



General Assembly

**Substitute Bill No. 5591**

February Session, 2016

\* \_\_\_\_\_HB05591LAB\_\_\_\_031516\_\_\_\_\_\*

**AN ACT CREATING THE CONNECTICUT RETIREMENT SECURITY PROGRAM.**

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

1 Section 1. (NEW) (*Effective from passage*) As used in this section and  
2 sections 2 to 12, inclusive, of this act:

3 (1) "Authority" means the Connecticut Retirement Security  
4 Authority established pursuant to section 2 of this act;

5 (2) "Board" means the Connecticut Retirement Security Authority  
6 board of directors established pursuant to section 2 of this act;

7 (3) "Contribution level" means (A) the contribution rate selected by  
8 the participant that may be expressed as (i) a percentage of the  
9 participant's taxable wages as is required to be reported under Sections  
10 6041 and 6051 of the Internal Revenue Code of 1986, or any subsequent  
11 corresponding internal revenue code of the United States, as amended  
12 from time to time, or (ii) a dollar amount up to the maximum  
13 deductible amount for the participant's taxable year under Section  
14 219(b)(1) of the Internal Revenue Code of 1986, or any subsequent  
15 corresponding internal revenue code of the United States, as amended  
16 from time to time; or (B) in the absence of an affirmative election by the  
17 participant, three per cent of the participant's taxable wages as is  
18 required to be reported under Sections 6041 and 6051 of the Internal

19 Revenue Code of 1986, or any subsequent corresponding internal  
20 revenue code of the United States, as amended from time to time, or  
21 such other amount as determined by the authority;

22 (4) "Covered employee" means an individual (A) who has been  
23 employed by a qualified employer for a period of not less than one  
24 hundred twenty days, (B) who is nineteen years of age or older, (C)  
25 who performs services within the state for purposes of section 31-222  
26 of the general statutes, and (D) whose service or employment is not  
27 excluded under the provisions of subdivision (5) of subsection (a) of  
28 section 31-222 of the general statutes;

29 (5) "Participant" means any individual participating in the program;

30 (6) "Program" means the Connecticut Retirement Security Program  
31 established pursuant to section 3 of this act;

32 (7) "Qualified employer" means any person, corporation, limited  
33 liability company, firm, partnership, voluntary association, joint stock  
34 association or other entity doing business in the state during the  
35 calendar year, whether for profit or not for profit, that employed on  
36 October first of the preceding calendar year five or more individuals in  
37 the state and has paid not less than five of such individuals taxable  
38 wages of not less than five thousand dollars in the preceding calendar  
39 year. "Qualified employer" does not include: (A) The federal  
40 government, (B) the state or any political subdivision thereof, (C) any  
41 municipality, unit of a municipality or municipal housing authority,  
42 (D) an employer employing only individuals whose services are  
43 excluded under subdivision (5) of subsection (a) of section 31-222 of  
44 the general statutes, or (E) an employer that was not in existence at all  
45 times during the current calendar year and the preceding calendar  
46 year;

47 (8) "Individual retirement account" means a Roth IRA or a  
48 traditional IRA, as the case may be;

49 (9) "Roth IRA" means an account described in Section 408A of the

50 Internal Revenue Code of 1986, or any subsequent corresponding  
51 internal revenue code of the United States, as amended from time to  
52 time;

53 (10) "Traditional IRA" means an account described in Section 408 of  
54 the Internal Revenue Code of 1986, or any subsequent corresponding  
55 internal revenue code of the United States, as amended from time to  
56 time; and

57 (11) "Normal retirement age" means sixty-five years of age or an  
58 earlier age as is chosen by the participant, except that in no case can  
59 the age be earlier than the age specified in Section 216(l)(1) of the Social  
60 Security Act, 42 USC 416(l)(1), as amended from time to time.

61 Sec. 2. (NEW) (*Effective from passage*) (a) There is hereby established  
62 and created a body politic and corporate, constituting a public  
63 instrumentality and political subdivision of the state of Connecticut  
64 established and created for the performance of an essential public and  
65 governmental function, to be known as the Connecticut Retirement  
66 Security Authority. The authority shall not be construed to be a  
67 department, institution or agency of the state.

