



General Assembly

**Substitute Bill No. 157**

February Session, 2008

\* SB00157FIN 042208 \*

**AN ACT CONCERNING AUTOMATIC ENROLLMENT IN RETIREMENT PLANS.**

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

1 Section 1. Section 31-71e of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2008*):

3 No employer may withhold or divert any portion of an employee's  
4 wages unless (1) the employer is required or empowered to do so by  
5 state or federal law, or (2) the employer has written authorization from  
6 the employee for deductions on a form approved by the commissioner,  
7 or (3) the deductions are authorized by the employee, in writing, for  
8 medical, surgical or hospital care or service, without financial benefit  
9 to the employer and recorded in the employer's wage record book, or  
10 (4) the deductions are for contributions attributable to automatic  
11 enrollment, as defined in section 2 of this act, in a retirement plan  
12 described in Section 401(k), 403(b), 408, 408A or 457 of the Internal  
13 Revenue Code of 1986, or any subsequent corresponding internal  
14 revenue code of the United States, as from time to time amended,  
15 established by the employer.

16 Sec. 2. (NEW) (*Effective October 1, 2008*) (a) As used in this section;  
17 (1) "Automatic enrollment" means a plan provision in an employee  
18 retirement plan described in Section 401(k) or 403(b) of the Internal  
19 Revenue Code of 1986, or any subsequent corresponding internal

20 revenue code of the United States, as from time to time amended, or a  
21 governmental deferred compensation plan described in Section 457 of  
22 said Internal Revenue Code, or a payroll deduction Individual  
23 Retirement Account plan described in Section 408 or 408A of said  
24 Internal Revenue Code under which an employee is treated as having  
25 elected to have the employer make a specified contribution to the plan  
26 equal to a percentage of compensation specified in the plan until such  
27 employee affirmatively elects to not have such contribution made or  
28 elects to make a contribution in another amount; and (2) "automatic  
29 contribution arrangement" means an arrangement under an automatic  
30 enrollment plan under which, in the absence of an investment election  
31 by the participating employee, contributions made under such plan are  
32 invested in accordance with regulations prescribed by the United  
33 States Secretary of Labor under Section 404(c)(5) of the Employee  
34 Retirement Income Security Act of 1974, as amended from time to  
35 time.

36 (b) Any employer who provides automatic enrollment shall be  
37 relieved of liability for the investment decisions made by the employer  
38 on behalf of any participating employee under an automatic  
39 contribution arrangement, provided:

40 (1) The plan allows the participating employee at least quarterly  
41 opportunities to select investments for the employee's contributions  
42 between investment alternatives available under the plan;

43 (2) The employee is given notice of the investment decisions that  
44 will be made in the absence of the employee's direction, a description  
45 of all the investment alternatives available under the plan and a brief  
46 description of procedures available for the employee to change  
47 investments; and

48 (3) The employee is given at least annual notice of the actual  
49 investments made on behalf of the employee under such automatic  
50 contribution arrangement.

51 (c) Nothing in this section shall modify any existing responsibility of

