CHAPTER 353D

PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN

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353D.01 PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN.

Subdivision 1. **Establishment.** The public employees defined contribution plan is administered by the Public Employees Retirement Association under supervision of the association board of trustees.

Subd. 1a. **Definitions.** Unless the context clearly indicates that a different meaning is intended, the terms defined in this subdivision, for the purposes of this chapter, have the meanings given:

(1) "association" means the Public Employees Retirement Association; and

(2) "plan" means the public employees defined contribution plan.

Subd. 2. **Eligibility.** (a) Eligibility to participate in the plan is available to:

(1) any elected or appointed local government official of a governmental subdivision who elects to participate in the plan under section 353D.02, subdivision 1, and who, for the service rendered to a governmental subdivision, is not a member of the association within the meaning of section 353.01, subdivision 7;

(2) physicians who, if they did not elect to participate in the plan under section 353D.02, subdivision 2, would meet the definition of member under section 353.01, subdivision 7;

(3) basic and advanced life-support emergency medical service personnel who are employed by any public ambulance service that elects to participate under section 353D.02, subdivision 3;

(4) members of a municipal rescue squad associated with the city of Litchfield in Meeker County, or of a county rescue squad associated with Kandiyohi County, if an independent nonprofit rescue squad corporation, incorporated under chapter 317A, performing emergency management services, and if not affiliated with a fire department or ambulance service and if its members are not eligible for membership in that fire department's or ambulance service's relief association or comparable pension plan;

(5) members of the municipal rescue squad associated with the city of Eden Valley in Stearns and Meeker Counties who are not eligible for membership in the police and fire retirement plan or a firefighter relief association affiliated with the city and who elect to participate in the plan under section 353D.02, subdivision 4, paragraph (b);

(6) employees of the Port Authority of the city of St. Paul who elect to participate in the plan under section 353D.02, subdivision 5, and who are not members of the association under section 353.01, subdivision 7;

(7) city managers who elected to be excluded from the general employees retirement plan of the association under section 353.028 and who elected to participate in the plan under section 353.028, subdivision 3, paragraph (b);

(8) volunteer or paid on-call firefighters serving in a municipal fire department or an independent nonprofit firefighting corporation who are not covered by the police and fire retirement plan or a firefighter relief association and who elect to participate in the plan;

(9) any elected county sheriff who is a former member of the police and fire plan, is receiving a retirement annuity as provided under section 353.651, and does not have previous employment with the county for which the sheriff was elected; and

(10) persons appointed to serve on a board or commission of a governmental subdivision or an instrumentality thereof.

(b) Individuals otherwise eligible to participate in the plan under this subdivision who are currently covered by a public or private pension plan because of their employment or provision of services are not eligible to participate in the plan.

(c) A former participant is a person who has terminated eligible employment or service and has not withdrawn the value of the person's individual account.

History: *1987 c 372 art 5 s 1; 1990 c 570 art 8 s 2; 1991 c 291 art 19 s 2,11; 1991 c 341 s 35; 1992 c 432 art 2 s 36; 1996 c 438 art 6 s 1; 1999 c 222 art 21 s 1; 1Sp2003 c 12 art 4 s 4; 2006 c 271 art 3 s 30; 2007 c 133 art 2 s 12; 2010 c 359 art 5 s 13; 2023 c 47 art 3 s 1,2; 2024 c 102 art 2 s 31; art 4 s 12; 2025 c 37 art 3 s 1; 2026 c 106 art 15 s 9*

353D.02 ELECTION OF COVERAGE.

Subdivision 1. **Local government officials.** Eligible elected or appointed local government officials may elect to participate in the defined contribution plan within the first 30 days of taking public office by completing and signing a membership election on a form prescribed by the executive director of the association authorizing contributions to be deducted from the official's salary. Participation begins on the first day of the pay period for which the contributions were deducted or, if pay period coverage dates are not provided, the date on which the membership election or contributions are received in the office of the association, whichever is received first, provided further that the membership election is received by the association within 60 days of taking office. An election to participate in the plan is irrevocable.

