sup>

<sup>1</sup>Social Security Administration, January 2016 – The amount changes monthly.

<sup>2</sup>2015 Comprehensive Annual Financial Reports of TRA, MSRS & PERA.



# 5

## REASONS

### To Take Advantage of Enrolling in the MNDCP

- 1. Convenience** – Contributions are automatically deducted from your paycheck so you make saving for your future a priority by paying yourself first. Increase, decrease, or stop your contribution amount at any time.
- 2. No IRS Tax Penalty** - The 10% federal early withdrawal penalty typically assessed on withdrawals made before age 59 ½ does not apply to 457(b) plans (like the MNDCP). However, the penalty does apply to withdrawals attributed to assets rolled in from other types of retirement savings plans (i.e., 401(k), 403(b), or Traditional IRA's). Withdrawals may be subject to ordinary income tax.
- 3. Matching Dollars** - Most State employees have a match through their union. Non-State employers may also match a portion of your contributions.
- 4. Investing Flexibility** -You have the flexibility to select from a wide variety of investment options.
- 5. Tax Savings** - If you make pre-tax contributions, you don't pay federal or state income taxes until you withdraw them from your account. This means you can actually lower the amount of current income taxes you pay each pay period. If you make after-tax contributions, you pay federal and state income taxes now but pay no income taxes when you withdraw them from your account.<sup>3</sup>

<sup>3</sup>*Tax-free as long as your MNDCP Roth Account was funded for 5-years AND you are age 59 ½ or older at the time of withdrawal (or upon your disability or death).*



# Start Saving Early – Enroll Today

Saving early in life is important because of the power of compounding. Compounding is the ability of your contributions to generate earnings, which are then reinvested to generate their own earnings. In other words, compounding can generate earnings from previous earnings.

It's like building a snowman. You start with a little snowball and roll it. The longer you roll the snowball, the bigger it gets. Similarly, the more time you have to save, the longer it stays invested and has the potential to grow.



## Start Date Comparison

Starting to save earlier rather than later for your financial future can make all the difference. A comparison between Sara and Mark shows what the dollar difference could actually be. Sara's investments generated more savings than Mark's because she started saving at a much earlier age.



STARTS  
SAVING  
AGE 25



STOPS SAVING = \$871,667  
AT AGE 65



STARTS  
SAVING  
AGE 40



STOPS SAVING = \$312,241  
AT AGE 65

*FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration is not intended as a projection or prediction of future investment results, nor is it intended as financial planning or advice. It assumes a 6% annual rate of return and reinvestment of earnings with no withdrawals. Actual rates of return may vary. The illustration does not reflect any associated charges, expenses or fees. The tax-deferred accumulation shown would be reduced if these fees had been deducted.*

# Get Started Today

We will guide you step-by-step through the process to enroll in the Minnesota Deferred Compensation Plan to help make investing in your future easy.

1

## Decide

how much to save each pay period.

**See page 6**

2

## Determine

whether to contribute pre-tax or Roth after-tax dollars...or both.

**See page 7**

3

## Select

how you want to invest your contributions among the investment options available in the MNDCCP.

**See page 8**

4

## Enroll

in the MNDCCP and make saving for your future a priority.

**See page 15**



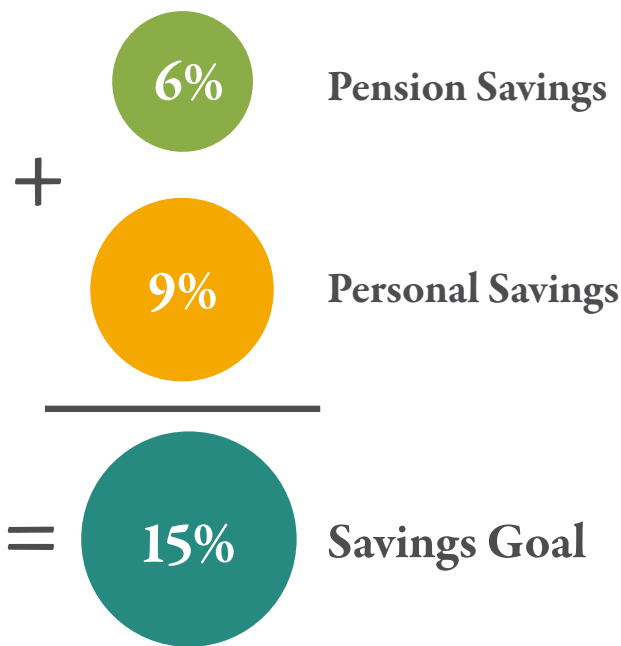
# Decide

how much to save each pay period.

