

ALEC EXPOSED

"ALEC" has long been a secretive collaboration between Big Business and "conservative" politicians. Behind closed doors, they ghostwrite "model" bills to be introduced in state capitols across the country. This agenda-underwritten by global corporations—includes major tax loopholes for big industries and the super rich, proposals to offshore U.S. jobs and gut minimum wage, and efforts to weaken public health, safety, and environmental protections. Although many of these bills have become law, until now, their origin has been largely unknown. With **ALEC EXPOSED**, the Center for Media and Democracy hopes more Americans will study the bills to understand the depth and breadth of how big corporations are changing the legal rules and undermining democracy across the nation.

ALEC's Corporate Board —in recent past or present

- AT&T Services, Inc.
- centerpoint360
- UPS
- Bayer Corporation
- GlaxoSmithKline
- Energy Future Holdings
- Johnson & Johnson
- Coca-Cola Company
- PhRMA
- Kraft Foods, Inc.
- Coca-Cola Co.
- Pfizer Inc.
- Reed Elsevier, Inc.
- DIAGEO
- Peabody Energy
- Intuit, Inc.
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- ExxonMobil
- Verizon
- Reynolds American Inc.
- Wal-Mart Stores, Inc.
- Salt River Project
- Altria Client Services, Inc.
- American Bail Coalition
- State Farm Insurance

For more on these corporations, search at www.SourceWatch.org.

DID YOU KNOW? Corporations VOTED to adopt this. Through ALEC, global companies work as "equals" in "unison" with politicians to write laws to govern your life. Big Business has "a VOICE and a VOTE," according to newly exposed documents. **DO YOU?**

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Public Employees' Portable Retirement Option (PRO) Act

Summary

This Public Employees' Portable Retirement Option (PRO) Act would authorize state and local public sector employers to provide optional portable retirement plans for state and local public sector employees. The plans would be administered by the employer using a service provider or providers and would allow employees to participate in the optional plan in lieu of continued membership in their existing retirement system. The existing retirement system would be required to transfer the actuarial present value, as defined, to the plan administrator. The bill would establish the Portable Retirement Option Fund in the State Treasury and provide that all moneys would be continuously appropriated for payments of the plan.

Model Legislation

Section 1. {Short Title.} This Act shall be known as the Public Employees' Portable Retirement Option (PRO) Act.

Section 2. {Legislative Declarations.}

Section 3. {Definitions.} As used in this chapter, unless the context clearly requires a different meaning:

- (A.) "Retirement" means a member's withdrawal from the active employment of an employer and completion of all conditions precedent to retirement.
- (B.) "Portable retirement option or "plan" means the portable retirement option authorized by this Act as those plans may be established by the state or individual local public agencies.
- (C.) "Existing retirement system" means any state or local public retirement system.
- (D.) "Existing employer" means any public employer of a member of the existing retirement system.
- (E.) "Member" or "employee" means any person employed by the state or any local public agency that elects to be included in the plan.
- (F.) "Employer" means the state or local public agency, including, but not limited to, school districts, that employs a member.
- (G.) "Compensation" means the remuneration paid by the employer in payment for the employee's services during normal working hours, but does not include the monetary value of any other advantages furnished to the employee.
- (H.) "Member contribution" means an amount reduced from the employee's regular pay, and deposited into the member's individual account within a defined contribution plan.
- (I.) "Employer contribution" means an amount deposited into the member's individual account on a periodic basis coinciding with the employee's regular pay period by an employer from its own funds.
- (J.) "Individual account" or "account" means an account in a portable retirement option established for each member and maintained by a service provider or providers to record the deposit of member and employer contributions and earnings thereon on behalf of the member.
- (K.) "Fund" means the Public Employees' Portable Retirement Option Fund.
- (L.) "Administrator" means an employee of an employer who has been designated by the employer as plan administrator of the plan, or the service provider hired by the employer to provide plan administration services to the plan.
- (M.) "Accrued service benefit" means the amount, determined by the actuary of the existing retirement system, that represents the present value of an employee's accrued retirement benefit earned through the date on which a payment is made to a portable retirement option by an existing retirement system for the benefit of an individual account. In order to determine the present value of the accrued benefit, the discount rate for investment earnings and the assumptions for current final average compensation shall be approved by the plan administrator. At the employer's written election, the

Did you know that global corporation Kraft Foods served as corporate co-chair in 2011?

accrued services benefit shall also include an employee's pro rata share of any actuarially determined excess of plan assets compared to accrued liabilities in the existing retirement system on the reporting date prior to the employer's election to make an portable retirement option available to a specific group of employees.

(N.) "Service provider" means an insurance, annuity, mutual fund bank, savings association or qualified company or companies, or any combination of these entities, responsible for offering investments and the day-to-day service and operation of the plan.

