



General Assembly

**Raised Bill No. 249**

February Session, 2014

LCO No. 1517



Referred to Committee on LABOR AND PUBLIC  
EMPLOYEES

Introduced by:  
(LAB)

**AN ACT PROMOTING RETIREMENT SAVINGS.**

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

1 Section 1. (NEW) (*Effective July 1, 2014*) As used in this section and  
2 sections 2 to 15, inclusive, of this act:

3 (1) "Connecticut Retirement Security Trust Fund" or "trust" means  
4 the trust fund established pursuant to section 2 of this act;

5 (2) "Connecticut Retirement Security Trust Fund Board" or "board"  
6 means the governing body of the Connecticut Retirement Security  
7 Trust Fund, established pursuant to section 2 of this act;

8 (3) "Eligible employee" means any individual who is employed by a  
9 qualified employer, except (A) any individual who is seventeen years  
10 of age or younger on January first of each year, and (B) any individual  
11 who is included in a unit of employees covered by a collective  
12 bargaining agreement between employee representatives and one or  
13 more employers, if there is evidence that retirement benefits were the  
14 subject of good faith bargaining between such employee  
15 representatives and such employer or employers;

16 (4) "Individual retirement account" means an individual retirement  
17 account or individual retirement annuity within the trust established  
18 in accordance with Section 408(a) or (b) of the Internal Revenue Code;

19 (5) "Individual retirement savings balance" means the sum of all  
20 assets deposited into a plan participant's individual retirement  
21 account, plus accumulated interest and minus any fees;

22 (6) "Internal Revenue Code" means the Internal Revenue Code of  
23 1986, or any subsequent corresponding internal revenue code of the  
24 United States, as amended from time to time;

25 (7) "Plan participant" means any eligible employee who maintains  
26 an individual retirement account within the trust;

27 (8) "Public retirement plan" or "plan" means a retirement plan  
28 designed by the Connecticut Retirement Security Trust Fund Board  
29 and offered through the Connecticut Retirement Security Trust Fund  
30 to eligible employees and qualified employers in the state;

31 (9) "Qualified employer" means any person, corporation, limited  
32 liability company, firm, partnership, voluntary association, joint stock  
33 association or other entity that employs five or more persons in the  
34 state. "Qualified employer" does not include: (A) The federal  
35 government, (B) the state or any political subdivision thereof, or (C)  
36 any municipality, unit of a municipality or municipal housing  
37 authority; and

38 (10) "Vendor" means (A) a regulated investment company or an  
39 insurance company conducting business in the state, or (B) a company  
40 conducting business in the state to (i) provide payroll or recordkeeping  
41 services, and (ii) offer retirement plans or payroll deposit individual  
42 retirement account arrangements using products of regulated  
43 investment companies. "Vendor" does not include individual  
44 registered representatives, brokers, financial planners or agents.

45 Sec. 2. (NEW) (*Effective July 1, 2014*) (a) There is established a fund to

46 be known as the "Connecticut Retirement Security Trust Fund" the  
47 purpose of which shall be to promote and enhance retirement savings  
48 for private sector employees in the state. The Connecticut Retirement  
49 Security Trust Fund shall be a nonlapsing fund held by the State  
50 Treasurer separate and apart from all other moneys, funds and  
51 accounts. Investment earnings credited to the fund shall become part  
52 of the trust.

53 (b) The trust shall constitute an instrumentality of the state and shall  
54 perform essential governmental functions, in accordance with the  
55 provisions of this section. The trust shall receive and hold all payments  
56 and deposits or contributions intended for the trust, as well as gifts,  
57 bequests, endowments or federal, state or local grants and any other  
58 funds from any public or private source and all earnings until  
59 disbursed in accordance with the provisions of this section.

60 (c) The amounts on deposit in the trust shall not constitute property  
61 of the state and the trust shall not be construed to be a department,  
62 institution or agency of the state. Amounts on deposit in the trust shall  
63 not be commingled with state funds and the state shall have no claim  
64 to or against, or interest in, such funds. Any contract entered into by or  
65 any obligation of the trust shall not constitute a debt or obligation of  
66 the state and the state shall have no obligation to any designated  
67 beneficiary or any other person on account of the trust and all amounts  
68 obligated to be paid from the trust shall be limited to amounts  
69 available for such obligation on deposit in the trust. The amounts on  
70 deposit in the trust may only be disbursed in accordance with the  
71 provisions of this section. The trust shall continue in existence as long  
72 as it holds any deposits or has any obligations and until its existence is  
73 terminated by law and upon termination any unclaimed assets shall  
74 return to the state. Property of the trust shall be governed by section 3-  
75 61a of the general statutes.

