

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 6316

STATE OF NEW JERSEY

DATED: JANUARY 8, 2026

The Assembly Appropriations Committee reports favorably Assembly Bill No. 6316.

As reported, this bill requires the Department of the Treasury to establish an individualized financial advisory services program for State employees who participate in the New Jersey State Employees Deferred Compensation Plan (the plan).

Under the bill, the individualized financial advisory services program would be available to State employees who participate in the plan at a low cost. The department is required to enter into a contract or agreement with a qualified vendor to provide the individualized financial advisory services. Under the contract, the vendor will receive an annual administrative fee from the department. In addition to the annual administrative fee, the vendor will be entitled to additional administrative fees, which will be charged to the participants of the plan who choose to utilize the financial advisory services. The rate of the additional administrative fees will be determined through the competitive procurement process managed by the Department of the Treasury for the engagement of the vendor. Under the bill, the additional fees are required to be shared proportionately by the participants of the program utilizing the financial advisory services based on the value of each of the participants' assets in the plan. The fees are also required to have a global cap at a reasonable level based on the total value of assets in the plan, or a percentage of such assets, or some other objective measure selected to ensure that the individualized financial services are provided at a reasonable cost to the participants. The vendor will not be eligible to receive any commission or any other pecuniary benefit related to the recommendations or purchases made as a result of providing such services.

Under the bill, any vendor selected by the department will have a fiduciary duty towards participants of the program and will be required to adhere to the prudent person standard in carrying out its responsibilities.

The individualized financial advisory services provided by the vendor to participants will include general advice regarding financial and investment products other than those provided by the plan and ways to achieve a reasonable replacement income after retirement.

Under the bill, the State will not be held liable for any financial loss or costs of opportunity incurred by a participant of the plan that may result from the vendor's advice or recommended financial or investment products.

Following the fifth year of providing individualized financial advisory services to participants of the program, the department may choose to expand the provision of such services to all State employees who are eligible to participate in the plan. If the State Treasurer chooses to expand access to such services, the Legislature will be required to appropriate monies from the General Fund as necessary to effectuate the provisions of this bill that are sufficient to cover the expansion and the base annual administrative fee provided to the vendor.

FISCAL IMPACT:

Fiscal information for this bill is currently unavailable.