

MEMO# 12609

September 13, 2000

INSTITUTE SURVEY OF RECENT STATE LEGISLATION CREATING GOVERNMENTAL DEFINED CONTRIBUTION PLANS

[12609] September 13, 2000 TO: PENSION MEMBERS No. 45-00 PENSION OPERATIONS ADVISORY COMMITTEE No. 67-00 RE: INSTITUTE SURVEY OF RECENT STATE LEGISLATION CREATING GOVERNMENTAL DEFINED CONTRIBUTION PLANS In recent years, many state legislatures have begun to enact substantial revisions to the retirement plan programs made available to state, local and municipal employees. One of the most significant trends is the formation of defined contribution plans. These are most typically provided in the form of an optional plan in which an eligible employee may choose to participate in lieu of participation in a traditional defined benefit plan. In light of this recent state legislature activity, the Institute has assembled the attached survey, which identifies state legislation enacted in 1999-2000 that creates or significantly expands governmental employee access to defined contribution arrangements. In establishing these plans, rules regarding implementation, the manner of employee election, transfers of benefit between a pre-existing defined benefit plan and the new defined contribution plan, contribution levels, investments, and plan administration must be established. The enclosed survey identifies basic rules for these plans to the extent set forth in the implementing statutes. Frequently, however, the implementation of a newly enacted program is delegated to a regulatory board. This survey covers legislation that affects significant portions of the employee population of a given state. In this regard, of particular note are new laws in Florida, Ohio, and South Carolina. The survey is not intended to be comprehensive, and legislation judged to be relatively minor was not included. For instance, minor reforms were enacted in Georgia, Minnesota and Maryland, but are not noted in the survey. The survey will be updated in early 2001 to capture legislative developments occurring from June through December, 2000. Russell G. Galer Senior Counsel Attachment Attachment (in .pdf format) 2