

This Document can be made available in alternative formats upon request

State of Minnesota  
HOUSE OF REPRESENTATIVES  
NINETIETH SESSION

H. F. No. 3145

02/26/2018 Authored by Newberger  
The bill was read for the first time and referred to the Committee on Government Operations and Elections Policy

1.1 A bill for an act  
1.2 relating to retirement; Public Employees Retirement Association; public employees  
1.3 defined contribution plan; permitting distributions while employed; clarifying  
1.4 provisions; amending Minnesota Statutes 2016, section 353D.07.

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

1.6 Section 1. Minnesota Statutes 2016, section 353D.07, is amended to read:

1.7 **353D.07 BENEFITS.**

1.8 Subdivision 1. **Type of plan; uniformity.** (a) The plan is a defined contribution plan  
1.9 ~~the benefits from which are payable upon termination of service, retirement, disability, or~~  
1.10 ~~death. The amount of benefits is determined by the value of accumulated.~~ A participant's  
1.11 benefit is equal to the value of the individual account established for the participant under  
1.12 section 353D.04, taking into account all contributions credited to the account plus a  
1.13 proportionate share of investment income of the fund credited to each individual the account.

1.14 (b) In the case of ambulance service personnel, eligibility standards must be uniform  
1.15 among all ambulance service personnel of an ambulance service electing to participate.

1.16 Subd. 2. **Payment of benefits.** ~~Withdrawal of a benefit based on individual participant~~  
1.17 ~~contributions and employer contributions plus accrued investment income is payable upon~~  
1.18 ~~the death or termination of a participant but not at the time an individual revokes membership~~  
1.19 ~~in the defined contribution plan under section 353D.02. An application by or on behalf of~~  
1.20 ~~the participant must be filed before any payment of benefits may be made.~~ (a) A participant  
1.21 is entitled to receive a distribution of the participant's benefit after termination of service  
1.22 for any reason, disability, death, or on or after attaining age 65 if still employed by a public  
1.23 employer.

2.1 (b) Unless the distribution is required under section 353D.071, no distribution shall be  
 2.2 made unless the participant has submitted an application requesting a distribution; a direct  
 2.3 rollover; a transfer as permitted under subdivision 3, paragraph (b); or installments as  
 2.4 permitted under subdivision 4. If the distribution is an eligible rollover distribution as defined  
 2.5 in section 356.635, subdivision 4, the executive director shall provide notice to the participant  
 2.6 or beneficiary, as applicable, of the right to elect a direct rollover.

2.7 Subd. 3. **Form of benefit.** ~~A retirement~~ (a) Except as provided in subdivision 4 or 6,  
 2.8 distribution of a participant's benefit is payable shall be available in the form of a lump sum  
 2.9 equal to the value of a the participant's account at the date of withdrawal. As an alternative  
 2.10 to a lump-sum distribution, the participant may choose to have the association transfer the  
 2.11 total account value distribution.

2.12 (b) The participant may elect to (1) receive the lump sum directly, (2) have the lump  
 2.13 sum distributed in a direct rollover as described in section 356.635, subdivision 3, or (3)  
 2.14 have the lump sum transferred for the purchase of an annuity payable at a designated age  
 2.15 to an insurance company of the participant's choice that is licensed to do business in the  
 2.16 state.

2.17 Subd. 4. **Disability of participant.** ~~If an active~~ a participant becomes permanently and  
 2.18 totally disabled as defined in section 353.01, subdivision 19, that the participant may  
 2.19 ~~withdraw from the~~ elect distribution of the participant's benefit in a lump sum equal to the  
 2.20 value of the participant's account or in equal monthly installments in an amount, designated  
 2.21 by the participant in increments of \$100 but not to exceed ten times the joint employer and  
 2.22 employee contribution for the month preceding disability. The option must be exercised by  
 2.23 filing an application on a form prescribed by the executive director. Payments may begin  
 2.24 ~~on~~ as early as the first day of the month following the month in which the disability occurred  
 2.25 or on a later date if elected by the participant. Payments end when the participant's disabled  
 2.26 status ends or the account balance is exhausted, whichever occurs first.

2.27 Subd. 5. **Death of a participant.** ~~If an active~~ a participant dies while employed or before  
 2.28 the participant's account is distributed in its entirety, the total value of the account must be  
 2.29 paid in a lump sum to the designated beneficiary or, if none, the heirs at law of the decedent.  
 2.30 If the distribution is an eligible rollover distribution as defined in section 356.635, subdivision  
 2.31 4, the executive director shall provide an election form and notice of the right to elect a  
 2.32 direct rollover.

2.33 Subd. 6. **Distributions while employed.** If a participant is employed by a public employer  
 2.34 and is at least age 65, the participant may elect a distribution of all or a portion of the

3.1 participant's account, subject to the application and notice requirements in subdivision 2,  
3.2 paragraph (b). The participant may elect a distribution under this subdivision no more  
3.3 frequently than once each calendar year. The minimum amount of a distribution under this  
3.4 subdivision is \$5,000.

3.5 **EFFECTIVE DATE.** This section is effective July 1, 2018.