## Set a Savings Goal - Aim for 15%

Consider aiming high. Retirement professionals recommend saving at least 15% of your salary each year.<sup>4</sup> This may seem like a lot but it includes all of your retirement savings (including your pension plan or other voluntary savings accounts you may have). And keep in mind, you can change your MNDCP contribution amount at any time.

**For example**, if your annual pension contribution is 6% of your base salary, then a reasonable contribution to your MNDCP account might be 9%. For someone making \$45,000 a year, that's \$156 per pay period.



### What does this mean to you?

Gross Salary: \$45,000/year

9% Annual Savings: \$4,050/year

**That's \$156/pay period or \$11/day**

*FOR ILLUSTRATIVE PURPOSES ONLY. The amount of savings you contribute depends on your income and pension savings rates. The calculation shown reflects how much someone could save if they earn a gross salary of \$45,000 per year and contributed 9% of their earnings to a defined contribution account over 26 pay periods.*

<sup>4</sup>Center for Retirement Research at Boston College, 2014.

### Need More Help?

To help determine how much post-employment income you will need from personal savings to supplement your pension and Social Security benefits, try our interactive calculator.



**Visit: [www.msrs.state.mn.us/retirement-income-calculator](http://www.msrs.state.mn.us/retirement-income-calculator)**



# Determine

whether to contribute pre-tax or Roth after-tax dollars...or both.

## What's the difference?

State of Minnesota employees are able to contribute Roth after-tax dollars. Other Minnesota public employers may not choose to offer the MNDCP Roth. Ask your employer if they have adopted the MNDCP Roth.

	Pre-Tax Savings	Roth After-Tax-Savings
<b>Contributions</b>	Pay no income taxes Can reduce your current taxable income	Pay income taxes Subject to federal, state, and local (where applicable) income taxes
<b>Earnings</b>	No income tax until withdrawn	Tax-free*
<b>Withdrawals</b>	Pay income taxes Subject to federal, state, and local (where applicable) income taxes	Tax-free*
<b>Who Benefits?</b>	<b>Employees who:</b> <ul style="list-style-type: none"> <li>• Expect to be in a lower tax bracket later in life.</li> <li>• Want to lower current taxes.</li> </ul>	<b>Employees who:</b> <ul style="list-style-type: none"> <li>• Expect to be in a higher tax bracket later in life.</li> <li>• Are in a low tax bracket today or have other large tax deductions.</li> <li>• Want tax-free withdrawals later in life.</li> <li>• Want the option of not taking required withdrawals at age 70½ (if you roll over to a Roth IRA). Please review your specific circumstances with your tax or financial advisor.</li> <li>• Exceed the Roth IRA income limitations. (There are no income limits if you contribute Roth dollars to your MNDCP account.)</li> </ul>

*\* Tax-free as long as your MNDCP Roth account was funded for 5-years AND you are age 59 ½ or older at the time of withdrawal (or upon your disability or death).*

### Need More Help?

The interactive Roth decision tree may help you determine which savings route might be best for you.



Visit: [www.msrs.state.mn.us/pretax-aftertax-mndcp](http://www.msrs.state.mn.us/pretax-aftertax-mndcp)





# Select

how you want to invest your contributions among the investment options available in the MNDCP.

## What Kind of Investor Are You?

Before you jump in and start choosing investments, spend some time thinking about your financial strengths and weaknesses.

### Are you a HANDS-OFF investor?

I am not familiar with investment terminology and have little understanding of how to invest. I don't want to spend my time following every twist and turn of the financial markets and making sure my investment portfolio is properly diversified.

### Simplify investing with a Target Retirement Fund

See pages 9-12 for more information.

### Are you a HANDS-ON investor?

I feel I am a knowledgeable investor who could properly manage my investments. I am comfortable making sure my investment portfolio has the right mix of stocks and bonds or fixed income investments. I know how to ensure my investment portfolio is properly diversified.

