

# MAINE STATE LEGISLATURE

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# 118th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1997

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Legislative Document

No. 411

S.P. 132

In Senate, January 23, 1997

**An Act to Bring Certain State Retirement Laws into Compliance with  
Federal Laws.**

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Reference to the Committee on Labor suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator LONGLEY of Waldo.

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

2

3           Sec. 1. 5 MRSA §888, as repealed and replaced by PL 1973, c.  
4 788, §16-A, is amended to read:

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**§888. Application**

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9           Any compensation or portion of compensation reduced by an  
10 employee in conjunction with a deferred compensation program  
11 ~~shall remain as a general, unpledged asset of the State, county,~~  
12 ~~city, town or other political subdivision until such time as the~~  
13 ~~deferred compensation program covering such employee calls for~~  
14 ~~distribution and any earnings or income thereon must be held in~~  
15 ~~trust for the exclusive benefit of that participant and that~~  
16 ~~participant's beneficiary as provided in the United States~~  
17 ~~Internal Revenue Code, Section 457. Any compensation or portion~~  
18 of compensation reduced shall must be considered in calculating  
19 any employee benefits and ~~it shall be~~ is subject to any  
20 withholding imposed on such the employee. Any compensation or  
21 portion of compensation reduced shall is not be subject to any  
22 income taxation until distribution is actually made to the  
23 employee.

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**SUMMARY**

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29           This bill requires that deferred compensation assets be held  
30 in trust for the exclusive benefit of plan participants and their  
beneficiaries.