Subd. 2. **Eligible physicians.** Eligible physicians may elect to participate in the defined contribution plan within the first 30 days of commencing employment with a government subdivision under section 353.01, subdivision 6, by completing and signing a membership election on a form prescribed by the executive director of the association authorizing contributions to be deducted from the physician's salary and filing the membership election with the association within 60 days of commencing employment. Participation begins on the first day of the pay period for which the contributions were deducted. An election to participate in the defined contribution plan is irrevocable.

Subd. 3. **Eligible ambulance service personnel.** Each public ambulance service with eligible personnel may elect to participate in the plan. If a service elects to participate, its eligible personnel may elect to participate or decline to participate. An individual's membership election must be made within 30 days of the service's election to participate or within 30 days of the date on which the individual began employment with the service or began to provide service for it, whichever date is later. The membership election must be received by the association within 60 days of the service's election to participate or within 60 days of the

date on which the individual first began employment, whichever is later. An election by a service or an individual is irrevocable.

Subd. 4. **Eligible rescue squad members.** (a) The municipality or county, as applicable, associated with a rescue squad under section 353D.01, subdivision 2, paragraph (a), clause (4), may elect to participate in the plan. If the municipality or county, as applicable, elects to participate, the eligible personnel may elect to participate or decline to participate. An eligible individual's membership election must be made within 30 days of the municipality's or county's election to participate or within 30 days of the date on which the individual first began employment with the rescue squad, whichever is later. The membership election must be received by the association within 60 days of the municipality's or county's election to participate or within 60 days of the date on which the individual first began employment, whichever is later. The municipality or county, as applicable, must specify by resolution eligibility requirements for rescue squad personnel which must be satisfied if the individual is to be authorized to make the membership election under this subdivision.

(b) An eligible member under section 353D.01, subdivision 2, paragraph (a), clause (5), may elect to participate or decline to participate in the plan within 30 days of the date on which the member first begins service with the rescue squad.

(c) Elections under this subdivision by a government unit or individual are irrevocable.

Subd. 5. **St. Paul Port Authority personnel.** Employees of the Port Authority of the city of St. Paul who do not elect to participate in the general employees retirement plan may elect within the first 30 days of commencing employment to participate in the plan by completing and signing a membership election on a form prescribed by the executive director of the association authorizing contributions to be deducted from the employee's salary. Participation begins on the first day of the pay period for which the contributions were deducted or, if pay period coverage dates are not provided, the date on which the membership election or the contributions are received in the office of the association, whichever is received first, provided the membership election is received by the association within 60 days of commencing employment. An election to participate in the plan is irrevocable.

Subd. 6. **City managers.** Any city manager who elected to be excluded within 30 days of commencing employment from the general employees retirement plan of the Public Employees Retirement Association under section 353.028, subdivision 2, and who entered into an agreement under section 353.028, subdivision 3, paragraph (b), with the governing body of the city that employs the city manager to have the city make contributions to the defined contribution plan under chapter 353D, must file an election with the association within the first 60 days of commencing employment to participate in the defined contribution plan. The city manager must complete and sign a membership election on a form prescribed by the executive director of the association. Participation begins on the first day of the pay period next following the date of the coverage election. An election to participate by a city manager is irrevocable.

Subd. 7. **Volunteer or paid on-call firefighters.** Volunteer or paid on-call firefighters who are serving as members of a municipal fire department or an independent nonprofit firefighting corporation and who are not covered for that firefighting service by the public employees police and fire retirement plan under sections 353.63 to 353.68, by a firefighter relief association under chapter 424A, or by the statewide volunteer firefighter retirement plan under chapter 353G may elect to participate in the plan within the first 30 days of commencing service by completing and signing a membership election on a form prescribed by the executive director of the association. The membership election must be filed with the association within 60 days of commencing service. An eligible firefighter's election is irrevocable. No employer contribution is

payable by the fire department or the firefighting corporation unless the municipal governing body or the firefighting corporation governing body, whichever applies, ratifies the membership election.

