STATEMENT TO

[First Reprint]

SENATE, No. 1757

with Senate Floor Amendments
(Proposed By BASSANO)

ADOPTED: MARCH 24, 1997

On August 20, 1996, the federal Small Business Job Protection Act, which contained provisions concerning public employee deferred compensation plans, was signed into law. These amendments provide that for plans approved prior to August 20, 1996, moneys deferred shall be subject to the claims of the employer's general creditors until the plan document is amended to have all moneys deferred and any other assets or income of the plan held in trust or one or more annuity contracts or one or more custodial accounts for the exclusive benefit of the participating employees and their beneficiaries. Employers shall have until January 1, 1999 to implement this change. For all plans adopted on or after August 20, 1996, all moneys that are deferred and any other assets or income of the plan shall be held in trust or one or more annuity contracts or one or more custodial accounts for the exclusive benefit of the participating employees and their beneficiaries.