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AN ACT

RELATING TO DEFERRED COMPENSATION; AMENDING THE DEFERRED
COMPENSATION ACT TO UPDATE DEFINITIONS, INVESTMENT OPTIONS,
TRANSMISSION METHOD AND FILING AND NOTIFICATION REQUIREMENTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 10-7A-2 NMSA 1978 (being Laws 1981,
Chapter 155, Section 2, as amended) is amended to read:

"10-7A-2. DEFINITIONS.--As used in the Deferred
Compensation Act:

A. "board" means the public employees retirement
board;

B. "local public body" means all political
subdivisions of the state, their agencies, instrumentalities
and institutions;

C. "local public employee" means any officer or
employee to whom a local public body pays a salary for
services rendered;

D. "deferred compensation carriers" means any
corporation, partnership or persons providing administrative,
recordkeeping or investment consulting services to
participants in deferred compensation plans pursuant to
funding agreements; and

E. "state employee" means any officer or employee
to whom the state pays a salary for services rendered."

1 SECTION 2. Section 10-7A-3 NMSA 1978 (being Laws 1984,
2 Chapter 127, Section 988.1, as amended) is amended to read:

3 "10-7A-3. DEFERRED COMPENSATION PLAN--STATE AND LOCAL
4 PUBLIC EMPLOYEES.--

5 A. After the effective date of the Deferred
6 Compensation Act, the board shall review and approve deferred
7 compensation plans for participation by state and local
8 public employees. A deferred compensation plan shall provide
9 for the method of transfer of funds to a plan through written
10 or electronic salary reduction agreements with state and
11 local public employees and shall provide for deferral of only
12 those salary amounts upon which income taxes are eligible for
13 deferral pursuant to federal law.

14 B. Compensation deferred under any deferred
15 compensation plan shall be included with current income for
16 purposes of computing retirement contributions and benefits.

17 C. Amounts by which salary is reduced shall be
18 transmitted to the approved deferred compensation carrier.

19 D. Local public employees may participate in a
20 deferred compensation plan selected by their local public
21 body employer after it takes formal action conforming to
22 board requirements. If the plan selected is different from
23 the plan approved by the board, the board shall have no
24 responsibility concerning the plan. If the plan selected is
25 that approved by the board pursuant to Section 10-7A-5 NMSA

1 1978, the provisions of Section 10-7A-8 NMSA 1978 shall
2 apply."

3 SECTION 3. Section 10-7A-5 NMSA 1978 (being Laws 1984,
4 Chapter 127, Section 988.2, as amended) is amended to read:

5 "10-7A-5. DEFERRED COMPENSATION PLAN--APPROVAL.--

6 A. The board shall review proposals providing
7 investment options to participants of a deferred compensation
8 plan submitted by deferred compensation carriers that have
9 been engaged for a minimum of three years in the business of
10 funding public employee deferred compensation plans
11 authorized by 26 U.S.C. Section 457 and approve proposals
12 that are consistent with the goals of providing state or
13 local public employees with an investment that, in the
14 opinion of the board, is safe and will provide a reasonable
15 return to the employees upon their reaching the appropriate
16 age or date at which they may begin receiving funds from the
17 deferred compensation plan.

18 B. The type of deferred compensation investment
19 options that may be approved include mutual funds, including
20 stock, bond or capital preservation funds or any other
21 investments determined by the board to fulfill the goals of
22 providing viable deferred compensation for state or local
23 public employees."

24 SECTION 4. Section 10-7A-8 NMSA 1978 (being Laws 1981,
25 Chapter 155, Section 8, as amended) is amended to read:

1 "10-7A-8. DEFERRED COMPENSATION PLAN--LOCAL PUBLIC
2 EMPLOYEE PARTICIPATION.--

3 A. Local public employees shall be eligible to
4 participate in a deferred compensation plan approved by the
5 board upon the filing of a local public body's participation
6 agreement, conforming to board requirements, applicable to
7 its local public employees and such other participants
8 permitted by the plan as the local public body may elect.
9 Such filing shall be made at such dates and places and in
10 such manner as the board requires.

11 B. A local public body may terminate its local
12 public employees' and other qualified participants' future
13 participation in a board-approved plan any time not less than
14 two years after the date participation has become effective,
15 upon the local public body's filing of written or electronic
16 notice conforming to board requirements." _____

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