

Comparison: Defined-Benefit (DB) Pensions vs. Defined-Contribution (DC) Savings Plans

Who bears the investment risk?

DB: Plan bears investment risk.

DC: You bear investment risk.

Who pays the investment fees?

DB: Fees divided among members.

DC: You pay investment fees.

Who manages my assets?

DB: Minnesota State Board of Investment professionals manage assets.

DC: You manage your assets.

Can I take it with me?

DB: If you change careers, you may request a refund or leave your contributions with TRA until you're ready to retire.

DC: If you leave the teaching profession, you take your account with you.

What determines my benefit amount?

DB: Predictable benefit based on age, length of service and high-five average salary.

DC: Balance at retirement determines payments. You might outlive your funds.