

By Mr. St. John, petition of the Massachusetts Teachers Association, by William H. Hebert, Edmund R. St. John, Jr., George V. Kenneally, Jr., and members of the House of Representatives for legislation to authorize the purchase of annuities for employees of public education institutions in the Commonwealth. Education.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Sixty-Three.

AN ACT AUTHORIZING THE PURCHASE OF ANNUITIES FOR EMPLOYEES OF PUBLIC EDUCATIONAL INSTITUTIONS IN THE COMMONWEALTH.

1 *Whereas*, the deferred operation of this act would tend to
 2 defeat its purpose, which is to make available forthwith to the
 3 employees of educational institutions supported and operated
 4 by the Commonwealth and any of its subdivisions the advan-
 5 tages now available to similar employees in other states and to
 6 employees of private educational institutions in this Common-
 7 wealth and in other states under Public Law 87-370, which
 8 amended Section 403(b) of the Internal Revenue Code of 1954
 9 to provide that certain amounts paid by governmental units
 10 for the purchase of annuities for their employees are not
 11 includible in the gross income of such employees; therefore,
 12 it is hereby declared to be an emergency law, necessary for
 13 the immediate preservation of the public convenience.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 30 of the general laws is hereby
 2 amended by inserting after section 50 thereof the following
 3 section: — *Section 50A.* Sections forty-five to fifty, inclusive,
 4 of this chapter and chapters 15, 35 and 69 to 77, inclusive,
 5 shall be construed to permit the board of education or the
 6 board of trustees of any educational institution supported in

7 whole or in part by the commonwealth, or by any county to
8 enter into a written agreement with any of its employees to
9 purchase an individual annuity contract for such employee;
10 provided, however, that in no event shall the total of the
11 premiums paid for the purchase of such annuity and the em-
12 ployee's includible compensation for any year exceed the total
13 annual salary or compensation under the existing salary
14 schedule for the job group applicable to such employee in such
15 year. As used in this section, the words "includible compensa-
16 tion" shall have the same meaning as in section 403(b) of the
17 Internal Revenue Code of 1954, as amended by the Technical
18 Amendments Act of 1958 and any subsequent amendments
19 thereto. Such employee's rights under such annuity contract
20 shall be non-forfeitable. Such contract shall be purchased only
21 from an insurer authorized to issue life insurance or annuity
22 contracts in the commonwealth; provided, however, that such
23 board may agree with any employee or prospective employee
24 who has an annuity contract in force for at least ninety days
25 prior to the effective date of such agreement to continue to
26 make premium payments under such contract subsequent to
27 the effective date of such agreement, without regard to whether
28 or not such contract has been issued by an insurer authorized
29 to issue such contracts in the commonwealth, but in such case
30 any subsequent contract shall be purchased only from an in-
31 surer authorized to issue life insurance or annuity contracts in
32 the commonwealth. Upon execution of such an agreement,
33 such board shall forthwith give written notice thereof to the
34 treasurer of the commonwealth or the county or to the
35 appropriate payroll officer of such educational institution, as
36 the case may be, and shall certify the amount and dates of
37 premiums payable under the terms of such contract, the name
38 of the insurer and the office to which such premium payments
39 shall be made. Said treasurer or other payroll officer shall
40 thereafter make such premium payments while said contract
41 is in force and such employee is actively employed by such
42 board, and, upon written notice duly given by such board, shall
43 make any changes in the manner or amount of premium pay-
44 ments required under the terms of any subsequent agreement

45 entered into by such employee and such board, and shall stop
46 such premium payments when so notified by such board.

1 SECTION 2. Section 31 of chapter 29 of the general laws is
2 hereby amended by adding at the end thereof the following
3 sentence: — Nothing in this section shall be construed to pre-
4 vent the payment of premiums for the purchase of an individual
5 annuity contract for any employee of the department of educa-
6 tion or of any educational institution within any department
7 of the commonwealth as provided in section fifty-A of chapter
8 thirty.

1 SECTION 3. Chapter 71 of the general laws is hereby
2 amended by inserting after section 37A thereof the following
3 section: — *Section 37B.* The school committee may enter into
4 a written agreement with any of its employees to purchase an
5 individual annuity contract for such employee; provided, how-
6 ever, that in no event shall the total of the premiums paid for
7 the purchase of such annuity and the employee's includible
8 compensation for any year exceed the total annual salary or
9 compensation under the existing salary schedule or classifica-
10 tion plan applicable to such employee in such year. As used
11 in this section, the words "includible compensation" shall have
12 the same meaning as in section 403(b) of the Internal Revenue
13 Code of 1954, as amended by the Technical Amendments Act
14 of 1958 and any subsequent amendments thereto. Such em-
15 ployee's rights under such annuity contract shall be non-forfeit-
16 able. Such contract shall be purchased only from an insurer
17 authorized to issue life insurance or annuity contracts in the
18 commonwealth; provided, however, that such committee may
19 agree with any employee or prospective employee who has an
20 annuity contract in force for at least ninety days prior to the
21 effective date of such agreement to continue to make premium
22 payments under such contract subsequent to the effective date
23 of such agreement, without regard to whether or not such con-
24 tract has been issued by an insurer authorized to issue such
25 contracts in the commonwealth, but in such case any subse-
26 quent contract shall be purchased only from an insurer author-

27 ized to issue life insurance or annuity contracts in the com-
28 monwealth. Upon execution of such an agreement, the com-
29 mittee shall forthwith give written notice thereof to the treas-
30 urer or other payroll officer of the city, town or district, and
31 shall certify the amount and dates of premiums payable under
32 the terms of such contract, the name of the insurer and the
33 office to which such premium payments shall be made. Said
34 treasurer or other payroll officer shall thereafter make such
35 premium payments while said contract is in force and such
36 employee is actively employed by the committee and, upon
37 written notice duly given by the committee, shall make any
38 changes in the manner or amount of premium payments re-
39 quired under the terms of any subsequent agreement entered
40 into by such employee and the committee and shall stop such
41 payments when so notified by the committee.

1 SECTION 4. Section 43 of chapter 71 of the general laws is
2 hereby amended by adding at the end thereof the following
3 sentence: — Nothing in this section or in any other section of
4 this chapter shall be construed to prevent the school committee
5 of any city, town or district from entering into an agreement
6 with any of its employees for the payment of premiums for
7 the purchase of an individual annuity contract for such em-
8 ployee or from reducing the salary or compensation of such
9 employee pursuant to such agreement for the purpose of such
10 purchase as authorized by section thirty-seven B of this chapter.

1 SECTION 5. Section 1 of chapter 32 of the general laws is
2 hereby amended by adding at the end of the paragraph begin-
3 ning with the words "Regular compensation" the following: —
4 "Regular compensation" shall also include all premiums paid
5 by any governmental unit for the purchase of an individual
6 annuity contract for any member pursuant to a written agree-
7 ment entered into by such member and his employing authori-
8 ty, as authorized under section fifty A of chapter thirty or
9 under section thirty-seven B of chapter seventy-one.