



March 26, 2019

Retirement Plan Overview

Legislative Commission on
Pensions and Retirement

MINNESOTA STATE

History

- 1995 – Minnesota State merger
 - Community College System
 - Technical Colleges from K-12
 - University System

Prior to Merger

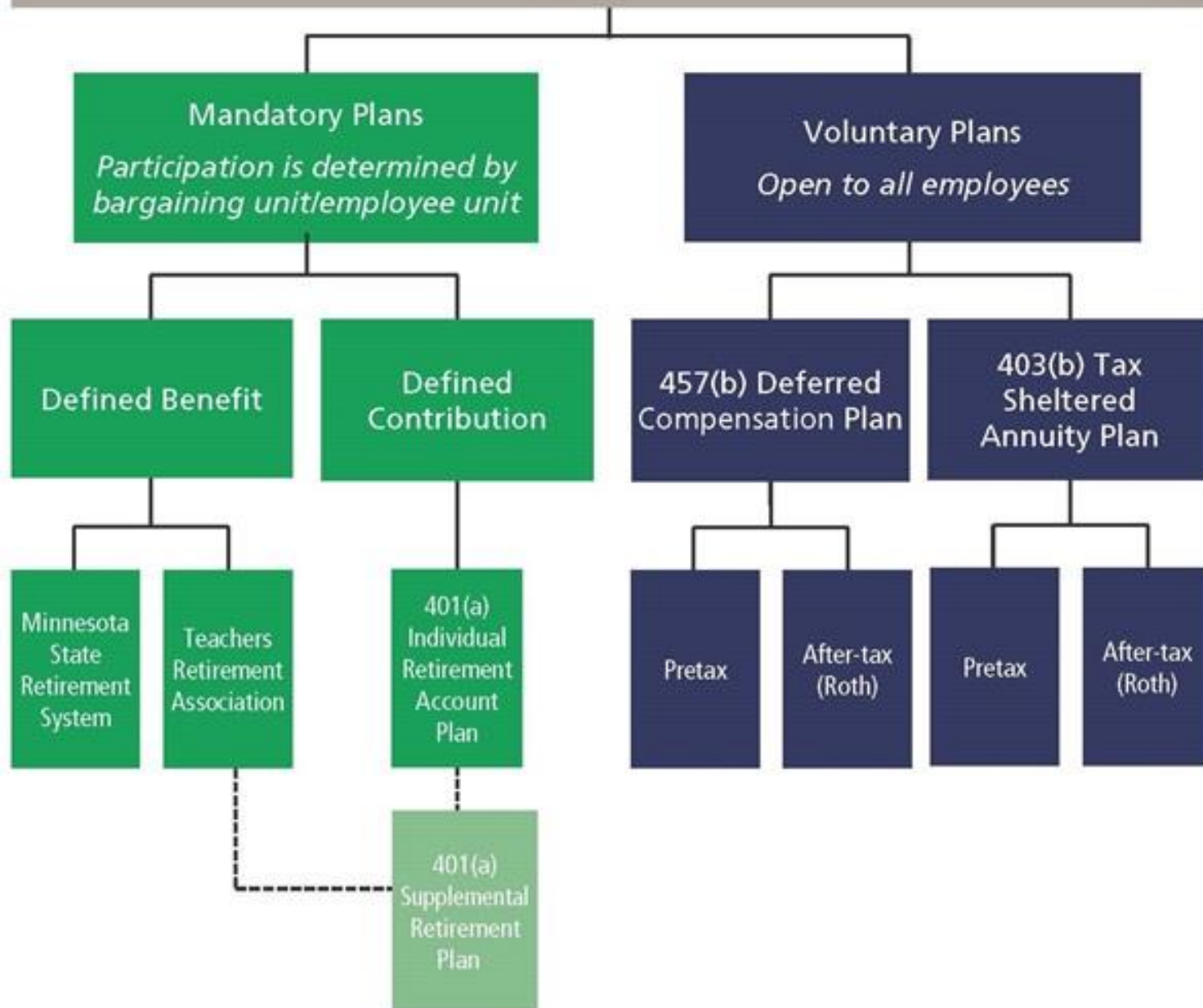
- IRAP existed within University system
- TRA existed within Technical Colleges
- 403(b) existed in University System



