

43:15B-3

LEGISLATIVE HISTORY CHECKLIST

WASA 43:15B-3 (County and municipal deferred compensation plans--funds--allowable investments)

LAWS OF 1980 CHAPTER 78

Bill No. S514

Sponsor(s) Gregorio and A. Russo

Date Introduced Pre-filed

Committee: Assembly County Government

Senate State Govt., Federal & Interstate Relations & Veterans Affairs

Amended during passage Yes Amendments during passage denoted by asterisks. Substituted for A272 (original, Assembly committee statement and 2nd OCR attached)

Date of Passage: Assembly June 9, 1980

Senate May 1, 1980

Date of approval July 24, 1980

Following statements are attached if available:

Sponsor statement	Yes	<input checked="" type="checkbox"/>
Committee Statement:	Assembly	<input checked="" type="checkbox"/>
	Senate	<input checked="" type="checkbox"/>
Fiscal Note	<input checked="" type="checkbox"/>	No
Veto message	<input checked="" type="checkbox"/>	No
Message on signing	Yes	<input checked="" type="checkbox"/>
Following were printed.		
Reports	<input checked="" type="checkbox"/>	No
Hearings	<input checked="" type="checkbox"/>	No

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8/3/78

7-24-80

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SENATE, No. 514

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1980 SESSION

By Senators GREGORIO and A. RUSSO

AN ACT to amend *and supplement** “An act authorizing counties and municipalities to enter into agreements with employees to provide for currently deferring a portion of the total compensation paid to such employees, supplementing Title 43 of the Revised Statutes,” approved February 8, 1978 (P. L. 1977, c. 381).

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

1 1. Section 3 of P. L. 1977, c. 381 (C. 43:15B-3) is amended to read
2 as follows:

3 3. a. The plan shall provide that all money not needed for the
4 immediate payment of benefits shall be invested by the employer in
5 interest bearing securities in which savings banks of this State are
6 authorized to invest their funds, or the employer shall make
7 deposits in interest bearing accounts, or in the State of New Jersey
8 Cash Management Fund established pursuant to P. L. 1977, c. 281
9 (C. 52:18A-90.4) **[(S3223)]** ***[**, or in group annuity programs,
10 mutual funds, or life insurance contracts.

11 b. The employer may contract with one or more private orga-
12 nizations for the administration of all or part of the plan, including
13 the management and investment, or either thereof, of deferred and
14 deducted salary funds.

15 c. The employer may establish a plan or plan option which per-
16 mits a participating employee to request the employer to invest
17 all or a specified percentage of the employee's deferred salary in
18 one, or a specified combination of, the following kinds of invest-
19 ments: (1) life insurance contracts, (2) annuity contracts, (3)
20 mutual fund shares, and (4) interest bearing accounts; but the
21 employer shall retain the discretion to reject the request. The in-

EXPLANATION—Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

22 *vestor may invest in any investments whatsoever and shall exercise*
 23 *care and judgment under the circumstances prevailing at the time*
 24 *of investment which persons of ordinary prudence and reasonable*
 25 *discretion exercise in the management of and dealing with the*
 26 *property and affairs of another, considering the probable income*
 27 *as well as the probable safety of capital. If the investor has special*
 28 *skills or is contracted for on the basis of representations of special*
 29 *skills or expertise, he is under a duty to exercise those skills.]* **,
 30 *or in individual or group annuity programs whether fixed or vari-*
 31 *able, mutual funds, or life insurance contracts whether fixed or*
 32 *variable.*

33 *b. Notwithstanding section 1 of P. L. 1977, c. 381 (C. 43:15B-1),*
 34 *the employer may contract with one or more private organizations*
 35 *for the administration of all or part of the plan, including the*
 36 *management and investment, or either thereof, of deferred and*
 37 *deducted salary funds.*

