

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

SECOND REGULAR SESSION-2006

Legislative Document

No. 1723

H.P. 1231

House of Representatives, January 3, 2006

An Act To Address Benefits for Employees and Officers of Credit Unions

Submitted by the Department of Professional and Financial Regulation pursuant to Joint Rule 204.

Received by the Clerk of the House on December 28, 2005. Referred to the Committee on Insurance and Financial Services pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative PERRY of Calais.
Cosponsored by Senator MAYO of Sagadahoc and
Representatives: BRAUTIGAM of Falmouth, LINDELL of Frankfort, PILON of Saco,
RICHARDSON of Warren, VAUGHAN of Durham.

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

4 **Sec. 1. 9-B MRSA §843, sub-§4** is enacted to read:

6 4. Benefits. A credit union may provide employee benefits, including retirement benefits, to its employees and officers. The kind and amount of these benefits must be reasonable given the credit union's size and financial condition and the duties of the employees and officers. A credit union investing to fund an employee benefit plan obligation is not subject to the investment limitations of section 862 and may purchase an investment that would otherwise be impermissible if the investment is directly related to the credit union's obligation or potential obligation under the employee benefit plan and the credit union holds the investment only for as long as it has an actual or potential obligation under the employee benefit plan. The superintendent may adopt rules to implement this subsection. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

22 **SUMMARY**

24 This bill provides statutory authority for a state-chartered credit union to provide employee benefits, including retirement benefits, to its employees and officers and to fund an employee benefit plan obligation with investments that would otherwise be impermissible under state law. The bill also gives the Superintendent of Financial Institutions the authority to adopt rules to implement the law and appropriately address any safety and soundness issues associated with those employee benefit plans.