

# MAINE STATE LEGISLATURE

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New Draft of: H. P. 1296, L. D. 1682

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ONE HUNDRED AND SIXTH LEGISLATURE

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Legislative Document

No. 1984

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H. P. 1552

House of Representatives, May 30, 1973

Reported by Mr. Gahagan from the Committee on State Government and printed under Joint Rules No. 18.

E. LOUISE LINCOLN, Clerk

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STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-THREE

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**AN ACT to Permit Public Employees to Enter into a Deferred Compensation Plan and Authorize the Purchase of Annuity Contracts and Investment Company Shares.**

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Be it enacted by the People of the State of Maine, as follows:

R. S., T. 5, c. 67, additional. Title 5 of the Revised Statutes is amended by adding a new chapter 67 to read as follows:

**CHAPTER 67**

**DEFERRED COMPENSATION PLAN**

§ 881. Deferred compensation plan

The State or any county, city, town or other political subdivision may, by contract, agree with any employee to defer, in whole or in part, any portion of that employee's compensation and subsequently, contract for, purchase or otherwise procure for the purpose of funding a deferred compensation program for the employee a fixed or variable life insurance or annuity contract from an insurance company licensed to contract business in this State, or shares of an investment company registered under the Investment Company Act of 1940. The employee may choose the type of deferred compensation program preferred.

§ 882. Authorization

The director or the principal officer of each state agency, department, board, commission or institution is authorized to enter into such contractual agree-

ments with employees of that particular state agency, department, board, commission or institution on behalf of the State to defer any portion of that employee's compensation.

### § 883. Administration

Administration of a deferred compensation program within state agencies, departments, boards, commissions or institutions shall be under the direction of the Department of Finance and Administration. Each county, city, town or other political subdivision may designate an officer to administer a deferred compensation program. Payroll deductions shall be made in each instance by the appropriate payroll officer.

### § 884. Advisory council

An Advisory Council on Deferred Compensation Plans, as established in this chapter, shall consist of 7 members, who shall be the Commissioner of Finance and Administration, ex officio, or his designee; the Insurance Commissioner, ex officio, or his designee; the Commissioner of Banks and Banking, ex officio, or his designee and 4 state employees to be appointed by the Governor, who shall be appointed for terms of 3 years, except that of the first appointments one shall be for one year, 2 for 2 years and one for 3 years. All members of the advisory council shall serve without compensation, but any expenses incurred in performance of their duties shall be reimbursed. The council shall meet at least once a year and shall review the operations of the deferred compensation program and advise the Department of Finance and Administration on matters of policy relating to the activities thereunder. The Commissioner of Finance and Administration, or his designee, shall be the chairman of the advisory council.

### § 885. Selection of firms

The advisory council shall select up to 3 firms for participation by state employees as the result of investigation and competitive bidding, as outlined in chapter 155. The council may, at any time after the evaluation and study of new programs, replace any previously selected firm with another firm through the process of competitive bidding for the purpose of new enrollees.

Any county, city, town or other political subdivision wishing to make use of any material relating to evaluation, or competitive bidding compiled by the council, may receive copies on request.

### § 886. Definition

For the purposes of this chapter, "employee" means any person whether appointed, elected or under contract, providing services for the State, county, city, town or other political subdivision, for which compensation is paid.

### § 887. Payment of premiums and purchase of shares

Notwithstanding any other provision of law to the contrary, those persons designated to administer the deferred compensation program are authorized to make payment of premiums for the purchase of fixed or variable life insurance or annuity contracts and to purchase investment company shares

under the deferred compensation program. Such payments shall not be construed to be a prohibited use of the general assets of the State, county, city or other political subdivision.

§ 888. Application

Any compensation or portion of compensation reduced by an employee in conjunction with a deferred compensation program shall remain as a general, unpledged asset of the State, county, city, town or other political subdivision until such time as the deferred compensation program covering such employee calls for distribution. Any compensation or portion of compensation reduced shall not be considered in calculating any employee benefits, nor shall it be subject to any withholding imposed on such employee; nor shall it be subject to any income taxation until distribution is actually made to the employee.

§ 889. Liability limited

The financial liability of the State, county, city, town or other political subdivision under a deferred compensation program shall be limited in each instance to the payment of premiums for the purchase of fixed or variable life insurance or annuity contracts and the purchase of investment company shares under the deferred compensation program while the enrollee remains an employee of the State, county, city, town or other political subdivision enrolled in the program, and only to the amount of the compensation or portion of compensation held for payment of said premiums or investment company shares.

### STATEMENT OF FACT

This bill authorizes the State and other political subdivisions within the State to enter into deferred compensation programs for their employees upon the agreement of each employee concerned. Fixed or variable life insurance, annuity contracts and investment company shares may be purchased under these programs. An advisory council is established to select the firms which may offer programs to State employees. The liability of the State and other political subdivisions is limited to the portion of compensation held for payment of premiums or investment shares.