76 (d) The Treasurer shall be responsible for the receipt and investment  
77 of moneys held by the trust. The trust shall not receive deposits in any  
78 form other than cash, except in the case of a rollover contribution

79 described in Section 402(c), 403(a)(4), 403(b)(8) or 457(e)(16) of the  
80 Internal Revenue Code. Rollover contributions to the trust shall be  
81 limited to plan participants who have contributed to the trust. No  
82 depositor or designated beneficiary may direct the investment of any  
83 contributions or amounts held in the trust other than the specific fund  
84 options provided for by the trust.

85 (e) The assets of the trust shall be used for the purpose of  
86 distributing individual retirement savings balances to the plan  
87 participants and paying the operational, administrative and  
88 investment costs of the trust.

89 Sec. 3. (NEW) (*Effective July 1, 2014*) (a) There is established the  
90 Connecticut Retirement Security Trust Fund Board that shall serve as  
91 the trustee of the Connecticut Retirement Security Trust Fund. The  
92 board is charged with the implementation and administration of the  
93 trust, including the design of the public retirement plan.

94 (b) Notwithstanding the provisions of section 4-9a of the general  
95 statutes, the board shall consist of the following trustees:

96 (1) One appointed by the president pro tempore of the Senate, who  
97 shall be an academic expert on retirement plan designs and who shall  
98 serve an initial term of four years;

99 (2) One appointed by the speaker of the House of Representatives,  
100 who shall represent an organization whose principle purpose is  
101 advocacy for seniors and who shall serve an initial term of four years;

102 (3) One appointed by the majority leader of the Senate, who shall be  
103 an organized labor representative and who shall serve an initial term  
104 of four years;

105 (4) One appointed by the majority leader of the House of  
106 Representatives, who shall be a representative of the business  
107 community who manages employee retirement plan options and who  
108 shall serve an initial term of four years;

109 (5) One appointed by the minority leader of the Senate, who shall be  
110 an expert in designing retirement plan options for businesses and who  
111 shall serve an initial term of three years;

112 (6) One appointed by the minority leader of the House of  
113 Representatives, who shall be a representative of the business  
114 community with expertise in consumer retirement planning and who  
115 shall serve an initial term of three years;

116 (7) One appointed by the Governor, who shall be an academic  
117 expert in the needs of an aging population and who shall serve an  
118 initial term of three years;

119 (8) The State Comptroller, or the Comptroller's designee;

120 (9) The State Treasurer, or the Treasurer's designee;

121 (10) The Labor Commissioner, or the commissioner's designee; and

122 (11) The Secretary of the Office of Policy and Management, or the  
123 secretary's designee.

124 (c) All appointments to the board shall be made not later than July  
125 31, 2014. Following the expiration of their initial terms, subsequent  
126 trustees appointed by the Governor and members of the General  
127 Assembly shall serve three-year terms. Any vacancy shall be filled by  
128 the appointing authority not later than thirty calendar days after the  
129 office becomes vacant. Any trustee previously appointed to the board  
130 may be reappointed.

131 (d) The Comptroller and the Treasurer shall serve as chairpersons of  
132 the board. Said chairpersons shall schedule the first meeting of the  
133 board, which shall be held not later than forty calendar days after the  
134 effective date of this section. The board shall meet at least monthly.

135 (e) The trustees shall serve without compensation but shall, within  
136 available appropriations, be reimbursed in accordance with the

137 standard travel regulations for all necessary expenses that they may  
138 incur through service on the board.

139 (f) Each trustee shall, not later than ten calendar days after  
140 appointment, take an oath of office that so far as it devolves upon the  
141 trustee, the trustee will diligently and honestly administer the affairs of  
142 the board, and will not knowingly violate or willingly permit to be  
143 violated any of the provisions of law applicable to the trust. Each  
144 trustee's term shall begin from the date the trustee takes such an oath.  
145 The oath shall be administered by a chairperson of the board.

