



SF 4797 (Pappas); amending the statutes governing the Minnesota Secure Choice Retirement Program

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Introduction

- Affected Plan:** Minnesota Secure Choice Retirement Program (the Program)
- Laws Amended:** Sections in Minnesota Statutes, Chapter 187
- Laws Added:** Sections 187.13 and 187.14
- Law Repealed:** Section 187.07, subdivision 3
- Brief Description:** The bill:
- makes changes to annual reporting requirements;
 - adds a definition of “waiting period;”
 - conforms statutes on enrollment window and employer certification to actual practice;
 - moves the obligation to provide information to employees from the employers to the Program and eliminates the related penalty provision;
 - modifies the experience requirement for members of the board of directors and defines quorum;
 - adds a section on confidentiality of data and nonsolicitation; and
 - repeals the requirement that covered employers provide information about the Program to new covered employees.
- Amendment:** 26-07808-1A (amendment was to the Revisor’s draft, before bill introduction)

Background

The Minnesota Secure Choice Retirement Program is a state-sponsored retirement program for private sector employees. The Program was established by legislation enacted in 2023 and funded by an appropriation of \$5 million.

The Program is intended to benefit employees in the private sector who have no opportunity to save for retirement through an employer-sponsored retirement plan such as a 401(k) plan. Employers that do not sponsor a retirement plan for their employees are required to transmit a percentage of pay deducted from

each employee's paycheck to a state-administered individual retirement account (IRA). Employees have the option to change the contribution percentage or opt out of the Program entirely. Employees direct the investment of their accounts into a diversified array of investment funds offered with the oversight of the State Board of Investment (SBI).

The Secure Choice Retirement Program is now operational, having hired an executive director and contracted with a recordkeeper in 2025 and opened for enrollment of covered employers and covered employees in January 2026. The statutes governing the Program need to be updated to reflect operational changes and make other changes determined necessary by the Program's board of directors and executive director.

Section- by- Section Summary

Section 1 amends the definitions section for Chapter 187 to add a new definition for "annual report." The definition consolidates two annual reporting requirements in current law (Section 187.08, subdivision 8, paragraphs (9) and (10)) into one requirement.

Section 2 amends the definition of "covered employee" to include individuals described in Section 187.05, subdivision 7, who are not employed by a covered employer but are permitted to participate in the Program.

Section 3 amends the definition of "enrollment window" to add two windows, in addition to the window for enrolling employees when the employer is first required to join the Program. The two additional windows are the first 21 days of a covered employee's employment with a covered employer and the first 21 days of the January after the year in which an employer first becomes a covered employer.

Section 4 adds a definition for a new defined term, "waiting period," which is the 30-day period that begins on the first day of an enrollment period (this is revised by the 1A amendment summarized on the last page of this document).

Section 5 amends Section 187.05, subdivision 1, to include references to individuals who are not employed by a covered employer but permitted to participate in the Program and make payments to the Program.

Section 6 amends Section 187.05, subdivision 1a, which gives employers the opportunity to certify to the Program that the employer is not a covered employer. The amendment revises the reference to filing a form with the executive director of the Program to refer to filing a certification through the Program's online portal or by mail or email, with the consent of the executive director.

Section 6 also adds a new paragraph to this subdivision 1a to authorize the executive director to seek supporting documentation from an employer if needed to provide support for a certification.

Section 7 amends Section 187.05, subdivision 4, to require the board to provide notice to covered employees, in addition to covered employers as required under current law, of a change in the employee contribution rate or escalation schedule. Paragraph (b) in current law is deleted because it is included in a new subdivision 9 to this Section 187.05, which is added by Section 8 of the bill.

Section 8 amends Section 187.05 to add a new subdivision 9, which addresses covered employees' right to begin making contributions, change the rate of contributions, elect not to contribute, or cease contributing at least annually. This provision is moved to new subdivision 9 from current law at Section 187.05, subdivision 4, paragraph (b),

Section 9 amends Section 187.06, subdivision 3, which requires opening an individual account for each covered employee, to include a reference to individuals who are not employed by a covered employer but permitted to participate in the Program and make payments to the Program.

Section 10 amends Section 187.07, subdivision 1, which directs covered employers to enroll employees and begin making payroll deduction contributions from paychecks. New language incorporates the requirements that covered employers enroll covered employees during the applicable enrollment period and begin withholding payroll deduction contributions from the first paycheck after a covered employee's waiting period.

