

June 25, 1970

LEGISLATIVE NOTES ON R.S. 17:9A-26
(Savings banks - trustee for self-employed retirement plans)

COPY NO. 1

- L. 1969, Chapter 268 - S456
February 3 - Introduced by Dowd and Waldor.
March 17 - Passed in Senate.
May 20 - Passed in Assembly, amended.
November 24 - Assembly amendment passed in Senate.
January 12 - Approved, Chapter 268.
Amended during passage (copy enclosed of original bill
and amendment).
Bill had statement (copy enclosed).

JH/PC

[OFFICIAL COPY REPRINT]
SENATE, No. 456

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 3, 1969

By Senators DOWD and WALDOR

Referred to Committee on Banking and Insurance

AN ACT to amend the Banking Act of 1948, approved April 29, 1948
(P. L. 1948, c. 67).

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. Section 26 of the act of which this act is amendatory (C.
2 17:9A-26) is amended to read as follows:

3 26. Additional powers of savings banks.

4 In addition to the powers specified in section 24, every savings
5 bank shall, subject to the provisions of this act, have the following
6 powers, whether or not such powers are specifically set forth in its
7 certificate of incorporation:

8 (1) To receive money on deposit, to be repaid, upon such terms,
9 not inconsistent with this act, as may be agreed upon between the
10 depositor and the savings bank, according to the usual custom of
10A savings banks;

11 (2) To give security for deposits when required by the law of
12 this State or of the United States, or by the rules or orders of any
13 court of this State, or of the United States, or by regulations of
14 any officer or agency of this State or of the United States made
15 pursuant to such law; provided, that, no savings bank shall be re-
16 quired to give security for deposits made by this State, or any
17 political subdivision thereof, or any other body politic existing
18 under the laws of this State, to the extent that such deposits are
19 insured under any Federal legislation providing for the insurance
20 of bank deposits;

21 (3) To invest its deposits and its surplus in the manner provided
22 by this act, or otherwise by law provided;

23 (4) To be a member of the Federal home loan bank organized
24 in the district in which the savings bank is located, and to subscribe
25 for, purchase, hold, and surrender from time to time such amounts
26 of the stock of such Federal home loan bank as may be required.

27 or as may be deemed advisable by such savings bank; to have and
28 exercise all powers, privileges and options which are by law con-
29 ferred upon such members; to comply with all requirements of
30 Federal legislation and the rules and regulations lawfully promul-
31 gated thereunder governing such membership as such legislation
32 and such rules and regulations may provide at the inception of
33 such membership, and as the same may from time to time there-
34 after be amended or supplemented; and to assume and discharge
35 all liabilities and obligations which may be required by reason of
36 such membership;

37 (5) To avail itself of the provisions of any Federal legislation
38 providing for the extension of any lawful banking activity provided
39 in such legislation and made available for participation by savings
40 banks; except that the power by this paragraph conferred shall not
41 be exercised unless the commissioner shall make a general order
42 authorizing such participation by savings banks upon such terms
43 and conditions as may in such order be prescribed.

44 (6) *Upon application to and approval by the commissioner, to act*
45 *as custodian or trustee within the contemplation of the Federal*
46 *Self-Employed Individuals Tax Retirement Act of 1962, as amended*
47 *and supplemented, and as custodian, trustee or manager of any*
48 *such investment fund the authorized investments of which include,*
49 *but need not be limited to savings accounts or real estate loans, and*
50 *the beneficial interests in which may be represented by transferable*
51 *shares or certificates. Savings banks exercising the powers author-*
52-62 *ized by this subsection shall segregate all funds held in such fiduci-*
63 *ary capacities from the general assets of the savings bank and shall*
64 *keep a separate set of books and records showing in detail all trans-*
65 *actions made under authority of this subsection. If individual rec-*
66 *ords are kept for each self-employed individual's retirement plan*
67 *and each such investment fund, then all such funds held in such*
68 *fiduciary capacities by a savings bank may be commingled for*
69 *appropriate purposes of investment. No funds held in such fiduci-*
70 *ary capacities shall be used by a savings bank in the conduct of*
71 *its business; however, such funds may be invested in savings ac-*
72 *counts of the savings bank in the event that the custodial, trust or*
73 *other plan does not prohibit such investment. In granting or re-*
74 *fusing the savings bank's application the commissioner shall take*
75 *into consideration the investment policies, amount, type and ade-*
76 *quacy of reserves, fidelity bonds and any legally required deposits*
77 *of the applicant; and other pertinent facts and circumstances. *Ap-*
78 *plication to and approval by the commissioner for authority to*

79 *exercise the powers provided in this subsection shall not be required*
80 *as to a savings bank authorized to exercise agency or fiduciary*
81 *powers as a qualified bank.**

1 2. This act shall take effect immediately.

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12 this State or of the United States, or by the rules or orders of any
13 court of this State, or of the United States, or by regulations of
14 any officer or agency of this State or of the United States made
15 pursuant to such law; provided, that, no savings bank shall be re-
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26 of the stock of such Federal home loan bank as may be required

27 or as may be deemed advisable by such savings bank; to have and
28 exercise all powers, privileges and options which are by law con-
29 ferred upon such members; to comply with all requirements of
30 Federal legislation and the rules and regulations lawfully promul-
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33 such membership, and as the same may from time to time there-
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STATEMENT

Federal law, popularly referred to as H. R. 10, permits self-employed individuals to enjoy certain tax benefits by establishing retirement plans. Federal law requires that such plans be established with banking institutions. The purpose of this bill would be to broaden the powers of savings banks to permit them to act as custodian or trustee with respect to the establishment of such retirement plans for self-employed persons. Commercial banks already enjoy this privilege.

ASSEMBLY ~~COMMITTEE~~ AMENDMENT TO

SENATE, No. 456

STATE OF NEW JERSEY

ADOPTED MAY 12, 1969

Amend page 2, section 1, line 77, add the following sentence: "Application to and approval by the commissioner for authority to exercise the powers provided in this subsection shall not be required as to a savings bank authorized to exercise agency or fiduciary powers as a qualified bank."