146 (g) Each trustee shall be entitled to one vote on the board. A  
147 majority of the board shall constitute a quorum for the transaction of  
148 any business, the exercise of any power or the performance of any  
149 duty authorized or imposed by law.

150 (h) The board shall be within the Retirement Division of the office of  
151 the State Comptroller for administrative purposes only.

152 (i) The board, on behalf of the trust and for purposes of  
153 implementing the plan, shall:

154 (1) Establish consistent terms for each individual retirement  
155 account, including, but not limited to, (A) the method of payment into  
156 the trust by payroll deduction, rollover contribution described in  
157 Section 402(c), 403(a)(4), 403(b)(8) or 457(e)(16) of the Internal Revenue  
158 Code with the limitation described in subsection (d) of section 2 of this  
159 act, transfer from bank accounts or otherwise, (B) the termination,  
160 withdrawal or transfer of payments under the trust, including the  
161 purchase of an annuity product upon retirement, (C) changing of the  
162 identity of the designated beneficiary, (D) any charges or fees assessed  
163 in connection with the administration of the plan, and (E) interest  
164 allocated to individual retirement accounts for a given calendar year  
165 based upon the performance of the trust;

166 (2) Enter into one or more contractual agreements, as necessary,  
167 including contracts for legal, actuarial, accounting, custodial, advisory,

168 management, administrative, advertising, marketing and consulting  
169 services for the plan and pay for such services from the trust;

170 (3) Adopt such regulations in accordance with the provisions of  
171 chapter 54 of the general statutes as are necessary to carry out the  
172 provisions of this section and may establish rules and regulations that  
173 the board deems necessary or desirable to facilitate the proper  
174 administration of the trust. Rules and regulations established by the  
175 board shall be binding upon all parties dealing with the board and all  
176 persons claiming any benefits from the trust;

177 (4) Hire staff, including a program administrator;

178 (5) Form working groups as necessary to solicit feedback from key  
179 stakeholders on the design of the plan, advocate for changes in federal  
180 retirement law to improve retirement security, assess the impact of the  
181 plan on reducing public assistance costs for the elderly in the state and  
182 determine if changes in federal or state tax law could help employees  
183 in the state save for retirement; and

184 (6) Develop alternative plan designs, if necessary, to help eligible  
185 employees in the state save for retirement.

186 (j) In conducting the business of the trust, including its oversight  
187 functions, the board shall act: (1) With the care, skill, prudence and  
188 diligence under the circumstances then prevailing that a prudent  
189 person acting in a like capacity and familiar with such matters would  
190 use in the conduct of an enterprise of a like character and with like  
191 aims; (2) in accordance with strict fiduciary standards and  
192 responsibilities; and (3) in accordance with the provisions of the  
193 general statutes.

194 (k) The board shall ensure that the trust complies with all applicable  
195 requirements of federal and state laws, rules and regulations to the  
196 extent necessary for the trust to meet all criteria for federal tax-deferral  
197 or tax-exempt benefits under the Internal Revenue Code.

198 (l) Each year the Treasurer shall publish and forward to the board a  
199 consolidated report showing the fiscal transactions of the trust for the  
200 preceding fiscal year, including gain or loss by category of security, a  
201 reconciliation of assets showing the progression of the trust from one  
202 year to the next, the amount of the accumulated cash and securities of  
203 the system and the last balance sheet showing the financial condition  
204 of the system by means of an actuarial valuation of its assets and  
205 liabilities. Assets shall be shown at book and market value and by type  
206 or term of investment, gain or loss shall be reported by category of  
207 security type.

208 Sec. 4. (NEW) (*Effective July 1, 2014*) The public retirement plan shall  
209 include design features prescribed by the Connecticut Retirement  
210 Security Trust Fund Board. The board may amend such features from  
211 time to time to serve the interests of eligible employees, plan  
212 participants, qualified employers and other stakeholders. The plan  
213 shall:

214 (1) Assure portability through maintenance of individual retirement  
215 accounts for each plan participant. Each qualified employer  
216 participating in the plan shall allow eligible employees to contribute to  
217 the plan through a payroll deposit arrangement and through any other  
218 means prescribed by the board;

219 (2) Transition to an inflation-indexed annuity with options for  
220 spousal benefits and lump sum distribution upon the plan  
221 participant's retirement;