### Choose your own investment options

See pages 13-14 for more information.

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*Please consider the investment objectives, risks, fees and expenses carefully before investing. The prospectus and/or disclosure documents contain this and other important information about investments offered through the MNDCP. To obtain prospectus or disclosure documents, or to learn more about the MNDCP investment options, visit [www.msrs.state.mn.us](http://www.msrs.state.mn.us) or call 800-657-5757.*

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# HANDS-OFF Investor



## Are You a HANDS-OFF Investor?

Consider investing in a single Minnesota Target Retirement Fund if you:

- Are uncertain about how to build an investment portfolio
- Are unable to spend the time managing your investments
- Prefer a simplified, less involved approach to investing

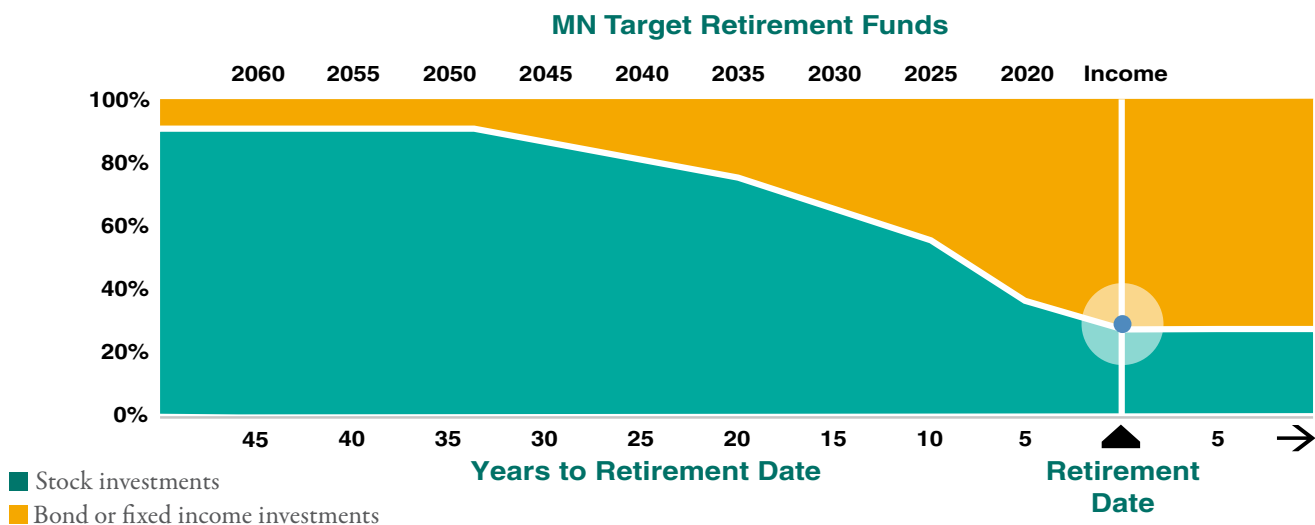
### How Target Retirement Funds work

A MN Target Retirement Fund offers a diversified mix of stocks and bonds or fixed income investments. The funds are generally designed for investors expecting to retire around the year indicated in the fund's name.

A professional money manager selects and manages the right mix of investments based on the target date of the fund.

Over time, each MN Target Retirement 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 (which is assumed to be at age 65). 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.

*Bear in mind that an investment in a Target Retirement Fund is not guaranteed at any time, including on or after the target date.*



*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.*

# As a HANDS-OFF Investor

## Here's What You Need To Do

1. Select a MN Target Retirement Fund closest to the year you expect to begin taking withdrawals from your account.
  - Funds with longer time horizons, such as the 2040 – 2060 funds, take on more risk by investing in stock funds to pursue growth.
  - Funds with shorter time horizons, such as the 2020 – 2030 funds, take on less risk by investing more in bond funds or fixed income investments to preserve principal and target more income since the anticipated target retirement date is closer.
2. Review your investment at least annually and make planning and saving for your future a part of your life.



## Need More Help?

To learn more about the MN Target Retirement Funds, including a short video, an interactive lesson and to view the detailed asset allocation of each fund.



