

CHAPTER 354B

INDIVIDUAL RETIREMENT ACCOUNT PLAN

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354B.01 DEFINITIONS.

Subdivision 1. **Plan.** "Plan" means the individual retirement account plan established by sections 354B.01 to 354B.04.

Subd. 2. **Covered employment; state universities.** "Covered employment," with respect to employment by the state university system, means employment in a position included in the definition of teacher under section 354.05, subdivision 2, other than that of an administrator covered by or eligible for coverage in the Minnesota state retirement system unclassified employees retirement plan. "Covered employment" does not include employment when the initial appointment is defined as less than 25 percent of a full academic year, exclusive of summer session.

Subd. 3. **Covered employment; community colleges.** "Covered employment," with respect to employment by the community college system, means employment in a position included in the definition of teacher under section 354.05, subdivision 2. "Covered employment" does not include employment when the initial appointment is defined as less than 25 percent of a full academic year, exclusive of summer session.

History: 1988 c 709 art 11 s 2; 1990 c 570 art 3 s 5,6

354B.015 SOCIAL SECURITY COVERAGE.

Plan participants under section 354B.02, subdivision 1, and persons electing participation under section 354B.02, subdivision 2 or 3, remain members of the teachers retirement association for purposes of social security coverage only and remain covered by the applicable agreement entered into under section 355.02, but are not members of the association for any other purpose while employed in covered employment.

History: 1989 c 319 art 18 s 4

354B.02 COVERED PERSONS.

Subdivision 1. **Plan participants.** Except as provided in subdivision 2, a person who was first employed in covered employment after June 30, 1989, shall participate in the plan.

Subd. 2. **Persons with certain prior allowable service.** A person with less than three years of prior allowable service as a member of the teachers retirement association other than in covered employment under section 354B.01, subdivision 2 or 3, and who is first employed in covered employment after June 30, 1989, remains a member of the teacher's retirement association for all purposes, but a coordinated member may elect to participate in the plan. This election to participate in the plan must be made within 60 days of the start of covered employment.

Subd. 3. **Optional participation.** A person with less than three years of allowable service who was first employed in covered employment before July 1, 1989, and who is a coordinated member of the teachers retirement association, may elect to transfer retirement coverage to the plan under section 354B.03. The election must be made on a form provided by the executive director. An election to transfer retirement coverage to the plan must be made before July 1, 1992, and is irrevocable. When a member transfers coverage to the plan, all existing service credits with the association to which the person was entitled before the transfer terminate and may not be restored.

Subd. 4. **Purchase of prior service credit.** A person who is initially excluded from participation, but is subsequently appointed to a position that qualifies for participa-

tion, may purchase credit for the prior uncovered employment. This purchase must be made by paying to the employer the amount the person would have paid if the prior service had been covered employment. This payment must be made within 45 days of the start of covered employment. The employer must contribute an amount to match any contribution made by an employee under this subdivision. Contributions for prior service must be invested under this section. Once a person is employed in a position that qualifies for participation, all subsequent employment by the person is under the provisions of this plan.

History: 1988 c 709 art 11 s 3; 1989 c 319 art 18 s 5; 1990 c 570 art 3 s 7; art 12 s 52,53

354B.03 COVERAGE TRANSFER.

Subdivision 1. Transfer. If a person with less than three years of allowable service elects a transfer to the plan under section 354B.02, subdivision 2 or 3, the executive director of the teachers retirement association shall transfer from the teachers retirement fund to the plan the person's member contributions plus interest compounded annually at six percent a year. The transfer must be made within 90 days from the date the executive director receives notification of the election. The transfer may not include any amount representing an employer contribution.

Subd. 2. Limitations. A transfer to the plan under this section is a transfer to the financial institution selected by a plan administrator to provide annuity contracts or custodial accounts and must be made through the governing board of the system in which the person electing the transfer is employed in covered employment. No amount may be distributed to the person electing the transfer.

Subd. 3. Election. A person with three or more years of allowable service credit who was first employed in covered employment before July 1, 1989, or after June 30, 1989, as provided in section 354B.02, subdivision 2, may elect coverage by the plan before July 1, 1992. If coverage is elected, accumulated employer and employee contributions and allowable service credit must remain with the teachers retirement fund and that person is eligible for a deferred annuity from that fund augmented with interest at the rate of five percent computed as specified in section 354.55, subdivision 11. Future contributions only shall be made to the plan. An election made under this subdivision is irrevocable.

History: 1989 c 319 art 18 s 6; 1990 c 570 art 3 s 8; art 12 s 54,55

NOTE: This section is repealed October 1, 1992. See Laws 1989, chapter 319, article 18, section 12.

354B.04 CONTRIBUTIONS.

Subdivision 1. Member contributions. Persons in covered employment who participate in the plan shall make a member contribution in an amount equal to the amount prescribed by section 354.42, subdivision 2. The contribution must be made by payroll deduction each pay period.

Subd. 2. Employer contributions. The employer of persons in covered employment who participate in the plan shall make an employer contribution to the plan in an amount equal to the amount prescribed by section 354.42, subdivision 3, and shall continue to make an additional employer contribution to the teachers retirement association in an amount equal to the amount prescribed by section 354.42, subdivision 5.

Subd. 3. Manner of employer contributions. The employer of persons in covered employment shall make employer contributions from any available revenue sources. The employer contribution must be made each pay period.

History: 1988 c 709 art 11 s 4; 1989 c 319 art 18 s 7

354B.05 ADMINISTRATION.

Subdivision 1. Governing boards. The state university board shall administer the plan for persons in covered employment under section 354B.01, subdivision 2. The community college board shall administer the plan for persons in covered employment under section 354B.01, subdivision 3.

Subd. 2. Purchase of contracts. The state university board and the community college board shall arrange for the purchase of annuity contracts, fixed, variable, or a combination of fixed and variable, or custodial accounts to provide retirement and death benefits to members of the plan. The contracts or accounts must be purchased with contributions under section 354B.04 or money or assets otherwise provided by law or by authority of the state university board or community college board and acceptable by the financial institutions from which the contracts or accounts are purchased.

Subd. 3. Selection of financial institutions. The supplemental investment fund administered by the state board of investment is one of the investment options for the plan. The state university board and the community college board shall select no more than two other financial institutions to provide annuity contracts or custodial accounts. Each board may at its discretion change a selection of an institution. Investment programs offered by the institutions must meet the requirements of section 401(a) or 403(b) of the Internal Revenue Code of 1986, as amended. In making their selections, the boards shall consider these criteria:

- (1) the experience and ability of the financial institution to provide retirement and death benefits suited to the needs of the covered employees;
- (2) the relationship of the benefits to their cost; and
- (3) the financial strength and stability of the institution.

The chancellor of the state university system and the chancellor of the state community college system shall redeem all shares in the accounts of the Minnesota supplemental investment fund held on behalf of personnel in the supplemental plan who elect an investment option other than the supplemental investment fund, except that shares in the guaranteed return account must not be redeemed until the expiration dates for the guaranteed investment contracts. The chancellors shall transfer the cash realized to the financial institutions selected by the state university board and the community college board under section 354B.05.

Subd. 4. Benefits owned by members. The retirement and death benefits provided by the annuity contracts or custodial accounts are owned by the trust and must be paid in accordance with the provisions of the plan document.

History: 1988 c 709 art 11 s 5; 1989 c 209 art 2 s 1; 1989 c 319 art 18 s 8,9; 1990 c 570 art 3 s 9

NOTE: Subdivision 3, as amended by Laws 1990, chapter 570, article 3, section 9, is effective July 1, 1991. See Laws 1990, chapter 570, article 3, section 13.