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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 4694

03/25/2026 Authored by O'Driscoll The bill was read for the first time and referred to the Committee on State Government Finance and Policy

1.1 A bill for an act
1.2 relating to retirement; modifying certain deferred compensation plan requirements;
1.3 amending Minnesota Statutes 2024, section 356.24, subdivision 3.

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

1.5 Section 1. Minnesota Statutes 2024, section 356.24, subdivision 3, is amended to read:

1.6 Subd. 3. Deferred compensation plan. (a) As used in this section:

1.7 (1) "deferred compensation plan" means a plan that satisfies the requirements of this
1.8 subdivision;

1.9 (2) "plan administrator" means the individual or entity defined as the plan administrator
1.10 in the plan document for the Minnesota deferred compensation plan under section 352.965
1.11 or a deferred compensation plan under section 457(b) of the Internal Revenue Code; and

1.12 (3) "vendor" means the provider of an annuity contract, custodial account, or retirement
1.13 income account under a tax-sheltered annuity plan under section 403(b) of the Internal
1.14 Revenue Code.

1.15 (b) The plan is:

1.16 (1) the Minnesota deferred compensation plan under section 352.965;

1.17 (2) a tax-sheltered annuity plan under section 403(b) of the Internal Revenue Code; or

1.18 (3) a deferred compensation plan under section 457(b) of the Internal Revenue Code.

1.19 (c) For each investment fund available to participants under the plan, other than in a
1.20 self-directed brokerage account or fixed annuity contract, the plan administrator or vendor
1.21 discloses at least annually to participants a statement that sets forth (1) all fees, including

2.1 administrative, maintenance, and investment fees, that impact the rate of return on each
2.2 investment fund available under the plan, and (2) the rates of return for the prior one-, five-,
2.3 and ten-year periods or for the life of the fund, if shorter, in an easily understandable
2.4 document. ~~The plan administrator or vendor must file a copy of this statement annually with~~
2.5 ~~the executive director of the Legislative Commission on Pensions and Retirement.~~

2.6 (d) Enrollment in the plan is provided for in:

2.7 (1) a personnel policy of the public employer;

2.8 (2) a collective bargaining agreement between the public employer and the exclusive
2.9 representative of public employees in an appropriate unit; or

2.10 (3) an individual employment contract (i) between a city and a city manager or other
2.11 management employee, or (ii) between a school district and a superintendent or other
2.12 management employee.

2.13 (e) The plan covers employees of a school district, state agency, or other governmental
2.14 subdivision. The plan may cover city managers covered by an alternative retirement
2.15 arrangement under section 353.028, subdivision 3, paragraph (a) or (b), but must not cover
2.16 employees of the Board of Trustees of Minnesota State Colleges and Universities who are
2.17 covered by the Higher Education Supplemental Retirement Plan under chapter 354C.

2.18 (f) If the public employer makes matching contributions to the plan, the matching
2.19 contributions must match, on a dollar for dollar basis, employee elective deferral contributions
2.20 not to exceed the lesser of (1) the maximum authorized under the policy described in
2.21 paragraph (d) that provides for enrollment in the plan or program, or (2) one-half of the
2.22 annual limit on elective deferrals under section 402(g) of the Internal Revenue Code. In
2.23 lieu of or in addition to matching an employee's elective deferral contributions, the public
2.24 employer may make employer matching contributions on behalf of an employee on account
2.25 of qualified student loan payments, as defined in the Secure 2.0 Act of 2022, Public Law
2.26 117-328 (December 29, 2022), Division T, section 110, paragraph (b), and any regulations
2.27 adopted thereunder. The employer matching contributions on account of an employee's
2.28 qualified student loan payments plus any employer matching contributions that match an
2.29 employee's elective deferral contributions must not exceed, for the year, the lesser of (1)
2.30 the maximum authorized under the policy described in paragraph (d) that provides for
2.31 enrollment in the plan or program, (2) one-half of the annual limit on elective deferrals
2.32 under section 402(g) of the Internal Revenue Code, or (3) the employee's compensation for
2.33 the year.

3.1 (g) Contributions to the plan may include contributions deducted from an employee's
3.2 sick leave, accumulated vacation leave, or accumulated severance pay, whether characterized
3.3 as employee contributions or nonelective employer contributions, up to applicable limits
3.4 under the Internal Revenue Code. Such contributions are not subject to the match requirement
3.5 and limit in paragraph (f).

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