Visit: [www.msrs.state.mn.us/target-retirement-funds](http://www.msrs.state.mn.us/target-retirement-funds)

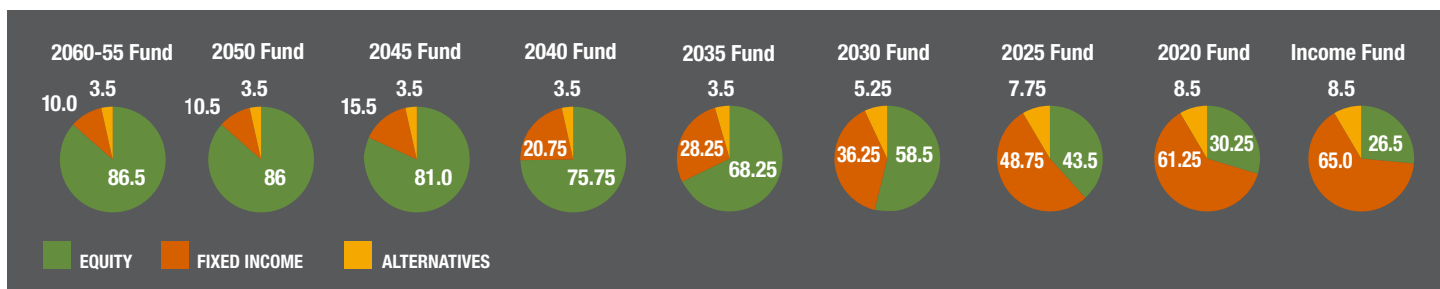


# MN Target Retirement Funds

June 30, 2018

Diversification of Underlying Funds – Target allocations among equities and fixed income, shown in percent

	2060	2055	2050	2045	2040	2035	2030	2025	2020	Income
<b>EQUITY</b>	<b>86.50%</b>	<b>86.50%</b>	<b>86.00%</b>	<b>81.00%</b>	<b>75.75%</b>	<b>68.25%</b>	<b>58.50%</b>	<b>43.50%</b>	<b>30.25%</b>	<b>26.50%</b>
State Street S&P 500 Index Fund	35.90	35.90	35.85	35.15	34.15	31.75	28.31	21.94	15.95	13.80
State Street Russell Small/Mid Cap Index Fund	16.00	16.00	15.75	13.45	11.30	9.20	6.96	4.58	2.70	2.60
State Street Global All Cap Equity ex U.S. Index Fund	34.60	34.60	34.40	32.40	30.30	27.30	23.22	16.98	11.60	10.10
<b>FIXED INCOME</b>	<b>10.00%</b>	<b>10.00%</b>	<b>10.50%</b>	<b>15.50%</b>	<b>20.75%</b>	<b>28.25%</b>	<b>36.25%</b>	<b>48.75%</b>	<b>61.25%</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	6.50	1.50	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	12.50	20.00
State Street U.S. High Yield Bond Index Fund	0.00	0.00	0.00	0.00	0.25	3.20	6.00	6.25	7.00	7.00
State Street U.S. Bond Index Fund	0.00	0.00	0.50	5.50	10.50	12.75	16.00	25.00	21.50	20.00
State Street U.S. Inflation Protected Bond Index Fund	0.00	0.00	0.00	0.00	0.00	2.30	7.75	1.50	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	14.50	20.25	18.00
<b>ALTERNATIVES</b>	<b>3.50%</b>	<b>3.50%</b>	<b>3.50%</b>	<b>3.50%</b>	<b>3.50%</b>	<b>3.50%</b>	<b>5.25%</b>	<b>7.75%</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	1.75	4.25	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



## Fund Characteristics

	2060	2055	2050	2045	2040	2035	2030	2025	2020	Income
<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 <sup>1</sup>	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	9,250	9,250	9,250	9,250	9,250	9,250	9,250	9,250	9,250	9,250
<b>FIXED INCOME-NOMINAL</b>										
Effective Duration (Years)	16.96	16.96	16.44	13.09	11.27	9.99	8.09	6.14	4.43	3.97
Total Number of Holdings	79	79	7,276	7,284	8,151	8,151	8,151	8,151	8,259	8,259
<b>FIXED INCOME-REAL RETURN</b>										
Real Duration (Years)	N/A	N/A	N/A	N/A	N/A	7.75	7.75	5.52	5.29	5.29
Total Number of Holdings	N/A	N/A	N/A	N/A	N/A	40	40	40	28	28
<b>ALTERNATIVES-REAL ESTATE</b>										
Total Number of Holdings	N/A	N/A	N/A	N/A	N/A	N/A	172	172	172	172

<sup>1</sup>Please see the Fee Disclosure on the next page for a complete disclosure of the Fund's total operating expense.

