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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 1848

01/24/2012 Authored by Erickson
The bill was read for the first time and referred to the Committee on Education Reform

1.1 A bill for an act
1.2 relating to education; allowing school boards to determine the number and
1.3 identity of annuity contract vendors; amending Minnesota Statutes 2010, section
1.4 123B.02, subdivision 15.

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

1.6 Section 1. Minnesota Statutes 2010, section 123B.02, subdivision 15, is amended to
1.7 read:

1.8 Subd. 15. **Annuity contract; payroll allocation.** (a) At the request of an employee
1.9 and as part of the employee's compensation arrangement, the board may purchase an
1.10 individual annuity contract for an employee for retirement or other purposes and may
1.11 make payroll allocations in accordance with such arrangement for the purpose of paying
1.12 the entire premium due and to become due under such contract. The allocation must be
1.13 made in a manner which will qualify the annuity premiums, or a portion thereof, for
1.14 the benefit afforded under section 403(b) of the current Federal Internal Revenue Code
1.15 or any equivalent provision of subsequent federal income tax law. The employee shall
1.16 own such contract and the employee's rights under the contract shall be nonforfeitable
1.17 except for failure to pay premiums. Section 122A.40 shall not be applicable hereto and the
1.18 board shall have no liability thereunder because of its purchase of any individual annuity
1.19 contracts. This statute shall be applied in a nondiscriminatory manner to employees of
1.20 the school district. The school board of a school district shall determine the identity and
1.21 number of the available vendors under federal Internal Revenue Code, section 403(b) is a
1.22 term and condition of employment under section 179A.03.

1.23 (b) When considering vendors under paragraph (a), the school district ~~and the~~
1.24 ~~exclusive representative of the employees~~ shall consider all of the following:

2.1 (1) the vendor's ability to comply with all employer requirements imposed by
2.2 section 403(b) of the Internal Revenue Code of 1986 and its subsequent amendments,
2.3 other provisions of the Internal Revenue Code of 1986 that apply to section 403(b) of the
2.4 Internal Revenue Code, and any regulation adopted in relation to these laws;

2.5 (2) the vendor's experience in providing 403(b) plans;

2.6 (3) the vendor's potential effectiveness in providing client services attendant to
2.7 its plan and in relation to cost;

2.8 (4) the nature and extent of rights and benefits offered under the vendor's plan;

2.9 (5) the suitability of the rights and benefits offered under the vendor's plan;

2.10 (6) the vendor's ability to provide the rights and benefits offered under its plan; and

2.11 (7) the vendor's financial stability.

2.12 **EFFECTIVE DATE.** This section is effective July 1, 2012.