

**187.05 SECURE CHOICE RETIREMENT PROGRAM.**

Subdivision 1. **Program established.** (a) The board must operate a retirement savings program whereby contributions are made by employee payroll deduction or, if a covered employee is not employed by a covered employer, by direct payment on an after-tax or pretax basis to individual retirement accounts established under the program.

(b) The board must establish procedures for opening a Roth IRA, a traditional IRA, or both a Roth IRA and a traditional IRA for each covered employee whose covered employer transmits employee payroll deduction contributions or, if a covered employee is not employed by a covered employer, transmits payment to the program.

(c) Contributions must be made on an after-tax (Roth) basis, unless the covered employee elects to contribute on a pretax basis.

Subd. 1a. **Certification by employers that are not covered employers.** (a) Any entity or person may file through the program web portal or, with the consent of the executive director, by mail or email, a certification stating that the entity or person is not a covered employer. The certification must state that the entity or person is not a covered employer for one or more of the following reasons:

(1) the entity or person has not been engaged for at least 12 months in a business, industry, profession, trade, or other enterprise in Minnesota, whether for profit or not for profit;

(2) the entity or person does not employ five or more employees;

(3) the entity or person sponsors or contributes to or, in the immediately preceding 12 months, sponsored or contributed to a retirement savings plan for its employees; or

(4) the entity is a political subdivision of the state or federal government.

(b) Within 30 days of receiving the certification, the executive director must accept the certification or issue a determination that the entity or person is a covered employer and subject to the requirements of section 187.07.

(c) The entity or person may appeal the executive director's determination by filing an appeal with the board of directors no later than 30 days after receipt of the determination.

(d) If necessary to determine compliance with program requirements, the executive director may request that an entity or person provide documentation in support of a certification filed under paragraph (a). If the entity or person does not provide supporting documentation within 30 days of the request or the documentation is inadequate, the executive director may reject the certification and require the entity or person to enroll its employees in the program.

Subd. 2. **Compliance with Internal Revenue Code.** The board must establish and administer each Roth IRA and traditional IRA opened under the program in compliance with section 408 or 408A of the Internal Revenue Code, as applicable, for the benefit of the covered employee for whom the account was opened.

Subd. 3. **Contributions held in trust.** Each covered employer must transmit employee payroll deduction contributions to an account established for the benefit of the covered employee in a trust established to hold contributions under the program.

Subd. 4. **Contribution rate.** (a) The board may change the required employee contribution rates and the escalation schedule under section 187.07, subdivision 1a.

(b) The board must provide all covered employers and covered employees with notice of a change in employee contribution rates or the escalation schedule at least six months in advance of the effective date of the change.

Subd. 5. **Vesting.** Covered employees are 100 percent vested in their accounts at all times.

Subd. 6. **Withdrawals and distributions.** The board must establish alternatives permitting covered employees to take a withdrawal of all or a portion of the covered employee's account while employed and one or more distributions following termination of employment. By July 1, 2028, the board must include lifetime income options as distribution alternatives.

Subd. 7. **Individuals not employed by a covered employer.** (a) In addition to home and community-based services employees under paragraph (b), the board may allow individuals not employed by a covered employer to open and contribute to an account in the program, in which case the individual must be considered a covered employee for purposes of sections 187.05 to 187.14.

(b) The board must allow any home and community-based services employee to open and contribute to an account in the program within 12 months of the opening of the program and must consider a home and community-based services employee a covered employee for purposes of sections 187.05 to 187.14.

Subd. 8. **Employee leasing companies.** (a) For purposes of this chapter, in the case of a taxpaying employer described in section 268.046 that contracts with an employee leasing company, professional employer organization, or other similar entity to obtain workers for the taxpaying employer from the entity for a fee, the workers covered by the contract must be treated as employed by the taxpaying employer and not by the entity, except that if the entity provides the workers with a retirement savings plan, the taxpaying employer is not a covered employer.

(b) A covered employer that is a taxpaying employer described in section 268.046 may contract with an employee leasing company, professional employer organization, or other similar entity to assist the taxpaying employer with the performance of some or all of the taxpaying employer's responsibilities under this chapter.

Subd. 9. **Covered employee right to begin contributing, change the contribution rate, or not contribute.** A covered employee must have the right, annually or more frequently as determined by the board, to:

(1) begin making contributions to the program by payroll deduction or, if not employed by a covered employer, by payment to the program;

(2) change the percentage of compensation being contributed to the program by payroll deduction;

(3) elect not to contribute; or

(4) cease contributions.

**History:** 2023 c 46 s 3; 2024 c 102 art 6 s 2; 2025 c 37 art 9 s 5-7; 2026 c 106 art 9 s 5-9