Unclassified Employee Retirement Plans

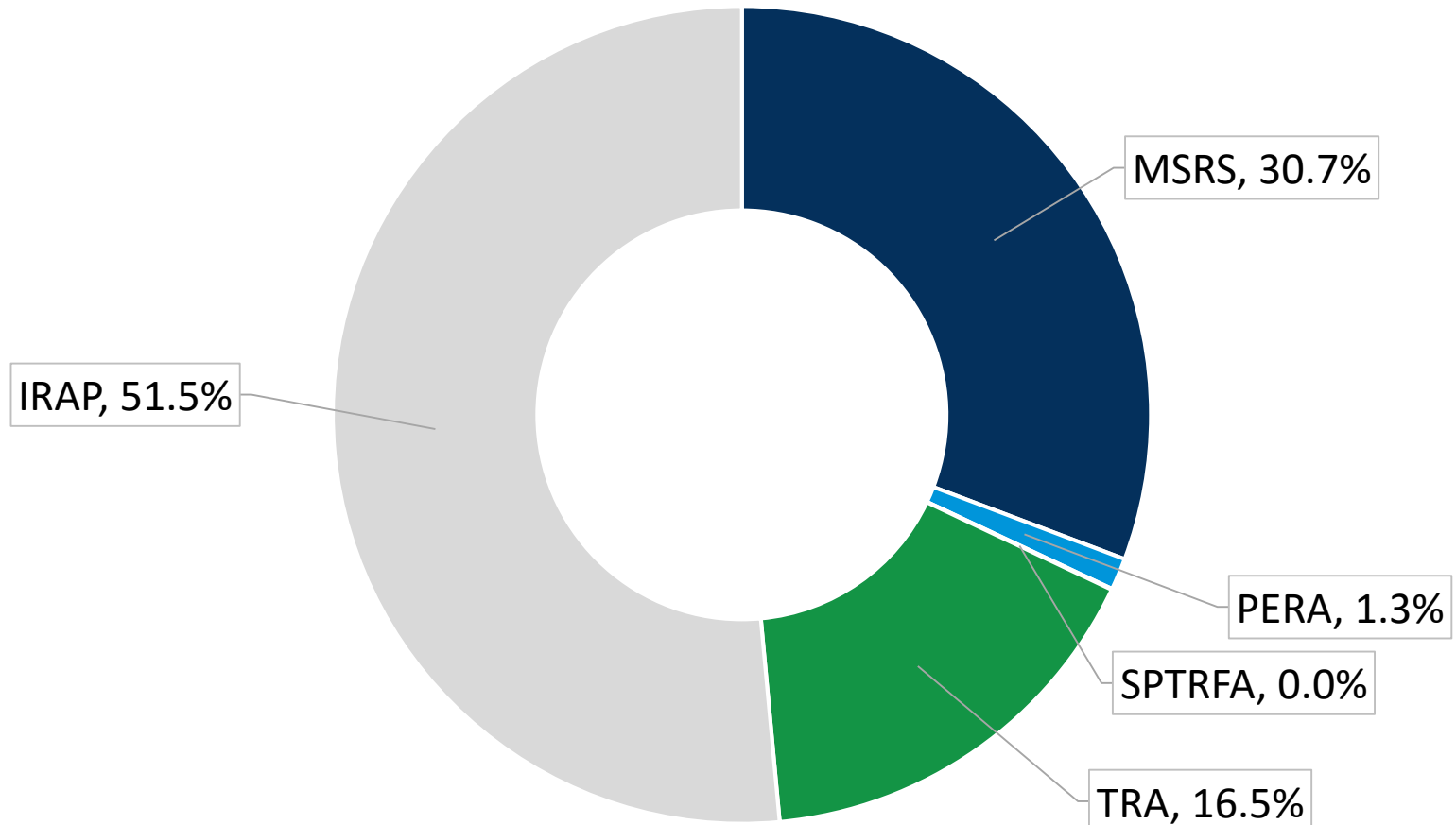
- Positions unique to academia
- Participants include:
 - Instructional faculty
 - IFO/MSCF
 - Service faculty
 - MSUAASF
 - Administrators
 - Other academic positions
 - Unclassified MAPE/MMA/Commissioner's Plan

