

CHAPTER 136

STATE UNIVERSITIES AND COMMUNITY COLLEGES

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**136.80 SUPPLEMENTAL RETIREMENT.**

Subdivision 1. A supplemental retirement plan for personnel employed by the state university board and the state board for community colleges who are in the unclassified service of the state commencing July 1 following the completion of the second year of their full time contract is hereby established and shall be governed pursuant to sections 136.81 to 136.85. Any unclassified employee who is employed by the state university board or the state board for community colleges in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act shall not be included in the supplemental retirement plan provided for in sections 136.81 to 136.85 from and after March 30, 1978 unless the unclassified employee has as of the later of March 30, 1978 or the date of employment sufficient service credit in the retirement fund providing primary retirement coverage to meet the minimum vesting requirements for a deferred retirement annuity, or the board agrees in writing to make the employer contribution required by section 136.81 on account of that unclassified employee from revenue sources other than funds provided under the federal comprehensive employment and training act, or the unclassified employee agrees in writing to make the employer contribution required by section 136.81 in addition to the member contribution.

*History: 1981 c 224 s 31*

**136.81 SALARY DEDUCTIONS, MATCHING FUNDS.**

Subdivision 1. There shall be deducted from the salary of each person described in section 136.80, subdivision 1, a sum equal to five percent of the portion of the person's annual salary paid between \$6,000 and \$15,000. The deduction is to be made in the same manner as other retirement deductions are made from the salary of the person only after the first \$6,000 has been paid in a fiscal year. The state shall make a contribution to the plan on behalf of every covered person in an amount equal to the deductions made from the salary of the person. The moneys so deducted and the state contribution shall be deposited to the credit of the state university and community college supplemental retirement plan account of the teachers retirement fund. The account is hereby established and shall be separate and distinct from other funds, accounts, or assets of the teachers retirement fund. The moneys required to meet the obligation of the state as provided in this subdivision shall be contributed to the executive director of the teachers retirement association by the state.

Any deductions which are taken from the salary of a person for the supplemental retirement plan in error shall upon discovery and verification be refunded to the person. The retirement board shall establish a reserve which shall reflect any gains or losses realized due to the purchase and redemption of shares representing salary deductions and state contributions which were made in error. The balance of the reserve shall be credited annually to the cancellation reserve established pursuant to section 136.82, subdivision 1, clause (5).

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If any payroll deductions which are required pursuant to this section are omitted, the deductions shall be remitted to the supplemental retirement plan investment account of the teachers retirement association within one year from the end of the fiscal year in which the deductions were due, and at the time of the receipt of the omitted deductions, the required state contribution shall then be made.

Subd. 2. With the moneys deposited to the credit of the supplemental retirement plan account of the teachers retirement fund pursuant to subdivision 1, the executive director of the teachers retirement fund shall on the first business day of each month purchase shares in the accounts of the Minnesota supplemental retirement fund to the extent of funds available. The moneys to be invested from time to time pursuant to this subdivision are appropriated to the executive director of the teachers retirement fund for the purchase of shares.

Subd. 3. Prior to July 1 of each year, each person described in section 136.80, subdivision 1, may indicate in writing, on forms provided by the executive director of the teachers retirement fund, the account of the Minnesota supplemental retirement investment fund in which salary deductions and state matching funds attributable to salary deductions be invested for the year beginning July 1. For that year and thereafter until a different written indication is made, the executive director of the teachers retirement fund shall purchase with the salary deductions and state matching funds attributable to the salary deductions shares in the account of the Minnesota supplemental retirement investment fund chosen by the person. If a person fails to indicate a choice as provided herein, the executive director of the teachers retirement fund shall purchase shares in the income account of the Minnesota supplemental retirement investment fund for the coming year. The shares so purchased shall stand in the name of the board of trustees of the teachers retirement fund, but a record shall be kept indicating the number of shares in each account of the Minnesota supplemental retirement investment fund purchased with the salary deductions and state matching funds attributable to the salary deductions of each person. The record shall be known as the "employee's share account record". The employee's share account record shall show, in addition to the number of shares therein, any cash balance of salary deductions or state matching funds attributable to those deductions which stands uninvested in shares.

**History:** 1981 c 224 s 32

## **136.82 REDEMPTION.**

Subdivision 1. The executive director of the teachers retirement fund shall redeem shares in the accounts of the Minnesota supplemental retirement investment fund standing in an employee's share account record under the following circumstances, but always in accordance with the laws and regulations governing the Minnesota supplemental retirement investment fund:

(1) When requested to do so in writing on forms provided by the executive director of the teachers retirement fund by a person having shares to the credit of the employee's share account record, if the person is 65 years of age or older and is no longer employed by the state university board or state board for community colleges. In such case the person shall receive the cash realized on the redemption of the shares. The person may direct the redemption of not more than 20 percent of the person's shares in the employee's share account record in any one year and may not direct more than one redemption in any one calendar month; provided, however, that the state university board in the case of a person employed by the state university board, and the state board for community colleges in the case of a

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person employed by the state board for community colleges, may, upon application, in their sole discretion, permit greater withdrawals in any one year.

(2) When requested to do so in writing on forms provided by the executive director of the teachers retirement fund by a person having shares to the credit of the employee's share account record, if the person has left employment by the state university board or state board for community colleges because of a total and permanent disability as defined in section 354.05, subdivision 14, and if the executive director of the teachers retirement fund finds that the person is totally and permanently disabled and will as a result be unable to return to similar employment, the person shall receive the cash realized on the redemption of the shares. The person may direct the redemption of not more than 20 percent of the shares in the employee's share account record in any one year and may not direct more than one redemption in any one calendar month; provided, however, that the state university board in the case of a person employed by the state university board, and the state board for community colleges in the case of a person employed by the state board for community colleges, may, upon application, in their sole discretion, permit greater withdrawals in any one year. If the person returns to good health, the person shall owe no restitution to the state or any fund created by its laws for a redemption directed pursuant to this paragraph.

