

**SENATE  
STATE OF MINNESOTA  
NINETY-THIRD SESSION**

**S.F. No. 3016**

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DATE  
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Introduction and first reading  
Referred to State and Local Government and Veterans

OFFICIAL STATUS

1.1 A bill for an act  
1.2 relating to retirement; authorizing eligible employees of Minnesota State Colleges  
1.3 and Universities who are members of the higher education individual retirement  
1.4 account plan to elect coverage by the Teachers Retirement Association and receive  
1.5 retroactive service credit; proposing coding for new law in Minnesota Statutes,  
1.6 chapter 354B.

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

1.8 Section 1. **[354B.215] TEACHERS RETIREMENT ASSOCIATION COVERAGE**  
1.9 **FOR EMPLOYEES WHO DID NOT RECEIVE ELECTION TO TRANSFER.**

1.10 Subdivision 1. **Definitions.** (a) For purposes of this section, the terms defined in this  
1.11 subdivision have the meanings given them, unless the context clearly indicates another  
1.12 meaning is intended.

1.13 (b) "Association" means the Teachers Retirement Association.

1.14 (c) "Board of trustees" means the governing board of Minnesota State.

1.15 (d) "Executive director" means the executive director of the association.

1.16 (e) "Plan" means the higher education individual retirement account plan under chapter  
1.17 354B.

1.18 (f) "Minnesota State" means the Minnesota State Colleges and Universities.

1.19 Subd. 2. **Authority to transfer coverage.** Notwithstanding any provision of law to the  
1.20 contrary, an eligible person described in subdivision 3 is authorized to become a member  
1.21 of the association and receive credit for past service and salary upon making an election

2.1 under subdivision 4 and making the required contribution and paying the administrative  
2.2 fee, if any, under subdivision 5.

2.3 Subd. 3. **Eligible person.** (a) An eligible person is a person who:

2.4 (1) is or was employed by Minnesota State or a community college, technical college,  
2.5 or Tribal college before consolidation into Minnesota State;

2.6 (2) has an account in the plan;

2.7 (3) if first employed by Minnesota State on or after July 1, 1994, had the right to elect  
2.8 to transfer coverage from the plan to the association under section 354B.211, subdivision  
2.9 4 or 6, or its predecessor; and

2.10 (4) satisfies paragraph (b).

2.11 (b) A person satisfies this paragraph if the person:

2.12 (1) was first employed by Minnesota State before July 1, 2011, and did not elect to  
2.13 transfer coverage from the plan to the association; or

2.14 (2) did not receive the notice required under section 354B.211, subdivision 5; or

2.15 (3) elected to transfer coverage to the association on an election form signed by the  
2.16 person, but the transfer did not occur.

2.17 (c) A person must be considered to have received the notice required under section  
2.18 354B.211, subdivision 5, if Minnesota State has a receipt, signed by the person, or other  
2.19 documentation showing that the person has received the retirement plan election form.

2.20 Subd. 4. **Eligible person application; information required from Minnesota State.** (a)

2.21 To elect coverage by the association, an eligible person must submit a written application  
2.22 to the chair of the board of trustees on a form provided by Minnesota State. The application  
2.23 must include the date or dates as of which the eligible person had the right to elect to transfer  
2.24 coverage from the plan to the association under section 354B.211, subdivision 4 or 6; the  
2.25 dates of employment with Minnesota State; and any other relevant information that Minnesota  
2.26 State may require.

2.27 (b) Within 60 days after receipt of the application under paragraph (a), Minnesota State  
2.28 must determine whether the person is an eligible person under subdivision 3 and, if the  
2.29 person is an eligible person, the chair of the board of trustees must forward to the executive  
2.30 director:

2.31 (1) the application;

3.1 (2) confirmation or modification of the information provided by the eligible person in  
3.2 the application;

3.3 (3) salary information;

3.4 (4) confirmation that Minnesota State does not have documentation indicating that the  
3.5 person received notice as described under subdivision 3, or confirmation that the person's  
3.6 previous election to transfer coverage was not implemented; and

3.7 (5) any other relevant information.