38 *Each contract shall be subject to the prior approval of the*
 39 *Director of the Division of Local Government Services on the basis*
 40 *of restrictions, limitations and other conditions established by the*
 41 *director by rule and regulation promulgated pursuant to the*
 42 *“Administrative Procedure Act” (P. L. 1968, c. 410, C. 52:14B-1*
 43 *et seq.); provided, however, that the director shall not approve any*
 44 *contract if it is inconsistent with any standards which the New*
 45 *Jersey State Employees Deferred Compensation Board, estab-*
 46 *lished pursuant to P. L. 1978, c. 39 (C. 52:18A-163 et seq.), may*
 47 *adopt for municipal and county deferred compensation plans,*
 48 *including, but not limited to, any service cost guidelines. If at the*
 49 *time a municipality or county submits a contract to the Director*
 50 *of the Division of Local Government Services for his approval and*
 51 *the New Jersey State Employees Deferred Compensation Board*
 52 *has not adopted standards for such municipal and county deferred*
 53 *compensation plans, the director may approve such contract if it is*
 54 *consistent with the rules and regulations which he has promul-*
 55 *gated for such contracts.*

56 *c. The employer may establish a plan or plan option which per-*
 57 *mits a participating employee to request the employer to invest*
 58 *all or a specified percentage of said employee’s deferred salary*
 59 *in one, or a specified combination of, the following kinds of invest-*
 60 *ments: (1) fixed or variable life insurance contracts, (2) individual*
 61 *or group, fixed or variable annuity contracts, (3) mutual fund*
 62 *shares, (4) interest bearing accounts or securities in which savings*
 62A *banks of this State are authorized to invest their funds, and (5) the*
 63 *State of New Jersey Cash Management Fund; provided that the em-*

64 ployer retains the discretion to reject such request. Any such
 65 investments shall be limited to investments that are authorized for
 66 fiduciaries of trust estates pursuant to the "Prudent Investment
 67 Law" (P. L. 1975, c. 337, C. 3A:15-35 et seq.); provided, however,
 68 that with the exception of investments made by domestic insurance
 69 companies licensed to sell life insurance and annuities in this
 70 State and subject to review by the Commissioner of the Department
 71 of Insurance pursuant to chapter 20 of Title 17B of the New Jersey
 72 Statutes, the Director of the Division of Local Government Services
 73 may review and reject any such investments as inconsistent with
 74 the standard applicable to the prudent investor as provided in
 75 section 3 of P. L. 1975, c. 337 (C. 3A:15-37).

76 d. No organization seeking a contract pursuant to section b. of
 77 this section, shall through distribution of written material or by
 78 any other means, solicit employee participation in any deferred
 79 compensation plan or solicit employees to support the efforts of
 80 the organization to secure the contract. An organization holding a
 81 contract approved pursuant to section b. may distribute written
 82 material to solicit employee participation in a deferred compensa-
 83 tion program, provided that the organization has received approval
 84 of the content and form of the material from the Director of the
 85 Division of Local Government Services. No representative of an
 86 organization under contract pursuant to subsection b. of this
 87 section shall initiate verbal communication with any prospective
 88 employee participant in a deferred compensation program without
 89 the expressed consent of the employer; provided, however, that any
 90 communication so authorized shall be consistent with the written
 91 material approved by the Director of the Division of Local Govern-
 92 ment Services.*

93 [b.] *[d.]* *e.* Subject to rules and regulations established by
 94 a board or any other body created or designated by the State or
 95 public official designated by the State (said board, body or official
 96 hereinafter "board"), to administer a deferred payment compen-
 97 sation plan established by the State (hereinafter "State plan") and
 98 subject to the approval of the board, the plan may provide for the
 99 employer for the benefit of its participants to participate in any
 100 State plan established by the board for State employees. In the
 101 event that such participation is approved by the board, rules, regu-
 102 lations and conditions established by the board or in the State plan
 103 shall apply to such participants, or said rules, regulations and
 104 conditions shall so apply as amended or supplemented with regard
 105 to said participants.

106 **[c.] *e.* *f.*** The named fiduciary shall provide in the plan for
 107 the distribution of any investment earnings, gains or losses, con-
 108 sistent with the requirements of the U.S. Internal Revenue Service.
 109 The distribution shall be allocated to each employee when he or she
 110 withdraws from the plan or receives benefits from the plan in
 111 accordance with the terms of the plan and the provisions of this act.
 112 For those employees participating in the State plan pursuant to
 113 subsection **[3b.] *3d.* *3e.*** herein, the rules and regulations of
 114 the State board shall apply.

115 **[d.] *f.* *g.*** The plan shall provide for a uniform system of
 116 accounting for each participant and for the investment of deferred
 117 compensation funds with annual or more frequent reports to the
 118 participants in the plan.