68 (b) The powers of the authority shall be vested in and exercised by a  
69 board of directors, which shall consist of nine voting members, each a  
70 resident of state, (1) the State Treasurer who shall serve as an ex officio  
71 voting member; (2) the State Comptroller who shall serve as an ex  
72 officio voting member; (3) one appointed by the speaker of the House  
73 of Representatives who shall serve an initial term of four years; (4) one  
74 appointed by the majority leader of the House of Representatives who  
75 shall serve an initial term of four years; (5) one appointed by the  
76 minority leader of the House of Representatives, who shall serve an  
77 initial term of four years; (6) one appointed by the president pro  
78 tempore of the Senate, who shall serve an initial term of four years; (7)  
79 one appointed by the majority leader of the Senate, who shall serve an  
80 initial term of four years; (8) one appointed by the minority leader of  
81 the Senate, who shall serve an initial term of four years; and (9) one

82 appointed by the Governor, who shall serve an initial term of four  
83 years. Thereafter, said members of the General Assembly and the  
84 Governor shall appoint members of the board to succeed such  
85 appointees whose terms expire and each member so appointed shall  
86 hold office for a term of six years from July first in the year of his or her  
87 appointment. Appointed members shall include: (A) An individual  
88 with a favorable reputation for skill, knowledge and experience in the  
89 interests of employees in retirement savings; (B) an individual with a  
90 favorable reputation for skill, knowledge and experience in the  
91 interests of employers in retirement savings; and (C) an individual  
92 having a favorable reputation for skill, knowledge and experience in  
93 offering retirement savings products or advice. Each ex-officio member  
94 may designate such member's deputy or any member of such  
95 member's staff to represent such member at meetings of the board with  
96 full power to act and vote on such member's behalf.

97 (c) All appointments to the board shall be made not later than July  
98 31, 2016. Any vacancy shall be filled by the appointing authority not  
99 later than thirty calendar days after the office becomes vacant. Any  
100 member previously appointed to the board may be reappointed.

101 (d) The Governor, with the advice and consent of both houses of the  
102 General Assembly, shall select a chairperson of the board from among  
103 the members of the board. The board shall annually elect a vice-  
104 chairperson and such other officers as it deems necessary from among  
105 its members. The board may appoint an executive director and  
106 assistant executive director, who shall not be members of the board  
107 and who shall serve at the pleasure of the board. The executive  
108 director and assistant executive director shall be employees of the  
109 authority and shall receive such compensation as prescribed by the  
110 board.

111 (e) The members of the board shall serve without compensation but  
112 shall, within available appropriations, be reimbursed in accordance  
113 with the standard travel regulations for all necessary expenses that  
114 they may incur through service on the board.

115 (f) (1) Each member of the board shall, not later than ten calendar  
116 days after his or her appointment, take and subscribe the oath of  
117 affirmation required by article XI, section 1, of the State Constitution.  
118 Each member's term shall begin from the date the member takes such  
119 oath. The oath shall be administered by the Secretary of the State and  
120 shall be filed in the office of the Secretary of the State.

121 (2) Each member of the board authorized by resolution of the board  
122 to handle funds or sign checks for the program, and any other  
123 authorized officer, shall, not later than ten calendar days after the date  
124 the board adopts such authorizing resolution, execute a surety bond in  
125 the penal sum of fifty thousand dollars or, in lieu thereof, the  
126 chairperson shall obtain a blanket position bond covering the executive  
127 director and every member of the board and other employee or  
128 authorized officer of the authority in the penal sum of fifty thousand  
129 dollars. Each such bond shall be (A) conditioned upon the faithful  
130 performance of the duties of the chairperson or the members, executive  
131 director and other authorized officers or employees, as the case may  
132 be, (B) executed by a surety company authorized to transact business  
133 in the state as surety, and (C) filed in the office of the Secretary of the  
134 State. The cost of each such bond shall be paid by the authority.

