

Jacobs, A
Holmes
Connors

HSB 197

STATE GOVERNMENT
SUB
SF 11 F 694

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
STATE GOVERNMENT BILL
BY CHAIRPERSON MARTIN)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act concerning governmental deferred compensation programs by
2 providing for multiple programs, investment options, and
3 marketing requirements for the programs.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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~~Section 331.324~~

1 ~~Section 331.324~~ Section 331.324, subsection 1, paragraph m,
2 Code 1999, is amended to read as follows:

3 m. Provide a deferred compensation program or programs for
4 any employee, in accordance with section 509A.12.

5 Sec. 2. Section 509A.12, Code 1999, is amended to read as
6 follows:

7 509A.12 DEFERRED COMPENSATION PROGRAM PROGRAMS FOR
8 GOVERNMENTAL EMPLOYEES.

9 A governing body, county board of supervisors, or other
10 public entity, to the extent allowed by law, may establish a
11 deferred compensation program programs under this section.
12 The contributions made on behalf of an employee who chooses to
13 participate in the a program shall be invested at the
14 direction of the employee in a life insurance contract,
15 annuity contract, mutual fund, security, or any other deferred
16 payment contract offered as an investment option under the
17 program in which the employee is participating. The program
18 or programs established by a governing body, county board of
19 supervisors, or other public entity pursuant to this section
20 shall, in their entirety, provide employees the option to
21 select as an investment option under the program or programs
22 from not less than ten companies authorized to issue life
23 insurance policies and annuity contracts through their
24 respective licensed agents and from not less than ten mutual
25 funds. The program or programs established pursuant to this
26 section shall not restrict the ten companies authorized to
27 issue life insurance policies and annuity contracts from also
28 offering mutual funds if the companies market mutual funds in
29 their ordinary course of business. If a governing body,
30 county board of supervisors, or other public entity
31 establishes more than one program under this section, any
32 marketing requirements, restrictions, or other marketing
33 provisions of the programs shall be substantially similar and
34 equivalent for each program established. The contract
35 acquired for an employee shall be in accordance with the plan

1 document and shall be acquired from a company, or a
 2 salesperson for that company, that is authorized to do
 3 business in this state. When the state of Iowa acquires an
 4 investment product pursuant to the plan document the state
 5 does not become a shareholder, stockholder, or owner of a
 6 corporation in violation of Article VIII, section 3, of the
 7 Constitution of the State of Iowa or any other provision of
 8 law.

9 This section is in addition to any benefit program provided
 10 by law for employees of the state or its political
 11 subdivisions.

12 EXPLANATION

13 This bill provides that a governing body, county board of
 14 supervisors, or other public entity authorized to establish a
 15 deferred compensation program under Code section 509A.12 may
 16 establish more than one deferred compensation program under
 17 the section. In addition, the bill requires that if a program
 18 or programs are established, the entirety of the programs
 19 offered shall permit an employee to select as their investment
 20 option from not less than 10 insurance companies through their
 21 agents and from not less than 10 mutual funds. The bill also
 22 permits an insurance company to other mutual funds if the
 23 company ordinarily offers such funds. The bill further
 24 provides that if more than one program is established, the
 25 marketing provisions of every program offered shall be
 26 substantially similar.

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4/6/99 Returned to Staff Gov.

MAR 16 1999

Place On Calendar

HOUSE FILE **694**
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO HSB 197)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act concerning governmental deferred compensation programs by
2 providing for multiple programs, investment options, and
3 marketing requirements for the programs and providing an
4 applicability provision.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 694

1 Section 1. Section 331.324, subsection 1, paragraph m,
2 Code 1999, is amended to read as follows:

3 m. Provide a deferred compensation program or programs for
4 any employee, in accordance with section 509A.12.

5 Sec. 2. Section 509A.12, Code 1999, is amended to read as
6 follows:

7 509A.12 DEFERRED COMPENSATION PROGRAM PROGRAMS FOR
8 GOVERNMENTAL EMPLOYEES.

9 A governing body, county board of supervisors, or other
10 public entity, to the extent allowed by law, may establish a
11 deferred compensation program programs under this section.
12 The contributions made on behalf of an employee who chooses to
13 participate in the a program shall be invested at the
14 direction of the employee in a life insurance contract,
15 annuity contract, mutual fund, security, or any other deferred
16 payment contract offered as an investment option under the
17 program in which the employee is participating. The program
18 or programs established by a governing body, county board of
19 supervisors, or other public entity pursuant to this section
20 shall, in their entirety, provide employees the option to
21 select as an investment option under the program or programs
22 from not more than ten companies authorized to issue life
23 insurance policies and annuity contracts through their
24 respective licensed agents and from not less than ten mutual
25 funds. The program or programs established pursuant to this
26 section shall not restrict the companies authorized to issue
27 life insurance policies and annuity contracts from also
28 offering mutual funds if the companies market mutual funds in
29 their ordinary course of business. If a governing body,
30 county board of supervisors, or other public entity
31 establishes more than one program under this section, any
32 marketing requirements, restrictions, or other marketing
33 provisions of the programs shall be substantially similar and
34 equivalent for each program established. The contract
35 acquired for an employee shall be in accordance with the plan

1 document and shall be acquired from a company, or a
2 salesperson for that company, that is authorized to do
3 business in this state. When the state of Iowa acquires an
4 investment product pursuant to the plan document the state
5 does not become a shareholder, stockholder, or owner of a
6 corporation in violation of Article VIII, section 3, of the
7 Constitution of the State of Iowa or any other provision of
8 law.

9 This section is in addition to any benefit program provided
10 by law for employees of the state or its political
11 subdivisions.

12 Sec. 3. APPLICABILITY PROVISION. If an agreement with a
13 company to provide an investment product under a deferred
14 compensation program regulated under section 509A.12, Code
15 1999, was executed prior to the effective date of this Act,
16 section 509A.12, Code 1999, continues to apply to the
17 agreement until the agreement expires.

18 EXPLANATION

19 This bill provides that a governing body, county board of
20 supervisors, or other public entity authorized to establish a
21 deferred compensation program under Code section 509A.12 may
22 establish more than one deferred compensation program under
23 the section. In addition, the bill requires that if a program
24 or programs are established, the entirety of the programs
25 offered shall permit an employee to select as their investment
26 option from not more than 10 insurance companies through their
27 agents and from not less than 10 mutual funds. The bill also
28 permits an insurance company to offer mutual funds if the
29 company ordinarily offers such funds. The bill further
30 provides that if more than one program is established, the
31 marketing provisions of every program offered shall be
32 substantially similar.

33 The bill also provides that the requirements of this bill
34 do not apply to agreements with companies to provide an
35 investment product under a deferred compensation program

S.F. _____

H.F. _____

694

1 entered into prior to the effective date of this bill.

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