119 **[e.] *g.* *h.*** The named fiduciary shall have authority to
 120 take any steps reasonably necessary to implement the plan con-
 121 sistent with this act and the requirements of the U.S. Internal
 122 Revenue Service.

1 **2. (New section) Any contract in conformity with this act which*
 2 *has been entered into prior to the effective date of this amendatory*
 3 *act shall, subject to review by the Director of Local Government*
 4 *Services, be deemed valid.**

1 ***[2.] *3.*** This act shall take effect immediately.

STATEMENT

The purpose of this bill is to permit any county or municipality which establishes a deferred compensation plan for its employees pursuant to P. L. 1977, c. 381, to invest employee deferred salary in life insurance contracts, annuity programs and mutual funds. It also permits the employer to contract with a private organization for the administration of the deferred compensation plan, including the management and investment of the salary funds.

5514 (1980)

SENATE STATE GOVERNMENT, FEDERAL AND
INTERSTATE RELATIONS AND VETERANS AFFAIRS
COMMITTEE

STATEMENT TO

SENATE, No. 514

with Senate committee amendments

STATE OF NEW JERSEY

DATED: APRIL 21, 1980

Chapter 381 of the laws of 1977 permits any county or municipality to establish a deferred compensation plan for employees. The purpose of this bill is to permit the investment of such deferred salary in individual or group annuity programs, mutual funds or life insurance programs. The present law restricts the investment of such deferred salary to interest bearing accounts, or to the State of New Jersey Cash Management Fund.

The amendments adopted by the committee were approved by the sponsor and conform the bill to a similar measure presently before the Assembly (Assembly Bill No. 272 OCR).

The bill, with amendments, also satisfies the concerns of the Division of Local Government Services in the Department of Community Affairs.

The amended bill provides that the employer, that is, a county or municipality, may contract with one or more private organizations for the administration of all or part of the deferred compensation plan. Further, the bill provides that each contract shall be subject to the prior approval of the Director of the Division of Local Government Services. The director of this division shall not adopt any plan that is inconsistent with the standards of the New Jersey State Employees Deferred Compensation Board, however, if the deferred compensation board has not adopted standards for such a plan, the Director of the Division of Local Government Services may approve such contracts if it is consistent with his rules and regulations.

The bill specifically designates the kinds of investment plans approved for establishment by the employer. They are:

1. Fixed or variable life insurance contracts.
2. Individual or group fixed or variable annuity.
3. Interest bearing accounts or securities authorized for savings bank investments.
4. The State of New Jersey Cash Management Fund.

All such investments are to be limited to those authorized pursuant to the "Prudent Investment Law," (C. 3A:15-35). The Director of the

Division of Local Government Services may review and reject such investments consistent with the "Prudent Investment Law." Investments made by domestic insurance companies licensed by the State will be reviewed by the Commissioner of Insurance.

The bill provides that organizations seeking a deferred compensation contracts may solicit employee participation through written material only if such material has been approved as to content and form by the Director of the Division of Local Government Services. The bill also provides that verbal communication for the same purposes must be consistent with the approved written material.

The bill, as amended, provides that contracts, presently in force prior to the effective date of this act shall, subject to review by the Director of the Division of Local Government Services, be deemed valid.

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

JULY 25, 1980

KATHRYN FORSYTH

Governor Brendan Byrne today signed S-514, sponsored by Senator John T. Gregorio, (D-Union) which permits any county or municipality that has established a deferred compensation plan for employees to invest the deferred salaries in individual or group annuity plans, mutual funds or life insurance programs.

The purpose of the bill is to provide county and municipal employees with the same investment opportunities as State employees.

The 1977 law allowing and establishing guidelines for such plans restricts the investment of the deferred salaries to interest bearing accounts or to the State of New Jersey Cash Management Fund.

Under S-514, the employer can contract with one or more private organizations to administer all or part of the plan, subject to the prior approval of the Director of the Division of Local Government Services.

The Director can not adopt any plan that is inconsistent with the standards of the New Jersey State Employees Deferred Compensation Board, but if that Board has not adopted standards for such a plan, the Director can approve the contracts if they are consistent with his rules and regulations.

All investments must be limited to those authorized by the state's Prudent Investment Law, and the Director of Local Government Services can review and reject such investments consistent with the law. Investments made by domestic insurance companies licensed by the state will be renewed by the Commissioner of Insurance.