135 (g) An authorized officer or the executive director, if one is  
136 appointed by the board pursuant to subsection (d) of this section, shall  
137 supervise the administrative affairs and technical activities of the  
138 program in accordance with the directives of the board. Such  
139 authorized officer or executive director, as the case may be, shall keep  
140 a record of the proceedings of the program and shall be custodian of  
141 all books, documents and papers filed with the program, the minute  
142 book or journal of the program and its official seal. Such authorized  
143 officer or executive director, as the case may be, may cause copies to be  
144 made of all minutes and other records and documents of the program  
145 and may give certificates under the official seal of the program to the  
146 effect that such copies are true copies, and all persons dealing with the  
147 program may rely upon such certificates.

148 (h) Four members of the board shall constitute a quorum for the  
149 transaction of any business or the exercise of any power of the  
150 authority. Each member shall be entitled to one vote on the board.

151 (i) (1) No member of the board or any officer, agent or employee of  
152 the authority shall, directly or indirectly, have any financial interest in  
153 any corporation, business trust, estate, trust, partnership or  
154 association, two or more persons having a joint or common interest, or  
155 any other legal or commercial entity contracting with the authority.  
156 Any individual who violates the provisions of this subsection shall be  
157 fined not less than fifty dollars nor more than one thousand dollars or  
158 imprisoned not more than thirty days, or both.

159 (2) Notwithstanding the provisions of subdivision (1) of this  
160 subsection or any other section of the general statutes, it shall not be a  
161 conflict of interest or a violation of the provisions of said subdivision  
162 or any other section of the general statutes for a trustee, director,  
163 officer or employee of a bank, investment advisor, investment  
164 company or investment banking firm, or a person having the required  
165 favorable reputation for skill, knowledge and experience in retirement  
166 savings, to serve as a member of the board, provided, in each case to  
167 which the provisions of this subdivision are applicable, such trustee,  
168 director, officer or employee of such a firm abstains from discussion,  
169 deliberation, action and vote by the board in specific respect to any  
170 undertaking pursuant to this section or sections 3 to 11, inclusive, of  
171 this act in which such firm has a direct interest separate from the  
172 interests of all similar firms generally.

173 (j) The board, on behalf of the authority, and for the purpose of  
174 implementing the Connecticut Retirement Security Program  
175 established pursuant to section 3 of this act, shall adopt written  
176 procedures in accordance with the provisions of section 1-121 of the  
177 general statutes for the purposes of:

178 (1) Adopting an annual budget and plan of operations, including a  
179 requirement of board approval before such budget or plan may take

180 effect;

181 (2) Hiring, dismissing, promoting and compensating employees of  
182 the authority, instituting an affirmative action policy and requiring  
183 board approval before a position may be created or a vacancy filled;

184 (3) Acquiring real and personal property and personal services,  
185 including requiring board approval for any nonbudgeted expenditure  
186 in excess of five thousand dollars;

187 (4) Contracting for financial, legal and other professional services,  
188 and requiring that the authority solicit proposals not less than every  
189 three years for each such service used by the board or authority, except  
190 for any firm that contracts to provide custodial, recordkeeping or other  
191 services for the provision of an individual retirement account such  
192 solicitation shall be not less than every ten years; and

193 (5) Using surplus funds to the extent authorized under this act or  
194 other provisions of the general statutes.

195 (k) The authority shall continue as long as the program remains in  
196 effect and until its existence is terminated by law. Upon termination of  
197 the existence of the authority, all its rights and properties shall pass to  
198 and be vested in the state of Connecticut.

199 (l) The provisions of this section and section 1-125 of the general  
200 statutes, as amended by this act, shall apply to any member, director or  
201 employee of the authority. No person shall be subject to civil liability  
202 for the debts, obligations or liabilities of the authority as provided in  
203 this section and section 1-125 of the general statutes, as amended by  
204 this act.

205 Sec. 3. (NEW) (*Effective from passage*) (a) There is established the  
206 Connecticut Retirement Security Program the purpose of which shall  
207 be to promote and enhance retirement savings for private sector  
208 employees in the state. The board of directors of the Connecticut  
209 Retirement Security Authority may:

210 (1) Adopt bylaws for the regulation of the affairs of the board and  
211 the conduct of its business;

212 (2) Adopt an official seal and alter the same at the pleasure of the  
213 board;

214 (3) Maintain an office at such place or places in the state as the board  
215 may designate;

216 (4) Sue and be sued in its own name;

217 (5) Establish criteria and guidelines for the retirement programs to  
218 be offered pursuant to this section and sections 4 to 11 of this act;

