



H.F. 3874
(Anzelc)

S.F. 3548
(Tomassoni)

Executive Summary of Commission Staff Materials

Affected Pension Plan(s): Various Public Employees and Employers
Relevant Provisions of Law: Minnesota Statutes, Section 356.24, Subdivision 1
General Nature of Proposal: Permits alternative deferred compensation programs as supplemental retirement plans
Date of Summary: March 26, 2008

Specific Proposed Changes

- The bill increases the maximum matching employer contribution to a deferred compensation program from \$2,000 annually to \$5,000 annually and expands the eligible deferred compensation programs from the Minnesota State Deferred Compensation Program to any deferred compensation plan available under the federal Internal Revenue Code Section 457.

Policy Issues Raised by the Proposed Legislation

1. Appropriateness given the unclear need for the increase in the employer matching contribution maximum.
2. Appropriateness given the unclear need for an expansion in the deferred compensation vendors permitted to receive employer matching contributions.
3. Appropriateness of matching contribution increase given the apparent lack of utilization of the employer match authority among public employers.
4. Appropriateness of increased matching amount when few employers offer the current matching maximum.
5. Appropriateness of vendor expansion if based on business relationships rather than employee demand.

Potential Amendments

H3874-1A eliminates the increase in the employer matching contribution maximum.

H3874-2A substitutes employer matching contribution maximum increase to \$2,700.

H3874-3A substitutes employer matching contribution maximum increase to \$2,086 in 2008 and indexed to the Consumer Price Index thereafter, up to \$5,000.

H3874-4A substitutes employer matching contribution maximum increase to an unspecified figure when 90 percent of public employers provide an employer deferred compensation matching contribution.

H3874-5A substitutes employer matching contribution maximum increase to an unspecified figure when 90 percent of public employers provide an employer matching deferred compensation contribution of at least \$1,900.

H3874-6A eliminates the deferred compensation program vendor expansion.

