A bill for an act
relating to retirement; providing for distributions from public retirement plans as
allowed under the federal CARES Act.

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

Section 1. PERMITTING CORONAVIRUS-RELATED DISTRIBUTIONS
ALLOWED UNDER THE FEDERAL CARES ACT.

Subdivision 1. Definitions. (a) For the purposes of this section, the terms defined in this
subdivision have the meanings given them unless otherwise clearly indicated.

(b) "Coronavirus-related distribution" means any distribution from a retirement plan
made on or after January 1, 2020, and before December 31, 2020, to a person who is eligible
for a coronavirus-related distribution under subdivision 2; provided, however, that the
distribution will be considered a coronavirus-related distribution only to the extent the
distribution, together with any other coronavirus-related distribution taken by the person
from any pension plan or defined contribution plan, does not exceed $100,000.

(c) "Deferred member" means a person who was formerly employed in a position covered
by a pension plan and who is entitled to a refund of the person's employee contributions to
the plan.

(d) "Defined contribution plan" means the Minnesota unclassified employees retirement
program established under Minnesota Statutes, chapter 352D, the public employees defined
contribution plan established under Minnesota Statutes, chapter 353D, or the Minnesota
defined compensation plan established under Minnesota Statutes, section 352.965.
(e) "During 2020" means any day that is on or after January 1, 2020, and before December 31, 2020.

(f) "Eligible rollover distribution" means a distribution, described in section 402(c)(4) of the Internal Revenue Code, as any distribution of all or a portion of the balance to the credit of a person under a qualified plan or a governmental section 457(b) plan, except a distribution that is (1) substantially equal periodic payments over a specified period of at least 10 years, or for the life or the life expectancy of the person or the person and the person's designated beneficiary, (2) a minimum distribution required under section 401(a)(9) of the Internal Revenue Code, or (3) a distribution, other than a coronavirus-related distribution, made upon the hardship of a person.

(g) "Forfeited rights" means the rights forfeited by a deferred member under the laws governing the retirement plan when the deferred member receives a refund of employee contributions.

(h) "Participant" means a person with an account in a defined contribution plan.

(i) "Pension plan" means any of the plans listed in Minnesota Statutes, section 356.30, subdivision 3, except the unclassified employees retirement program established under chapter 352D.

(j) "Reemployed annuitant" means a person who was receiving an annuity from a retirement plan until annuity payments were withheld or reduced under Minnesota Statutes, section 352.115, subdivision 10; 353.37; 354.44, subdivision 5; or 354A.31, subdivision 3.

(k) "Refund" means a refund of a deferred member's employee contributions and any accrued interest as allowed under the laws governing the applicable retirement plan.

(l) "Retirement plan" means a pension plan or a defined contribution plan.

(m) "Withheld amounts" means the value of the reemployed annuitant's amount under Minnesota Statutes, section 356.47, subdivision 2, plus any interest as described under Minnesota Statutes, section 356.47, subdivision 3.

Subd. 2. Coronavirus-related distribution eligibility. A person is eligible for a coronavirus-related distribution if:

(1) the person is diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (COVID-19) by a test approved by the Centers for Disease Control and Prevention; or

(2) the person's spouse or dependent, as defined in section 152 of the Internal Revenue Code, is diagnosed with such virus or disease by such a test; or
(3) the person experiences adverse financial consequences as a result of being quarantined, being furloughed or laid off or having work hours reduced due to such virus or disease, being unable to work due to lack of child care due to such virus or disease, closing or reducing hours of a business owned or operated by the individual due to such virus or disease, or other factors as determined by the United States secretary of the treasury (or the secretary's delegate).

Subd. 3. Coronavirus-related distribution to reemployed annuitants. (a) Notwithstanding any law to the contrary, a reemployed annuitant who (1) is a person eligible for a coronavirus-related distribution under subdivision 2 and (2) will be entitled, under Minnesota Statutes, section 356.47, to a payment of withheld amounts after December 30, 2020, is entitled to receive one payment during 2020 of withheld amounts at the time and in the amount elected by the reemployed annuitant.

(b) A reemployed annuitant who is entitled to a payment of withheld amounts during 2020 under applicable law or paragraph (a) may take all or a portion of the payment as a coronavirus-related distribution upon filing a certification and any application required under applicable law with the applicable retirement plan.

(c) The certification required under paragraph (b) must state that the reemployed annuitant is eligible for a coronavirus-related distribution and must be signed by the reemployed annuitant.

