

1.1 A bill for an act

1.2 relating to retirement; Minnesota State Colleges and Universities System and
1.3 individual retirement account plan and higher education supplemental retirement
1.4 account plan administrative revisions; expanding authority to contract for
1.5 investment selection and review services; amending Minnesota Statutes 2008,
1.6 sections 354B.25, subdivisions 1, 3; 354C.14; repealing Minnesota Statutes
1.7 2008, section 354C.15.

1.8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.9 Section 1. Minnesota Statutes 2008, section 354B.25, subdivision 1, is amended to read:

1.10 Subdivision 1. **General governance.** The individual retirement account plan is the
1.11 administrative responsibility of the Board of Trustees of the Minnesota State Colleges
1.12 and Universities. The Board of Trustees of the Minnesota State Colleges and Universities
1.13 may administer the plan directly or may contract out for administrative services with a
1.14 qualified third-party plan administrative entity and may contract out for investment review
1.15 and selection service.

1.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

1.17 Sec. 2. Minnesota Statutes 2008, section 354B.25, subdivision 3, is amended to read:

1.18 Subd. 3. **Selection of financial institutions.** (a) The investment options provided
1.19 under subdivision 2 must be selected by the board. The board may contract with the
1.20 State Board of Investment or with a third party to provide the investment review and
1.21 selection services.

1.22 In making its selection, at a minimum, the ~~State board of Investment~~ shall consider
1.23 the following:

2.1 (1) the experience and ability of the financial institution to provide benefits and
2.2 products that are suited to meet the needs of plan participants;

2.3 (2) the relationship of those benefits and products provided by the financial
2.4 institution to their cost;

2.5 (3) the financial strength and stability of the financial institution; and

2.6 (4) the fees and expenses associated with the investment products in comparison to
2.7 other products of similar risk and rates of return.

2.8 (b) After selecting a financial institution, the ~~State board of Investment~~ must
2.9 periodically review each financial institution and the offered products. The periodic
2.10 review must occur at least every three years. In making its review, the ~~State board of~~
2.11 ~~Investment~~ may retain appropriate consulting services to assist it in its periodic review,
2.12 establish a budget for the cost of the periodic review process, and charge a proportional
2.13 share of these costs to the reviewed financial institution.

2.14 (c) Contracts with financial institutions under this section must be executed by the
2.15 board ~~and must be approved by the State Board of Investment before execution.~~

2.16 ~~(d) The State Board of Investment shall also establish policies and procedures under~~
2.17 ~~section 11A.04, clause (2), to carry out the provisions of this subdivision.~~

2.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.19 Sec. 3. Minnesota Statutes 2008, section 354C.14, is amended to read:

2.20 **354C.14 INVESTMENT OF DEDUCTIONS AND CONTRIBUTIONS.**

2.21 (a) The Board of Trustees of the Minnesota State Colleges and Universities shall
2.22 invest the deductions and contributions under section 354C.12, after deduction of
2.23 administrative expenses under section 354C.12, subdivision 4, in annuity contracts or
2.24 custodial accounts from financial institutions selected ~~by the State Board of Investment~~
2.25 under section 354B.25, subdivision 3.

2.26 (b) The retirement contributions and death benefits provided by annuity contracts or
2.27 custodial accounts purchased by the Board of Trustees of the Minnesota State Colleges
2.28 and Universities are owned by the supplemental retirement plan and must be paid in
2.29 accordance with those annuity contracts or custodial account agreements.

2.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.31 Sec. 4. **REPEALER.**

2.32 Minnesota Statutes 2008, section 354C.15, is repealed.

3.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.