

# HOUSE . . . . . No. 5741

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## *The Commonwealth of Massachusetts*

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HOUSE OF REPRESENTATIVES, June 16, 1987.

The committee on Public Service, to whom was referred the petition (accompanied by bill, Senate, No. 1192) of William R. Keating and Royal L. Bolling, Sr., for legislation to allow direct payment of certain investments by educational employees, and the petition (accompanied by bill, House, No. 3044) of Henri S. Rauschenbach relative to the purchase of annuities by certain public employees, reports recommending that the accompanying bill (House, No. 5741) ought to pass.

For the committee,

KEVIN P. BLANCHETTE.

## The Commonwealth of Massachusetts

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In the Year One Thousand Nine Hundred and Eighty-Seven.

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AN ACT FURTHER REGULATING THE PURCHASE OF CERTAIN ANNUITY CONTRACTS BY EMPLOYEES OF THE INSTITUTIONS WITHIN THE SYSTEM OF HIGHER EDUCATION.

*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. Section 18A of chapter 15 of the General Laws,  
2 as appearing in the 1984 Official Edition, is hereby amended by  
3 striking out said section and inserting in place thereof the  
4 following section: —

5 Section 18A. The state board of education on behalf of any  
6 employee of the department of education and the board of regents  
7 of higher education on behalf of any employee of said board and  
8 the boards of trustees on behalf of any employee of the respective  
9 institutions within the system of public institutions of higher  
10 education, the boards of trustees of the Bristol county agricultural  
11 school, the Essex agricultural and technical institute and the  
12 Norfolk county agricultural school, on behalf of any employee  
13 at their respective schools, and the board of other body or officer  
14 of any other public educational institution maintained and  
15 operated by the commonwealth or by any county, on behalf of  
16 any employee thereof, may enter into a written agreement with  
17 any such employee to purchase or make payments to an individual  
18 or group annuity contract, custodial account, or any other  
19 investment authorized under section 403(b) of the Internal  
20 Revenue Code of 1986, as amended, for such employee; provided,  
21 however, that in no event shall the total of premiums paid for the  
22 purchase of any such annuity, custodial account, or other  
23 investment and such employee's includible compensation for any  
24 year exceed the total annual salary or compensation under the  
25 existing salary schedule for the job group applicable to such  
26 employee in such year. As used in this section, the words  
27 "includible compensation" shall have the same meaning as in said

28 Section 403(b) and the word "premiums" shall include  
29 contributions paid to any such custodial account or other  
30 investment. Such employee's rights under such annuity contract,  
31 custodial account or other investment shall be non-forfeitable.  
32 Any such contract shall be purchased only from an insurer  
33 authorized to issue life insurance or annuity contracts, in the  
34 commonwealth; any such custodial account or other investment  
35 shall be purchased only from a company or corporation  
36 authorized to sell such other investments in the commonwealth;  
37 provided, however, that any such board may agree with any  
38 employee or prospective employee who has any such annuity  
39 contract, custodial account or any such other investment in force  
40 for at least ninety days prior to the effective date of such agreement  
41 to continue to make premium payments under such contract,  
42 account or investment subsequent to the effective date of such  
43 agreement, without regard to whether or not such contract,  
44 account or investment has been issued or sold by an entity  
45 authorized to issue or sell such contracts, accounts or other  
46 investments in the commonwealth, but in such case any  
47 subsequent contract shall be purchased only from an insurer  
48 authorized to issue life insurance or annuity contracts in the  
49 commonwealth, and any such custodial account or other  
50 investment shall be purchased only from a company or  
51 corporation authorized to sell such accounts or other investments  
52 in the commonwealth. Upon execution of such an agreement, such  
53 board or other body or officer shall forthwith give written notice  
54 thereof to the treasurer of the commonwealth or the county or  
55 to the appropriate payroll officer of such educational institution,  
56 as the case may be, and shall certify the amount and dates of  
57 premiums payable under the terms of such contract, account or  
58 investment, the name of the issuing or selling insurer company  
59 or corporation and the office to which such premium payments  
60 shall be made. Said treasurer or other payroll officer shall  
61 thereafter make such premium payments while such contract,  
62 account or investment is in force and such employee is actively  
63 employed by such board, and, upon written notice duly given by  
64 such board, shall make any changes in the manner or amount of  
65 premium payments required under the terms of any subsequent

66 contract, account or investment entered into by such employee  
67 and such board, and shall stop such premium payments when so  
68 notified by such board.

1 SECTION 2. This act shall take effect upon its passage.