

CHAPTER 1008
INVESTMENTS BY FIDUCIARIES
H.F. 2365

AN ACT relating to the authority of fiduciaries under the probate code to invest in open-end or closed-end management investment companies or investment trusts.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 412.4, Code 1995, is amended to read as follows:

412.4 LEGAL RESERVE INSURANCE.

The council, board of waterworks trustees, or other board or commission, whichever is authorized by law to manage and operate any such waterworks, or other municipally owned and operated public utility, shall have the right and power to contract with any legal reserve insurance company, authorized to conduct its business in the state, or any bank located in Iowa having trust powers for the investment of funds contributed to an annuity or pension system, for the payment of the pensions or annuities provided in such pension or annuity retirement system, and may pay the premiums or make the contribution of such contract out of the fund provided in section 412.2. Funds contributed to a bank pursuant to such a contract shall be invested in the manner prescribed in section 633.123 or 633.123A, and may be commingled with and invested as a part of a common or master fund managed for the benefit of more than one public utility.

Sec. 2. Section 633.123, subsection 2, unnumbered paragraphs 3 and 4, Code 1995, are amended by striking the paragraphs.

Sec. 3. **NEW SECTION.** 633.123A INVESTMENTS IN INVESTMENT COMPANIES AND INVESTMENT TRUSTS.

1. Notwithstanding any other provision of law, a bank or trust company acting as a fiduciary, in addition to other investments authorized by law for the investment of funds by a fiduciary or by the instrument governing the fiduciary and in the exercise of its investment discretion or at the direction of another person authorized to direct investment of funds held by the fiduciary, may invest and reinvest such funds in the securities of an open-end or closed-end management investment company or investment trust registered under the federal Investment Company Act of 1940, 15 U.S.C. § 80a-1 et seq. Investment and reinvestment under this section is allowed as long as the portfolio of such investment company or investment trust consists substantially of investments not otherwise prohibited by section 633.123 or by the governing instrument.

Investment and reinvestment under this section is not precluded merely because the bank or trust company or an affiliate of the bank or trust company provides the services of an investment advisor, custodian, transfer agent, registrar, sponsor, distributor, or manager to the investment company or investment trust and receives a reasonable fee for the services.

2. This section is applicable to all fiduciaries whether the will, agreement, or other instrument under which they are acting now exists on or before the effective date of this section.

Approved March 20, 1996