

**SENATE
STATE OF MINNESOTA
NINETIETH SESSION**

S.F. No. 3254

(SENATE AUTHORS: ROSEN and Pappas)

DATE
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OFFICIAL STATUS
Introduction and first reading
Referred to State Government Finance and Policy and Elections
See SF2620, Art. 15, Sec. 8-12

1.1 A bill for an act
1.2 relating to retirement; Hennepin County supplemental retirement plan; expanding
1.3 investment authority; amending Minnesota Statutes 2016, sections 356.645;
1.4 383B.47; 383B.48; 383B.49; 383B.50.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2016, section 356.645, is amended to read:

1.7 **356.645 INVESTMENT OF VARIOUS DEFINED CONTRIBUTION PLAN**
1.8 **ASSETS.**

1.9 The State Board of Investment shall determine the investments to be made available to
1.10 plan participants in plans defined in sections 352.965 and, 352.98, and 383B.46 and chapters
1.11 352D and 353D. Investments made available to plan participants must include at least one
1.12 or more of the following:

1.13 (1) shares in the Minnesota supplemental investment fund established in section 11A.17;

1.14 (2) savings accounts in federally insured financial institutions;

1.15 (3) life insurance contracts, fixed annuity contracts, and variable annuity contracts from
1.16 companies that are subject to regulation by the commissioner of commerce;

1.17 (4) investment options from open-end investment companies registered under the federal
1.18 Investment Company Act of 1940, United States Code, title 15, sections 80a-1 to 80a-64;

1.19 (5) investment options from a firm that is a registered investment adviser under the
1.20 Investment Advisers Act of 1940, United States Code, title 15, sections 80b-1 to 80b-21;

1.21 and

2.1 (6) investment options of a bank as defined in United States Code, title 15, section 80b-2,
 2.2 subsection (a), paragraph (2), or a bank holding company as defined in the Bank Holding
 2.3 Company Act of 1956, United States Code, title 12, section 1841, subsection (a), paragraph
 2.4 (1).

2.5 Sec. 2. Minnesota Statutes 2016, section 383B.47, is amended to read:

2.6 **383B.47 INVESTMENT OF RETIREMENT MONEY FOR STATE**
 2.7 **SUPPLEMENTAL FUND SHARES.**

2.8 ~~With the~~ When moneys are deposited to the credit of the supplemental retirement account,
 2.9 the Minnesota State Retirement System shall ~~purchase shares on behalf of Hennepin County~~
 2.10 ~~in the accounts of the Minnesota supplemental investment fund~~ make available those
 2.11 investments chosen by the State Board of Investment under section 356.645 in the manner
 2.12 as provided in section 383B.48.

2.13 Sec. 3. Minnesota Statutes 2016, section 383B.48, is amended to read:

2.14 **383B.48 BUYING STATE SUPPLEMENTAL INVESTMENT FUND SHARES.**

2.15 (a) A participant in the Hennepin County supplemental retirement program shall indicate
 2.16 ~~the account of the Minnesota supplemental investment fund~~ investments, from those made
 2.17 available pursuant to section 383B.47, in which the participant wishes participant's salary
 2.18 deductions and county matching contributions attributable to salary deductions are to be
 2.19 invested for such time as allowed by the Minnesota State Retirement System. The Minnesota
 2.20 State Retirement System shall purchase with the salary deductions and county matching
 2.21 funds attributable to the salary deductions shares in the appropriate account of the Minnesota
 2.22 supplemental investment fund in accordance with the indicated preferences of the participant.
 2.23 ~~However,~~

2.24 (b) The county of Hennepin has the authority to determine which ~~accounts of the~~
 2.25 ~~Minnesota supplemental investment fund~~ investments made available pursuant to section
 2.26 383B.47 will be available for participant investment. The shares purchased must stand in
 2.27 the name of the county of Hennepin.

2.28 (c) A record must be kept by the Minnesota State Retirement System indicating the
 2.29 number of shares in each ~~account of the Minnesota supplemental investment fund~~ purchased
 2.30 with the salary deductions and county matching funds attributable to the salary deductions
 2.31 of each participant. The record must be known as the "participant's share account record."
 2.32 The participant's share account record must show, in addition to the number of shares in

3.1 the account, any cash balance of salary deductions or county matching funds attributable
3.2 to those deductions which stand uninvested in shares.