Written material used by organizations seeking a deferred compensation contract to solicit employee participation must have the approval of the Director, and any verbal communication used for the same purpose must be consistent with the written material.

Contracts currently in force must be deemed valid subject to the review of the Director.

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[SECOND OFFICIAL COPY REPRINT]

ASSEMBLY, No. 272

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1980 SESSION

By Assemblyman PELLECCCHIA

AN ACT ******[concerning deferred compensation plans established by counties and municipalities and amending P. L. 1977, c. 381]******
***to amend and supplement "An act authorizing counties and municipalities to enter into agreements with employees to provide for currently deferring a portion of the total compensation paid to such employees, supplementing Title 43 of the Revised Statutes." approved February 8, 1978 (P. L. 1977, c. 381)**.*

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

1 1. Section 3 of P. L. 1977, c. 381 (C. 43:15B-3) is amended to
2 read as follows:

3 3. a. The plan shall provide that all money not needed for the
4 immediate payment of benefits shall be invested by the employer in
5 interest bearing securities in which savings banks of this State are
6 authorized to invest their funds, or the employer shall make
7 deposits in interest bearing accounts, or in the State of New Jersey
8 Cash Management Fund established pursuant to P. L. 1977, c. 281
9 (C. 52:18A-90.4), or in **individual or* group annuity pro-*
10 *grams *whether fixed or variable*, mutual funds, or life insurance*
10A *contracts *whether fixed or variable*.*

11 b. ***[The]*** **Notwithstanding section 1 of P. L. 1977, c. 381*
11A *(C. 43:15B-1), the* employer may contract with one or more pri-*
12 *vate organizations for the administration of all or part of the plan,*
13 *including the management and investment, or either thereof, of*
14 *deferred and deducted salary funds****[;** *provided that any contract*
15 *for the investment of any or all of said funds, whether or not the*
16 *cost or contract price is to be paid with or out of public funds, shall*
17 *be subject to public bidding requirements of the "Local Public*
18 *Contracts Law" (P. L. 1971, c. 198, C. 40A:11-1 et seq.), and such*
19 *contracts shall not be awarded pursuant to a waiver of advertis-*

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

20 *ing*]*. Each contract shall be subject to the prior approval of the
 21 Director of the Division of Local Government Services on the basis
 22 of restrictions, limitations and other conditions established by the
 23 director by rule and regulation promulgated pursuant to the
 24 "Administrative Procedure Act" (P. L. 1968, c. 410, C. 52:14B-1
 25 et seq.); provided, however, that the director shall not approve any
 26 contract if it is inconsistent with any standards which the New
 27 Jersey State Employees Deferred Compensation Board, established
 28 pursuant to P. L. 1978, c. 39 (C. 52:18A-163 et seq.), may adopt for
 29 municipal and county deferred compensation plans, including, but
 30 not limited to, any service cost guidelines. If at the time a munici-
 31 pality or county submits a contract to the Director of the Division of
 32 Local Government Services for his approval and the New Jersey
 33 State Employees Deferred Compensation Board has not adopted
 34 standards for such municipal and county deferred compensation
 35 plans, the director may approve such contract if it is consistent with
 36 the rules and regulations which he has promulgated for such con-
 37 tracts. **[The Director of the Division of Local Government Ser-
 38 vices may, after providing reasonable notice and holding a hearing,
 39 terminate for cause any such contract*]; provided, however, that
 40 said contract shall remain in effect until a new contract is awarded
 41 pursuant to the "Local Public Contracts Law" (P. L. 1971, c. 198,
 42 C. 40A:11-1 et seq.)*]**

43 c. The employer may establish a plan or plan option which per-
 44 mits a participating employee to request the employer to invest
 45 all or a specified percentage of said employee's deferred salary
 46 in one, or a specified combination of, the following kinds of invest-
 47 ments: (1) *fixed or variable* life insurance contracts, (2) *indi-
 48 vidual or group, fixed or variable* annuity contracts, (3) mutual
 49 fund shares, *[and]* (4) interest bearing **accounts or**
 50 *[accounts]* *securities in which savings banks of this State are
 51 authorized to invest their funds, and (5) the State of New Jersey
 52 Cash Management Fund*; provided that the employer retains the
 53 discretion to reject such request. Any such investments shall be
 54 limited to investments that are authorized for fiduciaries of trust
 55 estates pursuant to the "Prudent Investment Law" (P. L. 1975,
 56 c. 337, C. 3A:15-35 et seq.); provided, however, that *with the
 57 exception of investments made by domestic insurance companies
 58 licensed to sell life insurance and annuities in this State and subject
 58A to review by the Commissioner of the Department of Insurance
 58B pursuant to chapter 20 of Title 17B of the New Jersey Statutes,*
 58C the Director of the Division of Local Government Services may

58D review and reject any such investments as inconsistent with the
 58E standard applicable to the prudent investor as provided in section 3
 58F of P. L. 1975, c. 337 (C. 3A:15-37)****]**, or any applicable standards
 58G established by the State Investment Council**]****.

