187.08 SECURE CHOICE RETIREMENT PROGRAM BOARD OF DIRECTORS.

Subdivision 1. **Membership.** The policy-making function of the program is vested in a board of directors consisting of seven members as follows:

(1) the executive director of the Minnesota State Retirement System or the executive director's designee;

(2) the executive director of the State Board of Investment or the executive director's designee;

(3) three members with relevant experience chosen by the Legislative Commission on Pensions and Retirement;

(4) a human resources or retirement benefits executive from a private company with substantial experience in administering the company's 401(k) plan, appointed by the governor; and

(5) a small business owner, a small business executive, or a nonprofit executive appointed by the governor.

Subd. 2. **Appointment.** (a) Members appointed by the governor must be appointed as provided in section 15.0597.

(b) The Legislative Commission on Pensions and Retirement is not required to consider a seat on the board as vacant if the incumbent provides notice to the chair of the board and executive director that the incumbent wishes to serve an additional term as permitted under subdivision 3. The executive director of the program must notify the secretary of state and the chair or executive director of the Legislative Commission on Pensions and Retirement that the incumbent wishes to serve an additional term. The secretary of state must not post a seat as vacant and accept applications if the chair of the board and the chair or executive director of the Legislative Commission on Pensions and Retirement accept the incumbent's request to serve an additional term.

Subd. 3. **Membership terms.** (a) Board members serve for two-year terms, except:

(1) the executive directors of the Minnesota State Retirement System and the State Board of Investment serve indefinitely; and

(2) the initial term of the member who is an executive or other professional with substantial experience in retirement plan investments under subdivision 1, clause (3), and the member who is a human resources executive under subdivision 1, clause (4), is three years.

(b) A board member may renew the member's term, but no member, other than the executive directors of the Minnesota State Retirement Systems and the State Board of Investment, may serve more than two consecutive terms. To serve an additional term, an incumbent must notify the chair of the board and the executive director that the incumbent wishes to serve an additional term.

Subd. 4. **Resignation; removal; vacancies.** (a) A board member may resign at any time by giving written notice to the board.

(b) A board member may be removed by the appointing authority and a majority vote of the board following notice and hearing before the board. For purposes of this subdivision, the chair may invite the appointing authority or a designee of the appointing authority to serve as a voting member of the board if necessary to constitute a quorum.

(c) If a vacancy occurs, the Legislative Commission on Pensions and Retirement or the governor, as applicable, shall appoint a new member within 90 days.

Subd. 5. **Compensation.** Public members are compensated and expenses reimbursed as provided under section 15.0575, subdivision 3.

Subd. 6. **Chair; quorum.** (a) The board must elect a chair from among its members. The chair serves for a two-year term and may be reelected by the members for additional two-year terms. The board may select other officers as necessary to assist the board in performing the board's duties.

(b) A majority of the members, not including for this purpose any vacant member seat, constitutes a quorum. Approval of any item of board business is effective if approved by a simple majority vote of members present at a meeting.

Subd. 7. **Executive director; staff.** (a) The board must appoint an executive director, determine the duties of the executive director, and set the compensation of the executive director. The board may appoint an interim executive director to serve as executive director during any period that the executive director position is vacant.

(b) The executive director may participate in deliberations but must not vote on any matter before the board. The executive director must not participate in deliberations on any matter before the board that results or is likely to result in direct measurable economic gain to the executive director or the executive director's family.

(c) The executive director must file with the Campaign Finance and Public Disclosure Board an economic interest statement in a manner prescribed by section 10A.09, subdivisions 5 and 6.

(d) The board may hire staff as necessary to support the board and the executive director in performing their duties or the board may authorize the executive director to hire staff.

Subd. 8. **Duties.** In addition to the duties set forth elsewhere in this chapter, the board has the following duties:

(1) to establish secure processes for enrolling covered employees in the program and for transmitting employee contributions to accounts in the trust;

(2) to prepare a budget and establish procedures for the payment of costs of administering and operating the program;

(3) to lease or otherwise procure equipment necessary to administer the program;

(4) to procure insurance in connection with the property of the program and the activities of the board, executive director, and other staff;

(5) to determine the following:

(i) any criteria for a covered employee other than employment with a covered employer under section 187.03, subdivision 5;

(ii) contribution rates and an escalation schedule under section 187.05, subdivision 4;

(iii) withdrawal and distribution options under section 187.05, subdivision 6; and

(iv) the default investment fund under section 187.06, subdivision 5;

(6) to keep annual administrative fees, costs, and expenses as low as possible:

(i) except that any administrative fee assessed against the accounts of covered employees may not exceed a reasonable amount relative to the fees charged by auto-IRA or defined contribution programs of similar size in the state of Minnesota or another state; and

(ii) the fee may be asset-based, flat fee, or a hybrid combination of asset-based and flat fee;

(7) to determine the eligibility of an employer, employee, or other individual to participate in the program and review and decide claims for benefits and make factual determinations;

(8) to publish an annual report and deliver the report to the chairs and ranking minority members of the legislative committees with jurisdiction over jobs and economic development and state government finance, the executive directors of the State Board of Investment and the Legislative Commission on Pensions and Retirement, and the Legislative Reference Library;

(9) to file all reports required under the Internal Revenue Code or chapter 290;

(10) to, at the board's discretion, seek and accept gifts, grants, and donations to be used for the program, unless such gifts, grants, or donations would result in a conflict of interest relating to the solicitation of service provider for program administration, and deposit such gifts, grants, or donations in the Secure Choice administrative fund;

(11) to, at the board's discretion, seek and accept appropriations from the state or loans from the state or any agency of the state;

(12) to assess the feasibility of partnering with another state or a governmental subdivision of another state to administer the program through shared administrative resources and, if determined beneficial, enter into contracts, agreements, memoranda of understanding, or other arrangements with any other state or an agency or a subdivision of any other state to administer, operate, or manage any part of the program, which may include combining resources, investments, or administrative functions;

(13) to hire, retain, and terminate third-party service providers as the board deems necessary or desirable for the program, including but not limited to the trustees, consultants, investment managers or advisors, custodians, insurance companies, recordkeepers, administrators, consultants, actuaries, legal counsel, auditors, and other professionals, provided that each service provider is authorized to do business in the state;

(14) to interpret the program's governing documents and this chapter and make all other decisions necessary to administer the program;

(15) to conduct comprehensive employer and worker education and outreach regarding the program that reflect the cultures and languages of the state's diverse workforce population, which may, in the board's discretion, include collaboration with state and local government agencies, community-based and nonprofit organizations, foundations, vendors, and other entities deemed appropriate to develop and secure ongoing resources; and

(16) to prepare notices for delivery to covered employees regarding the escalation schedule and to each covered employee before the covered employee is subject to an automatic contribution increase.

Subd. 9. **Rules.** The board of directors is authorized to adopt rules as necessary to implement this chapter.

Subd. 10. **Conflict of interest; economic interest statement.** No member of the board may participate in deliberations or vote on any matter before the board that will or is likely to result in direct, measurable economic gain to the member or the member's family. Members of the board shall file with the Campaign

Finance and Public Disclosure Board an economic interest statement in a manner as prescribed by section 10A.09, subdivisions 5 and 6.

History: *2023 c 46 s 6; 2024 c 102 art 6 s 3-5; 2025 c 37 art 9 s 12,13; 2026 c 106 art 9 s 13-17*