219 (6) Receive and invest moneys in the program in any instruments,  
220 obligations, securities or property in accordance with section 8 of this  
221 act;

222 (7) Contract with financial institutions or other organizations  
223 offering or servicing retirement programs. The authority may require  
224 that each participant be charged a fee to defray the costs of the  
225 program. The amount and method of collection of such fee shall be  
226 determined by the authority;

227 (8) Employ attorneys, accountants, consultants, financial experts,  
228 loan processors, banks, managers and such other employees and  
229 agents as may be necessary in the board's judgment, and to fix the  
230 compensation of such individuals;

231 (9) Charge and equitably apportion among participants the  
232 administrative costs and expenses incurred in the exercise of the  
233 board's powers and duties as granted by this section;

234 (10) Borrow working capital funds and other funds as may be  
235 necessary for the start-up and continuing operation of the program,  
236 provided such funds are borrowed in the name of the authority only.  
237 Such borrowings shall be payable solely from revenues of the

238 authority;

239 (11) Make and enter into contracts or agreements with professional  
240 service providers, including, but not limited to, financial consultants  
241 and lawyers, as may be necessary or incidental to the performance of  
242 the board's duties and the execution of its powers under this section;

243 (12) Establish policies and procedures for the protection of program  
244 participants' personal and confidential information; and

245 (13) Do all things necessary or convenient to carry out the  
246 provisions of sections 2 to 11, inclusive, of this act.

247 (b) The board of directors of the Connecticut Retirement Security  
248 Authority shall enter into memoranda of understanding with the  
249 Labor Department and other state agencies regarding (1) the gathering  
250 or dissemination of information necessary for the operations of the  
251 program, subject to such obligations of confidentiality as may be  
252 agreed or required by law, (2) the sharing of costs incurred pursuant to  
253 the gathering and dissemination of such information, and (3) the  
254 reimbursement of costs for any enforcement activities conducted  
255 pursuant to section 10 of this act. Each state agency may also enter into  
256 such memoranda of understanding.

257 Sec. 4. (NEW) (*Effective from passage*) (a) The Connecticut Retirement  
258 Security Authority board of directors shall prepare informational  
259 materials regarding the Connecticut Retirement Security Program for  
260 distribution by qualified employers to plan participants and  
261 prospective plan participants pursuant to section 7 of this act. Such  
262 informational materials shall include, but need not be limited to:

263 (1) The benefits and risks associated with making contributions to or  
264 making withdrawals from the program;

265 (2) The process for making contributions to the program, including  
266 a contribution election form;

267 (3) Clear and conspicuous notice regarding the default contribution  
268 level;

269 (4) The process by which a participant may opt out of the program  
270 by electing a contribution level of zero;

271 (5) The process for withdrawing retirement savings from the  
272 program, including an explanation of how the tax treatment of  
273 withdrawals may differ between a Roth IRA and a traditional IRA  
274 available under the program;

275 (6) The process by which a participant may obtain additional  
276 information on the program, including information regarding  
277 investment options available under the program; and

278 (7) Such other information as the board may deem necessary or  
279 advisable to provide to participants, potential participants and  
280 qualified employers in the state.

281 (b) Not less than quarterly, the board shall provide a statement to  
282 each participant that shall include, but need not be limited to, the  
283 following information:

284 (1) The account balance in a participant's individual retirement  
285 account, including the value of the participant's investment in each  
286 investment option selected by the participant;

287 (2) The various investment options available to each participant and  
288 the process by which a participant may select investment options for  
289 his or her contributions in accordance with subsection (b) of section 31-  
290 71j of the general statutes, as amended by this act, or as prescribed by  
291 the authority;

292 (3) The amount of fees charged to each participant's individual  
293 retirement account and a description of the services to which such  
294 charges relate; and

295 (4) At the election of the board, an estimate of the amount of income  
296 the account is projected to generate for a participant's retirement based  
297 on reasonable assumptions.

298 (c) Not less than annually, the board shall provide each participant  
299 with notification regarding fees that may be imposed through the  
300 program and information regarding the various investment options  
301 that may be available to participants. The board may provide such  
302 notification and information in the form of a prospectus or similar  
303 document.

