

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Board of Trustees

Date: March 19, 2014

Title: Fiduciary Training on Retirement Program

Purpose (check one):

- | | | |
|---|---|---|
| <input type="checkbox"/> Proposed
New Policy or
Amendment to
Existing Policy | <input type="checkbox"/> Approvals
Required by
Policy | <input type="checkbox"/> Other
Approvals |
| <input type="checkbox"/> Monitoring /
Compliance | <input checked="" type="checkbox"/> Information | |

Brief Description:

The Board of Trustees will participate in a one-hour study session related to its fiduciary responsibilities to the Minnesota State College and Universities defined contribution pension plans. Board Policy 1.C4 outlines those fiduciary responsibilities and establishes a continuing obligation for Board fiduciary education. The study session will review a newly-created Trustees retirement handbook, outline delegations of fiduciary responsibility, provide demographic information related to MnSCU's retirement plans, and provide a preview of upcoming retirement-related projects. The retirement handbook will be distributed to each Trustee's place prior to the study session.

Scheduled Presenter(s):

Laura King, Vice Chancellor – Chief Financial Officer
Mark Carlson, Vice Chancellor – Human Resources
Bill Brady, System Director, Employee Benefits and Compensation

Defined Contribution Retirement Update



Board of Trustees
Study Session
March 2014

Minnesota State Colleges and Universities

The Minnesota State Colleges and Universities system is an Equal Opportunity employer and educator.

Agenda

- Recap of Past Fiduciary Training
- Review of Retirement Handbook
- Overview of Fiduciary Training
- Update on Employee Retirement Trends
- Update on Future Projects

Fiduciary Training

- Annual retirement plan fiduciary training is required by Board Policy 1.C.4
- March 2013, Scott Miller of Hewitt EnnisKnupp provided an overview of the Board's fiduciary responsibility specific to the oversight of the defined contribution retirement plans



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Fiduciary Training

- Several recommendations were made by Board members at that session, including:
 - ✓ Retirement information handbook
 - ✓ Access to quarterly investment reports
 - ✓ More information on contribution process
 - ✓ More information on current delegations of authority



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Retirement Handbook

Handbook Highlights:

- Tab 1- Policy 1.C.4 covering Trustees' fiduciary responsibilities
- Tab 4- Delegations of Fiduciary Responsibility & Oversight Mechanisms
- Tab 9- Contribution Process



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Fiduciary Training

Retirement fiduciary training provided in March 2013 has been converted to an online training module

- Refresher course for current trustees
- Onboarding for new trustees
- New requirement for all new investment committee and advisory committee members



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Retirement Trends

Retirement readiness
is more important than ever
as more employees
are approaching
retirement eligibility



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Retirement Demographics



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Retirement Demographics

National Trends-

- 64 – Average Retirement Age for Men
- 62 – Average Retirement Age for Women



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Retirement Demographics

63.6

Average age of
MnSCU employees
at retirement



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Retirement Demographics

National Trends-

In 2012, the percentage of workers age 55 or older in the national workforce was:

21.4%



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Retirement Demographics

32.3%

of MnSCU's workforce is
age 56 or older



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Retirement Demographics

- 262 (1.5%) system employees are age 71 or older
- 681 (3.8%) system employees are between age 66 and 70
- 2,008 (11.2%) system employees are between age 61 and 65
- 2,830 (15.8%) system employees are between age 56 and 60

Data as of March 1, 2013



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Retirement Demographics

1,938

Number of MnSCU employees who retired in last 5 years

10.8%

Percentage of MnSCU's workforce who have retired in last 5 years



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Retirement Transition Programs

- The system offers 2 types of retirement transition programs:
 - **Phased Retirement Program**
 - Employees phasing into their retirement
 - In FY 13, there were 61 participants
 - **Annuitant Employment Program/Post-retirement Option Program**
 - Employees return to working part-time immediately after retiring
 - In FY 13, there were 111 participants



