

# MAINE STATE LEGISLATURE

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(New Draft of H.P. 1412, L.D. 1834)  
(New Title)

SECOND REGULAR SESSION

ONE HUNDRED AND ELEVENTH LEGISLATURE

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Legislative Document

No. 2371

H.P. 1796

House of Representatives, March 27, 1984

Reported by Report B from the Committee on State Government and  
printed under Joint Rule 2.

Original bill presented by Representative Gwadosky of Fairfield.

EDWIN H. PERT, Clerk

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STATE OF MAINE

IN THE YEAR OF OUR LORD  
NINETEEN HUNDRED AND EIGHTY-FOUR

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AN ACT to Create Enabling Legislation for  
Payroll Deductions for Individual Retirement  
Accounts and Simplified Employee Pension Plans  
and to Make Necessary Technical Changes in the  
Provisions of Current Deferred Compensation  
Statutes.

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

Sec. 1. 5 MRSA §881, as enacted by PL 1973, c.  
491, is amended to read:

§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 in ac-

1 cordance with the United States Internal Revenue  
2 Code, Section 457, a portion of that employee's com-  
3 ensation and subsequently, contract for, purchase or  
4 otherwise procure for the purpose of funding a de-  
5 ferred compensation program instrument for the em-  
6 ployee a fixed or variable life insurance or annuity  
7 contract from an insurance company licensed to con-  
8 tract business in this State, or shares of an invest-  
9 ment company registered under the Investment Company  
10 Act of 1940. The employee may choose the type of de-  
11 ferred compensation program preferred, but the State,  
12 county, municipality or political subdivision shall  
13 not be restricted or bound to that choice.

14 Sec. 2. 5 MRSA c. 68 is enacted to read:

15 CHAPTER 68

16 INDIVIDUAL RETIREMENT ACCOUNT AND

17 SIMPLIFIED EMPLOYEE PENSION PLANS

18 FOR PUBLIC EMPLOYEES

19 §891. Definitions

20 As used in this chapter, unless the context oth-  
21 erwise indicates, the following terms have the fol-  
22 lowing meanings.

23 1. Employee. "Employee" means any person wheth-  
24 er appointed, elected or under contract, providing  
25 services for the State, county, municipality or other  
26 political subdivision, for which compensation is  
27 paid.

28 2. Individual retirement account. "Individual  
29 retirement account" means an individual retirement  
30 account that is in compliance with the United States  
31 Internal Revenue Code.

32 3. Simplified employee pension plan. "Simpli-  
33 fied employee pension plan" means a simplified em-  
34 ployee pension plan that is in compliance with the  
35 provisions of the United States Internal Revenue Code  
36 of 1954, as amended, as these provisions relate to  
37 simplified employee pension plans.

1     §892. Individual retirement and pension plans

2             The State or any county, municipality or other  
3 political subdivision may enter into an agreement  
4 with an employee under which all or a portion of that  
5 employee's compensation may be transferred into an  
6 individual retirement account or simplified employee  
7 pension plan in accordance with the United States In-  
8 ternal Revenue Code of 1954, as amended. The State  
9 or any county, municipality or other political subdi-  
10 vision may make payroll deductions for individual re-  
11 irement accounts or simplified employee pension  
12 plans from a financial institution as defined in Ti-  
13 tle 9-B, section 131, subsection 17-A, or any insur-  
14 ance company or investment company licensed to con-  
15 tract business in this State.

16     §893. Administration

17             Payroll deductions shall be made by the appropri-  
18 ate payroll officer of each county, municipality or  
19 other political subdivision. The Commissioner of Fi-  
20 nance and Administration shall be responsible for the  
21 administration of this chapter as it applies to state  
22 employees. Any costs incurred by the Commissioner of  
23 Finance and Administration to administer the state  
24 program shall be borne equally by state employee par-  
25 ticipants, and these costs may be compensated by  
26 means of payroll deductions.

27     §894. Liability limited

28             The State, any county, municipality or other po-  
29 litical subdivision which transfers employee compen-  
30 sation to an individual retirement account shall have  
31 no liability for the funds once a proper transfer has  
32 been made.

1 STATEMENT OF FACT

2 The purpose of this new draft is to authorize the  
3 State, counties, municipalities and other political  
4 subdivisions to offer individual retirement account  
5 and simplified employee pension fund benefits to pub-  
6 lic employees. These benefits may be paid for by  
7 public employees through payroll deductions.

8 This new draft also makes technical changes in  
9 the state's deferred compensation law to comply with  
10 the United States Internal Revenue Service require-  
11 ments.

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