

DRAFT ENGROSSMENT OF SF3048; HF2610 with AMENDMENT A22-0300

1.1 A bill for an act
1.2 relating to retirement; volunteer firefighter relief associations; requiring special fund assets to be
1.3 invested with the State Board of Investment; requiring an investment portfolio review; revising
1.4 the investment disclosure requirement for volunteer firefighter relief associations; amending
1.5 Minnesota Statutes 2020, sections 356.645; 356.646; 356A.06, subdivision 5; 424A.095.
1.6

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

1.8 Section 1. Minnesota Statutes 2020, section 356.645, is amended to read:

1.9 **356.645 INVESTMENT OF ~~VARIOUS~~ DEFINED CONTRIBUTION PLAN**
1.10 **~~ASSETS~~ PLANS AND VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS.**

1.11 The State Board of Investment shall determine the investments to be made available to
1.12 plan participants in plans defined in sections 352.965, 352.98, and 383B.46 and chapters
1.13 352D and 353D and to volunteer firefighter relief associations under chapter 424A.

1.14 Investments made available to plan participants and relief associations must include at least
1.15 one or more of the following:

1.16 (1) shares in the Minnesota supplemental investment fund established in section 11A.17;

1.17 (2) savings accounts in federally insured financial institutions;

1.18 (3) life insurance contracts, fixed annuity contracts, and variable annuity contracts from
1.19 companies that are subject to regulation by the commissioner of commerce;

1.20 (4) investment options from open-end investment companies registered under the federal
1.21 Investment Company Act of 1940, United States Code, title 15, sections 80a-1 to 80a-64;

2.1 (5) investment options from a firm that is a registered investment adviser under the
 2.2 Investment Advisers Act of 1940, United States Code, title 15, sections 80b-1 to 80b-21;
 2.3 and

2.4 (6) investment options of a bank as defined in United States Code, title 15, section 80b-2,
 2.5 subsection (a), paragraph (2), or a bank holding company as defined in the Bank Holding
 2.6 Company Act of 1956, United States Code, title 12, section 1841, subsection (a), paragraph
 2.7 (1).

2.8 **EFFECTIVE DATE.** This section is effective January 1, 2024.

2.9 Sec. 2. Minnesota Statutes 2020, section 356.646, is amended to read:

2.10 **356.646 PLAN PARTICIPANT INVESTMENT RESPONSIBILITY.**

2.11 Subdivision 1. **Member investment responsibility.** The state, State Board of Investment
 2.12 and its executive director and staff, plan administrators and their staff, and participating
 2.13 public employers are not liable and are not responsible for any investment losses due to
 2.14 choices made by participants, members, or beneficiaries, or ~~due to~~ in qualified default
 2.15 investment alternatives.

2.16 Subd. 2. **Application.** This section applies to the:

2.17 ~~(1) Minnesota state deferred compensation plan, established under section 352.965;~~

2.18 ~~(2) health care savings plan, established under section 352.98;~~

2.19 ~~(3) unclassified employees retirement program, established under chapter 352D;~~

2.20 ~~(4) public employees defined contribution plan, established under chapter 353D;~~

2.21 (1) defined contribution plans described in section 356.645 by reference to the sections
 2.22 or chapters under which they were established or are administered;

2.23 (2) volunteer firefighter relief associations, established under chapter 424A;

2.24 ~~(5)~~ (3) individual retirement account plan, established under chapter 354B;

2.25 ~~(6)~~ (4) higher education supplemental retirement plan, established under chapter 354C;

2.26 and

2.27 ~~(7)~~ (5) Arts Board and Humanities Commission individual retirement account plan,
 2.28 established under chapter 354D.

2.29 **EFFECTIVE DATE.** This section is effective January 1, 2024.