Subd. 8. **Election available only upon first hire and no prior retirement plan eligibility.** Notwithstanding any other provisions under this section, an election under this section is available to eligible participants only within the first 30 days of commencing employment or service with the governmental subdivision. If the eligible participant has previously been or is currently in a position covered by any retirement plan administered by the association to which the governmental subdivision contributed or by any supplemental pension or deferred compensation plan under section 356.24 sponsored by the governmental subdivision, then the eligible participant must not receive an election.

History: *1987 c 372 art 5 s 2; 1990 c 570 art 8 s 3; 1991 c 291 art 19 s 3,11; 1991 c 341 s 36; 1992 c 432 art 2 s 37; 1993 c 307 art 4 s 47; 1996 c 438 art 6 s 2; 1999 c 222 art 21 s 2; 1Sp2003 c 12 art 4 s 5; 2006 c 271 art 3 s 31-33; 2023 c 47 art 3 s 3; 2024 c 102 art 2 s 31; art 4 s 13; 2025 c 37 art 3 s 2-8; 2026 c 106 art 15 s 10,26*

353D.021 [Never effective, 1991 c 291 art 19 s 4,11]

353D.03 FUNDING OF PLAN.

Subdivision 1. **Contributions for eligible participants.** (a) The following classes of eligible participants who elect to participate in the public employees defined contribution plan under section 353D.02 shall contribute an amount equal to five percent of salary as defined in section 353.01, subdivision 10:

(1) local government officials;

(2) physicians; and

(3) persons who are excluded from membership under section 353.01, subdivision 2b, paragraph (a), clause (23).

(b) A participant's governmental subdivision shall contribute a matching amount.

Subd. 2. [Repealed, 2010 c 359 art 5 s 28]

Subd. 3. **Ambulance service, rescue squad personnel contribution.** (a) A public ambulance service that elects to participate in the plan shall fund benefits for its qualified personnel who individually elect to participate.

(b) Personnel who are paid for their services may elect to make member contributions in an amount not to exceed the service's contribution on their behalf.

(c) Ambulance service contributions on behalf of salaried employees must be a fixed percentage of salary.

(d) An ambulance service making contributions for volunteer or largely uncompensated personnel, or a municipality or county making contributions on behalf of rescue squad members who are volunteers or largely uncompensated personnel, may assign a unit value for each call or each period of alert duty for the purpose of calculating ambulance service or rescue squad service contributions, as applicable.

Subd. 4. [Repealed, 2015 c 68 art 12 s 42]

Subd. 5. **City managers.** A city manager who elects to participate in the plan shall contribute an amount equal to the contribution under section 353.27, subdivision 2. The applicable city shall make a contribution equal to the contribution required under section 353.27, subdivision 3.

Subd. 6. **Volunteer or paid on-call firefighters.** (a) Unless paragraph (b) applies, a volunteer or paid on-call firefighter who elects to participate in the plan shall contribute at least 7.5 percent of any compensation received for firefighting services.

(b) If the municipality or the independent nonprofit firefighting corporation ratified the election of plan coverage under section 353D.02, subdivision 6, the volunteer or paid on-call firefighter and the employing unit shall contribute in total an amount equal at least to 7.5 percent of any compensation received for firefighting services.

History: *1987 c 372 art 5 s 3; 1990 c 570 art 8 s 4; 1991 c 291 art 19 s 5,11; 1992 c 432 art 2 s 38; 1996 c 438 art 6 s 3; 1999 c 222 art 21 s 3; 2006 c 271 art 3 s 34,35; 2010 c 359 art 5 s 14; 2014 c 275 art 2 s 11; 2015 c 68 art 12 s 24; 2023 c 47 art 3 s 4; 2026 c 106 art 15 s 11*

353D.031 [Never effective, 1991 c 291 art 19 s 6,11]

353D.04 CONTRIBUTIONS AND DEDUCTIONS IN ERROR.

