

# Plan Provision Highlights of the Faculty Retirement Plan and Minnesota State Retirement System

Plan Provision	Faculty Retirement Plan (FRP)	Minnesota State Retirement System (MSRS)
<b>Type of Plan</b>	Defined contribution 401(a) plan. Lifetime monthly income is not guaranteed. Benefit amount is based on contributions and gains/losses in the account. Investment risk falls to the participant. Distribution strategy upon retirement falls to the participant.	Defined benefit savings plan – commonly known as a pension plan. Provides monthly income for life of employee. When a participant applies to receive monthly retirement or disability benefits, the participant will select the monthly benefit option, which may include survivor coverage.
<b>Eligibility</b>	Faculty and P&A staff	Civil Service and Labor-represented staff
<b>Employee Contribution</b>	2 1/2 % of covered salary if hired/rehired on or before 1/2/12 5 1/2 % of covered salary if hired/rehired after 1/2/12	5.75% starting 7/1/18 6.00% starting 7/1/19
<b>University Contribution</b>	13% of covered salary if hired or rehired on or before 1/2/12 10% of covered salary if hired or rehired after 1/2/12	5.875% starting 7/1/18 6.250% starting 7/1/19
<b>Rollovers Allowed</b>	Allowed if pre-tax and from an eligible retirement plan	No
<b>Hardships Allowed</b>	No	No
<b>Vesting</b>	100% immediate vesting	After 5 years of service if first hired after June 30, 2010 If first hired before July 1, 2010, vested after 3 years of service
<b>Participant responsible for investment risk</b>	Yes	No
<b>Normal Retirement Age</b>	First of the month coincident with or next following 62 <sup>nd</sup> birthday	Age 66
<b>Early Retirement Age</b>	N/A	Age 55 (reduced monthly benefit)
<b>In-service Withdrawal Options</b>	Available upon reaching normal retirement age	N/A
<b>Distribution Options upon leaving the University</b>	Participant may choose from the following: various forms of annuities, lump sum (rollover or cash distribution) or installment payments. May leave balance in account until reach age 70 1/2.	Participant may choose from the following monthly income options: single life, 100% joint and survivor, 75% joint and survivor, 50% joint and survivor or life income 15 years certain. If participant chooses an option that provides survivor coverage, their monthly benefit will be reduced. See MSRS General Employees Retirement Plan Guide for detail regarding the distribution options. <a href="https://www.msrs.state.mn.us/survivor-options">https://www.msrs.state.mn.us/survivor-options</a>
<b>Impact if participant leaves the University prior to retirement age</b>	Same options as Termination Distribution Options	If end state employment prior to retirement age (or become eligible for FRP), may defer your benefit if have a vested benefit. May then apply for a monthly retirement benefit to begin at age 55 or later. <a href="https://www.msrs.state.mn.us/defer-your-benefit">https://www.msrs.state.mn.us/defer-your-benefit</a>

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<b>Refund after you leave employment - MSRS provision only</b>	N/A	If state employment ends, participant may request a refund of employee retirement deductions. Employer contributions are not refunded. By taking a refund of retirement deductions, participant forfeits all service credit and rights to a monthly retirement benefit. Can purchase the service credit if return to a position covered by MSRS.  <a href="https://www.msrs.state.mn.us/refunds-rollover">https://www.msrs.state.mn.us/refunds-rollover</a>
<b>Re-employment After Retirement - MSRS provision only</b>	N/A	If you return to work for a position eligible for MSRS, must wait until at least 30 days after your retirement date. No retirement deductions are taken from salary. May be subject to an earnings limitation.
<b>Benefit Calculation</b>	Benefit is balance based on contributions and earnings/losses. Participant determines distribution strategy.	Lifetime monthly benefit is determined using a formula based on service credit, high-five salary. Formula and requirements vary depending on if hired before or after July 1, 1989.  <a href="https://www.msrs.state.mn.us/benefit-calculation">https://www.msrs.state.mn.us/benefit-calculation</a>
<b>If an employee transfers from MSRS eligible to FRP eligible, they are given a one-time irrevocable option of 1) retaining continuous membership in the MSRS, or 2) participating in the FRP with the privilege of leaving accumulated benefits with MSRS.</b>		

Summary of plans provided as of January 2019 and is point-of-time only. Summary does not constitute a formal document. Plan documents govern the provisions of the plan and not this summary.