Mines Defined Contribution Plan – Questions from Employees
January 6, 2017

What is the current Mines contribution to PERA?

In addition to the 8% of salary that employees pay to PERA, Mines makes a 10.15% payment on behalf of the employee and an additional 10.0% payment to PERA as required by state statute. The total 2017 Mines payment to PERA is 20.15% of salary. A document that describes the PERA contribution rates is located on our web page.

Why was VALIC selected instead of TIAA?

After careful review of the proposals from VALIC and TIAA, the retirement plan committee selected VALIC over TIAA. Elements influencing the decision included a slight cost advantage offered by VALIC for its services and consideration of the proposed customer services and transition support. It is important to note that the investment fund choices that are included in the plan are independent of VALIC and TIAA. No proprietary funds are part of the available investment options irrespective of whether VALIC or TIAA became the services administrator.

Have there been any meetings or discussion about whether this new plan might potentially jeopardize the long-term stability of PERA?

Yes, the concept was initially discussed with the Faculty Senate in October 2015. In the spring semester of 2016, multiple campus forums were offered discussing the project and plan. After the start of the fall 2016 semester, an update meeting with the Faculty Senate occurred in October. In the initial meeting and in the campus forums, the question of impact to PERA overall was discussed. In brief, Mines represents less than a half a percent of PERA’s participants. Mines annual contribution to PERA in 2015 was about .7% of the total contributions to PERA.

For the current 20.15% employer contribution to PERA, what percent actually goes to the employee’s retirement versus the general fund?

Technically, all EMPLOYER dollars contributed to PERA go to PERA’s general retirement benefits fund. The Mines EMPLOYER contributions for 2017 are 10.15% base contribution and 10% Amortization Equalization Distribution (AED) and Supplemental Amortization Equalization Distribution (SEAD) to PERA (totals 20.15%). Your ownership of EMPLOYER funds contributed to PERA (e.g., in the event you want to take a rollover of funds or a refund) depends on a number of factors that include your credited service, when those contributions were made to PERA, and your retirement eligibility at the time you request the funds. Please see the PERA publication on our web page entitled “Refund/Rollover Request.”

Mines Defined Contribution Plan (MDCP) has a 3-year vesting period listed on Mines web page. Is this only for new employees to Mines, or would the vesting clock start over for current employees if we choose to switch plans?

The vesting period will consider your employment with Mines prior to the implementation of the MDCP; existing employees do not start a new vesting period.
Is there information that I can access that explains the current PERA benefits and plan? What is meant by a defined benefits plan?

A defined benefits retirement plan is a plan that provides a guaranteed amount of retirement income when you retire. Typically, the retirement income is assured for life. The amount of retirement income a defined benefits plan will pay is usually based on a formula that accounts for the salary of the retiree while s/he was working, the years of credited service with the plan, and a percentage multiplier for each year of service. For detailed information about PERA’s defined benefits, please see the “Your PERA Benefits” document on our webpage. Also visit PERA’s website for more information about PERA.

I have a question about this new plan with regards to CSM retirees that continue working for Mines part time and draw PERA retirement. Right now I’m required to still pay into PERA with no additional benefit. Could I opt to MDCP and avoid further payments into PERA?

Yes. Retirees will have the option to choose PERA or the new Mines Defined Contribution Plan.

If I elect to be in the new MDCP, will I have to begin paying FICA (Social Security taxes)? Under PERA I believe we are exempt from FICA deductions.

If you choose to be in the MDCP, you will not have to begin paying FICA. Your salary will continue to be exempt from FICA taxes irrespective of whether you choose to remain in PERA or you elect to enroll in the new MDCP. Just like PERA, the MDCP is a replacement for Social Security. Also as with PERA, if you have prior Social Security credited years, your future Social Security benefits payments will be subject to the Social Security windfall provisions. Consult with the Social Security Administration for information about your Social Security benefits.

Can Retirees participate in the MDCP?

Retirees in faculty positions can participate in the MDCP. PERA Retirees will have the opportunity to make a plan election upon hire or re-hire. Please note that PERA Retirees enrolled in the MDCP are still subject to PERA’s 110 working day rule.

If there are fund fees, can the fees be raised or is it contracted to remain at a certain level?

Fees can change. VALIC’s administrative fee (0.26%) could potentially decrease over time as the volume of plan assets grows. Mines does not have control over the fees charged by individual funds. However, all our fund offerings will be analyzed annually with respect to performance and fees.
I am confused. The letter I received from PERA said if I don’t make an election I will remain in PERA. Why are you requiring an election form?

PERA’s letter is technically correct. However, both Mines and PERA are committed to receiving a Retirement Plan Election form from every eligible employee. This will help eliminate any possible future confusion regarding the choice you are making now at the onset of the MDCP by giving both PERA and Mines clear direction from you about your decision.