

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office
FLOOR DEBATE

January 31, 2006 LB 75

funds of not following prudent investor requirements or being imprudent. Sometimes things can occur which an investor, no matter how prudent, can foresee. And stocks or those enterprises or entities to which those stocks are tied, or which will issue the stock, may be going 100 miles an hour, then suddenly fall. Couldn't that happen, so an investment that seemed prudent at the time, did not violate any fiduciary rules, could almost overnight, so to speak, become virtually worthless?

SENATOR BEUTLER: Senator, when you're dealing with common stocks, and if your entire portfolio were common stocks, your portfolio would be much more subject to what you're discussing than if you invested at those things that return only 3 or 4 percent. But this is money that's there for the long term; it's not money that you need on a particular day this year or next year. The important thing is the long-term return on investment, and even during the period of Depression, the long-term investment return on common stock was greater than the return on those limited items, was greater than those...on those

SENATOR CUDABACK: One minute.

SENATOR BEUTLER: ...limited items such as CDs or securities of the United States that...

SENATOR CHAMBERS: Does this language...

SENATOR BEUTLER: ...are currently allowed to be invested in.

SENATOR CHAMBERS: Just so I can get one more question before it's over, and then if I have time, we'll...I may not have time. Have I spoken three times already?

SENATOR CUDABACK: You have, Senator.

SENATOR CHAMBERS: Okay. But anyway, is there anything in this language which, in and of itself, requires diversification of a portfolio?

SENATOR BEUTLER: Yes, Senator, that's the whole point of Senator Landis' additions of the manner of a prudent investor