3.1 Sec. 3. Minnesota Statutes 2020, section 356A.06, subdivision 5, is amended to read:

3.2 Subd. 5. **Investment business recipient disclosure.** (a) The chief administrative officer
 3.3 of a covered pension plan, except a volunteer firefighter relief association under chapter
 3.4 424A, with respect to investments made by the plan, and the executive director of the State
 3.5 Board of Investment, with respect to investments of plan assets made by the board, shall
 3.6 annually disclose in writing the recipients of investment business placed with or investment
 3.7 commissions allocated among commercial banks, investment bankers, brokerage
 3.8 organizations, or other investment managers. ~~The~~

3.9 (b) An officer of a volunteer firefighter relief association under chapter 424A shall
 3.10 annually disclose in writing any fees or other compensation directly or indirectly paid to
 3.11 each qualified financial advisor appointed by the governing board of the relief association
 3.12 under section 424A.095, paragraph (b).

3.13 (c) A disclosure document required under paragraph (a) or (b) must be prepared within
 3.14 60 days after the close of the fiscal year of the plan or relief association and must be available
 3.15 for public inspection during regular office hours at the office of the plan or relief association.
 3.16 The disclosure document must also be filed with the executive director of the Legislative
 3.17 Commission on Pensions and Retirement within 90 days after the close of the fiscal year
 3.18 of the plan.

3.19 (d) For the State Board of Investment and a first class city teacher retirement fund
 3.20 association, a disclosure document included as part of a regular annual report of the board
 3.21 or of the first class city teacher retirement fund association when filed with the executive
 3.22 director of the Legislative Commission on Pensions and Retirement is considered to have
 3.23 been filed on a timely basis.

3.24 **EFFECTIVE DATE.** This section is effective January 1, 2024.

3.25 Sec. 4. Minnesota Statutes 2020, section 424A.095, is amended to read:

3.26 **424A.095 INVESTMENTS.**

3.27 (a) Except as provided in paragraph (b), the ~~special fund assets~~ governing board of a
 3.28 relief association governed by sections 424A.091 to 424A.096 must be invested in securities
 3.29 that are authorized invest the assets of the relief association's special fund in investments
 3.30 made available to relief associations as determined by the State Board of Investment under
 3.31 section ~~356A.06, subdivision 6 or 7, whichever applies~~ 356.645.

3.32 (b) The governing board of a relief association, as part of its special fund, may maintain
 3.33 a federally insured checking account or money market account to hold funds for a period

4.1 of not longer than 60 days to make disbursements authorized by section 424A.05, subdivision
4.2 3. Such funds may be (1) funds withheld by the governing board from any state aid,
4.3 contributions, or other payments made to the relief association that would otherwise have
4.4 been required to be transmitted to the State Board of Investment under paragraph (a), or (2)
4.5 funds withdrawn from the relief association's investments at the State Board of Investment.
4.6 In either case, upon receipt, the governing board must immediately deposit such funds in
4.7 the relief association's checking account or money market account.

4.8 ~~(b)~~ (c) The governing board of the relief association may select and appoint a qualified
4.9 private firm financial advisor to (1) advise the board in the selection of investments, and
4.10 (2) measure management performance and return on investment, and the firm. The advisor
4.11 must use the formula or formulas developed by the state board under section 11A.04, clause
4.12 (11), to measure management performance and return on investment.

4.13 **EFFECTIVE DATE.** This section is effective January 1, 2024.

4.14 **Sec. 5. INVESTMENT PORTFOLIO REVIEW.**

4.15 No later than June 30, 2023, the governing board of a volunteer firefighter relief
4.16 association with a special fund that is not already entirely invested with the State Board of
4.17 Investment shall review the investment portfolio of the special fund and determine whether
4.18 any security in which special fund assets are invested cannot be prudently liquidated and
4.19 the proceeds transferred to the State Board of Investment by January 1, 2024. If the governing
4.20 board determines that special fund assets are invested in securities that cannot be prudently
4.21 liquidated by January 1, 2024, the governing board must prepare a report identifying the
4.22 securities and a schedule for liquidation. The governing board must complete the report and
4.23 schedule by January 1, 2024, and retain the report and schedule in the office of the volunteer
4.24 firefighter relief association for public inspection.

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