Subd. 4. Coronavirus-related refund to deferred members. (a) Notwithstanding any law to the contrary, a deferred member who (1) is a person eligible for a coronavirus-related distribution under subdivision 2 and (2) receives a refund during 2020, may consider up to $100,000 of the refund as a coronavirus-related distribution upon filing a certification and any application required under applicable law with the applicable retirement plan.

(b) The certification required under paragraph (a) must state that the deferred member is eligible for a coronavirus-related distribution and must be signed by the deferred member.

(c) A deferred member who receives a refund under paragraph (a) that is a coronavirus-related distribution may, during a three-year period starting the day following distribution of the refund, repay the refund to the retirement plan from which the distribution was received. The repayment is permitted only if it is a single lump-sum payment in an amount equal to the amount of the refund. Upon repayment of the refund within the three-year period, the deferred member's forfeited rights are restored. If the deferred member fails to repay the refund within the three-year period, the deferred member's forfeited rights remain
forfeited unless the deferred member repays the refund as otherwise permitted under the
laws governing the applicable retirement plan.

(d) Unless governing law would otherwise permit a deferred member to repay a refund,
a deferred member may repay a refund that is a coronavirus-related distribution under
paragraph (c) only if the distribution is an eligible rollover distribution.

(e) Nothing in this subdivision should be construed to limit a deferred member's otherwise
existing right to receive or repay a refund under applicable law.

Subd. 5. Coronavirus-related distributions from a defined contribution plan. (a)
Notwithstanding any law to the contrary, a participant in a defined contribution plan who
(1) is a person eligible for a coronavirus-related distribution under subdivision 2 and (2)
has not severed employment, within the meaning of the applicable plan document or
governing law, shall be entitled to receive a distribution of up to $100,000 from the
participant's account in the defined contribution plan during 2020 upon filing a certification
and any application required under applicable law with the executive director of the defined
contribution plan.

(b) A participant in a defined contribution plan who (1) is a person eligible for a
coronavirus-related distribution under subdivision 2 and (2) has severed public employment,
within the meaning of the applicable plan document or governing law, may take a distribution
of all or a portion of the participant's account during 2020 and consider up to $100,000 of
the distributed amount as a coronavirus-related distribution, upon filing a certification and
any application required under applicable law with the executive director of the defined
contribution plan.

(c) The certification required under paragraph (a) or (b) must state that the participant
is eligible for a coronavirus-related distribution and must be signed by the participant.

(d) A participant who receives a distribution under paragraph (a) or (b) that is a
coronavirus-related distribution may, during a three-year period starting the day following
the distribution, repay all or any portion of the distribution up to the lesser of the amount
of the distribution or $100,000 to the defined contribution plan from which the distribution
was received.

(e) Unless governing law would otherwise permit a participant to repay a distribution,
a participant may repay a distribution that is a coronavirus-related distribution under
paragraph (d) only if the distribution is an eligible rollover distribution.
(f) The board of directors of the Minnesota State Retirement System shall, as soon as practicable, amend the plan document of the Minnesota deferred compensation plan to incorporate the requirements of this subdivision and make other changes as necessary to comply with section 2202 of the federal CARES act and related regulations and guidance.

Subd. 6. Rights in addition to existing rights. A person's rights under this section, including the right to a distribution and to repay a distribution, are in addition to any rights the person may have under the governing law applicable to the retirement plan in which the person is a member, deferred member, reemployed annuitant, or participant.

Subd. 7. Notice to members required. The executive director of a retirement plan to which this section applies shall provide notice no later than 30 days after the effective date of this section to each member, deferred member, reemployed annuitant, and participant, as applicable, of such plan regarding the rights provided by this section, the requirements for exercising such rights, and the foreseeable consequences of exercising such rights.

Subd. 8. Coronavirus-related distributions before effective date grandfathered. A distribution made before the effective date of this section from a retirement plan shall be considered a coronavirus-related distribution by the retirement plan if the person who elected to take the distribution (1) would have been eligible to take a coronavirus-related distribution under subdivision 2 at the time of the distribution and (2) files with the retirement plan from which the distribution was taken the certification required under subdivision 3, 4, or 5, as applicable.

EFFECTIVE DATE; EXPIRATION. This section is effective 60 days following final enactment. Subdivision 3 expires on December 30, 2020. Subdivisions 1, 2, and 4 to 8 expire on December 31, 2023.