

SPEAKER BAACK: One minute.

SENATOR NELSON: ...away from them, it only allows them to purchase an annuity, and that has changed considerably in the last six months, and it has certainly changed my mind. One of the figures that some of the state employees that have been longtime directors of an agency or longtime employed, one gentleman told me that it made \$261 a month difference whether or not he was allowed to take 51 percent or 100 percent. If they take the 100 percent, they can then buy bonds or put it in mutual funds or do whatever they want, or roll it over to an IRA, and it is not definitely put into an annuity. So that is the reason that I am asking for a rejection of the committee amendments, interest rates have dropped, annuities are not necessarily guaranteed. Remember when they purchase an annuity, they can spend the monthly payment or the annual payment of that annuity any way they want to.

SPEAKER BAACK: Time.

SENATOR NELSON: So, with that, I will still answer any more questions on the committee amendments, but I do hope that you reject them for that reason.

SPEAKER BAACK: Thank you, Senator Nelson. Senator Elmer.

SENATOR ELMER: Thank you, Mr. Speaker. There are several points to make about this type of a retirement system in regard to federal regulations about them. Now, remember, we are talking about one type of retirement system that is defined contribution where each employee has an exact amount of dollars in his name in the retirement account. Now the federal government, in its ERISA, which is Employers Individual Retirement Accounts Act, has made very definite rules in how long it takes people to vest in the employer's contribution. The employee contributes a portion of his salary each time he gets a paycheck. That goes into the retirement fund in his name, and every penny of that is always his. The portion that the employer puts into the account is what they call "vested" and that can take place over a period of time. In no case, if my understanding is still currently correct, can that vesting, according to federal government rules, take more than 15 years. Therefore, if an employee joins a system young and decides to go to another job, he needs the mobility to move the retirement