

1.1 A bill for an act

1.2 relating to retirement; various retirement plans; regulating the creation and
1.3 operation of liquidating trusts established by retirement plans; proposing coding
1.4 for new law in Minnesota Statutes, chapter 356.

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

1.6 Section 1. [356.494] AUTHORIZATION FOR THE CREATION OF
1.7 LIQUIDATING TRUST.

1.8 Subdivision 1. Authorization. (a) A Minnesota public retirement plan governed
1.9 by section 356.20 that is scheduled to be consolidated into another Minnesota public
1.10 retirement plan under law or otherwise may establish a liquidating trust under this section.

1.11 (b) Any liquidating trust established by any Minnesota public retirement plan after
1.12 May 1, 2007, is governed by this section.

1.13 Subd. 2. Permitted purposes for a liquidating trust. A liquidating trust may be
1.14 established solely for one or more of the following purposes:

1.15 (1) to dispose of assets if the applicable retirement plan has an asset or a class of
1.16 assets which has an uncertain fair market value and which is not readily liquidated;

1.17 (2) to resolve liability issues if the applicable retirement plan has an actual liability
1.18 or a contingent liability that:

1.19 (i) is a reasonable and necessary expense of the plan or is an authorized benefit of
1.20 the plan; and

1.21 (ii) has been specified in proposed legislation or in other applicable documentation
1.22 as unpayable by the successor retirement plan following consolidation;

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2.1 (3) to reduce the amount of accounts payable if the applicable retirement plan has
2.2 a large amount of accounts payable that is disputed administratively or is the subject
2.3 of pending litigation; or

2.4 (4) to resolve the accounts receivable portfolio if the applicable retirement plan has a
2.5 large amount of accounts receivable that is disputed administratively or is the subject of
2.6 pending litigation.

2.7 Subd. 3. **Liquidating trustee.** For any liquidating trust established under this
2.8 section, the trustee for the liquidating trust must be the commissioner of finance or the
2.9 designee of the commissioner of finance.

2.10 Subd. 4. **Other restrictions.** The liquidating trust document must conform with
2.11 the following restrictions and limitations:

2.12 (1) the assets to be transmitted to or deposited in the liquidating trust may not exceed
2.13 one percent of the total market value of the assets of the retirement plan;

2.14 (2) the duration of the liquidating trust may not exceed one year;

2.15 (3) expenditures permitted from the liquidating trust must conform with the
2.16 authorized disbursement requirements of the retirement plan;

2.17 (4) the liquidating trust assets must be invested in the Minnesota supplemental
2.18 investment fund;

2.19 (5) the successor retirement plan must be the primary beneficiary of the liquidating
2.20 trust; and

2.21 (6) the board of trustees and the administrative officials or employees of the
2.22 consolidating retirement plan establishing the liquidating trust may not be a beneficiary of
2.23 the liquidating trust to any greater extent than any other retirement plan member.

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