

SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE, No. 2423

STATE OF NEW JERSEY

DATED: MAY 16, 2022

The Senate Commerce Committee reports favorably Senate Bill No. 2423.

This bill adds collective investment trusts to the list of the kinds of investments permitted for municipal, county, or local authority deferred compensation plans. Currently these plans are allowed to invest in (1) fixed or variable life insurance contracts, (2) individual or group, fixed or variable annuity contracts, (3) mutual fund shares, (4) interest bearing accounts or securities in which savings banks of this State are authorized to invest their funds, and (5) the State of New Jersey Cash Management Fund.

A collective investment trust is a trust administered by a bank or trust company that combines assets for multiple investors. Its trustees are considered fiduciaries under the Employees Retirement Income Security Act (ERISA). Collective investment trusts are regulated by the Office of the Comptroller of the Currency and subject to oversight by the Internal Revenue Service. In contrast, mutual funds are regulated by the Securities and Exchange Commission.