

1.1 A bill for an act

1.2 relating to local government; authorizing political subdivisions to establish trusts
1.3 to pay for postemployment benefits; proposing coding for new law in Minnesota
1.4 Statutes, chapter 471.

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

1.6 Section 1. **[471.612] TRUST FUNDS FOR POSTEMPLOYMENT BENEFITS.**

1.7 **Subdivision 1. Establishment; administration and investment.** (a) A
1.8 political subdivision may establish an irrevocable trust fund to hold money to pay for
1.9 postemployment benefits owed to its officers and employees after termination of service.
1.10 A political subdivision establishing a trust fund under this section must establish a board
1.11 of trustees for the trust.

1.12 (b) A political subdivision may:

1.13 (1) certify assets in a trust fund under this section to the State Board of Investment
1.14 for investment in the combined investment funds established in section 11A.14; or

1.15 (2) select another investment manager, who may invest the assets in any instrument
1.16 authorized as an investment for purposes of section 11A.14.

1.17 **Subd. 2. Definitions.** For purposes of this section:

1.18 (1) "political subdivision" means any entity authorized by section 471.61 to provide
1.19 benefits to its retired officers and employees; and

1.20 (2) "postemployment benefit" means a benefit giving rise to a liability under
1.21 Statement 45 of the Government Accounting Standards Board, thereby excluding benefits
1.22 to be paid by a Minnesota public pension plan listed in section 356.20, subdivision 2,
1.23 or 356.30, subdivision 3, and benefits provided on a defined contribution, individual
1.24 account basis.

S.F. No. 917, as introduced - 85th Legislative Session (2007-2008)

2.1 Subd. 3. **Withdrawal of funds.** A political subdivision may withdraw money from
2.2 a trust fund established under this section only to pay postemployment benefits owed for
2.3 former officers and employees of the political subdivision, or to the extent the political
2.4 subdivision's actuarial liability for these benefits is satisfied or otherwise defeased.

2.5 Subd. 4. **Status of irrevocable trust fund.** All money held in a trust fund created
2.6 under this section is held in trust for the exclusive benefit of current or former officers and
2.7 employees promised a postemployment benefit by the political subdivision. Money in the
2.8 trust fund is not subject to claims by creditors of the participating political subdivision, or
2.9 the current and former officers and employees of the political subdivision. An irrevocable
2.10 trust created in this section is an arrangement equivalent to a trust for all legal purposes.

2.11 **Sec. 2. EFFECTIVE DATE.**

2.12 Section 1 is effective the day following final enactment.