

## Unclassified Retirement Plan Transfer Option

As an Unclassified Retirement Plan participant, you may be eligible to transfer your service to the General Employees Retirement Plan (General Plan). This document provides a comparison of the retirement plans, your eligibility and what to consider. MSRS retirement specialists are available to review plan provisions with you and discuss your options.



### Eligibility to Transfer

#### If hired after June 30, 2010

- Your election to convert to the General Plan can be made any time during the first **seven** years of service in your current appointment covered by the Unclassified Plan.
- You have 30 days after ending employment of your current Unclassified Plan appointment to elect coverage under the General Plan.

#### If hired before July 1, 2010

- Your election to convert to the General Plan can be made any time after you have **ten** years of state service covered by an eligible MSRS retirement plan.
- You must make the election within 30 days of terminating your current MSRS-covered position.



**Constitutional officers, legislators and judges are not eligible to transfer to the General Plan.**

### Choosing the Right Plan for You

Here are some things to consider when deciding if you should transfer from the Unclassified Plan to the General Plan. Your individual circumstances—such as retirement goals, career path and family situation—may impact your decision.

**Your election is irrevocable so it is important that you compare the retirement plans carefully to determine which option is best for you.**

#### Unclassified Retirement Plan

- You have control over investment decisions.
- You assume the investment risk and potential investment rewards.
- Managing and timing your retirement is critical (e.g., retiring when the market is down will result in a lower monthly retirement benefit).
- Refund or rollover is more advantageous under this plan because you receive your contributions, the employer contributions and investment gains/losses. This portability may be an attractive option for shorter service employees.

#### General Employees Retirement Plan

- You don't have to worry about making investment decisions or monitoring investments.
- May be more financially advantageous for those who have many years of Minnesota public employment or for those with a significant increase in salary late in their career.
- May be more attractive for employees who have a shorter period of time before retirement or a shorter investment horizon.
- If requesting a refund/rollover, you will only receive your contributions plus interest, not your employer contributions.

# MSRS Retirement Plan Comparison

The employee and employer contribution rate is the same for both plans as established by Minnesota law.

	Unclassified Retirement Plan	General Employees Retirement Plan
<b>What type of plan is this?</b>	A 401(a) defined contribution plan.	A 401(a) defined benefit plan (traditional pension).
<b>How is your account invested?</b>	You decide how contributions are invested by choosing from the investment options available.	Contributions are professionally managed and invested by the State Board of Investment.
<b>How is your monthly retirement benefit calculated?</b>	<ul style="list-style-type: none"> <li>The benefit is calculated using the account balance and your age at the time payments begin.</li> <li>You are vested immediately.</li> </ul>	<ul style="list-style-type: none"> <li>The benefit is calculated using your years of service, high-five salary, and age at retirement.</li> <li>You must be vested* to qualify for a retirement benefit.</li> </ul>
<b>What if you die before ending employment?</b>	<p>Your surviving spouse may select one of these options:</p> <ul style="list-style-type: none"> <li>Monthly benefit for their lifetime or for a period of 10, 15, or 20 years.</li> <li>Lump sum payment of the entire account balance, which can be refunded or rolled to another qualified plan.</li> <li>Partial lump sum with the remaining paid as a lifetime monthly benefit.</li> </ul> <p>If you have no surviving spouse, the value of the account will be divided equally among named beneficiaries.</p>	<p>Your surviving spouse may select one of these options:</p> <ul style="list-style-type: none"> <li>Monthly benefit for their lifetime or for a period of 10, 15, or 20 years, assuming you were vested* before death.</li> <li>Lump-sum payment of your contributions plus interest to be refunded or rolled to another qualified plan. Employer contributions are never refunded.</li> </ul> <p>If you have no surviving spouse, then your dependent children under age 20 are eligible for a monthly benefit for a period of time. If you have no surviving spouse or dependent child(ren), your account balance plus interest is paid in this order: to your named beneficiaries, child(ren), parents, your estate.</p>
<b>What are the withdrawal options if you leave state employment (other than a monthly lifetime retirement benefit)?</b>	<ul style="list-style-type: none"> <li>A lump sum payment of the entire account balance can be refunded to you or rolled to another qualified plan (i.e. traditional IRA, 401(k) or 403(b)).</li> <li>Refunds are taxed as ordinary income and a 10% IRS penalty may apply if you are under age 59½.</li> </ul>	<ul style="list-style-type: none"> <li>Your contributions plus interest can be refunded to you or rolled to another qualified plan (i.e. traditional IRA, 401(k), or 403(b)).</li> <li>Employer contributions are never refunded to you.</li> <li>Refunds are taxed as ordinary income and a 10% IRS penalty may apply if you are under age 59½.</li> </ul>
<b>What benefits are available if you become disabled?</b>	<p>A disability benefit is calculated using the total account balance and age at time payments begin.</p> <p>The disability must be total &amp; permanent, meaning you are unable to do substantial, gainful activity because of a medically determined mental or physical impairment that is expected to last at least one year.</p>	<p>You must be vested* to qualify for a disability benefit. The benefit is calculated using your years of service and high-five salary. An early retirement reduction does not apply.</p>

\* To learn when you become vested (eligible to collect a monthly benefit), visit [www.msrs.state.mn.us/general-plan](http://www.msrs.state.mn.us/general-plan).



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