

2021 -- H 5675

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

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A N A C T

RELATING TO PUBLIC OFFICERS AND EMPLOYEES -- THE RUSSELL ACT OF 2021

Introduced By: Representatives Casey, Kazarian, Craven, Hull, Corvese, Solomon,
Kennedy, C Lima, Fogarty, and Bennett

Date Introduced: February 24, 2021

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 36-13-1 and 36-13-1.1 of the General Laws in Chapter 36-13 entitled

2 "The Russell Act of 2021" are hereby amended to read as follows:

3 **36-13-1. Deferred compensation plans authorized.**

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

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

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

19 (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 shall,
5 at all times, be granted the unfettered right to cancel, change, liquidate, amend or interchange any
6 investment contract or product purchased in any such plan without such employees incurring a
7 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, telephone
12 numbers, amounts invested, medical or disability information; and

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

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

23 (c) Effective January 1, 2022, any participating municipality as defined in § 45-21-2 may
24 elect to offer to its municipal employees the deferred compensation plans offered by the state. The
25 account of any municipal employee who participates in the state deferred compensation plan shall
26 be subject to the same administration, charges, costs, rules, and regulations as are applicable and
27 applied to the accounts of employees in the state deferred compensation plan.

28 **36-13-1.1. State investment commission.**

29 The state investment commission shall, from time to time, select the financial institutions
30 and/or entities in which the state shall invest the funds under the deferred compensation plan for
31 ~~state~~ employees in the state plan.

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SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO PUBLIC OFFICERS AND EMPLOYEES -- THE RUSSELL ACT OF 2021

1 This act would provide that effective January 1, 2022, any participating municipality as
2 defined in § 45-21-2 may elect to offer to its employees the deferred compensation plans offered
3 by the state. The account of any municipal employee who participates in the state deferred
4 compensation plan would be subject to the same administration, rules, and regulations as are
5 applicable and applied to the accounts of employees in the state deferred compensation plan.

6 This act would take effect upon passage.

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