



# Senate

General Assembly

**File No. 603**

February Session, 2008

Substitute Senate Bill No. 652

*Senate, April 14, 2008*

The Committee on Appropriations reported through SEN. HARP of the 10th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

## **AN ACT CONCERNING SMALL BUSINESS RETIREMENT PLANS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective from passage*) (a) As used in this section,  
2 "small employer" means a business with one hundred or fewer  
3 employees.

4 (b) The Comptroller shall establish a tax-qualified defined  
5 contribution retirement program to provide retirement investment  
6 plans, including, but not limited to, those created under Section 401 of  
7 the Internal Revenue Code, of 1986, or any subsequent corresponding  
8 internal revenue code of the United States, as from time to time  
9 amended to self-employed individuals, small employers and  
10 organizations qualifying as tax-exempt pursuant to Section 501(c)(3) of  
11 said Internal Revenue Code. In administering such plan, the  
12 Comptroller shall seek to minimize costs by helping small employers  
13 and individuals purchase retirement savings plans, arrangements and  
14 investments through economies of scale, standardization and other  
15 measures.

16 (c) In carrying out the provisions of this section, the Comptroller  
17 shall contract with a third-party administrator for the management of  
18 such plan or plans and shall recover from program assets expenses  
19 incurred to initiate, operate and administer the program established  
20 pursuant to subsection (a) of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section

**CE**      *Joint Favorable C/R*      APP  
**APP**      *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 09 \$
Comptroller	GF - Cost	500,000

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill requires the comptroller to establish a 401(k) plan for self-employed individuals, employers with 100 or fewer employees, and certain nonprofits. The bill specifies the program is to be administered by a third party and the plan design must include a fee to participants in order to recover costs associated with the program.

Funding in the amount of \$500,000 is appropriated to the Comptroller’s Office in sHB 5021, the Appropriations Act, as favorably reported by the Appropriations Committee, to establish the program. The funding will be used as follows: \$125,000 for the preparation of an Employee Retirement Income Security Act (ERISA) compliant document plan, \$125,000 for production of educational and marketing materials, \$100,000 for production and distribution of documents and retirement planning tools, \$150,000 for advertising, mailing, and outreach to small business.

It is estimated that there are approximately 500,000 employees of businesses with 100 or fewer employees that do not currently participate in a retirement plan. The amount of time it takes the state to recover funds appropriated for the program will be a function of the fee charged and the level of small business participation.

**OLR Bill Analysis****sSB 652*****AN ACT CONCERNING SMALL BUSINESS RETIREMENT PLANS.*****SUMMARY:**

This bill requires the state comptroller to establish a tax-qualified defined contribution retirement program to provide retirement investment plans, including 401(k) plans, to (1) self-employed individuals, (2) businesses with 100 or fewer employees, and (3) certain nonprofit organizations. In administering the plan, the comptroller must seek to minimize costs by helping small employers and individuals purchase retirement savings plans, arrangements, and investments through economies of scale, standardization, and other measures.

The bill requires the comptroller to (1) contract with a third-party administrator to manage the plan or plans she creates and (2) recover from program assets the expenses incurred to initiate, operate, and administer the program.

EFFECTIVE DATE: Upon passage

**COMMITTEE ACTION**

Commerce Committee

Joint Favorable Change of Reference

Yea 14 Nay 5 (03/13/2008)

Appropriations Committee

Joint Favorable Substitute

Yea 32 Nay 21 (03/28/2008)