3.3 (d) At the option of the county of Hennepin, and subject to any terms and conditions
3.4 established and communicated in writing by the county to a participant, the participant may
3.5 designate no more often than once each month that prior salary deductions and county
3.6 matching contributions attributable to the salary deductions, together with any interest
3.7 earned, be reinvested in another ~~account of the Minnesota supplemental investment fund~~
3.8 made available ~~by the county of Hennepin~~ under this section.

3.9 Sec. 4. Minnesota Statutes 2016, section 383B.49, is amended to read:

3.10 **383B.49 SUPPLEMENTAL RETIREMENT BENEFITS; REDEMPTION OF**
3.11 **SHARES.**

3.12 When requested to do so, in writing, on forms provided by the Minnesota State Retirement
3.13 System, by a participant, surviving spouse, a guardian of a surviving child or a personal
3.14 representative, whichever is applicable, the Minnesota State Retirement System shall on
3.15 behalf of Hennepin County redeem shares in the ~~accounts of the Minnesota supplemental~~
3.16 ~~investment fund~~ investments standing in a participant's share account record under the
3.17 following circumstances and in accordance with the laws and regulations governing the
3.18 ~~Minnesota supplemental~~ applicable investment fund:

3.19 (1) A participant who is no longer employed by the county of Hennepin is entitled to
3.20 receive the cash realized on the redemption of the shares to the credit of the participant's
3.21 share account record of the person. The participant may request the redemption of all or a
3.22 portion of the shares in the participant's share account record of the person, but may not
3.23 request more than one redemption in any one calendar year. If only a portion of the shares
3.24 in the participant's share account record is requested to be redeemed the person may request
3.25 to redeem not less than 20 percent of the shares in any one calendar year and the redemption
3.26 must be completed in no more than five years. The person may select annual redemption
3.27 in a single lump sum or in monthly payments. An election is irrevocable except that a
3.28 participant may request an amendment of the election to redeem all of the person's remaining
3.29 shares. All requests under this paragraph are subject to application to and approval of the
3.30 Minnesota State Retirement System upon verification by Hennepin County through the
3.31 county administrator of the recipient's eligibility to redeem funds.

3.32 (2) In the event of the death of a participant leaving a surviving spouse, the surviving
3.33 spouse is entitled to receive the cash realized on the redemption of all or a portion of the
3.34 shares in the participant's share account record of the deceased spouse, but in no event may

4.1 the spouse request more than one redemption in each calendar year. If only a portion of the
4.2 shares in the participant's share account record is requested to be redeemed, the surviving
4.3 spouse may request the redemption of not less than 20 percent of the shares in any one
4.4 calendar year. The surviving spouse may elect annual redemption in a single lump-sum
4.5 payment or in monthly payments. Redemption must be completed in no more than five
4.6 years. An election is irrevocable except that the surviving spouse may request an amendment
4.7 of the election to redeem all of the participant's remaining shares. All requests under this
4.8 paragraph are subject to application to and approval of the Minnesota State Retirement
4.9 System upon verification by Hennepin County through the county administrator of the
4.10 recipient's eligibility to redeem funds. Upon the death of the surviving spouse, any shares
4.11 remaining in the participant's share account record must be redeemed on behalf of Hennepin
4.12 County by the Minnesota State Retirement System and the cash realized from the redemption
4.13 distributed to the estate of the surviving spouse.

4.14 (3) In the event of the death of a participant leaving no surviving spouse, but leaving a
4.15 minor surviving child or minor surviving children, the guardianship estate of the minor
4.16 child is, or the guardianship estates of the minor children are, entitled to receive the cash
4.17 realized on the redemption of all shares to the credit of the participant's share account record
4.18 of the deceased participant. In the event of minor surviving children, the cash realized must
4.19 be paid in equal shares to the guardianship estates of the minor surviving children.

4.20 (4) In the event of the death of a participant leaving no surviving spouse and no minor
4.21 surviving children, the estate of the deceased participant is entitled to receive the cash
4.22 realized on the redemption of all shares to the credit of the participant's share account record
4.23 of the deceased participant.

4.24 Sec. 5. Minnesota Statutes 2016, section 383B.50, is amended to read:

4.25 **383B.50 PROSPECTUS.**

4.26 The county of Hennepin shall distribute or otherwise make available to each participant
4.27 a prospectus ~~of the Minnesota supplemental investment fund when received from the fund~~
4.28 or other applicable information with respect to the investments authorized pursuant to
4.29 sections 383B.47 and 383B.48.

4.30 Sec. 6. **EFFECTIVE DATE.**

4.31 Sections 1 to 5 are effective the day following final enactment.