Section 10 also deletes:

- paragraph (b) in current law, which details the default contribution rate and escalation schedule for contributions, because this provision is included in a new subdivision 1a added to this Section 187.07 (by Section 11 of the bill); and
- paragraph (d) in current law, which requires the executive director to communicate annually to each covered employee the limits on employee contributions under applicable federal law, because this provision is included as subdivision 2 in new Section 187.13 (added by Section 19 of the bill).

Section 11 amends Section 187.07 to add a new subdivision 1a, which provides the default employee contribution rate and the contribution escalation schedule and is being moved from Section 187.07, subdivision 1, in current law to this new subdivision 1a.

Section 12 amends Section 187.08, subdivision 1, which describes the board of directors. Section 12 replaces specific experience criteria with a requirement that the members of the board appointed by the Legislative Commission on Pensions and Retirement have "relevant experience."

Section 13 amends Section 187.08, subdivision 2, by adding a new paragraph (b), which states that if a member of the board wishes to serve an additional term the Commission does not have to seek candidates to fill the seat as if it were to be vacant. This new subdivision also requires the executive director of the Program to notify the secretary of state and the chair or executive director of the Commission about the incumbent's desire to serve an additional term.

Section 14 amends Section 187.08, subdivision 3, which defines the term of office for directors. Paragraph (b) is revised to require an incumbent seeking to serve an additional term to notify the chair of the board and the executive director of the Program.

Section 15 amends Section 187.08, subdivision 6, to authorize the chair to serve indefinitely if reelected by the directors and to add a new paragraph that defines quorum and that a simple majority vote of members present is sufficient to approve any item of board business.

Section 16 amends Section 187.08, subdivision 8, which lists the duties of the board of directors, to:

- delete clause 8, which is being moved to new Section 187.13, subdivision 1, specifically on “Required notices” (in Section 19 of the bill); and
- delete language in clause 9 and all of clause 10, which is being moved to the new definition of “annual report” (in Section 1 of the bill).

Section 17 amends Section 187.11, which requires other agencies to provide assistance to the Program. Paragraph (c) is amended to revise the requirement that office space for the Program be provided by the commissioner of administration in the Capitol complex to require the commissioner to assist in finding office space in St. Paul.

Section 18 amends Section 187.12, subdivision 1, which imposes penalties against covered employers for failing to enroll a covered employee or for failing to provide information to a covered employee. This subdivision is revised to delete references to the failure to provide information to covered employees. This duty is transferred from covered employers to the Program by Section 19 of the bill, which adds new Section 187.13. The covered employers’ duty to provide information, which is in Section 187.07, subdivision 3, is repealed in Section 21 of the bill.

Section 19 adds new Section 187.13, “Required Notices,” to Chapter 187. This new section requires the Program to provide information about the Program, procedures, and disclaimers, among other items, to all covered employees within the first 7 days of employment (subdivision 1), and annual notice to covered employees about the annual limits under federal law on contributions to IRAs (subdivision 2).

Section 20 adds new Section 187.14, “Confidentiality of Data and Nonsolicitation,” to Chapter 187. This new section prohibits disclosure of private data on individuals, unless allowed under an exception (subdivision 1) and prohibits solicitation by recordkeepers and others of covered employees (subdivision 2).

Section 21 repeals Section 187.07, subdivision 3, which required covered employers to provide information to new covered employees. That duty is transferred to the Program and appears in new Section 187.13, added by Section 19 of the bill.

Section 22 is the effective date for all sections, which is the day following final enactment.

Amendment 26- 07808- 1A

Amendment 1A makes two changes to the bill:

Lines 1.3 to 1.4: The new definition of “waiting period,” added by Section 4 of the bill, is revised to state that waiting period means the 30-day period beginning on the day on which a covered

employee is enrolled in the Program, replacing the language which states the waiting period begins on the first day of the applicable enrollment period. The waiting period gives covered employees the option to elect not to contribute or change the percentage of pay withheld before the covered employer withholds the first payroll contribution.

Lines 1.6 to 1.15: A new Section 8 is added to the bill, which amends Section 187.05, subdivision 7, to allow the Program “twelve” months rather than “six” months to open the Program to home and community-based services employees. Due to complexities regarding how these individuals are paid the Program needs additional time to work with the recordkeeper to put system changes in place to accommodate these new participants.