222 (3) Offer a guaranteed interest rate to plan participants upon the  
223 board analyzing expected rates of return on trust assets;

224 (4) Include a written quarterly report detailing: (A) The individual  
225 retirement savings balance of such plan participant's individual  
226 retirement account, (B) the estimated value of assets available upon  
227 such plan participant's retirement, (C) an estimate of such plan  
228 participant's expected monthly retirement income, and (D) the total



229 assets in the trust including an accounting of contributions by plan  
230 participants and qualified employers and investment returns. This  
231 information shall be made available through a secure Internet web site.  
232 The report shall comply with all federal regulations regarding  
233 reporting;

234 (5) Encourage plan participants to preserve retirement savings by  
235 providing a written explanation of the consequences of failing to  
236 rollover distributions from individual retirement accounts to another  
237 eligible retirement plan. The contents of such an explanation shall meet  
238 similar requirements to those set forth in Section 402(f) of the Internal  
239 Revenue Code for qualified retirement plans;

240 (6) Require that all assets in the individual retirement account,  
241 whether contributed by a plan participant or a qualified employer or  
242 accrued through investments, shall vest immediately upon a plan  
243 participant's enrollment in the plan;

244 (7) Provide preretirement death benefits to enable a plan participant  
245 to bequeath assets to designated beneficiaries; and

246 (8) Ensure that all contributions to individual retirement accounts  
247 are tax qualified under the Internal Revenue Code and the state tax  
248 code.

249 Sec. 5. (NEW) (*Effective July 1, 2014*) The State Treasurer, on behalf of  
250 the Connecticut Retirement Security Trust Fund and for purposes of  
251 the trust, shall:

252 (1) Receive and invest moneys in the trust in any instruments,  
253 obligations, securities or property in accordance with section 6 of this  
254 act;

255 (2) Procure insurance as the Treasurer deems necessary to guarantee  
256 the stated rate of return and to protect the trust's property, assets,  
257 activities or deposits or contributions to the trust;

258 (3) Apply for, accept and expend gifts, grants or donations from  
259 public or private sources to enable the trust to carry out its objectives;  
260 and

261 (4) Establish one or more funds within the trust and maintain  
262 separate accounts for each individual retirement account.

263 Sec. 6. (NEW) (*Effective July 1, 2014*) The State Treasurer shall invest  
264 the amounts on deposit in the trust in a manner reasonable and  
265 appropriate to achieve the objectives of the trust, exercising the  
266 discretion and care of a prudent person in similar circumstances with  
267 similar objectives. The Treasurer shall give due consideration to rate of  
268 return, risk, term or maturity, diversification of the total portfolio  
269 within the trust, liquidity, the projected disbursements and  
270 expenditures and the expected payments, deposits, contributions and  
271 gifts to be received. The State Treasurer shall not require the trust to  
272 invest directly in obligations of the state or any political subdivision of  
273 the state or in any investment or other fund administered by the  
274 Treasurer. The assets of the trust shall be continuously invested and  
275 reinvested in a manner consistent with the objectives of the trust until  
276 disbursed upon order of the board or expended on expenses incurred  
277 by the operations of the trust.

278 Sec. 7. (NEW) (*Effective July 1, 2014*) The Connecticut Retirement  
279 Security Trust Fund Board shall establish and evaluate procedures  
280 necessary to implement the public retirement plan. The board shall:

281 (1) Design, establish and operate the plan to: (A) Increase access and  
282 enrollment in quality retirement plans that provide an annuitized  
283 benefit; (B) provide a guaranteed rate of return; (C) reduce the need for  
284 public assistance through a system of prefunded retirement income;  
285 (D) offer low administrative costs and streamlined enrollment; (E)  
286 minimize the need for financial sophistication for plan participants;  
287 and (F) ensure trust and transparency in the management of retirement  
288 funds through oversight and ethics review of plan fiduciaries;

289 (2) Explore and establish investment options that offer plan  
290 participants the conversion of individual retirement account balances  
291 to secure retirement income without incurring debts or liabilities to the  
292 state;

293 (3) Establish the process for plan participants to switch from the  
294 default of lifetime annuity to lump-sum payout upon retirement;

295 (4) Disseminate educational information concerning saving and  
296 planning for retirement;

297 (5) Disseminate information concerning the tax credits available to  
298 small business owners for establishing new retirement plans and the  
299 federal retirement savings contribution credit available to lower and  
300 moderate income households for qualified savings contributions;