Subdivision 1. **Crediting of contributions to participant accounts.** (a) Contributions made by or on behalf of a participant under section 353D.03, subdivisions 1, 5, and 6, paragraph (a), must be remitted to the Public Employees Retirement Association and credited to the individual account established for the participant.

(b) Contributions as provided under section 353D.03, subdivisions 3 and 6, paragraph (b), must be remitted on a regular basis to the association together with any member contributions paid or withheld. Those contributions must be credited to the individual account of each participating member.

Subd. 2. **Authority to adopt policies correcting erroneous contributions.** The executive director may adopt policies and procedures regarding deductions taken totally or partially in error by the employer from the salary of an elected official.

History: *1987 c 372 art 5 s 4; 1990 c 570 art 8 s 5; 1991 c 341 s 37; 1992 c 432 art 2 s 39; 1993 c 307 art 4 s 48; 1996 c 438 art 6 s 4; 2010 c 359 art 5 s 15,16*

353D.05 INVESTMENT OF FUNDS.

Subdivision 1. **Investment.** As further specified under this section, employing unit contributions, after the deduction of an amount for administrative expenses, and individual participant contributions must be invested in the participant's account or accounts in investment products authorized by the association that are made available for this purpose by the State Board of Investment under section 356.645.

Subd. 1a. **Participant selection of investments.** (a) A plan participant may elect to allocate contributions, made by and on behalf of the participant, in one or more of the investment products authorized by the association to be made available under the plan, by specifying the percentage of the participant's contributions to be used to purchase shares in the authorized products.

(b) If contributions are received before the participant has made an allocation election, or if the participant fails to specify an allocation, the executive director shall, on behalf of that participant, purchase shares in a default investment alternative. The investment option must be specified by the Public Employees Retirement Association board of trustees from the designated available investment options authorized under this section.

(c) A participant may revise the investment allocation for subsequent purchase of shares, and a participant or former participant may also change the investment options selected for all or a portion of shares previously purchased.

(d) Any investment allocation selection authorized under this subdivision, whether relating to subsequent purchases of new shares or reallocating the existing portfolio, must be conducted at times and under procedures prescribed by the executive director.

Subd. 2. [Repealed, 2014 c 296 art 13 s 28]

Subd. 3. **Administrative expenses.** The executive director of the association with the advice and consent of the board shall annually set an amount to recover the costs of the association in administering the public employees defined contribution plan.

History: *1987 c 372 art 5 s 5; 1988 c 453 s 11; 1988 c 709 art 5 s 34; 1990 c 570 art 8 s 6,7; 1991 c 291 art 19 s 7,11; 1991 c 341 s 38; 1992 c 432 art 2 s 40,41; 1992 c 539 s 13,14; 1993 c 307 art 4 s 49; 1994 c 465 art 3 s 57; 1994 c 604 art 1 s 14; 1998 c 390 art 2 s 8; 2008 c 349 art 5 s 24; 2014 c 296 art 13 s 15,16*

353D.051 [Never effective, 1991 c 291 art 19 s 8,11]

353D.06 REPORTING.

The executive director of the public employees retirement association shall prescribe the reporting forms required from employing units and the election forms required from participants. Reporting forms must contain names, identification numbers, amount of contribution by and on behalf of each participant, and such other data as is required to keep an accurate record of the account value of each participant.

History: *1987 c 372 art 5 s 6; 1990 c 570 art 8 s 8; 1991 c 291 art 19 s 9,11*

353D.07 BENEFITS.

Subdivision 1. **Type of plan; uniformity.** (a) The plan is a defined contribution plan. A participant's benefit is equal to the value of the individual account established for the participant under section 353D.04, taking into account all contributions credited to the account plus a proportionate share of investment income of the fund credited to the account.

(b) In the case of ambulance service personnel, eligibility standards must be uniform among all ambulance service personnel of an ambulance service electing to participate.

Subd. 2. **Payment of benefits.** (a) A participant is entitled to receive a distribution of the participant's benefit after termination of service for any reason, disability, or death, or on or after attaining age 65 if still employed by a public employer.