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MnSCU Retirement Participation



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DC Retirement Plans Overview

	IRAP	SRP	TSA
Participation	Mandatory	Mandatory	Voluntary
Eligible Units	Unclassified Staff (IFO, MSCF, ASF, Administrators, MAPE & MMA Academic Professionals)	Unclassified Staff (IFO, MSCF, ASF, Administrators, MAPE & MMA Academic Professionals)	All Staff
Employee Contribution	4.5%	5% of salary after first \$6,000 to contractual max (\$1,700 to \$2,700)	Variable
Employer Contribution	6.0%	100% Match	None



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Participation Trends

	2003		2014	
	Headcount	% of Workforce*	Headcount	% of Workforce*
TRA	4365	20.25%	2794	15.02%
MSRS	4821	22.37%	4890	26.29%
PERA	809	4.75%	343	1.84%
IRAP	5899	27.37%	7591	40.81%

*Employees not eligible for retirement not displayed here

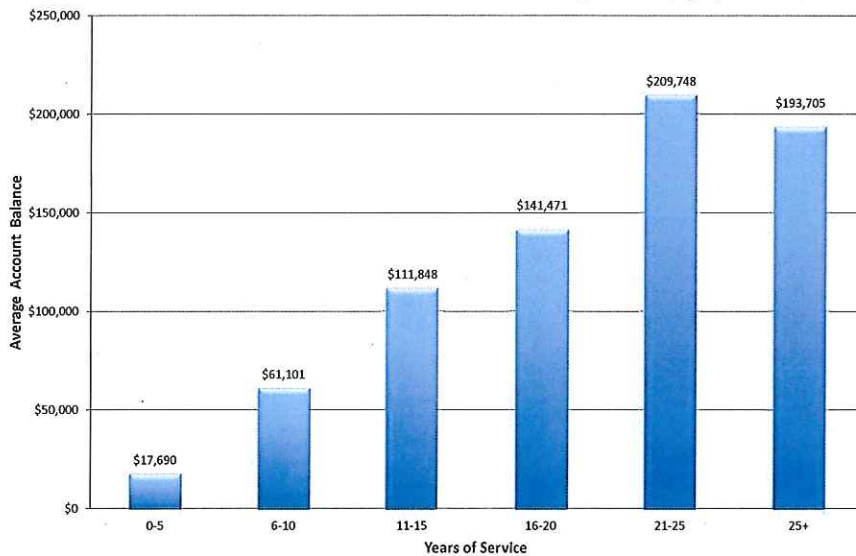


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Retirement Account Balances

