

**S.F. 2359**
(Pogemiller)**H.F. xxx****Executive Summary of Commission Staff Materials**

<i>Affected Pension Plan(s):</i>	MnSCU
<i>Relevant Provisions of Law:</i>	Minnesota Statutes, Chapters 136F, 354B, 354D
<i>General Nature of Proposal:</i>	MnSCU Administrative Provisions
<i>Date of Summary:</i>	February 10, 2006

Specific Proposed Changes

- Revises a MnSCU tax-sheltered annuity minimum vendor provision, creates unclaimed account procedures, revises employee and employer contribution rates for State Arts Board and Humanities Commission employees who elect Individual Retirement Account Plan (IRAP) coverage to be consistent with rates applicable to MnSCU/IRAP, and repeals an obsolete higher education mandatory retirement age provision.

Policy Issues Raised by the Proposed Legislation

1. Vague nature of unclaimed amount definition.
2. Disposition procedure issues
3. Consistency with federal requirements.
4. Consistency within MnSCU-administered plans.
5. Potential for added cost
6. Employee support.
7. Need for change.
8. Timing of contribution rate change.

Potential Amendments

- S2359-A1 is an amendment requested by MnSCU, and would revise Section 3 of the bill, so that MnSCU would use only reserve account investment earnings, rather than some portion of reserve account assets and investment earnings on the reserve account, to offset necessary and reasonable IRAP expenses.
- S2359-A2 is an alternative effort to define unclaimed plan account amounts.
- S2359-A3 is an alternative to S2359-A2, and could be used if the Commission feels that the unclaimed asset definition and procedure need additional thought before it is ready for passage.
- S2359-A4 is an alternative to S2359-A3, and could be used to set an amount other than \$25 as the threshold value for reestablishing an account.
- S2359-A5 removes the contribution rate changes by deleting Section 5.
- S2359-A6 can be used in lieu of S2359-A5 if the Commission desires to create a different effective date for the contribution rate change.