(b) Unless the distribution is required under section 356.635, no distribution shall be made unless the participant has submitted an application requesting:

(1) a distribution;

(2) a direct rollover;

(3) a transfer as permitted under subdivision 3, paragraph (b); or

(4) installments as permitted under subdivision 4.

If the distribution is an eligible rollover distribution as defined in section 356.633, subdivision 1, paragraph (e), the executive director shall provide notice to the participant or beneficiary, as applicable, of the right to elect a direct rollover.

Subd. 3. **Form of benefit.** (a) Except as provided in subdivision 4 or 6, distribution of a participant's benefit shall be available in the form of a lump sum equal to the value of the participant's account at the date of distribution.

(b) The participant may elect to (1) receive the lump sum directly, (2) have the lump sum distributed in a direct rollover as described in section 356.633, subdivision 2, or (3) have the lump sum transferred for the purchase of an annuity payable at a designated age to an insurance company of the participant's choice that is licensed to do business in the state.

Subd. 4. **Disability of participant.** If a participant becomes permanently and totally disabled as defined in section 353.01, subdivision 19, the participant may elect distribution of the participant's benefit in a lump sum equal to the value of the participant's account or in equal monthly installments in an amount designated by the participant in increments of $100. Payments may begin as early as the first day of the month following the month in which the disability occurred or on a later date if elected by the participant. Payments end when the participant's disabled status ends or the account balance is exhausted, whichever occurs first.

Subd. 5. MS 1987 Supp [Repealed, 1988 c 709 art 5 s 42]

Subd. 5. **Death of a participant.** If a participant dies while employed or before the participant's account is distributed in its entirety, the account must be paid in a lump sum to the designated beneficiary or, if none, the heirs at law of the decedent. If the distribution is an eligible rollover distribution as defined in section 356.633, subdivision 1, paragraph (e), the executive director shall provide an election form and notice of the right to elect a direct rollover.

Subd. 6. **Distributions while employed.** If a participant is employed by a public employer and is at least age 65, the participant may elect a distribution of all or a portion of the participant's account, subject to the application and notice requirements in subdivision 2, paragraph (b). The participant may elect a distribution under this subdivision no more frequently than once each calendar year. The minimum amount of a distribution under this subdivision is $5,000.

History: *1987 c 372 art 5 s 7; 1988 c 709 art 5 s 35-37; 1990 c 570 art 8 s 9; 1991 c 341 s 39,40; 1992 c 432 art 2 s 42,43; 1993 c 307 art 4 s 50; 2018 c 211 art 16 s 3; 2024 c 102 art 8 s 15; 2025 c 20 s 252; 2026 c 88 art 1 s 189,190*

353D.071 MS 2022 [Repealed, 2024 c 102 art 4 s 18]

353D.08 PORTABILITY.

Participating ambulance service personnel who change employment or membership among participating ambulance services shall continue participation in the plan if termination from one participating ambulance service and commencement in another participating ambulance service occurs within 30 days.

History: *1987 c 372 art 5 s 8; 1988 c 709 art 5 s 38; 1990 c 570 art 8 s 10*

353D.09 TAX QUALIFICATION.

The Public Employees Retirement Association shall adopt rules necessary for administration of the plan. The proposed plan shall be formulated and adopted in accordance with applicable restrictions and standards of the Internal Revenue Code and rulings and regulations of the Internal Revenue Service in order to assure

the tax-exempt status of the plan as a qualified pension plan. Contributions may be accepted only after approval by the Internal Revenue Service.

History: *1987 c 372 art 5 s 9; 1990 c 570 art 8 s 11*

353D.091 [Never effective, 1991 c 291 art 19 s 10,11]

353D.10 NOT CONSIDERED A LOCAL PLAN.

The plan is not a local governmental pension plan or fund for purposes of section 356.25.

History: *1987 c 372 art 5 s 10*

353D.11 [Repealed, 1996 c 438 art 6 s 7]

353D.12 [Repealed, 2010 c 359 art 5 s 28 para (c)]