Section 4. {Creation of Public Employees' Portable Retirement Option.}

Portable retirement options may provide a framework under which the state and each local public agency are authorized to create retirement plans for their respective employees that are tailored to each employer's individual needs and that provide the opportunity for retirement savings and for the orderly administration of the plans.

Section 5. {Purpose.}

(A.) This chapter shall be liberally construed to authorize alternative retirement plans for state and local public agency employees. The purpose of this chapter is to authorize state and local public agencies to provide portable retirement options that are fully funded on a current basis from employer or employee contributions, or both.

(B.) In no event may the state or any local public agency fail to continue to offer membership in any retirement system in existence at the time of enactment of this Act, to current employees, new employees, or retirees.

(C.) Portable retirement options shall be established and administered in accordance with the requirements for qualified retirement or eligible deferred compensation plans respectively under the Internal Revenue Code of 1986, as amended.

Section 6. {Administration of Plan.}

(A.) The employer has all powers necessary to effectuate the purposes of this Act. The employer shall determine and charge reasonable costs of administering the system. The employer may contract with a private pension, insurance, annuity, mutual fund, bank, savings association, or other qualified company or companies, or any combination of these entities, to administer the day-to-day operations of the plan and to provide participant directed investment options for Individual Accounts.

(B.) The Public Employees' Portable Retirement Option Fund is hereby created for the portable retirement option and is a trust fund in the State Treasury administered by the employer in accordance with this Act and applicable state laws. All moneys in the fund are continuously appropriated, without regard to fiscal years, for administrative costs and payments that shall be made upon warrants drawn by the Controller upon demands made by the employer.

Section 7. {Eligibility for the Plan.} Any state or other public agency employee who is a member of any existing retirement system on the effective date specified in an agreement between the employee and the employer may, in lieu of continued or exclusive participation in an existing retirement system and upon written election, voluntarily elect membership in an portable retirement option offered by the employer. The administrator of the portable retirement option shall notify the existing retirement system of the employee's election and of the employee's service record and compensation history within [insert time limit, i.e., 45 days] of that election, and the existing retirement system, within [insert time limit, i.e., 45 days], shall transfer to the service provider a payment equal to the actuarial present value of the employee's accrued service benefit on the date of the transfer. The amount so transferred shall be credited to the employee's individual account.

Section 8. {Readmission to the Plan.}

(A.) Any employee whose employment terminates and is later reemployed by an employer shall be eligible for membership in either the existing retirement system or the portable retirement option.

(B.) An employee whose employment with a former employer or an existing employer is suspended as a result of an approved leave of absence, approved maternity or paternity break in service, or any other approved break in service authorized by the employer, is eligible for readmission to the plan in which he or she was a member at the time the break in service began.

(C.) In all cases where a question exists as to the readmission to membership in a plan, the employer shall decide the question.

Section 9. {Management of the Plan.} The employer, or the entity or entities with which it has contracted, in conjunction with this plan, may purchase group annuity contracts, individual retirement annuities, disability insurance investment contracts, securities, mutual funds, interest in trusts and other financial instruments, health care benefit plans, and group insurance as necessary or appropriate for the plan to provide retirement and related benefits comparable to those provided under an existing retirement system. Selections service provider or providers and participant-directed investment options shall be conducted through a competitive selection process. If requested by a participating employer, an existing retirement system shall provide an actuarially determined optional disability benefit option and employer contribution rate for employees who elect to participate in a portable retirement option.

Section 10. {Reporting Requirements.} The plan administrator or service provider shall prepare, or cause to be prepared, [insert time period, i.e., at least quarterly] a statement for each member's individual account. The statement shall include the current market value of the account, including self-directed investment options, an itemization of changes in the account, the amount vested, and other information as may be required

by the plan administrator or the employer. The plan administrator or the employer shall arrange for an independent audit of the plan's assets unless the audit is provided for by a third party organization.

Section 11. {Severability Clause.}

Section 12. {Repealer Clause.}

Section 13. {Effective Date.}

Were your laws repealed?

Adopted with amendments by the CIED Task Force at the States and Nation Policy Summit in December, 2000. Approved by the ALEC Board of Directors January, 2001.

About Us and ALEC EXPOSED. The Center for Media and Democracy reports on corporate spin and government propaganda. We are located in Madison, Wisconsin, and publish www.PRWatch.org, www.SourceWatch.org, and now www.ALECexposed.org. For more information contact: editor@prwatch.org or 608-260-9713.

Center for Media and
Democracy's quick summary

This bill is a move towards eliminating defined benefit pension plans for public employees. Although drafted as an optional program for public workers, it is likely the first step towards replacing defined benefit plans (which guarantees a certain level of benefits) with defined contribution plans (which leaves the payout to free market forces), and eliminating internal management of funds by a state investment board in favor of private sector management by financial service firms which earn money by extracting millions in fees from the pension fund. The 2011 Wisconsin budget bill includes a study of a defined benefit option for state employees.