(3) In the event of the death of a person having shares to the credit of the employee's share account record and leaving a surviving spouse, then when requested to do so in writing on forms provided by the executive director of the teachers retirement fund by the surviving spouse. The surviving spouse shall receive the cash realized on the redemption of the shares. The surviving spouse may direct the redemption of not more than 20 percent of the shares in the deceased spouse's employee's share account record in any one year and may not direct more than one redemption in any one calendar month; provided, however, that the state university board in the case of a person employed by the state university board, and the state board for community colleges in the case of a person employed by the state board for community colleges, may, upon application, in their sole discretion, permit greater withdrawals in any one year. In that case the surviving spouse shall receive the cash realized from the redemption of the shares. Upon the death of the surviving spouse any shares remaining in the employee's share account record shall be redeemed by the executive director of the teachers retirement fund and the cash realized therefrom distributed to the estate of the surviving spouse.

(4) In the event of the death of a person having shares to the credit of the employee's share account record and leaving no surviving spouse, then the executive director of the teachers retirement fund shall redeem all shares to the credit of the employee's share account record and pay the cash realized therefrom to the estate of the deceased person.

(5) When requested to do so in writing on forms provided by the executive director of the teachers retirement fund by a person having shares to the credit of the employee's share account record, if the person is no longer employed by the state university board or state board for community colleges, but does not qualify under the provisions of paragraphs (1) to (4). In that case one-half of the cash realized on the redemption of shares shall be received by the person and one-half shall become the property of the supplemental retirement plan account of the teachers retirement fund. Annually on July 1 the cancellations of the previous 12 months shall be prorated among the employees share accounts in proportion to the value which each account bears to the total value of all share accounts.

Subd. 2. A person who has shares to the credit of the employee's share account record, who is 55 years of age or older and who is authorized to request redemption of shares pursuant to subdivision 1, paragraph (1) notwithstanding the age 65 requirement or who is authorized to request redemption of shares pursuant to subdivision 1, paragraph (2), or a surviving spouse of the person who is authorized to request redemption of shares pursuant to subdivision 1, paragraph (3), may redeem all or part of the shares, and for the purpose of purchasing an annuity as herein provided may deposit the cash realized upon redemption with the executive director of the teachers retirement fund and receive in exchange therefor an annuity for life or an optional annuity as hereinafter provided. The election to purchase an annuity may be made only once by any individual. In the event the election is made prior to the date on which the person is entitled to request redemption, the redemption shall not be made prior to date upon which the person would be entitled thereto. The annuity purchase rates shall be based on an appropriate annuity table of mortality with interest as provided in section 354.07, subdivision 1. The amount of the annuity for life shall be an amount equal to the annuity which could be purchased with the cash realized on the redemption of the shares as of the first day of the month next following the date of the election to purchase an annuity. The board of trustees of the teachers retirement fund shall establish an optional joint and survivor annuity, an optional annuity payable for a period certain and for life thereafter, and an optional guaranteed refund annuity paying the annuitant a fixed amount for life with the guarantee that in the event of death the balance of the cash realized from the redemption of shares is payable to the designated beneficiary. The optional forms of annuity shall be actuarially equivalent to the single life annuity as defined in section 354.05, subdivision 7. In establishing these optional forms the board of trustees shall obtain the written recommendation of an approved actuary as defined in section 354.05, subdivision 10, and these recommendations shall be a part of the permanent records of the board of trustees.

Subd. 3. The cash realized from the redemption of shares from time to time as provided in subdivisions 1 and 2 is hereby appropriated to the executive director of the teachers retirement fund for payment as provided in subdivisions 1 and 2.

Subd. 4. A person who is authorized to request a redemption of a portion of shares may, in writing on forms provided by the executive director, authorize one or more shares to be redeemed per month on a continuing basis so that requests need not be submitted each month, and the person may change the continuing order for any subsequent month by similar written request.

**History:** 1981 c 224 s 33

### **136.83 PROSPECTUS.**

The executive director of the teachers retirement fund shall distribute to each person having shares to the credit of his employee's share account record a prospectus of the Minnesota supplemental retirement investment fund when received from the latter fund.

**History:** 1981 c 224 s 34

### **136.85 BUDGET.**

Each biennium the board of trustees of the teachers retirement fund shall submit to the commissioner of finance a proposed budget for the administration of this supplemental retirement plan for the coming biennium, and the budget, with

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any recommendation in connection with it as the governor may make, shall be submitted to the legislature.

**History:** 1981 c 224 s 35

**136.86** [Repealed, 1981 c 224 s 276]

## **136.87 TAX SHELTER PROVISIONS.**

Subdivision 1. For the purpose of, and to permit the participation in the tax shelter provisions of section 501(c) and section 403(b) and related provisions of the internal revenue code, the state university board and the board for community colleges are authorized to enter into agreements to reduce or adjust salaries downward for persons defined in section 136.80, subdivision 1, and to pay as employer an amount equivalent to the salary reduction in the same manner as deductions would have been paid by the person pursuant to section 136.81, subdivision 1.

Subd. 2. Subject to the approval of the board of trustees, the executive director is authorized to establish rules and regulations and procedures consistent with sections 136.80 to 136.87, which permit, if possible, the participation in the tax shelter provisions of the federal internal revenue code.

**History:** 1981 c 224 s 36,37