

**2023 -- S 0228 SUBSTITUTE A**

LC001450/SUB A

**STATE OF RHODE ISLAND**

**IN GENERAL ASSEMBLY**

**JANUARY SESSION, A.D. 2023**

A N A C T

RELATING TO PUBLIC OFFICERS AND EMPLOYEES -- DEFERRED COMPENSATION PLANS

Introduced By: Senators Murray, LaMountain, McKenney, Tikoian, Euer, Sosnowski, F. Lombardi, Ciccone, DiMario, and Picard

Date Introduced: February 16, 2023

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 36-13-1, 36-13-1.1 and 36-13-3 of the General Laws in Chapter 36-  
2 13 entitled "Deferred Compensation Plans" 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;

1 (2) The alternative financial products shall include, without limitation, a variable product  
2 and a fixed product;

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

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

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

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

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

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

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

24 (c) Effective January 1, 2024, any participating municipality as defined in § 45-21-2 may  
25 elect to offer to its municipal employees the deferred compensation plans offered by the state. The  
26 account of any municipal employee who participates in the state deferred compensation plan shall  
27 be subject to the same administration, charges, costs, rules, and regulations as are applicable and  
28 applied to the accounts of employees in the state deferred compensation plan.

29 **36-13-1.1. State investment commission.**

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

33 **36-13-3. Administration of program.**

34 The administration of the deferred compensation program within each state agency,

1 department, board, commission, or institution shall be under the direction of the director or  
2 principal officer of that particular agency, department, board, commission, or institution. Each city,  
3 town, or other political subdivision shall designate an officer to administer the deferred  
4 compensation program, [including deferred compensation plans offered to municipal employees](#)  
5 [pursuant to § 36-13-1\(c\)](#). Reductions in payroll shall be made, in each instance, by the appropriate  
6 payroll officer. The administrator of the deferred compensation program may contract with a  
7 private corporation or institution for providing consolidated billing and other administrative  
8 services.

9 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 -- DEFERRED COMPENSATION  
PLANS

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1           This act would provide that effective January 1, 2024, 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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