

## CHAPTER 354C

### HIGHER EDUCATION SUPPLEMENTAL RETIREMENT

354C.10	ESTABLISHMENT.	354C.155	UNCLAIMED PLAN ACCOUNT AMOUNTS.
354C.11	COVERAGE.	354C.16	PAYMENT OF BENEFITS.
354C.12	SALARY DEDUCTIONS AND MATCHING EMPLOYER CONTRIBUTIONS.	354C.165	PROHIBITION ON LOANS OR PRETERMINATION DISTRIBUTIONS.
354C.13	ADMINISTRATION.	354C.17	TAX SHELTER PROVISIONS.
354C.14	INVESTMENT OF DEDUCTIONS AND CONTRIBUTIONS.	354C.18	RULES.

**354C.01** MS 1994 [Renumbered 354D.01]

**354C.02** MS 1994 [Renumbered 354D.02]

**354C.03** MS 1994 [Renumbered 354D.03]

**354C.04** MS 1994 [Renumbered 354D.04]

**354C.05** MS 1994 [Renumbered 354D.05]

**354C.06** MS 1994 [Renumbered 354D.06]

**354C.07** MS 1994 [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.**

Subdivision 1. **Authorization.** Individuals employed by the Board of Trustees of the Minnesota State Colleges and Universities are authorized to participate in the supplemental retirement plan, effective on the next following July 1, after meeting eligibility requirements specified in subdivision 2.

Subd. 2. **Eligibility.** (a) An individual must participate in the supplemental retirement plan if the individual is employed by the Board of Trustees in the unclassified service of the state and has completed at least two years with a full-time contract of applicable unclassified employment with the board or an applicable predecessor board in any of the positions specified in paragraph (b).

(b) Eligible positions or employment classifications are:

(1) an unclassified administrative position as defined in section 354B.20, subdivision 6;

(2) an employment classification included in one of the following collective bargaining units under section 179A.10, subdivision 2:

(i) the state university instructional unit;

(ii) the state college instructional unit; and

(iii) the state university administrative unit; or

(3) an unclassified employee of the board:

(i) included in the general professional unit or the supervisory employees unit under section 179A.10, subdivision 2; or

(ii) an employee who is excluded from one of those units due to the employee's confidential status under section 179A.10, subdivision 1, clause (7).

Subd. 3. **Continuing eligibility authorization.** Once a person qualifies for participation in the supplemental retirement plan, all subsequent service by the person as an unclassified employee of the Board of Trustees in a position or employment classification listed in subdivision 2, paragraph (b), is covered by the supplemental retirement plan.

**History:** 1995 c 141 art 4 s 17; 1995 c 212 art 4 s 64; 1997 c 241 art 8 s 6; 1999 c 222 art 9 s 7; 2001 c 133 s 5; 2004 c 267 art 1 s 8; 2017 c 40 art 1 s 112

### 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. The employer may accomplish this deduction by making equal deductions each payroll period, based on anticipated annual salary. The employer may adjust these deductions as necessary to deduct the correct amount annually. Deductions cease upon termination of employment covered by the supplemental retirement plan.

(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. 1a. **Excess contributions.** When contributions to the plan exceed limits imposed by federal law or regulation, the excess employee contributions must be returned to the employee and the excess employer contributions must be reallocated in accordance with section 415 of the federal Internal Revenue Code, as amended, and the applicable federal regulations and revenue rulings.

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 interest at the applicable annual rate or rates specified in section 356.59, subdivision 4, compounded annually. 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.** (a) 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 and may bill participants to recover these expenses. The administrative fees or charges may be charged to participants as an annual fee, an asset-based fee, a percentage of contributions to the plan, or a contribution thereof. This amount shall be offset by interest earned on both the plan reserves and unclaimed funds account.

(b) 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.

(c) The Board of Trustees shall report annually, before October 1, to the legislature on administrative expenses of the plan. The report must include a detailed accounting of charges for administrative expenses collected from plan participants and expenditure of the administrative expense charges. The administrative expense charges collected from plan participants must be kept in a separate account from any other funds under control of the Board of Trustees and may be used only for the necessary and reasonable administrative expenses of the plan.

**History:** 1995 c 141 art 4 s 18; 1995 c 212 art 4 s 64; 1997 c 241 art 3 s 9,10; 1998 c 390 art 2 s 13,14; 1999 c 222 art 19 s 13; 2000 c 461 art 12 s 13; 2007 c 133 art 3 s 2; 2008 c 349 art 9 s 4; 1Sp2019 c 8 art 8 s 17

### **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 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; 2010 c 359 art 8 s 4

**354C.15** [Repealed, 2010 c 359 art 8 s 5]

**354C.155 UNCLAIMED PLAN ACCOUNT AMOUNTS.**

Section 354B.25, subdivision 6, applies to the supplemental retirement plan.

**History:** 2008 c 349 art 9 s 5

**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 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, or are subject to execution, levy, attachment, garnishment, or other legal process, except as provided in section 518.58, 518.581, or 518A.53.

(c) MS 2002 [Expired]

(d) Except for a participant in a phased retirement program that is part of an approved collective bargaining agreement, no participant may obtain a distribution from the plan at a time before the participant terminates the employment that gave rise to the plan coverage.

**History:** 1995 c 141 art 4 s 23; 1997 c 203 art 6 s 92; 2000 c 461 art 12 s 14,20; 2002 c 392 art 7 s 2; 2003 c 127 art 3 s 22; 1Sp2003 c 12 art 6 s 4; 2005 c 164 s 29; 1Sp2005 c 7 s 28; 2008 c 349 art 9 s 6

**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*