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.

## Fee Disclosure

Each Target Retirement Fund (the "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 (the "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 (the "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®

S&P 500® Index is 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

The 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>

The Bloomberg Roll Select Commodity Index<sup>SM</sup> is 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

The 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

The Barclays U.S. Aggregate Bond Index is 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 bonds

### 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.

### 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



## Are You a HANDS-ON Investor?

### Consider selecting your own investment options if you:

- Are comfortable making your own investment decisions
- Feel confident that you can build a diversified<sup>5</sup> investment portfolio
- Have the time to actively manage your investments



LESS DIVERSE



MORE DIVERSE

### The Importance of Diversification<sup>5</sup>

Diversification 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.

### Here's 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>5</sup> portfolio.

### Need More Help?



To learn about MNDCP investment options

**Visit:** [www.msrs.state.mn.us/core-investment-options](http://www.msrs.state.mn.us/core-investment-options)



To learn how to build your own investment portfolio

**Visit:** [www.msrs.state.mn.us/how-to-choose-mndcp](http://www.msrs.state.mn.us/how-to-choose-mndcp)



To view the fees and performance<sup>6</sup> of each MNDCP investment option

**Visit:** [www.msrs.state.mn.us/investments-mndcp](http://www.msrs.state.mn.us/investments-mndcp) and select the *Performance Report* tab

<sup>5</sup>Using diversification as part of your investment strategy neither assures nor guarantees better performance and cannot protect against loss in declining markets.

<sup>6</sup>Past performance is no guarantee of future results.



# Select Your Investment Options

Higher Risk/  
Potential Reward



Lower Risk/  
Potential Reward

Investment Asset Class	MNDCP Investment Options
<p><b>U.S. Small-Cap Stock</b></p> <ul style="list-style-type: none"> <li>Typically invest in the stock of small U.S. companies valued at less than \$2 billion. Small company funds involve increased risk and volatility.</li> </ul>	<ul style="list-style-type: none"> <li>T. Rowe Price Small-Cap Stock Fund</li> </ul>
<p><b>International Stock</b></p> <ul style="list-style-type: none"> <li>Typically invest 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.</li> </ul>	<ul style="list-style-type: none"> <li>Vanguard Total International Stock Index Fund (Institutional Plus Shares)</li> <li>Fidelity Diversified International Comingled Pool</li> </ul>
<p><b>U.S. Mid-Cap Stock</b></p> <ul style="list-style-type: none"> <li>Typically invest in the stock of mid-sized U.S. companies valued at \$2 - \$10 billion. Mid-cap stock funds are subject to market risk. They are generally perceived to be riskier and more volatile than large-cap stock funds, but less than small-cap stock funds.</li> </ul>	<ul style="list-style-type: none"> <li>Vanguard Mid-Cap Index Fund (Institutional Plus Shares)</li> </ul>
<p><b>U.S. Large-Cap Stock</b></p> <ul style="list-style-type: none"> <li>Typically invest in the stock of large U.S. companies valued over \$10 billion. Large-cap stock funds are subject to market risk.</li> </ul>	<ul style="list-style-type: none"> <li>Vanguard Institutional Index Fund (Institutional Plus Shares)</li> <li>Vanguard Dividend Growth Fund</li> </ul>
<p><b>Balanced</b></p> <ul style="list-style-type: none"> <li>Typically invest in a mix of stock/stock funds and bond/bond funds or fixed income investments and are subject to the risks of these investments.</li> </ul>	<ul style="list-style-type: none"> <li>Vanguard Balanced Index Fund (Institutional Plus Shares)</li> </ul>
<p><b>Bond</b></p> <ul style="list-style-type: none"> <li>Typically invest 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.</li> <li>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 investments. In general, bond prices fall when interest rates rise and vice versa.</li> </ul>	<ul style="list-style-type: none"> <li>Dodge &amp; Cox Income Fund</li> <li>Vanguard Total Bond Market Index Fund (Institutional Plus Shares)</li> </ul>
<p><b>Stable Value</b></p> <ul style="list-style-type: none"> <li>Intended to deliver safety and stability by preserving principal while accumulating interest earnings. Similar to money market funds but tend to offer higher returns.</li> <li>While it's the largest conservative investment in defined contribution retirement plans, it is possible to lose money by investing in the fund.</li> </ul>	<ul style="list-style-type: none"> <li>SIF Stable Value Fund</li> </ul>
<p><b>Money Market</b></p> <ul style="list-style-type: none"> <li>Typically subject to less volatility than any other investments. Depending on short-term interest rates, may not keep pace with inflation.</li> </ul>	<ul style="list-style-type: none"> <li>SIF Money Market Fund</li> </ul>

