

HOUSE RESEARCH

Bill Summary

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Overview

Creates the Minnesota secure choice retirement savings plan.

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- 1** **Definitions.** Defines terms used in this act. Under these definitions, employees (including self-employed people) would be eligible to participate in the plan created in this act if they are not eligible to participate in a qualifying plan or arrangement (as defined in the Internal Revenue Code) or in an automatic enrollment payroll deduction IRA through the person's employer. Active members of Minnesota public pension plans would not be eligible to participate in the plan created in this act.
- 2** **Minnesota secure choice retirement savings plan.** Establishes the Minnesota secure choice retirement savings plan, and requires that the plan meet all requirements need to qualify for the favorable federal tax treatment that applies to IRA's under federal law.
- 3** **Minnesota secure choice retirement savings trust.** Requires that all plan assets be held in trust for the benefit of the plan participants. Creates a separate account in the state treasury to be invested by the State Board of Investment (SBI) or by third-party investment management under contract to the SBI.

Requires the SBI to establish the plan's investment requirements, including a written statement of investment policy, and to invest money in the trust under the prudent person rule. Specifies permissible investments, primarily by reference to the law governing other investments by the SBI. Authorizes the SBI and the Minnesota Secure Choice Retirement Savings Board (Retirement Savings Board) to contract to investment management and for administrative services. Authorizes the SBI and the Retirement Savings Board to establish

Section

fees to be imposed on participants to cover administrative and investment costs.

Provides that investment earnings and losses must be allocated to plan accounts. Provides that an individual's benefit under the program is the amount in the person's account. Provides that the state has no liability for payment of any benefit.

- 4** **Optional employer contributions.** Requires the Retirement Savings Board to evaluate and (if allowed under federal ERISA law) establish a separate trust fund to accept profit-sharing contributions from employers to individual accounts of their employees. Specifies conditions for these accounts.
- 5** **Minnesota Secure Choice Retirement Savings Board.** Establishes the Minnesota Secure Choice Retirement Savings Board to administer the secure choice retirement savings plan. Provides that the nine-member board consists of the Commissioner of Management and Budget, four members appointed by the governor, two non-legislators appointed by the Speaker of the House, and two non-legislators appointed by the majority leader of the Senate. Requires that of the governor appointments: one must have retirement savings or investment expertise, one must represent an eligible employer with between 5 and 50 eligible employees, and one must be an eligible employee. Provides for membership terms, compensation and removal of board members, and staggering of initial terms. Specifies the powers and duties of the board, relating to design and implementation of the plan. Provides that the board expires January 1, 2020.
- 6** **Information, data, and disclosure.** Requires that before opening the plan for enrollment, the board must prepare an employee information packet and a disclosure form to be distributed to eligible employers.

Provides that data on plan participants and individuals' plan account are not public data.
- 7** **Severability.** States that the parts of this act are severable.
- 8** **Report.** Requires the board to report by December 1, 2014, on 11 specified topics.
- 9** **Effective date.** Makes the act effective the day following final enactment.