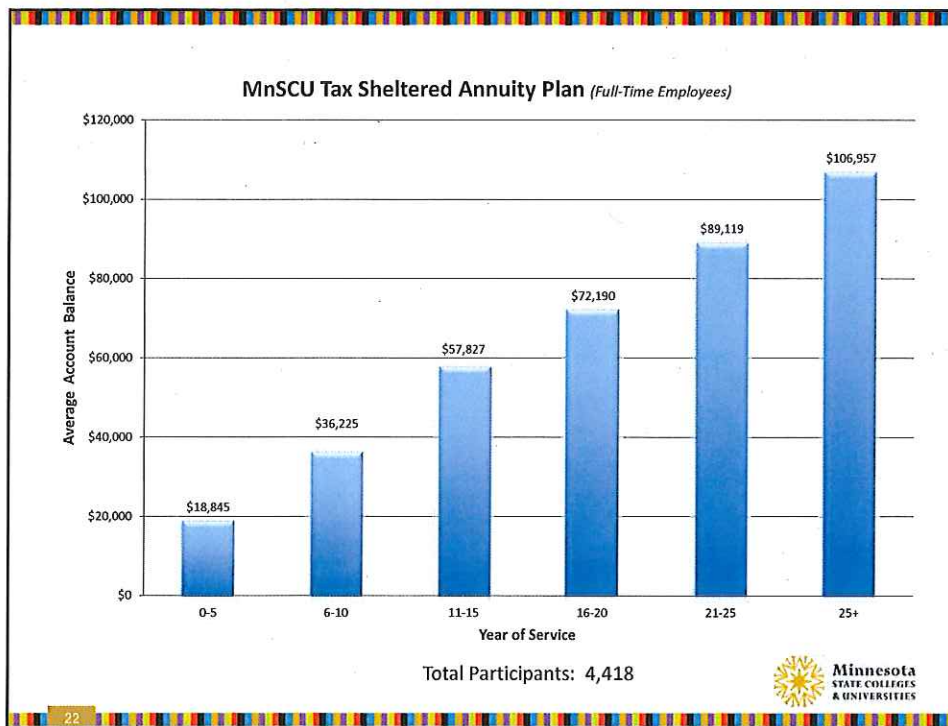
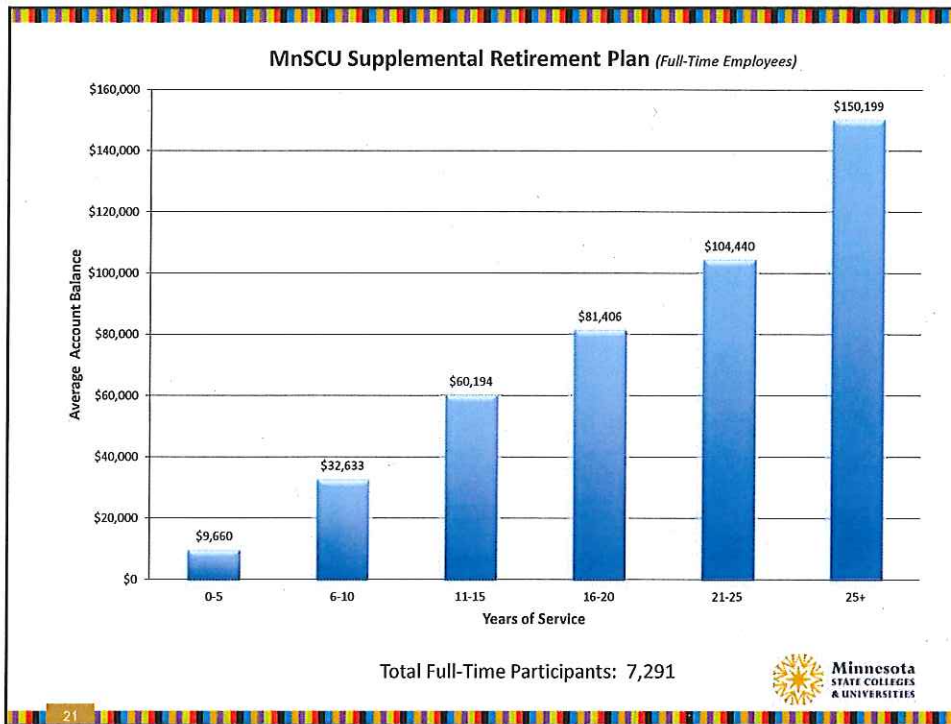


MnSCU Individual Retirement Account Plan (Full-Time Employees)



Total Full-Time Participants: 9,332





Defined Contribution Participants

A snapshot of the average defined contribution participant who has both IRAP (slide 20) and SRP (slide 21):

Average Combined Account Balances IRAP & SRP	
0-5 years of service	\$ 27,350
6-10 years of service	\$ 93,734
11-15 years of service	\$ 172,042
16-20 years of service	\$ 222,877
21-25 years of service	\$ 314,187
25 + years of service	\$ 343,904



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Future Retirement Projects



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Future Projects

FY 2014

New Retirement Education Offerings
New IRAP/TRA Comparison Webinar

FY 2015

Employee Retirement Readiness Analysis
Participant Satisfaction Survey
Full day – Preparation for Retirement Seminar

FY 2016

Record-keeper Search
Financial Advisor Search