301 (6) Determine the eligibility of an employer, employee or any other  
302 individual to participate in the plan;

303 (7) Evaluate and establish the process by which a plan participant  
304 shall contribute a portion of his or her salary or wages to his or her  
305 individual retirement account;

306 (8) Evaluate and establish the process by which a qualified  
307 employer shall credit the plan participant's contributions to his or her  
308 individual retirement account through payroll deposit;

309 (9) Evaluate and establish the process by which a qualified  
310 employer may contribute to a plan participant's individual retirement  
311 account, provided: (A) The contribution shall be allowed under the  
312 Internal Revenue Code, and (B) the contribution shall not cause the  
313 plan to be treated as an employee benefit plan under the federal  
314 Employee Retirement Income Security Act of 1974;

315 (10) Design and establish the process for the enrollment of eligible  
316 employees in the plan and design and establish the process by which  
317 an individual or employee eligible to participate in the plan under

318 subdivisions (3) to (5), inclusive, of subsection (c) of section 10 of this  
319 act may enroll in and make contributions to the plan. This process shall  
320 include, but not be limited to, the creation of an information packet  
321 including the necessary paperwork for an eligible employee to opt out  
322 of the plan or adjust his or her level of contribution;

323 (11) Develop one or more payroll deposit savings arrangements  
324 through which qualified employers may make deposits into the trust;

325 (12) Establish and maintain a secure Internet web site that displays  
326 all public notices issued by the board and such other information as  
327 the board deems relevant pursuant to the education of the public  
328 regarding the plan;

329 (13) Submit, in accordance with the provisions of section 11-4a of  
330 the general statutes, a report to the General Assembly regarding any  
331 changes that are necessary for the implementation of the plan; and

332 (14) Set maximum investment levels in accordance with  
333 contribution limits set for individual retirement accounts by the  
334 Internal Revenue Code.

335 Sec. 8. (NEW) (*Effective July 1, 2014*) (a) Before opening the plan for  
336 enrollment the board shall:

337 (1) Establish and maintain a secure Internet web site to provide  
338 qualified employers with information about employer-sponsored  
339 retirement plans and payroll deduction individual retirement  
340 accounts, and to assist qualified employers in identifying vendors of  
341 retirement arrangements that may be set up by the qualified employers  
342 in lieu of participation in the plan;

343 (2) Include the Internet web site address on any posting to the  
344 Internet web site or in other materials offered to the public regarding  
345 the program;

346 (3) Prior to implementing the Internet web site, and at least annually

347 thereafter, provide notice to vendors (A) that such Internet web site is  
348 active, (B) that such vendors may register for inclusion on the Internet  
349 web site, and (C) regarding the process for inclusion on the Internet  
350 web site; and

351 (4) Establish an appeals process for vendors that are denied  
352 registration or removed from the Internet web site pursuant to  
353 subsection (d) of this section.

354 (b) Each vendor that registers to be listed on the Internet web site  
355 shall provide: (1) A statement of such vendor's experience providing  
356 employer-sponsored retirement plans and payroll deduction  
357 individual retirement accounts in this state and in other states, if  
358 applicable, (2) a description of the types of retirement investment  
359 products offered by such vendor, and (3) a disclosure of all expenses  
360 paid directly or indirectly by retirement plan participants, including,  
361 but not limited to, penalties for early withdrawals, declining or fixed  
362 withdrawal charges, surrender or deposit charges, management fees  
363 and annual fees.

364 (c) The cost of establishing and maintaining the registration system  
365 and the Internet web site shall be borne solely and equally by  
366 registered vendors, based upon the total number of registered vendors.

367 (d) The board may remove a vendor from the Internet web site if the  
368 vendor: (1) Submits materially inaccurate information to the board, (2)  
369 does not remit assessed fees within sixty days from the date of  
370 assessment, or (3) fails to submit to the board notice of any material  
371 change to the vendor's registered investment products. Any vendor  
372 found to have submitted materially inaccurate information to the  
373 board shall be allowed sixty calendar days to correct the information.

374 Sec. 9. (NEW) (*Effective July 1, 2014*) (a) Not later than August 1,  
375 2015, or ninety days following the date on which the conditions  
376 required by sections 8 and 17 of this act have been met, whichever is  
377 later, the Connecticut Retirement Security Trust Fund Board shall open

378 the public retirement plan to enrollment.

