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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

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A N A C T

RELATING TO PUBLIC OFFICERS AND EMPLOYEES - DEFERRED COMPENSATION  
PLANS

Introduced By: Representatives Coughlin, Solomon, Johnston, and Messier

Date Introduced: February 10, 2016

Referred To: House Finance

(General Treasurer)

It is enacted by the General Assembly as follows:

1           SECTION 1. Section 36-13-1 of the General Laws in Chapter 36-13 entitled "Deferred  
2 Compensation Plans" is hereby amended to read as follows:

3           **36-13-1. Deferred compensation plans authorized.** -- (a) The state or any city, town, or  
4 other political subdivision may, by contract, agree with any employee to defer, in whole or in  
5 part, any portion of that employee's compensation, and may subsequently contract with financial  
6 institutions for the purchase of government securities or with other financial entities for the  
7 purchase of mutual funds, and procure a fixed or variable life insurance or annuity contract for  
8 the purpose of providing funds to meet its obligations under a deferred compensation program for  
9 the employees from any financial institutions or from any life underwriters duly licensed by this  
10 state who represents an insurance company licensed to contract business in this state.

11           (b) In the administration of a deferred compensation plan for state employees authorized  
12 under this chapter, after October 1, 1998, the state shall engage up to three (3) companies  
13 ("Authorized Companies") to administer such deferred compensation plans. After October 1,  
14 1998, only such Authorized Companies shall be entitled to enroll state employees in such  
15 deferred compensation plans in accordance with the following guidelines:

16           (1) Employees must have the option of purchasing or investing in alternative financial  
17 products referred to herein which have been approved by the State Investment Commission;

18           (2) The alternative financial products shall include, without limitation, a variable product

1 and a fixed product;

2 (3) The Authorized Companies (or an entity related thereto) must:

3 (i) Be selected in accordance with the provisions of this chapter,

4 (ii) Covenant that all employees covered under any plan authorized under this chapter  
5 shall, at all times, be granted the unfettered right to cancel, change, liquidate, amend or  
6 interchange any investment contract or product purchased in any such plan without such  
7 employees incurring a financial penalty or fee of any kind or nature imposed by contract, and

8 (iii) Be granted equal access to all eligible employees;

9 (4) Procedures shall be established to ensure that personalized information regarding  
10 employees shall not be provided to third parties by the Authorized Companies. "Personalized  
11 Information" shall include, without limitation, social security numbers, home addresses,  
12 telephone numbers, amounts invested, medical or disability information; and

13 (5) The Authorized Companies shall be permitted to offer any financial product referred  
14 to herein which shall have been approved by the State Investment Commission. Notwithstanding  
15 any other provisions of this section (b), if the department of administration determines that less  
16 than three companies are qualified to be engaged as Authorized Companies because of (a)  
17 insufficient experience in the administration of deferred compensation plans or (b) a failure to  
18 assure adherence to the guidelines set forth herein, the state may engage less than three  
19 Authorized Companies.

20 (6) If any provision of this section or the application thereof to any person or  
21 circumstances is held invalid, that invalidity shall not affect other provisions or applications of  
22 the section which can be given effect without the invalid provision or application, and to this end  
23 the provisions of this section are declared to be severable.

24 SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

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1           This act would provide the state with the flexibility to engage up to three (3) authorized  
2 companies to administer its deferred compensation plans rather than the current statutory mandate  
3 to hire three (3) companies to do this task.

4           This act would take effect upon passage.

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