3.8 Subd. 5. **Employee contribution required.** (a) Upon receipt of the application and  
3.9 information under subdivision 4, the executive director must determine the amount to be  
3.10 contributed under paragraph (b) and any administrative fee under paragraph (c) and notify  
3.11 the eligible person of the amounts required and options for making the payments.

3.12 (b) The employee contribution amount is equal to the excess, if any, of the employee  
3.13 contributions that the eligible person would have made if covered by the association for the  
3.14 period of past service and salary for which credit is to be granted under subdivision 6 over  
3.15 the employee contributions that the eligible person made to the plan for the same period of  
3.16 past service and salary.

3.17 (c) The executive director may pass on the costs of calculating the payment amount  
3.18 required under subdivision 8 to the eligible person as an administrative fee, not to exceed  
3.19 \$500 per calculation.

3.20 (d) If, upon receipt of the notice regarding the amounts determined under paragraphs  
3.21 (b) and (c), the eligible employee desires to complete the process of transferring coverage  
3.22 to the association, the eligible person must make the contribution and pay the administrative  
3.23 fee, if any, within 60 days after receipt of the notice.

3.24 Subd. 6. **Commencement of membership in the association.** (a) Membership in the  
3.25 association commences after the date the executive director receives the application and  
3.26 information under subdivision 4 and the contribution and administrative fee, if any, required  
3.27 under subdivision 5. Upon membership commencement, the executive director must grant  
3.28 past service and salary credit for employment with Minnesota State from the first day of  
3.29 commencing employment as an eligible person under section 354B.211, subdivision 1.

3.30 (b) Salary and service credit granted under paragraph (a) must be attributable only to  
3.31 periods of employment and salary from which employee contributions were made by the  
3.32 eligible person to the plan.

4.1 (c) The employment commencement date or tenure date, as applicable, must be used  
4.2 solely for the purpose of granting past service and salary credit in computing the eligible  
4.3 person's annuity under section 354.44 and must not be used to entitle the eligible person to  
4.4 retirement under section 354.44, subdivision 6, paragraph (c), clause (3).

4.5 Subd. 7. **Transfer of plan account.** If payment is made under subdivision 5, the value  
4.6 of the eligible person's account in the plan must be transferred to the association.

4.7 Subd. 8. **Payment by Minnesota State.** (a) Upon receipt of the amount transferred under  
4.8 subdivision 7, the executive director must determine the amount, if any, that Minnesota  
4.9 State must pay to the association.

4.10 (b) The amount required to be paid by Minnesota State is equal to:

4.11 (1) the amount that would be required under section 356.551, if the past service and  
4.12 salary credit to be granted under subdivision 5 were a purchase of prior service credit under  
4.13 section 356.551; minus

4.14 (2) the amounts received under subdivisions 5 and 7.

4.15 (c) If the amount calculated under paragraph (b) exceeds zero, the board of trustees must  
4.16 transmit that amount to the executive director within 60 days following the receipt of the  
4.17 amount transferred under subdivision 7.

4.18 Subd. 9. **Plan account must be intact.** An eligible person may elect coverage by the  
4.19 association under subdivision 4 during or after the eligible person's employment with  
4.20 Minnesota State, as long as the eligible person has not withdrawn or taken a distribution or  
4.21 rollover distribution of all or any portion of the eligible person's account in the plan.

4.22 Subd. 10. **Annual notice to employees.** Minnesota State must annually provide notice  
4.23 to all employees summarizing section 354B.215 and offering assistance to any employee  
4.24 who wishes to elect to transfer coverage from the plan to the association. Minnesota State  
4.25 must designate personnel at each Minnesota State facility responsible for assisting employees  
4.26 with the requirements of section 354B.215, including assistance with completing an  
4.27 application under section 354B.215. The annual notice must identify these personnel and  
4.28 provide their contact information.

4.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.