

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. 1a. **Supplemental plan.** "Supplemental plan" means the supplemental retirement plan established in sections 354B.07 to 354B.09.

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. "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.

Subd. 4. **Covered employment; technical college managerial employees.** "Covered employment," with respect to employment by the state board of technical colleges, means employment in a position described in section 352D.02, subdivision 1, paragraph (b), clause (13).

Subd. 5. **Covered employment; higher education coordinating board managerial employees.** "Covered employment," with respect to employment by the higher education coordinating board, means employment in a position described in section 352D.02, subdivision 1, paragraph (b), clause (6).

History: 1988 c 709 art 11 s 2; 1990 c 570 art 3 s 5,6; 1991 c 269 art 4 s 1; 1992 c 446 s 6-8

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 or the state unclassified employees retirement program, whichever applies, 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 teachers retirement association or the state unclassified employees retirement program for any other purpose while employed in covered employment.

History: 1989 c 319 art 18 s 4; 1992 c 446 s 9

354B.02 COVERED PERSONS.

Subdivision 1. **Plan participants.** (a) Except as provided in subdivision 2, or unless the person has elected retirement coverage under section 352D.02, subdivision 1a, a person who was first employed in covered employment under section 354B.01, subdivision 2 or 3, after June 30, 1989, shall participate in the plan.

(b) Except as provided in subdivision 2, or unless the person has elected retirement coverage under section 352D.02, subdivision 1, paragraph (b), clause (6) or (13), a person who was first employed in covered employment after July 1, 1992, shall participate in the plan.

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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. 3a. Unclassified state university system employees. State university system employees who would otherwise be covered by section 352D.02, subdivision 1a, may elect coverage under the plan governed by this chapter. Election to participate in the plan must be made within 120 days of July 1, 1992, or the start of covered employment, whichever is later. Employees in covered employment on July 1, 1992, who would otherwise be covered by this section, but are already participating in the teachers retirement association governed by chapter 354 or the general state employees retirement plan governed by chapter 352, shall remain in the applicable plan unless an election is made to transfer to the plan governed by this chapter. The election must be made within 120 days of eligibility under the state unclassified employees retirement program governed by chapter 352D. An election to participate in the unclassified program or this plan is irrevocable during any period of service that would have been covered under chapter 352D or this chapter. This election must be made in the form prescribed in section 352D.12.

Subd. 3b. Technical college or higher education coordinating board employees. Employees in covered employment under section 354B.01, subdivision 4 or 5, may elect coverage under the plan. Election to participate in the plan must be made within 120 days of July 1, 1992, or the start of covered employment, whichever is later, and is irrevocable during any period of covered employment in a position listed in section 352D.02, subdivision 1, paragraph (b), clause (6) or (13), which is established by the state board of technical colleges. These employees are not eligible for the supplemental retirement plan specified in sections 354B.07 to 354B.09.

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 participation, 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, or by the end of the fiscal year in which covered employment commences, whichever is later. Employee payments may be made in a lump sum or by payroll deduction, as the employee elects. 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; 1992 c 446 s 10-13

354B.03 [Repealed, Laws 1989 c 319 art 18 s 12]

354B.04 CONTRIBUTIONS.

Subdivision 1. Member contributions. (a) Persons in covered employment who

would otherwise be eligible to participate in the teachers retirement association, but who participate in the plan, shall make a member contribution in an amount equal to the amount prescribed by section 354.42, subdivision 2.

(b) Persons in covered employment who would otherwise be eligible to participate in the state unclassified employees retirement program, but who participate in the plan, shall make a member contribution in an amount equal to the member contribution amount prescribed in section 352D.04, subdivision 2, paragraph (a).

(c) The contribution must be made by payroll deduction each pay period.

Subd. 2. Employer contributions. (a) The employer of persons described in subdivision 1, paragraph (a), shall make an employer contribution to the plan in an amount equal to the amount prescribed by section 354.42, subdivision 3.

(b) The employer of persons described in subdivision 1, paragraph (b), shall make an employer contribution to the plan in an amount equal to the amount prescribed by section 352D.04, subdivision 2.

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; 1991 c 340 s 30; 1991 c 341 s 42; 1992 c 446 s 15,16

354B.05 ADMINISTRATION.

Subdivision 1. Governing boards. The state university board shall administer the plan for persons in covered employment under section 354B.01, subdivisions 2, 4, and 5. 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 fixed interest 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; 1992 c 446 s 17; 1992 c 539 s 15

354B.06 RULES.

The state university system and the community college system may adopt rules to administer the provisions of sections 354B.07 to 354B.09. The systems may deposit member contributions in a nontreasury account established under chapter 136, an account or accounts established under section 11A.17, or other appropriate accounts of the state board of investment for investment under procedures established by the state board of investment.

History: 1991 c 269 art 4 s 2

354B.07 SUPPLEMENTAL RETIREMENT PLAN.

Subdivision 1. Establishment. The 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 governed by this section. An unclassified employee 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 is not included in the supplemental retirement plan provided for in this section 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 this section 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 this section in addition to the member contribution.

Subd. 2. Redemptions. 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 fixed interest account may 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.

History: 1991 c 269 art 4 s 3; 1992 c 539 s 16

354B.08 SALARY DEDUCTIONS, MATCHING FUNDS.

Subdivision 1. Deductions. The state university board and the state board for community colleges shall deduct from the salary of each person described in section 354B.07 a sum equal to five percent of the person's annual salary paid between \$6,000 and \$15,000. The deduction must be made in the same manner as other retirement deductions are made from the salary of the person. The employer 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. If an agreement is made under section 356.24 for additional employer contributions, an amount equal to the additional employer contribution must be deducted from the person's annual salary above \$15,000 as specified in this subdivision. Two percent of the amount of the salary deductions and employer contributions may be used by the state university board and the state board for community colleges for payment of necessary and reasonable administrative expenses.

Subd. 2. Administration. The chancellor of the state university system and the chancellor of the state community college system shall administer the supplemental retirement plan for their employees. The chancellors shall invest contributions made under this section, less amounts used for administrative expenses, as authorized by law. The retirement contributions and death benefits provided by annuity contracts or custodial accounts purchased by the chancellors are owned by the plan and must be paid in accordance with the annuity contracts or custodial accounts.

History: 1991 c 269 art 4 s 4

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354B.09 TAX SHELTER PROVISIONS.

Subdivision 1. **Agreements; adjustments.** For the purpose of, and to permit the participation in a tax shelter under provisions of sections 501(c) and 403(b) and related provisions of the Internal Revenue Code, the state university board and the board for community colleges may enter into agreements to reduce or adjust salaries downward for persons defined in section 354B.07, 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 under section 354B.08, subdivision 1.

Subd. 2. **Rules.** Subject to the approval of their governing boards, the chancellors of the state university system and community college system may adopt rules and procedures consistent with sections 354B.07 to 354B.09 which permit, if possible, participation in a tax shelter under provisions of the Internal Revenue Code.

History: 1991 c 269 art 4 s 5