# 4

## Enroll

in the MNDCP and make saving for your future a priority.

## It's Simple to Enroll

Complete the *Participant Enrollment Agreement* located in the back of this brochure and submit to MSRS.

### Need More Help?



Call 1-800-657-5757, to speak with an MSRS Representative

## Once Enrolled...

- **Be Patient**

Try not to let short-term market swings deter you from your long-term investment strategy. Since no one can predict how the financial markets will move next year or even next week, consider keeping your savings invested – and try to avoid making emotion-driven changes to your strategy.

- **Stay Involved**

Make a commitment to read each of your MNDCP quarterly statements and newsletters. These communications provide valuable updates and resources to help you throughout the year.

- **Stay Informed**

Know what you're invested in. Periodically reassess your investment option selection to ensure it's still in line with your long-term investment strategy.

- **Bump It Up**

Consider boosting your contribution amount when you get a raise or your expenses decline (for example, when your kids move from day-care to kindergarten). Chances are you might not miss the money in the short term and you'll have the potential to benefit even more in the long term, thanks to the power of compounding.



# Frequently Asked Questions



## Who can enroll in the MNDCP?

Any full-time, part-time, or temporary Minnesota public employee (state, city, county, township, school district, etc.) may voluntarily participate in the MNDCP.

## How do I enroll?

To enroll in the MNDCP, complete the *Participant Enrollment Agreement* in this brochure.

## Am I vested?

The term “vested” refers to the portion of your account balance that you are entitled to. You are always fully and immediately vested in your entire MNDCP account balance.

## Is my account protected?

All account assets are held in trust for you and your beneficiary’s exclusive benefit. This means that your account assets are not subject to the claims of your creditors. Account assets are also not subject to the claims of creditors in the event of the State or public employer’s bankruptcy.

This does not mean your investments are protected against loss of principal due to volatility in the stock and bond markets or interest rate fluctuations.

## Should I contribute pre-tax or Roth after-tax?

You choose whether you want to save on a pre-tax basis, Roth after-tax basis, or both. There are different tax advantages of either option.

When you make pre-tax contributions you defer income taxes on contributions and earnings until you take withdrawals from your MNDCP account.

When you make Roth after-tax contributions you pay income taxes on contributions but any withdrawals are tax-free.



**To learn more, visit:**

[www.msrs.state.mn.us/pretax-aftertax-mndcp](http://www.msrs.state.mn.us/pretax-aftertax-mndcp)

## How much can I contribute?

Through automatic payroll deduction, you can contribute as little as \$10 per pay period.

You can contribute up to the yearly maximum contribution limits set by the IRS or 100% of your includible compensation, whichever is less. If you are under age 50, the maximum contribution limit is \$18,500. If you are age 50 or over, the maximum contribution limit is \$24,500.

Both pre-tax and Roth after-tax contributions count toward the limits.



**For current year contribution limits, visit:**

[www.msrs.state.mn.us/contribution-rates-mndcp](http://www.msrs.state.mn.us/contribution-rates-mndcp)

## What is the Catch-Up contribution provision?

If you are within three years of your normal retirement age (the age at which you are eligible for an unreduced pension benefit), the Catch-Up provision may allow you to contribute up to twice the maximum contribution limit. You must apply and be approved for the Catch-Up provision.

## Is there a tax incentive for low-income savers?

Yes. You may be eligible for an income tax credit of up to \$1,000 just by contributing to your MNDCP account. It’s called the Saver’s Tax Credit.