379 (b) Prior to the plan's opening, the board shall declare (1) the rate at  
380 which interest shall be allocated to individual retirement accounts, and  
381 (2) the default contribution rate from the date of the plan's opening  
382 until December thirty-first of the same year.

383 (c) On or before December first of the year in which the plan opens  
384 to enrollment, and annually thereafter, the board shall declare the rate  
385 at which interest shall be allocated to individual retirement accounts  
386 for the following calendar year commencing January first.

387 (d) Interest shall be allocated to individual retirement accounts and  
388 shall be computed at the stated interest rate on the balance of an  
389 eligible employee's account and shall be compounded daily.

390 (e) On or before December first of the year in which the plan opens  
391 to enrollment, and annually thereafter, the board shall notify all plan  
392 participants of any changes to the default contribution rate for the  
393 following calendar year.

394 (f) (1) Administrative fees shall be allocated to each individual  
395 retirement account on a pro rata basis.

396 (2) Annual administrative expenses shall not exceed one per cent of  
397 the total trust balance.

398 (g) All expenses, including employee costs, incurred to implement,  
399 maintain, advertise and administer the plan shall be paid from moneys  
400 collected by or for the trust.

401 Sec. 10. (NEW) (*Effective July 1, 2014*) (a) Not later than ninety  
402 calendar days after the Connecticut Retirement Security Trust Fund  
403 Board opens the plan for enrollment, qualified employers who do not  
404 offer another retirement savings arrangement as described in  
405 subdivision (1) of subsection (c) of this section shall offer eligible  
406 employees a payroll deposit option to facilitate participation in the

407 plan.

408 (b) (1) Each qualified employer shall enroll each eligible employee  
409 in the plan at the default contribution rate unless such employee elects  
410 not to participate in the plan.

411 (2) An eligible employee may elect to opt out of the plan by  
412 providing written notice, on such form and in such manner as the  
413 board may prescribe, to the board and such eligible employee's  
414 employer.

415 (3) Following initial implementation of the plan in accordance with  
416 this section, and at least biennially thereafter, qualified employers shall  
417 designate an open enrollment period during which each eligible  
418 employee who previously opted out of the plan shall be enrolled in the  
419 plan unless the employee again elects to opt out.

420 (4) Any eligible employee not participating in the plan may enroll at  
421 any time by submitting written notice, on such form and in such  
422 manner as the board may prescribe, to the board and such eligible  
423 employee's employer.

424 (5) The board, in coordination with the Labor Commissioner, shall  
425 disseminate information to employers regarding the employers'  
426 obligations under this section.

427 (c) (1) A qualified employer shall retain the option at all times to set  
428 up an employer-sponsored retirement plan, such as a defined benefit  
429 plan, an employee retirement plan described in Section 401(k) of the  
430 Internal Revenue Code, a simplified employee pension plan or a  
431 savings incentive match plan for employees, or to offer an automatic  
432 enrollment payroll deduction individual retirement account instead of  
433 offering a payroll deposit retirement savings arrangement in the  
434 Connecticut Retirement Security Trust Fund.

435 (2) If a qualified employer has offered its eligible employees a  
436 payroll deposit retirement savings arrangement through the plan and

437 chooses to terminate such payroll deposit retirement savings  
438 arrangement, such qualified employer shall notify each eligible  
439 employee and plan participant, within a reasonable amount of time  
440 and in a manner prescribed by the board, of such qualified employer's  
441 decision to terminate such payroll deposit retirement savings  
442 arrangement.

443 (3) Qualified employers that offer employees retirement savings  
444 arrangements described in subdivision (1) of subsection (c) of this  
445 section may elect to offer employees not eligible to participate in such  
446 arrangements the opportunity to make payroll deposit contributions to  
447 the trust.

448 (4) Any employer that does not satisfy the definition of a qualified  
449 employer pursuant to section 1 of this act by virtue of such employer  
450 employing fewer than five employees in the state, inclusive of  
451 independent contractors, may choose to participate in the plan.

452 (5) Any individual whose employer is not a qualified employer may  
453 choose to participate in the plan on an individual basis. However, any  
454 contributions made to the plan on behalf of such individual shall not  
455 be made as a payroll deposit contribution through such individual's  
456 employer's payroll system.

