



Unclassified

RETIREMENT PLAN

— Overview —

Unclassified Retirement Plan ■

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

The Unclassified Plan is a defined contribution plan with some defined benefit pension plan features for certain plan members. Employees are eligible for a lifetime retirement benefit when they reach the retirement age for the plan. This type of benefit is valuable because the retiree cannot outlive retirement savings.

How Your Retirement Plan Works

As an Unclassified Retirement Plan member, you contribute 6.0%* of salary. The employer contributes 6.25%.

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

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

If you are considering taking another position in state government or going to another employer, contact MSRS to discuss your options.

Fees & Expenses

Administrative Fee

Each participant shares in the costs of the services offered by the plan. The administrative fees are based on your account balance and are deducted from your account on a monthly basis.

Investment Expenses

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

Special Provisions for Unclassified Plan Members

Elected officials, legislators, judges and constitutional officers are not eligible for these special provisions.

Transfer Rights During Your First Year of Employment

If you previously contributed to the General Employees Retirement Plan or another Minnesota public pension plan, you can transfer your employee and employer contributions, plus interest, from your previous retirement plan to your Unclassified Plan. This transfer must be made during your first year of employment. It is best to compare plans carefully because it may not always be beneficial to transfer your assets to the Unclassified Plan.

Converting to the General Employees Retirement Plan

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

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

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

MSRS specialists are available to review plan provisions, discuss options, and provide the required forms.

* The employee contribution rate is temporarily 5.5% for fiscal years 2024 and 2025.

Plan Benefits

Beneficiary and Survivor Options

The Unclassified Plan provides automatic survivor benefits for your spouse upon your death.

If you have no surviving spouse, your beneficiary will receive the value of the account. If there is no designated beneficiary, a lump sum of the account balance will be paid as defined by law.

To name a beneficiary, please complete a *Beneficiary Designation* form. To learn more contact MSRS.



Go online to:

www.msrs.state.mn.us/unclassified-plan



Contact MSRS:

1.800.657.5757 or 651.296.2761

Disability Benefits are Available

As a member of the Unclassified Plan, you have total and permanent disability protection. This is an important benefit since it will pay you disability benefits for your lifetime or until you are no longer disabled. If you are eligible to convert to the General Employees Retirement Plan, it is important to consider this option if facing potential disability.

State law defines total and permanent disability as the inability to engage in any substantial or gainful activity as a result of a medically proven physical or mental impairment that has existed or is expected to continue for at least one year.



Review online:

www.msrs.state.mn.us/disability-benefit

DIVORCE & YOUR RETIREMENT BENEFIT

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



Withdrawal Options

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

Lifetime Monthly Benefit

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

Partial Lump Sum Payout with Benefits

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

Rollover Your Account Balance

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

Lump Sum Payout

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

Calculating Your Retirement Benefit

Your age at retirement and your account balance are used to determine your retirement benefit. We divide your account balance by a life expectancy factor to determine your monthly retirement benefit.

1 | Account Balance

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

2 | Age at Retirement

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



Sample Calculation At age 62

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

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

This example provides an estimate of a retirement benefit paid after a 25-year career in the plan. Assumptions are made for illustrative purposes only.

Choose How Your Contributions are Invested

Choosing your investments is an important decision. Your contributions are automatically invested in a MN Target Retirement Fund closest to the year you turn age 65. You can transfer all or a portion of your existing account balance to any of the investment options offered by the plan. Transfers can be done at any time and as often as you wish. Trading restrictions may apply. To learn more about the investment options, visit the MSRS website.

Hands-OFF Investor

Simplify investing with a Minnesota Target Retirement Fund. The date in each fund name represents an approximate date when an investor is expected to retire (assumed to be at age 65) and/or begins withdrawing money. Simply select a fund with a target date closest to your anticipated retirement date.

Consider this approach if you:

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

Hands-ON Investor

Determine an asset-allocation strategy that meets your needs and choose your investment mix. You can invest in any combination of these options. The funds appear in order from highest to lowest risk/potential reward. How you build your investment portfolio depends on your goals, time horizon and risk tolerance.

Consider this approach if you:

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

Investing involves risk, including loss of principal.

Hands-OFF Investor

MN Target Retirement 2065 Fund

MN Target Retirement 2060 Fund

MN Target Retirement 2055 Fund

MN Target Retirement 2050 Fund

MN Target Retirement 2045 Fund

MN Target Retirement 2040 Fund

MN Target Retirement 2035 Fund

MN Target Retirement 2030 Fund

MN Target Retirement Income Fund

The principal value of the fund(s) is not guaranteed at any time, including at the time of the target date and/or withdrawal. Asset allocation investment options are subject to the risks of the underlying investments, which can be a mix of stocks/stock funds and bonds/bond funds.

OR

Hands-ON Investor

T. Rowe Price Small Cap Stock Fund

Vanguard Total International Stock Index Fund

Vanguard Mid Cap Index Stock Fund

Vanguard Total Stock Market Index Fund

Vanguard Dividend Growth Fund

Vanguard Balanced Index Fund

Core Bond Account

Vanguard Total Bond Market Index Fund

Stable Value Account

Money Market Account

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

Retirement Timetable

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



Throughout Your Career

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



Mid-Career

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



3-5 Years From Retirement

- Attend a free MSRS pre-retirement seminar/webinar. More information about seminars is available at: www.msrs.state.mn.us
- Determine MNDCP Catch-Up eligibility. The Catch-Up Provision allows you to contribute up to double the standard maximum contribution limit for three consecutive calendar years prior to reaching your normal retirement age. Contact MSRS to find out if you are eligible.
- Prepare a retirement budget. Compare your budget against your MSRS retirement benefit, Social Security, MNDCP and any other retirement income to see if you may need to save more.

IMPORTANT!

Review your pension benefit statements and contact MSRS if you find any discrepancies.

About MSRS



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

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

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

Other MSRS Plans



The Minnesota Deferred Compensation Plan (MNDCP) is a voluntary savings plan intended for long-term investing for retirement. MNDCP offers planning tools and investment options to supplement your retirement income from your pension plan and Social Security benefits.



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

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

Contact Us - We're Here To Help!

Questions ?



Contact the MSRS Service Center:
1.800.657.5757 or 651.296.2761



Go online:
www.msrs.state.mn.us



Email us:
info@msrs.us



Schedule an appointment with
a retirement specialist:
www.msrs.state.mn.us/request-appointment

Locations

St. Paul - Main Office

60 Empire Drive, Suite 300
St. Paul, MN 55103
Monday – Friday
8:00 a.m. - 4:30 p.m.

Additional Offices

Addresses and hours of operation available online.

- Duluth
- Mankato
- St. Cloud
- Detroit Lakes

Our Mission

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



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

1.800.657.5757 or 651.296.2761
www.msrs.state.mn.us

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