59 d. ***[**A private organization operating under a contract pursuant
 60 to subsection b. of this section or seeking or planning to seek such
 61 a contract may not distribute or make public any written material
 62 designed to solicit local employee participation in any deferred
 63 compensation program or benefits authorized under this act with-
 64 out prior approval by the Director of the Division of Local Gov-
 65 ernment Services of the form and content of the material. No
 66 private organization or its representatives may directly initiate
 67 any verbal communication with any prospective employee partici-
 68 pant to solicit participation in a deferred compensation program.
 69 The Director of the Division of Local Government Services shall
 70 promulgate regulations concerning such distribution and publica-
 71 tion of written material and permissible verbal communication
 72 between a private organization or its representatives and any local
 73 employee considering participation or actually participating in a
 74 deferred compensation program.**]*** ***No organization seeking a**
 74A **contract pursuant to section b. of this section, shall through distri-**
 74B **bution of written material or by any other means, solicit employee**
 74C **participation in any deferred compensation plan or solicit em-**
 74D **ployees to support the efforts of the organization to secure the**
 74E **contract. **[Written material to solicit employee participation in a**
 74F **deferred compensation program shall not be distributed without**
 74G **prior approval of the Director of the Division of Local Government**
 74H **Services as to the form and content of the material.]** **An**
 74I **organization holding a contract approved pursuant to section b.**
 74J **may distribute written material to solicit employee participation**
 74K **in a deferred compensation program, provided that the organiza-**
 74L **tion has received approval of the content and form of the material**
 74M **from the Director of the Division of Local Government Services.****
 74N **No representative of an organization under contract pursuant to**
 74O **subsection b. of this section shall initiate verbal communication with**
 74P **any prospective employee participant in a deferred compensation**
 74Q **program without the expressed consent of the employer; provided,**
 74R **however, that any communication so authorized shall be consistent**
 74S **with the written material approved by the Director of the Division**
 74T **of Local Government Services.***

75 **[b.]** e. Subject to rules and regulations established by a board
 76 or any other body created or designated by the State or public
 77 official designated by the State (said board, body or official here-

78 inafter “board”), to administer a deferred payment compensation
 79 plan established by the State (hereinafter “State plan”) and sub-
 80 ject to the approval of the board, the plan may provide for the
 81 employer for the benefit of its participants to participate in any
 82 State plan established by the board for State employees. In the
 83 event that such participation is approved by the board, rules, regu-
 84 lations and conditions established by the board or in the State plan
 85 shall apply to such participants, or said rules, regulations and
 86 conditions shall so apply as amended or supplemented with regard
 87 to said participants.

88 **[e.] f.** The named fiduciary shall provide in the plan for the
 89 distribution of any investment earnings, gains or losses, consistent
 90 with the requirements of the U. S. Internal Revenue Service. The
 91 distribution shall be allocated to each employee when he or she
 92 withdraws from the plan or receives benefits from the plan in ac-
 93 cordance with the terms of the plan and the provisions of this act.
 94 For those employees participating in the State plan pursuant to
 95 subsection **[3b]** *3e.* herein, the rules and regulations of the State
 96 board shall apply.

97 **[d.] g.** The plan shall provide for a uniform system of account-
 98 ing for each participant and for the investment of deferred com-
 99 pensation funds with annual or more frequent reports to the par-
 100 ticipants in the plan.

101 **[e.] h.** The named fiduciary shall have authority to take any
 102 steps reasonably necessary to implement the plan consistent with
 103 this act and the requirements of the U. S. Internal Revenue Service.

1 ***2. Any contract in conformity with this act which has been*
 2 *entered into prior to the effective date of this amendatory act shall,*
 3 *subject to review by the Director of Local Government Services, be*
 4 *deemed valid.***

1 ***[2.]** *3.*** This act shall take effect immediately.

