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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **2170**

March 19, 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; creating unclaimed account procedures for the Minnesota
1.3 State Colleges and Universities system individual retirement account plan and
1.4 supplemental plan; amending Minnesota Statutes 2006, sections 354B.20, by
1.5 adding a subdivision; 354B.25, subdivision 5, by adding a subdivision; 354C.12,
1.6 subdivision 4; proposing coding for new law in Minnesota Statutes, chapter
1.7 354C.

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

1.9 Section 1. Minnesota Statutes 2006, section 354B.20, is amended by adding a
1.10 subdivision to read:

1.11 Subd. 19. **Unclaimed plan account amounts.** "Unclaimed plan account amounts"
1.12 means the distributable accounts of any plan participant, surviving spouse, beneficiary, or
1.13 estate that the plan administrator is unable to locate in accordance with Internal Revenue
1.14 Service due diligence requirements.

1.15 Sec. 2. Minnesota Statutes 2006, section 354B.25, subdivision 5, is amended to read:

1.16 Subd. 5. **Individual retirement account plan administrative expenses.** (a) The
1.17 reasonable and necessary administrative expenses of the individual retirement account
1.18 plan, not to exceed an amount equal to \$20 times the number of participants per year,
1.19 may be charged to plan participants by the plan sponsor in the form of an annual fee, an
1.20 asset-based fee, a percentage of the contributions to the plan, or a combination thereof.
1.21 This amount shall be offset by interest earned on both the plan reserves and unclaimed
1.22 funds account.

2.1 (b) Any administrative expense charge that is not actually needed for the
2.2 administrative expenses of the individual retirement account plan must be refunded to
2.3 member accounts.

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

2.11 Sec. 3. Minnesota Statutes 2006, section 354B.25, is amended by adding a subdivision
2.12 to read:

2.13 Subd. 6. **Disposition of abandoned public pension amounts.** (a) Any unclaimed
2.14 plan account amounts are presumed to be abandoned, but are not subject to the provisions
2.15 of sections 345.31 to 345.60. If the account remains unclaimed after six months following
2.16 the date that the plan administrator first attempts to locate the former member, surviving
2.17 spouse, or other beneficiary, the unclaimed plan account amount cancels and must be
2.18 credited to the reserve account specified in paragraph (b).

2.19 (b) The board must establish a separate account to receive unclaimed plan account
2.20 amounts. A portion of this reserve account and any investment earnings attributable to
2.21 this reserve account are to be used to offset the reasonable and necessary expenses of
2.22 the individual retirement account plan, including costs incurred in efforts to locate lost
2.23 participants, surviving spouses, or other beneficiaries.

2.24 (c) If the unclaimed plan account amount exceeded \$25 and the inactive member,
2.25 surviving spouse, or beneficiary, whichever is applicable, establishes a valid claim to the
2.26 forfeited account, the forfeited account is to be reestablished in an amount equal to the
2.27 amount originally forfeited. The board must ensure that the reserve account has sufficient
2.28 assets to cover any transfers needed to reestablish accounts. If reserve account assets are
2.29 insufficient to make a transfer, the board must cover any shortfall from other revenues.

2.30 Sec. 4. Minnesota Statutes 2006, section 354C.12, subdivision 4, is amended to read:

2.31 **Subd. 4. Administrative expenses.** (a) The Board of Trustees of the Minnesota
2.32 State Colleges and Universities is authorized to pay the necessary and reasonable
2.33 administrative expenses of the supplemental retirement plan and may bill participants, not
2.34 to exceed an amount equal to \$20 times the number of participants in the plan, to recover

3.1 these expenses. The administrative fees or charges may be charged to participants as an
3.2 annual fee, an asset-based fee, a percentage of contributions to the plan, or a contribution
3.3 thereof. This amount shall be offset by interest earned on both the plan reserves and
3.4 unclaimed funds account.

3.5 (b) Any recovered or assessed amounts that are not needed for the necessary and
3.6 reasonable administrative expenses of the plan must be refunded to member accounts.

3.7 (c) The Board of Trustees shall report annually, before October 1, to the advisory
3.8 committee created in section 354B.25, subdivision 1a, on administrative expenses of the
3.9 plan. The report must include a detailed accounting of charges for administrative expenses
3.10 collected from plan participants and expenditure of the administrative expense charges.
3.11 The administrative expense charges collected from plan participants must be kept in a
3.12 separate account from any other funds under control of the Board of Trustees and may be
3.13 used only for the necessary and reasonable administrative expenses of the plan.

3.14 Sec. 5. **[354C.155] UNCLAIMED PLAN ACCOUNT AMOUNTS.**

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