457 (d) (1) The board shall set a default contribution amount as a  
458 percentage of salary at not less than two per cent and not more than  
459 five per cent and may vary such amount according to the length of  
460 time that an eligible employee has contributed to the plan.

461 (2) Plan participants may, at any time, on a form and in a manner  
462 prescribed by the board, elect to change their level of contribution.

463 Sec. 11. (NEW) (*Effective July 1, 2014*) The Connecticut Retirement  
464 Security Trust Fund Board, from time to time, shall consider the  
465 opinions of eligible employees, plan participants, qualified employers  
466 and other stakeholders in making modifications to the public  
467 retirement plan by: (1) Holding public hearings to allow eligible



468 employees, plan participants, qualified employers and other  
469 stakeholders to comment on the plan, including the default  
470 contribution amounts, guaranteed interest rates and fees charged; (2)  
471 surveying plan participants and qualified employers to assess their  
472 experience with the plan; and (3) assessing the marketplace of  
473 employer-sponsored retirement plan offerings to determine what is  
474 otherwise available to employees and residents in the state.

475       Sec. 12. (NEW) (*Effective July 1, 2014*) (a) Qualified employers shall  
476 not be liable for an eligible employee's decision to participate in or opt  
477 out of the public retirement plan, or for the investment performance of  
478 assets deposited in the trust.

479       (b) (1) A qualified employer shall not be a fiduciary or considered to  
480 be a fiduciary of the plan.

481       (2) A qualified employer shall not be responsible for the  
482 administration, investment or investment performance of the plan.

483       (3) A qualified employer shall not be liable with regard to  
484 investment returns, plan design or retirement income paid to plan  
485 participants.

486       (c) A qualified employer's voluntary contribution made in  
487 accordance with the process established under section 7 of this act may  
488 not contradict the provisions of this section or change the qualified  
489 employer's relationship to the plan or such qualified employer's  
490 obligations to its eligible employees.

491       Sec. 13. (NEW) (*Effective July 1, 2014*) (a) The state shall not be liable  
492 for the payment of the individual retirement account balance earned  
493 by plan participants.

494       (b) Any financial liability for the payment of retirement account  
495 balances in excess of funds available in the trust shall be borne by the  
496 entities with whom the Treasurer contracts to provide insurance to  
497 protect the value of the trust.

498       Sec. 14. (NEW) (*Effective July 1, 2014*) (a) No qualified employer  
499 shall, without good cause, fail to allow an eligible employee to  
500 participate in the plan.

501       (b) Qualified employers shall remit all moneys intended for the trust  
502 not later than fourteen days after the date such moneys were deducted  
503 from each plan participant's wages.

504       (c) Any eligible employee or plan participant aggrieved by a  
505 violation of the provisions of sections 2 to 15, inclusive, of this act may  
506 file a complaint with the Labor Commissioner. Upon receipt of any  
507 such complaint, the commissioner may hold a hearing concerning the  
508 violation of such provisions. Any party aggrieved by the decision of  
509 the commissioner may appeal the decision in accordance with the  
510 provisions of chapter 54 of the general statutes.

511       Sec. 15. (NEW) (*Effective July 1, 2014*) (a) Each trustee of the  
512 Connecticut Retirement Security Trust Fund Board shall file, with the  
513 board and the Office of State Ethics, a statement of financial interests,  
514 as described in section 1-83 of the general statutes. Such statement  
515 shall be a public record.

516       (b) Not later than August 1, 2015, or ninety days following the date  
517 on which the conditions required by sections 8 and 17 of this act have  
518 been met, whichever is later, and annually thereafter, the board shall  
519 submit to the General Assembly, in accordance with the provisions of  
520 section 11-4a of the general statutes, and to the Governor, president  
521 pro tempore of the Senate and speaker of the House of Representatives  
522 a report prepared by the board, which shall include, but not be limited  
523 to, a summary of the plan design and operation, the number of plan  
524 participants and the average contribution of said plan participants, and  
525 the rates of return and administrative costs as a percentage of total  
526 assets of the plan.

