

HF 4248 (Moller); SF xxxx: Minnesota Secure Choice Retirement Program: Permitting Home and Community-Based Services Employees to Participate in the Program

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Introduction

Affected Plan:	Minnesota Secure Choice Retirement Program
Laws Amended:	Minnesota Statutes, Sections 187.03 and 187.05
Brief Description:	The bill adds a definition and amends a statute to require the board of directors of the Secure Choice Retirement Program to allow “home and community-based services employees” to participate in the Program.
Attachment:	Amendment H4248-1A

Background

The Minnesota Secure Choice Retirement Program was established by legislation approved by the Commission and eventually enacted in 2023. The Program is intended to help employees who have no access to a 401(k) plan or other retirement plan through their employment save for retirement. In establishing the Program, Minnesota joined over a dozen other states, including Colorado, Oregon, Illinois, and California, offering a similar state-run retirement program. According to the American Association of Retired Persons (AARP), about 718,000 Minnesota employees in the private sector do not have access to a retirement plan through their employment.¹

The Program will require all private sector employers in the state of Minnesota that employ 5 or more employees to deduct a percentage of pay from each of their employees’ paychecks and transmit the deduction to the state for deposit in an individual retirement account in the name of the employee. The individual accounts will be invested by the State Board of Investment. Employees will be able to opt out of the Program or change their salary deferral amount. Employees can access their accounts to fund retirement or earlier, subject to a penalty unless an exception applies.

The Program is required to be opened in phases, over a two-year period, beginning after January 1, 2025.

¹ “New Retirement Savings Program to Help Minnesota Workers” AARP (October 1, 2023).

General Summary

The bill focuses on eligibility to participate in the program. An individual must participate in the Program (but can later opt out) if the individual is a “covered employee.” A “covered employee” is a person who is employed by a covered employer and who satisfies other criteria that may be established by the Secure Choice board of directors. “Covered employee” does not include persons who are younger than 18 years old, covered by a multiemployer plan, or employed by a federally regulated rail or other carrier or a governmental employer. “Covered employer” is any Minnesota private sector, profit or non-profit, entity that employs 5 or more employees and has not offered a retirement plan to its employees in the preceding 12 months.

Under Section 187.05, subdivision 7, the board may allow individuals to participate in the program, even though the individual does not satisfy the definition of “covered employee.” Such individuals would include employees of employers with fewer than 5 employees, independent contractors, and so-called gig workers. Similar programs in other states have opened their programs to individuals who voluntarily wish to participate in a state-run program that gives them access to a way to save for retirement without the trouble of having to find a financial institution, open an IRA, and manage their own investments.

While it is not known at this time whether the Secure Choice board will decide to open up the Program to individuals, to do so furthers the purpose of the Program by giving more individuals access to a way to save for retirement.

One group of workers who will not be considered “covered employees” are “home and community-based employees.” As explained by Danyell Punelli, House Research Legislative Analyst:

These individual providers are selected by and working under the direction of a participant in a covered program, which includes the consumer-directed community supports option and extended personal care assistance services under the Medicaid waiver programs for persons with disabilities and the elderly, the personal care assistance choice program, and the community-first services and supports program. These programs are all Medicaid home and community-based programs for persons with disabilities and/or the elderly and are designed to give the program participants more flexibility and control over their services and the people who provide them.

HF 4248 (Moller) amends the authority of the Secure Choice board to open the Program to individuals who are not “covered employees” by requiring that the board allow these individuals to participate in the Program within six months of the opening of the Program.

Section- by- Section Summary

Section 1 adds a new subdivision 7a to Section 187.03 (“Definitions”), which is the definition for “home and community-based services employee.” A “home and community-based services employee” is an individual employed by the individual’s child or spouse to provide services through programs under chapters 256B (“Medical assistance for needy persons”) or 256S (“Medical assistance elderly waiver”).

Section 2 amends Section 187.05, subdivision 7, to require the board to allow home and community-based service employees to participate in the Program within six months of the opening of the Program and requires that these employees be considered “covered employees” for purposes of the Program.

Both sections are effective the day following final enactment.

Amendment H4248- 1A

Amendment H4248-1A amends the new definition for “home and community-based services employee” in the bill to add a statement that the definition applies only to Chapter 187, which governs the Secure Choice Program, and does not create any other rights under state or federal law.