Minnesota State Retirement Plans



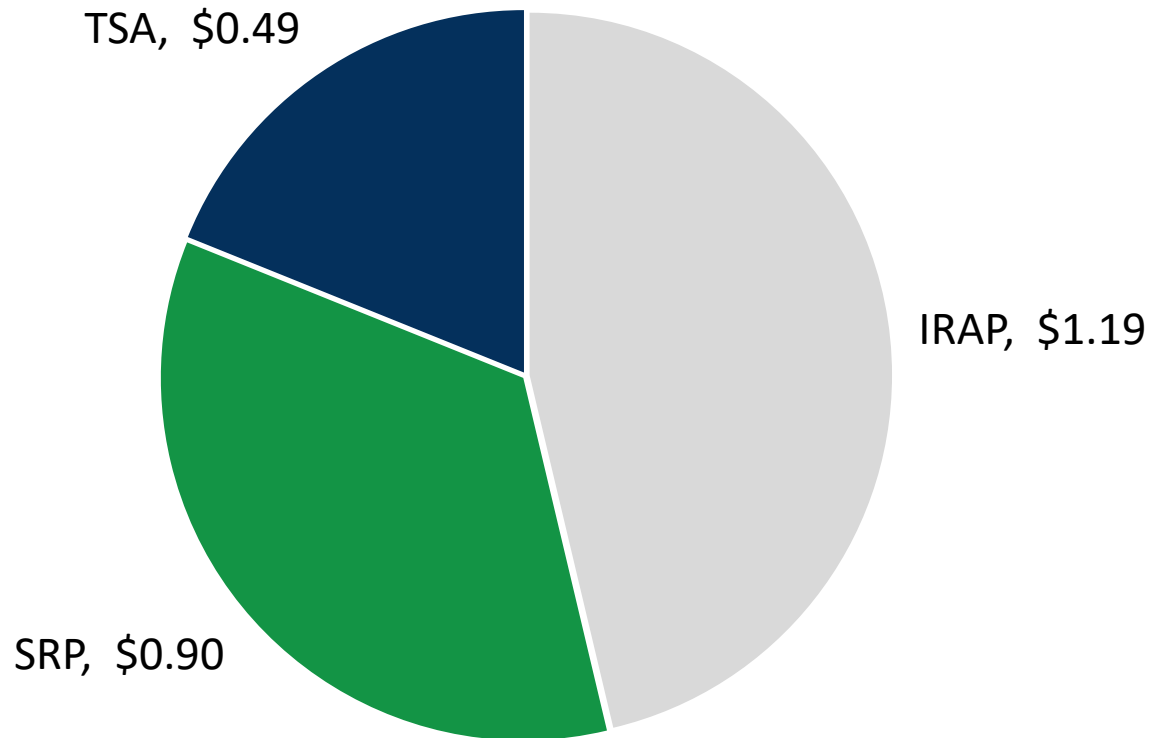
Percent Employees by Plan (3.1.2019)