527       (c) Not later than the January first following the first full year that  
528 the trust and plan have been operative, the board shall submit to the

529 General Assembly, in accordance with section 11-4a of the general  
530 statutes, and to the Governor, president pro tempore of the Senate and  
531 the speaker of the House of Representatives, an annual audit prepared  
532 in accordance with generally accepted accounting principles by an  
533 independent certified accountant, on the operations of the trust and  
534 plan.

535       Sec. 16. (*Effective July 1, 2014*) (a) The Connecticut Retirement  
536 Security Trust Fund Board shall conduct a market feasibility study to  
537 determine whether the necessary conditions for implementation of this  
538 act can be met, including: (1) Likely participation rates, (2) contribution  
539 levels, (3) rate of account closures and rollovers, (4) ability to provide  
540 employers with a payroll deposit system for remitting contributions  
541 from employees, (5) funding options for implementation of sections 2  
542 to 17, inclusive, of this act until the trust has sufficient funds to be self-  
543 sustaining, and (6) likely insurance costs and whether such costs  
544 should be subject to the limit on annual administrative expenses  
545 pursuant to subsection (f) of section 9 of this act.

546       (b) Not later than December 15, 2014, the board shall submit, in  
547 accordance with the provisions of section 11-4a of the general statutes,  
548 a report on the findings of such study and any recommendations  
549 therefrom to the Governor and to the joint standing committee of the  
550 General Assembly having cognizance of matters relating to labor and  
551 public employees.

552       Sec. 17. (NEW) (*Effective July 1, 2014*) (a) Prior to the implementation  
553 of any plan, trust, administrative arrangement or investment offering  
554 under the provisions of sections 2 to 15, inclusive, of this act, the  
555 Connecticut Retirement Security Trust Fund Board shall determine  
556 that, based on the market feasibility study conducted in accordance  
557 with section 16 of this act, the provisions of sections 2 to 15, inclusive,  
558 of this act shall be self-sustaining, and funds are available through a  
559 nonprofit or other private entity, federal funding or appropriations by  
560 the General Assembly in amounts sufficient to allow the board to  
561 implement this act until the board has sufficient funds to be self-

562 sustaining.

563 (b) Prior to the implementation of any plan, trust, administrative  
 564 arrangement or investment offering under the provisions of sections 2  
 565 to 15, inclusive, of this act, the arrangements for individual retirement  
 566 accounts shall qualify for the favorable federal income tax treatment  
 567 ordinarily accorded to individual retirement accounts under the  
 568 Internal Revenue Code, and the public retirement plan shall be  
 569 determined not to be an employee benefit plan under the federal  
 570 Employee Retirement Income Security Act.

571 Sec. 18. Section 3-13c of the general statutes is repealed and the  
 572 following is substituted in lieu thereof (*Effective from passage*):

573 Trust funds as used in sections 3-13 to 3-13e, inclusive, and 3-31b  
 574 shall be construed to include Connecticut Municipal Employees'  
 575 Retirement Fund A, Connecticut Municipal Employees' Retirement  
 576 Fund B, Soldiers, Sailors and Marines Fund, the Connecticut  
 577 Retirement Security Trust Fund, State's Attorneys' Retirement Fund,  
 578 Teachers' Annuity Fund, Teachers' Pension Fund, Teachers'  
 579 Survivorship and Dependency Fund, School Fund, State Employees  
 580 Retirement Fund, the Hospital Insurance Fund, Policemen and  
 581 Firemen Survivor's Benefit Fund and all other trust funds  
 582 administered, held or invested by the Treasurer.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2014	New section
Sec. 2	July 1, 2014	New section
Sec. 3	July 1, 2014	New section
Sec. 4	July 1, 2014	New section
Sec. 5	July 1, 2014	New section
Sec. 6	July 1, 2014	New section
Sec. 7	July 1, 2014	New section
Sec. 8	July 1, 2014	New section
Sec. 9	July 1, 2014	New section
Sec. 10	July 1, 2014	New section

Sec. 11	<i>July 1, 2014</i>	New section
Sec. 12	<i>July 1, 2014</i>	New section
Sec. 13	<i>July 1, 2014</i>	New section
Sec. 14	<i>July 1, 2014</i>	New section
Sec. 15	<i>July 1, 2014</i>	New section
Sec. 16	<i>July 1, 2014</i>	New section
Sec. 17	<i>July 1, 2014</i>	New section
Sec. 18	<i>from passage</i>	3-13c

**LAB**      *Joint Favorable*