**To learn more, visit:**

[www.msrs.state.mn.us/tax-incentive](http://www.msrs.state.mn.us/tax-incentive)

## What fees does MNDCP charge?

No surprises. All fees are fully disclosed. MNDCP is proud to offer a low-cost Plan. Here’s how we keep fees low:

**Economy of scale** – The sheer size of the MNDCP helps keep fees low.

**Publicly administered** – The administrators of the MNDCP are public employees, just like you. They do not receive any financial incentives such as commissions or sales charges.



**For a full detailed disclosure of MNDCP fees visit:** [www.msrs.state.mn.us/fee-disclosure](http://www.msrs.state.mn.us/fee-disclosure)

## When can I withdraw money from my MNDCP account?


You are eligible to withdraw money from your MNDCP account at any age once you leave employment (whether by retirement, resignation, permanent disability, or termination). Withdrawals can begin 30 days after your termination date.

## Can I request a withdrawal from my MNDCP account while still employed?

Generally, you can only access money in your account when you leave employment; however, under certain circumstances you may request a withdrawal while still employed.

- If you suffer an unforeseen emergency resulting in a severe financial hardship.
- To purchase or reinstate service credit to your governmental pension plan.
- If you rolled money into your MNDCP account from another retirement plan or IRA, you may request a withdrawal of these funds while still employed.

*Money from other types of plans or accounts that are rolled into the MNDCP may still be subject to the 10% IRS early withdrawal penalty prior to age 59 ½ upon distribution from the MNDCP account.*

 **To learn more about in-service withdrawals, visit:**  
[www.msrs.state.mn.us/in-service-withdrawals](http://www.msrs.state.mn.us/in-service-withdrawals)

## Can I take a loan from my MNDCP account?

No. The MNDCP does not have a loan provision.


## Can I roll money from other savings plan accounts to my MNDCP account?

A rollover allows you to consolidate your accounts to make it easier to monitor and manage your investments.

You may roll over assets into your MNDCP account from a Traditional IRA or an employer-sponsored account such as a 401(k), 403(b), or 401(a). Federal regulations do not permit rollovers from a Roth IRA.

Follow these easy steps to complete a rollover into your MNDCP account.


- Contact your prior plan provider to request a rollover distribution. Inquire if you will incur any fees or charges.
- Complete an *Incoming Direct Rollover* form


 **To obtain a rollover form visit:**  
[www.msrs.state.mn.us/mndcp-forms-docs](http://www.msrs.state.mn.us/mndcp-forms-docs)

*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.*

## How do I monitor and access my account?

- **Statements** - You will receive quarterly statements that will summarize your account information.
- **Internet 24/7 Access** – You can manage your MNDCP account, track your savings progress and keep moving toward your goals right from your desktop.

 **To manage your account online, visit:**  
[www.msrs.state.mn.us](http://www.msrs.state.mn.us)

 **To speak with an MSRS Representative any business day between 8:00 a.m. and 4:30 p.m. Central Time, call 1-800-657-5757, option 3**

## How do I change my investment options?

You may request investment changes (transfers) or redirect future contributions among the available investment options at any time. Log into your MNDCP account online at [www.msrs.state.mn.us](http://www.msrs.state.mn.us) or call the MSRS Service Center at **1-800-657-5757, option 3** to request a change.

**Note:** MNDCP does not charge a fee for transfers among investment options; however, certain funds may impose fees or restrictions.



# Contact Us – We're Here To Help

If you have questions about your MNDCP account or to schedule an appointment, contact an MSRS representative.

## 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 to 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.

### Duluth

Medical Arts Building  
324 West Superior Street,  
Suite 530  
Duluth, MN 55802  
Tuesday - Friday  
8 a.m. - 4:30 p.m.

### Detroit Lakes

714 Lake Ave., Suite 102  
Detroit Lakes, MN 56501  
Tuesday - Friday  
8 a.m. - 4:30 p.m.

### Mankato

Former Bretts Building  
11 Civic Center Plaza,  
Suite 150  
Mankato, MN 56001  
Tuesday - Friday  
8 a.m. - 4:30 p.m.

## MSRS Mission

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





The Minnesota State Retirement System (MSRS) administers the MNDCP.

MSRS also administers the Health Care Savings Plan (HCSP) – a tax-free medical expenses savings plan – and various pension plans for state employees.

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Minnesota State Retirement System  
**Your Foundation for Retirement**

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