

MEMO# 10131

July 16, 1998

OVERVIEW OF STATE LEGISLATION PERMITTING DEFINED CONTRIBUTION PLANS FOR STATE EMPLOYEES

[10131] July 16, 1998 TO: PENSION COMMITTEE No. 45-98 RE: OVERVIEW OF STATE
LEGISLATION PERMITTING DEFINED CONTRIBUTION PLANS FOR STATE EMPLOYEES

During the 1998 legislative session, a number of state legislatures have passed bills that would permit defined contribution retirement options for certain state employees. Listed below are the states that have passed such legislation, the bill number, a description of the legislation and the date the bill was signed into law, if applicable. Arizona -- H.B. 2207, awaiting signature by governor. Permits a community college district board to establish an optional retirement program under which contracts providing retirement and death benefits may be purchased for employees of the institutions under its jurisdiction. Colorado -- H.B. 1191, signed into law May 27, 1998. Requires the Department of Personnel to establish and set the terms and conditions for a defined contribution plan as an optional retirement plan for certain public employees. Louisiana -- S.B. 103, signed into law May 6, 1998. Establishes an optional retirement plan for academic and administrative employees of public institutions of higher education who are eligible for membership in the Teachers' Retirement System. Maine -- L.D. 1949, signed into law April 16, 1998. Authorizes the option of participation in a defined contribution retirement plan instead of the Maine State Retirement System for new employees of the Maine Technical College System in faculty and administrative bargaining units. The bill also provides an opportunity for existing employees in those units to opt to participate in a defined contribution retirement plan. Maryland -- H.B. 987, signed into law May 12, 1998. Establishes an optional defined contribution system for the purpose of allowing certain members of the Employees' Pension System to contribute to plans with tax qualified status under the Internal Revenue Code and to receive a certain amount from the State as a match. Vermont -- S.B. 295, signed into law April 23, 1998. Requires the State Treasurer to offer a defined contribution retirement plan for State employees who are not members of the "classified system." The bill mandates that all employees electing to participate in the defined contribution retirement plan lose all rights to benefits as a member of the Vermont State retirement system and receive all rights to benefits as a member of the defined contribution plan. Virginia -- H.B. 300, signed into law April 22, 1998. Allows any county or city with a population of greater than 200,000 to establish and administer a retirement plan for the benefit of school superintendents and authorizes contributions for the benefit of eligible employees who elect to participate in such a plan rather than the current state retirement plan. If you would like copies of any of the bills listed above, please contact Kathryn Ricard at (202) 218-3563 or Russ Galer at (202) 326-5835. Kathryn A. Ricard Assistant Counsel

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