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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **1954**

March 12, 2007

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The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections

1.1 A bill for an act
1.2 relating to retirement; amending Minnesota State Colleges and Universities
1.3 annuity provisions; allowing participation in a Roth account option; amending
1.4 Minnesota Statutes 2006, section 136F.45, subdivision 1.

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

1.6 Section 1. Minnesota Statutes 2006, section 136F.45, subdivision 1, is amended to read:

1.7 Subdivision 1. **Purchase.** (a) At the request of an employee, the board may negotiate
1.8 and purchase an individual custodial account under section 403(b)(7) of the Internal
1.9 Revenue Code, for an employee for retirement or other purposes from a company licensed
1.10 to do business in Minnesota, and may allocate a portion of the compensation otherwise
1.11 payable to the employee as salary for the purpose of paying the entire contribution due
1.12 or to become due under the account. The allocation shall be made in a manner that will
1.13 qualify the custodial account contributions, or portions thereof, for the benefit afforded
1.14 under section 403(b)(7) of the current federal Internal Revenue Code or any equivalent
1.15 provision of subsequent federal income tax law. The employee shall own the account
1.16 and the employee's rights thereunder shall be nonforfeitable except for failure to pay
1.17 contributions.

1.18 (b) At its discretion, and in the same manner provided in paragraph (a), the board
1.19 may negotiate and purchase individual custodial accounts under section 403(b)(7) of the
1.20 Internal Revenue Code, for employees of the Minnesota Office of Higher Education as
1.21 defined in section 136A.03. Participation under this paragraph must be in accordance
1.22 with any applicable federal law.

1.23 (c) Beginning January 1, 2008, the board shall make available to employees eligible
1.24 to participate in the plan authorized by 403(b)(7) a designated Roth 403(b) account option,

- 2.1 as authorized by the Economic Growth and Tax Relief Reconciliation Act of 2001.
- 2.2 To the extent that offering a designated Roth 403(b) account option increases the total
- 2.3 necessary and reasonable expenses of the program and if the board is unable to negotiate
- 2.4 a rebate of fees from the mutual fund or equivalent investment product providers, the
- 2.5 board may charge the participants utilizing designated Roth 403(b) account option a fee
- 2.6 to cover those expenses.