Current Headcount 15,398



DC Plan Balances 3.1.2019 *(in billions)*

Total Assets \$2.57 Billion



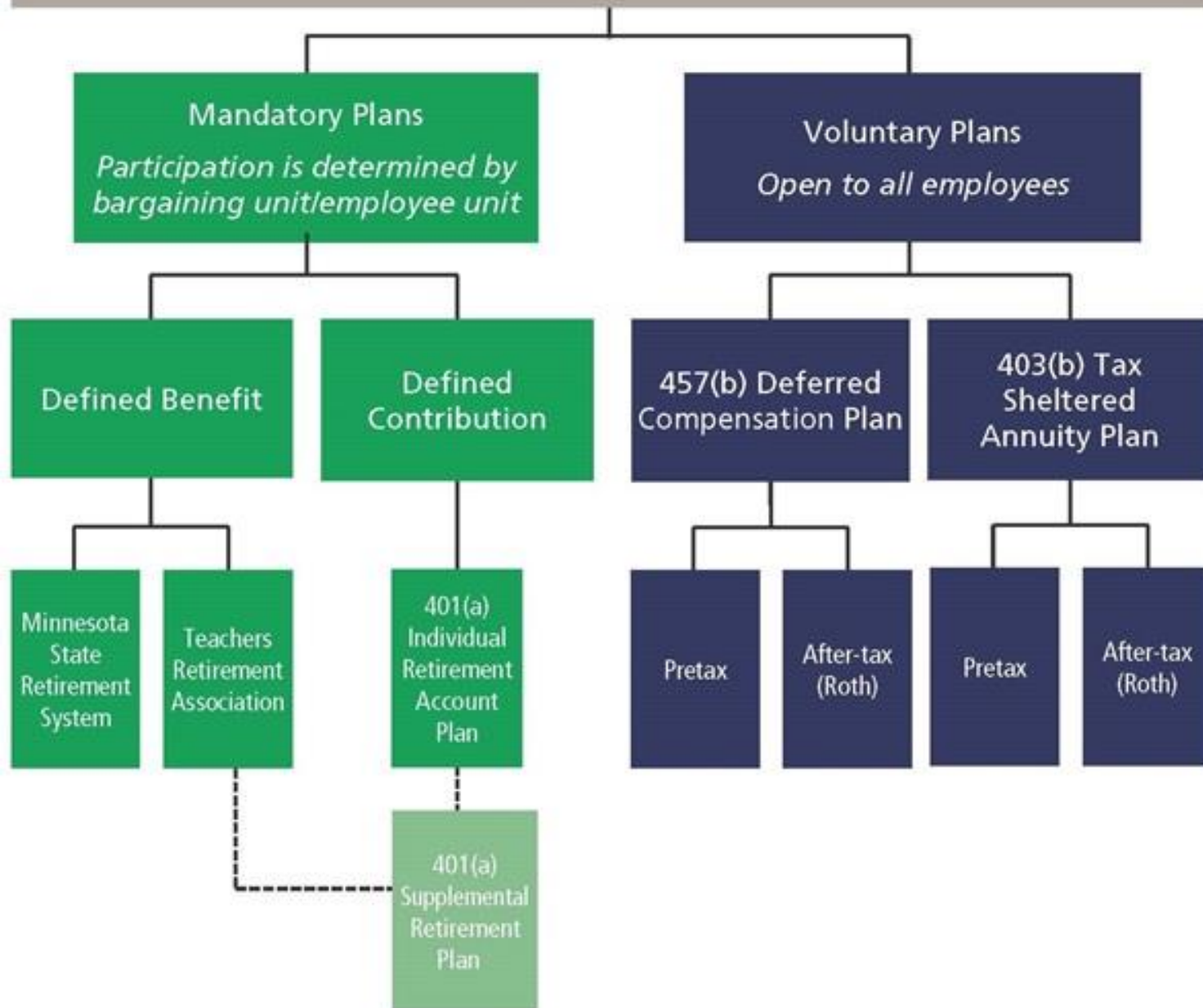
DC Plans Growth

- 61% growth in all three DC plans since FY 2013

DC Plan Balances by FY <i>(in millions)</i>						
<i>FY 13</i>	<i>FY 14</i>	<i>FY 15</i>	<i>FY 16</i>	<i>FY 17</i>	<i>FY 18</i>	<i>FY 19*</i>
\$1,605.3	\$1,902.0	\$1,998.1	\$2,041.1	\$2,303.3	\$2,392.5	\$2,578.9

**FY 19 is preliminary*

Minnesota State Retirement Plans



Retirement Defaults and Elections

- **Default plan (at hire)**
 - Employees entering state employment for the first time are placed in IRAP.
 - Employees with previous state experience and an existing state pension are placed in TRA.
- **Initial one-year election**
 - After default assignment, a newly hired, unclassified employee has a one year window to prospectively change their plan.
 - Default to IRAP and elect TRA, or
 - Default to TRA and elect IRAP.
- **Second-chance election**
 - A faculty member who achieves unlimited/permanent/tenured status receives a second, one year window to choose between IRAP or TRA.
 - This change is retroactive to the hire date.
 - Employee buys-back service credit

Current IRAP Arrangement

- The current contributions total 10.5%

Plan	IRAP Contribution
Employee	4.5%
Minnesota State	6.0%
Total Contribution	10.5%

Current SRP Arrangement

- Eligibility:
 - An unclassified, non-temporary employee who has worked two consecutive years at an FTE of 1.00 (or greater)
- Contributions:
 - Begin the first of the fiscal year after the employee meets eligibility, and after the employee earns \$6,000 in gross pay
 - Contribution rate is 5% gross compensation (employee/employer) up to a maximum established within the employee's bargained contract, or plan
 - \$2,700 statutory max for an employer

Current 403(b) Arrangement

- Employee voluntary contribution only
- No additional recordkeeping or administrative fee for participation
- Investment menu is the same as IRAP/SRP
 - Economy of scale
- Plan follows same investment policy
- Plan growth of 71% since FY 2013

403(b) Plan Balances by FY (in millions)						
FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19*
\$ 284.8	\$ 342.3	\$ 361.7	\$ 389.4	\$ 447.0	\$ 476.7	\$ 486.5

*FY 19 is preliminary





MINNESOTA STATE

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