

State of South Dakota

SEVENTY-FIFTH SESSION
LEGISLATIVE ASSEMBLY, 2000

995D0438

SENATE RETIREMENT LAWS COMMITTEE

ENGROSSED NO. **HB1156** - 2/16/00

Introduced by: Representatives Michels, Davis, Diedrich (Larry), Fiegen, and Fischer-Clemens
and Senators Brown (Arnold), Albers, Lawler, and Olson

1 FOR AN ACT ENTITLED, An Act to repeal certain provisions relating to the deferred
2 compensation fund for public employees and to grant certain authorities to the state
3 investment officer.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

5 Section 1. That § 3-13-51 be repealed.

6 ~~—3-13-51. Notwithstanding any other provision of law, funds held by the fund may be invested~~
7 ~~in such investments as are deemed appropriate by the board including, but not limited to, annuity~~
8 ~~contracts. At the discretion of the board, such funds may be invested, in whole or in part, by the~~
9 ~~South Dakota investment council.~~

10 Section 2. That chapter 3-13 be amended by adding thereto a NEW SECTION to read as
11 follows:

12 Funds held by the fund may be invested by plan participants in such investments as are
13 deemed appropriate by the state investment officer, including, but not limited to, annuity
14 contracts. The state investment officer is authorized to enter into contracts for investment
15 alternatives and to offer internal investment alternatives, and the plan administrator is authorized
16 to transfer funds to, from, and among the respective investment alternatives. The state

1 investment officer shall be held to the standard of conduct of a fiduciary and shall carry out all
2 functions solely in the interests of the participants and benefit recipients and for the exclusive
3 purpose of providing benefits and defraying reasonable expenses incurred in performing such
4 duties as required by law.

5 Section 3. That § 4-5-26 be amended to read as follows:

6 4-5-26. Money made available for investment may be invested in the following classes of
7 securities and investments and, except as provided by § 3-12-117, chapter 3-13, and the South
8 Dakota cement plant retirement fund, not otherwise:

- 9 (1) Direct and indirect obligations of the United States government;
- 10 (2) Agencies and instrumentalities of the United States government;
- 11 (3) Direct obligations of the State of South Dakota and any of its political subdivisions;
- 12 (4) Obligations consisting of notes, bonds, debentures, and certificates which are direct
13 obligations of a solvent corporation or trust existing under the laws of the United
14 States or any state thereof, provided that such investments shall be rated in the four
15 highest classifications established by at least two standard rating services;
- 16 (5) Savings accounts, share accounts, certificates of deposit of banks, savings and loan
17 associations, building and loan associations and bankers' acceptances.

18 Section 4. That chapter 3-13 be amended by adding thereto a NEW SECTION to read as
19 follows:

20 The administrator shall execute any agreements as are necessary to carry out the provisions
21 of this chapter, except such agreements as are executed by the state investment officer pursuant
22 to section 2 of this Act. Any contract for an investment alternative in effect on July 1, 2000, is
23 hereby transferred by operation of law to the state investment officer as of July 1, 2000.

24 Section 5. That chapter 3-13 be amended by adding thereto a NEW SECTION to read as
25 follows:

1 If a contract with a vendor terminates and a participant fails to notify the third-party
2 administrator of the participant's new investment selection before the contract terminates, the
3 third-party administrator shall transfer that participant's account to the investment alternative
4 designated by the state investment officer.

1 **BILL HISTORY**

2 1/19/00 First read in House and referred to Retirement Laws. H.J. 133

3 1/27/00 Scheduled for Committee hearing on this date.

4 1/27/00 Retirement Laws Do Pass, Passed, AYES 3, NAYS 2. H.J. 284

5 1/31/00 House of Representatives Deferred to another day. H.J. 318

6 2/1/00 House of Representatives Do Pass, Passed, AYES 49, NAYS 21. H.J. 347

7 2/2/00 First read in Senate and referred to Retirement Laws. S.J. 299

8 2/14/00 Scheduled for Committee hearing on this date.

9 2/14/00 Retirement Laws Do Pass Amended, Passed, AYES 3, NAYS 2. S.J. 493