304 (d) The board, on behalf of the authority, may adopt policies and  
305 procedures in accordance with the provisions of section 1-121 of the  
306 general statutes for the electronic dissemination of any notices or  
307 information required to be provided to participants, potential  
308 participants and qualified employers pursuant to the provisions of this  
309 section.

310 Sec. 5. (NEW) (*Effective from passage*) (a) The Connecticut Retirement  
311 Security Program shall provide for the establishment and maintenance  
312 of an individual retirement account for each program participant. Such  
313 individual retirement account shall be established and maintained  
314 through the program or a third-party entity in the business of  
315 establishing and maintaining individual retirement accounts. Program  
316 assets shall be held in trust or custodial accounts meeting the  
317 requirements of Section 408(a) or (c) of the Internal Revenue Code of  
318 1986, or any subsequent corresponding internal revenue code of the  
319 United States, as amended from time to time, or any other applicable  
320 federal law requirements. Each participant shall have the right to elect  
321 whether to contribute to a traditional IRA or a Roth IRA. In the  
322 absence of a participant's affirmative election, a Roth IRA shall be  
323 established for the participant.

324 (b) Interest, investment earnings and investment losses shall be  
325 allocated to each participant's individual retirement account. A  
326 participant's benefit under the program shall be equal to the balance in

327 such participant's individual retirement account as of any applicable  
328 measurement date prescribed by the program.

329 (c) The Connecticut Retirement Security Authority shall establish, or  
330 cause to be established, processes to prevent a participant's  
331 contributions to the program from exceeding the maximum amount of  
332 deduction under 26 USC 219(b)(1) for the participant's tax year.

333 (d) The state shall not be liable for the payment of any benefit to any  
334 participant or beneficiary of any participant and shall not be liable for  
335 any liability or obligation of the authority. The authority shall not be  
336 liable for the payment of any benefit to any participant or beneficiary  
337 of any participant, except with respect to any individual retirement  
338 accounts established and maintained by the authority.

339 Sec. 6. (NEW) (*Effective from passage*) (a) The Connecticut Retirement  
340 Security Authority board of directors, in conducting the business of the  
341 authority, including its oversight functions, shall act: (1) With the care,  
342 skill, prudence and diligence under the circumstances then prevailing  
343 that a prudent person acting in a like capacity and familiar with such  
344 matters would use in the conduct of an enterprise of like character and  
345 with like aims; (2) solely in the interests of the program's participants  
346 and beneficiaries; (3) for the exclusive purposes of providing benefits  
347 to participants and beneficiaries and defraying reasonable expenses of  
348 administering the program; and (4) in accordance with the provisions  
349 of sections 2 to 11, inclusive, of this act and any other applicable  
350 sections of the general statutes.

351 (b) The board shall, to the extent reasonable and practicable, require  
352 any agents engaged or appointed by the authority to abide by the  
353 standard of care described in subsection (a) of this section.

354 Sec. 7. (NEW) (*Effective from passage*) (a) (1) Not later than July 1,  
355 2017, and annually thereafter, each qualified employer shall provide  
356 each of its covered employees with the informational materials  
357 prepared by the Connecticut Retirement Security Authority board of

358 directors pursuant to section 4 of this act. For any employee of a  
359 qualified employer who (A) is hired on or after July 1, 2017, or (B) does  
360 not meet the definition of covered employee pursuant to section 1 of  
361 this act, such qualified employer shall provide such informational  
362 materials to such employee not later than thirty days, or such other  
363 time period as prescribed by the authority, after (i) the date of such  
364 employee's hiring, or (ii) the date such employee meets the definition  
365 of covered employee pursuant to section 1 of this act.

366 (2) Not later than sixty days after a qualified employer provides  
367 informational materials to a covered employee in accordance with  
368 subsection (a) of this section, or such other time period as prescribed  
369 by the authority, and subject to the provisions of subdivision (3) of this  
370 subsection, such qualified employer shall automatically enroll each of  
371 its covered employees in the program at the participant's contribution  
372 level in accordance with the provisions of section 31-71j of the general  
373 statutes, as amended by this act.

374 (3) A covered employee may opt out of the program by electing a  
375 contribution level of zero.

