

**356.24 SUPPLEMENTAL PENSION OR DEFERRED COMPENSATION PLANS, RESTRICTIONS UPON GOVERNMENT UNITS.**

Subdivision 1. **Restriction; exceptions.** It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for or to contribute public funds to a supplemental pension or deferred compensation plan that is established, maintained, and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than:

- (1) to a supplemental pension plan that was established, maintained, and operated before May 6, 1971;
- (2) to a plan that provides solely for group health, hospital, disability, or death benefits;
- (3) to the individual retirement account plan established by chapter 354B;

(4) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee;

(5) for employees other than personnel employed by the Board of Trustees of the Minnesota State Colleges and Universities and covered under the Higher Education Supplemental Retirement Plan under chapter 354C, but including city managers covered by an alternative retirement arrangement under section 353.028, subdivision 3, paragraph (a), or by the defined contribution plan of the Public Employees Retirement Association under section 353.028, subdivision 3, paragraph (b), if the supplemental plan coverage is provided for in a personnel policy of the public employer or in the collective bargaining agreement between the public employer and the exclusive representative of public employees in an appropriate unit or in the individual employment contract between a city and a city manager, and if for each available investment all fees and historic rates of return for the prior one-, three-, five-, and ten-year periods, or since inception, are disclosed in an easily comprehended document not to exceed two pages, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of one-half of the available elective deferral permitted per year per employee, under the Internal Revenue Code:

(i) to the state of Minnesota deferred compensation plan under section 352.965;

(ii) in payment of the applicable portion of the contribution made to any investment eligible under section 403(b) of the Internal Revenue Code, if the employing unit has complied with any applicable pension plan provisions of the Internal Revenue Code with respect to the tax-sheltered annuity program during the preceding calendar year; or

(iii) any other deferred compensation plan offered by the employer under section 457 of the Internal Revenue Code;

(6) for personnel employed by the Board of Trustees of the Minnesota State Colleges and Universities and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if the supplemental plan coverage is provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,700 a year for each employee;

(7) to a supplemental plan or to a governmental trust to save for postretirement health care expenses qualified for tax-preferred treatment under the Internal Revenue Code, if the supplemental plan coverage is provided for in a personnel policy or in the collective bargaining agreement of a public employer with the exclusive representative of the covered employees in an appropriate unit;

(8) to the laborers national industrial pension fund or to a laborers local pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$5,000 per year per employee;

(9) to the plumbers and pipefitters national pension fund or to a plumbers and pipefitters local pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$5,000 per year per employee;

(10) to the international union of operating engineers pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$5,000 per year per employee;

(11) to a supplemental plan organized and operated under the federal Internal Revenue Code, as amended, that is wholly and solely funded by the employee's accumulated sick leave, accumulated vacation leave, and accumulated severance pay;

(12) to the International Association of Machinists national pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$5,000 per year per employee;

(13) for employees of United Hospital District, Blue Earth, to the state of Minnesota deferred compensation program, if the employee makes a contribution, in an amount that does not exceed the total percentage of covered salary under section 353.27, subdivisions 3 and 3a;

(14) to the alternative retirement plans established by the Hennepin County Medical Center under section 383B.914, subdivision 5; or

(15) to the International Brotherhood of Teamsters Central States pension plan for fixed-route bus drivers employed by the St. Cloud Metropolitan Transit Commission who are members of the International Brotherhood of Teamsters Local 638 by virtue of that employment.

Subd. 1a. [Repealed, 2000 c 461 art 13 s 4]

Subd. 1b. **Vendor restrictions.** A personnel policy for unrepresented employees, a collective bargaining agreement for represented employees, or a school board for school district employees may establish limits on the number of vendors of plans covered by the exceptions set forth in subdivision 1 that it will utilize and conditions under which those vendors may contact employees both during working hours and after working hours.

Subd. 1c. **State Board of Investment review.** (a) Any insurance company, mutual fund company, or similar company providing investments eligible under section 403(b) of the Internal Revenue Code and eligible to receive employer contributions under this section may request the State Board of Investment, in conjunction with the Department of Commerce, to review the financial standing of the company, the

competitiveness of its investment options and returns, and the level of all charges and fees impacting those returns.

(b) The State Board of Investment may establish a fee for each review. The State Board of Investment must maintain and have available a list of all reviewed companies.

(c) In reviewing companies under this section, the State Board of Investment must not be considered to be acting as a fiduciary or to be engaged in a fiduciary activity under chapter 356A or common law.

Subd. 2. **Limit on certain contributions or benefit changes.** No change in benefits or employer contributions in a supplemental pension plan to which this section applies that occurs after May 6, 1971, is effective without prior legislative authorization.

**History:** 1971 c 222 s 1; 1980 c 600 s 7; 1981 c 224 s 172; 1988 c 605 s 9; 1988 c 709 art 11 s 6; 1989 c 319 art 12 s 3; 1992 c 464 art 1 s 42; 1992 c 487 s 4; 1993 c 192 s 90; 1993 c 239 art 3 s 1; 1993 c 300 s 12; 1995 c 141 art 3 s 16; art 4 s 7; 1995 c 212 art 4 s 64; 1999 c 222 art 18 s 1; 2000 c 461 art 12 s 15; art 13 s 1-3; 1Sp2001 c 1 art 2 s 24; 1Sp2001 c 10 art 7 s 2; 2002 c 392 art 10 s 1; art 11 s 13-16; 1Sp2003 c 12 art 7 s 1; 2006 c 271 art 3 s 40; art 7 s 1; 2008 c 349 art 11 s 6; 2010 c 359 art 2 s 15; art 15 s 4; 2014 c 296 art 1 s 8