70 *promulgate regulations concerning such distribution and publica-*
 71 *tion of written material and permissible verbal communication*
 72 *between a private organization or its representatives and any local*
 73 *employee considering participation or actually participating in a*
 74 *deferred compensation program.*

75 **[b.] e.** Subject to rules and regulations established by a board
 76 or any other body created or designated by the State or public
 77 official designated by the State (said board, body or official here-
 78 inafter "board"), to administer a deferred payment compensation
 79 plan established by the State (hereinafter "State plan") and sub-
 80 ject to the approval of the board, the plan may provide for the
 81 employer for the benefit of its participants to participate in any
 82 State plan established by the board for State employees. In the
 83 event that such participation is approved by the board, rules, regu-
 84 lations and conditions established by the board or in the State plan
 85 shall apply to such participants, or said rules, regulations and
 86 conditions shall so apply as amended or supplemented with regard
 87 to said participants.

88 **[c.] f.** The named fiduciary shall provide in the plan for the
 89 distribution of any investment earnings, gains or losses, consistent
 90 with the requirements of the U. S. Internal Revenue Service. The
 91 distribution shall be allocated to each employee when he or she
 92 withdraws from the plan or receives benefits from the plan in ac-
 93 cordance with the terms of the plan and the provisions of this act.
 94 For those employees participating in the State plan pursuant to
 95 subsection **[3b]** *3e.* herein, the rules and regulations of the State
 96 board shall apply.

97 **[d.] g.** The plan shall provide for a uniform system of account-
 98 ing for each participant and for the investment of deferred com-
 99 pensation funds with annual or more frequent reports to the par-
 100 ticipants in the plan.

101 **[e.] h.** The named fiduciary shall have authority to take any
 102 steps reasonably necessary to implement the plan consistent with
 103 this act and the requirements of the U. S. Internal Revenue Service.

1 2. This act shall take effect immediately.

STATEMENT

The purpose of this bill is to permit any county or municipality which establishes a deferred compensation plan for its employees pursuant to P. L. 1977, c. 381, to invest employee deferred salary in life insurance contracts, annuity programs and mutual funds.

A272 (1980)

It also permits the employer to contract with a private organization for the administration of the deferred compensation plan, including the management and investment of the salary funds. The Director of the Division of Local Government Services is authorized to approved any contract between a municipality or county and private organization, and to approve of the form and content of written material and verbal communication between a private organization and participating employee.

ASSEMBLY MUNICIPAL GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 272

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 11, 1980

This bill, as amended by the committee, permits any county or municipality which has established a deferred compensation plan for its employees pursuant to P. L. 1977, c. 381 to invest such deferred compensation in life insurance contracts, annuity programs and mutual funds. Currently, the investment of such funds is limited to "interest bearing accounts and the State of New Jersey Cash Management Fund." The bill aims to provide county and municipal employees with investment benefits which are currently available to State employees pursuant to section 40 of P. L. 1978, c. 39 (C. 52:18A-166).

Section 3b permits the employer, i.e., the county or municipality, to contract with a private organization to administer and/or invest the deferred compensation plan funds, prior to the approval of the Director of the Division of Local Government Services on the basis of rules and regulations to be established by the director, and rules established by the New Jersey State Employees Deferred Compensation Board.

Section 3c makes provision for various plan options which may be offered by the employer, subject to review by the director.

Section 3d provides that no private organization which has contracted to administer or invest the deferred compensation funds may distribute literature on investment opportunities to employees without prior approval of the literature by the director. Also, private organizations are explicitly prohibited from verbal communication with prospective employee participants in the deferred compensation program, without explicit approval of the employer.

The committee through its amendments eliminated deferred compensation contracts from the competitive bidding provisions of the "Local Public Contracts Law." The committee holds that such requirements would prove unnecessarily cumbersome and inappropriate for such contracts. The committee holds that the scrutiny of such contracts by the Director of the Division of Local Government Services will ensure that such contracts have been properly let. The committee in

amending section 3(c) relieves Local Government Services of the obligation to scrutinize the investments of insurance companies licensed to sell insurance and annuities in this State; such investments are currently subject to review by the Commissioner of the Department of Insurance. Other amendments are technical or otherwise clarify the original language of the bill.
