



Unclassified Retirement Plans Comparison – July 29, 2025

| Question | Teachers Retirement Association (TRA) | Individual Retirement Account Plan (IRAP) |
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| What type of plan is it? | Defined benefit pension plan | 401(a) Defined contribution plan |
| How is the benefit determined? | Calculation based on age, length of service, and high-five average salary | Account balance based on total contributions and investment performance |
| What are the contribution percentages? | 8.00% employee & 9.81% employer | 8.00% employee & 8.75% employer |
| Are contributions pretax or roth? | Pretax | Pretax |
| When am I vested? | At least three years of service credit | Immediately |
| Who bears the investment risk? | TRA | Employee |
| Who pays the investment fees? | Divided among members | Employee |
| Who manages my assets? | The State Board of Investment | Employee with choice to select their level of involvement |
| What happens if I change jobs? | <ul style="list-style-type: none">• Request a refund (which consists solely of your employee contributions plus interest), or• leave your service credit with TRA until you are ready to retire | <ul style="list-style-type: none">• Request a withdrawal (which consists of your entire account balance), or• leave your contributions in your IRAP account, allowing you to continue investing until you retire |

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| When can I take a distribution? | You can apply for a pension when you are at least 55 years old and vested in the retirement system. However, benefits may be reduced if you retire before your normal retirement age in addition to ordinary income taxes. | Immediately upon separation from Minnesota State employment. However, withdrawals prior to age 59.5 may be subject to an early-withdrawal IRS penalty in addition to ordinary income taxes. |
| What are my payout options? | Lifetime annuity | Lifetime annuity, lump sum withdrawals, systematic withdrawals, interest-only payments, and required minimum distributions |
| Does the Combined Service Annuity apply? | Yes, if you are covered by multiple Minnesota public retirement plans (TRA/PERA/MSRS), the service credit earned from all plans can be combined to qualify for a retirement or disability benefit | No |
| What are the pre-retirement survivor benefits? | https://minnesotatra.org/members/benefits/pre-retirement-survivor-benefits/ | All accumulations in your account would be payable to your named beneficiaries. Options vary based on spouse vs. non-spouse beneficiary, but they generally can take the benefits all at once or spread the payments over time. |
| Can I take a loan? | No | No |
| Where can I find more information? | https://minnesotatra.org/ 800-657-3669 weekdays from 7:30 a.m. - 4:30 p.m. | https://www.tiaa.org/public/tcm/minnesotastate Request an appointment with an advisor online , or if you need help scheduling a meeting call 800-732-8353 weekdays from 7 a.m. - 7 p.m. |

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