

CHAPTER 354C

HIGHER EDUCATION SUPPLEMENTAL RETIREMENT PLAN

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354C.07 [Renumbered 354D.07]

354C.10 ESTABLISHMENT.

A supplemental retirement plan is established for certain employees of the board of trustees of the Minnesota state colleges and universities. The supplemental retirement plan is the continuation of the plan established by Laws 1967, chapter 808, sections 1 to 6, as amended.

History: 1995 c 141 art 4 s 16; 1995 c 212 art 4 s 64

354C.11 COVERAGE.

Personnel employed by the board of trustees of the Minnesota state colleges and universities who are in the unclassified service of the state, and who have completed at least two years of employment by the board or a predecessor board with a full-time contract are participants in the supplemental retirement plan, effective on the next following July 1, if the person is employed in an eligible unclassified administrative position as defined in section 354B.20, subdivision 6, or is employed in an employment classification included in one of the following collective bargaining units under section 179A.10, subdivision 2:

- (1) the state university instructional unit;
- (2) the community college instructional unit;
- (3) the technical college instructional unit; and
- (4) the state university administrative unit.

History: 1995 c 141 art 4 s 17; 1995 c 212 art 4 s 64

354C.12 SALARY DEDUCTIONS AND MATCHING EMPLOYER CONTRIBUTIONS.

Subdivision 1. Basic contributions and deductions. (a) The employer of personnel covered by the supplemental retirement plan as provided in section 354C.11 shall deduct a sum equal to five percent of the annual salary of the person between \$6,000 and \$15,000.

(b) The basic contribution deduction must be made in the same manner as other retirement deductions are made from the salary of the person under section 352.04, subdivision 4; 352D.04, subdivision 2; 354.42, subdivision 2; or 354A.12, whichever applies.

(c) The employer shall also make a contribution to the supplemental retirement plan on behalf of covered personnel equal to the salary deduction made under paragraph (a).

Subd. 2. Omitted deductions. If the employer of personnel covered by the supplemental retirement plan as provided in section 354C.11 fails to deduct the member basic contribution from the covered employee's salary and a period of less than 60 days from the date on which the deduction should have been made has elapsed, the employer must obtain the omitted member deduction by an additional payroll deduction during the pay period next following the discovery of the omission. If the employer fails to deduct the member basic contribution from the covered employee's salary and that omission continues for at least 60 days from the date on which the member basic contribution deduction should have been made, the employer must pay the amount representing the omitted member basic contribution, and the full required omitted employer basic contribution, plus compound interest at an annual rate of 8.5 percent. The contributions must be made within one year of the date on which the omission was discovered.

Subd. 3. Additional deductions and contributions. If an agreement is made under section 356.24 for an additional employee deduction and an additional matching employer contribution, an amount equal to the additional employee contribution must be deducted from the employee's salary above \$15,000. The employer must match the additional employee contribution deduction.

Subd. 4. Administrative expenses. The board of trustees of the Minnesota state colleges and universities is authorized to pay the necessary and reasonable administrative expenses of the supplemental retirement plan. The administrative fees or charges must be paid by participants in the following manner:

(1) from participants whose contributions are invested with the state board of investment, the plan administrator may recover administrative expenses in the manner provided by section 11A.17, subdivisions 10a and 14; or

(2) from participants where contributions are invested through contracts purchased from any other authorized source, the plan administrator may assess an amount of up to two percent of the employee and employer contributions.

Any recovered or assessed amounts that are not needed for the necessary and reasonable administrative expenses of the plan must be refunded to member accounts.

History: 1995 c 141 art 4 s 18; 1995 c 212 art 4 s 64

354C.13 ADMINISTRATION.

The board of trustees of the Minnesota state colleges and universities shall administer the supplemental retirement plan.

History: 1995 c 141 art 4 s 19; 1995 c 212 art 4 s 64

354C.14 INVESTMENT OF DEDUCTIONS AND CONTRIBUTIONS.

(a) The board of trustees of the Minnesota state colleges and universities shall invest the deductions and contributions under section 354C.12, after deduction of administrative expenses under section 354C.12, subdivision 4, in annuity contracts or custodial accounts from financial institutions selected by the state board of investment under section 354B.25, subdivision 3.

(b) The retirement contributions and death benefits provided by annuity contracts or custodial accounts purchased by the board of trustees of the Minnesota state colleges and universities are owned by the supplemental retirement plan and must be paid in accordance with those annuity contracts or custodial account agreements.

History: 1995 c 141 art 4 s 20; 1995 c 212 art 4 s 64

354C.15 REDEMPTION OF SUPPLEMENTAL INVESTMENT FUND SHARES.

(a) The board of trustees of the Minnesota state colleges and universities shall redeem all shares in the accounts of the Minnesota supplemental investment fund held on behalf of personnel covered by the supplemental retirement plan upon the election by the person of an investment option other than the supplemental investment fund, except as provided in paragraph (b).

(b) The redemption of shares in the fixed interest account attributable to a guaranteed investment contract as of July 1, 1994, may not occur until the expiration date of the applicable guaranteed investment contract.

(c) The board of trustees of the Minnesota state colleges and universities shall transfer the cash realized from a redemption of Minnesota supplemental investment fund shares to the financial institution or institutions selected by the state board of investment under section 354B.25, subdivision 3.

History: 1995 c 141 art 4 s 21; 1995 c 212 art 4 s 64

354C.16 PAYMENT OF BENEFITS.

(a) The withdrawal of member contributions, employer contributions, and accrued investment income, or a retirement benefit based on those amounts is payable immediately upon the death or termination of employment of the employee.

(b) An application by the employee or made on behalf of the employee by an appropriate third party must be filed before any payment of benefits may occur.

History: 1995 c 141 art 4 s 22

354C.165 PROHIBITION ON LOANS OR PRETERMINATION DISTRIBUTIONS.

(a) No participant may obtain a loan from the plan or obtain any distribution from the plan at a time before the participant terminates the employment that gave rise to plan coverage.

(b) No amounts to the credit of the plan are assignable either in law or in equity, are subject to state estate tax, or are subject to execution, levy, attachment, garnishment, or other legal process, except as provided in section 518.58, 518.581, or 518.611.

History: 1995 c 141 art 4 s 23

354C.17 TAX SHELTER PROVISIONS.

Subdivision 1. **Agreements; salary adjustments.** For the purpose of permitting participation in a tax shelter for employment income under the applicable pension provisions of the Internal Revenue Code, the board of trustees of the Minnesota state colleges and universities may enter into agreements with its employees to reduce or to adjust downward the salaries for persons covered by the supplemental retirement plan under section 354C.11, and to pay as the employer an amount equivalent to the salary reduction or the salary downward adjustment in the same manner as deductions would have been paid by the employee under section 354C.12, subdivision 1.

Subd. 2. **Rules.** The board of trustees of the Minnesota state colleges and universities may adopt rules and procedures consistent with this chapter to permit, if possible, participation in a tax shelter under the applicable provisions of the Internal Revenue Code.

History: 1995 c 141 art 4 s 24; 1995 c 212 art 4 s 64

354C.18 RULES.

(a) The board of trustees of the Minnesota state colleges and universities may adopt rules to administer this chapter.

(b) The board of trustees of the Minnesota state colleges and universities 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 operated by the state board of investment for investment under procedures established by the state board of investment.

History: 1995 c 141 art 4 s 25; 1995 c 212 art 4 s 64