376 (4) (A) A qualified employer that (i) maintains a retirement plan or  
377 retirement arrangement described under Section 219(g)(5) of the  
378 Internal Revenue Code of 1986, or any subsequent corresponding  
379 internal revenue code of the United States, as amended from time to  
380 time, or (ii) any other retirement arrangement approved by the  
381 authority, shall be exempt from the requirements of subdivisions (1)  
382 and (2) of this subsection.

383 (B) A qualified employer shall not be considered to maintain a  
384 retirement plan or retirement arrangement described under said  
385 Section 219(g)(5) or any other retirement arrangement approved by the  
386 authority pursuant to subparagraph (A) of this subdivision, if the  
387 authority determines that (i) as of the first day of the previous calendar  
388 year, no new participant was eligible to be enrolled in a retirement  
389 plan or retirement arrangement maintained by such qualified

390 employer, and (ii) on and after the first day of the previous calendar  
391 year, no contributions were made to such retirement plan or retirement  
392 arrangement by or on behalf of a participant in such plan or  
393 arrangement.

394 (5) The authority may defer the effective date of the program, in  
395 whole or in part, and for particular categories of employers, as the  
396 authority deems necessary to effectuate the purposes of sections 2 to  
397 11, inclusive, of this act in a manner that minimizes the disruption and  
398 burdens that may exist for any qualified employer.

399 (b) An employer that does not otherwise meet the definition of a  
400 qualified employer may make the program available to its employees  
401 subject to such rules and procedures as may be prescribed by the  
402 authority and in accordance with the provisions of subsection (a) of  
403 this section, except no such employer shall require any employee to  
404 enroll in the program.

405 (c) Any individual who is not enrolled in the program pursuant to  
406 subsection (a) of this section may participate in the program at any  
407 time subject to such rules and procedures as the authority may  
408 prescribe. The authority shall provide the informational materials  
409 described in subdivision (1) of subsection (a) of this section to any such  
410 individual at or before the time of such individual's enrollment in the  
411 program.

412 (d) To the extent permitted under the Internal Revenue Code of  
413 1986, or any subsequent corresponding internal revenue code of the  
414 United States, as amended from time to time, the authority shall allow  
415 any individual to establish or contribute to an individual retirement  
416 account maintained for such individual under the program by rolling  
417 over funds from an existing retirement savings account of the  
418 individual.

419 (e) A qualified employer that withholds a contribution from a  
420 covered employee's compensation in connection with the program

421 shall transmit such contribution on the earliest date the amount  
422 withheld from the covered employee's compensation can reasonably  
423 be segregated from the qualified employer's assets, but not later than  
424 the fifteenth business day of the month following the month in which  
425 the covered employee's contribution amounts are withheld from his or  
426 her paycheck.

427 (f) No qualified employer shall be permitted to make a contribution  
428 to the program.

429 Sec. 8. (NEW) (*Effective from passage*) The Connecticut Retirement  
430 Security Authority shall provide for each participant's account to be  
431 invested in (1) an age-appropriate target date fund, except as provided  
432 in subsection (b) of section 9 of this act, or (2) such other investment  
433 vehicles as the authority may prescribe.

434 Sec. 9. (NEW) (*Effective from passage*) (a) The Connecticut Retirement  
435 Security Authority shall establish rules and procedures governing the  
436 distribution of funds from the program. Such rules and procedures  
437 shall allow for such distributions as may be permitted or required by  
438 the program and any applicable provisions of the Internal Revenue  
439 Code of 1986, or any subsequent corresponding internal revenue code  
440 of the United States, as amended from time to time.

441 (b) The program shall include the following design features  
442 prescribed by the authority, provided the authority determines such  
443 features to be feasible and cost effective:

444 (1) Designate a lifetime income investment for the program  
445 intended to provide participants with a source of retirement income  
446 for life;

447 (2) Provide to each participant, one year in advance of the  
448 participant's normal retirement age, a disclosure explaining (A) the  
449 rights and features of the lifetime income investment; (B) that once the  
450 participant reaches normal retirement age, fifty per cent of the  
451 participant's account will be invested in the lifetime income

452 investment; and (C) that the participant may elect to invest a higher  
453 percentage of his or her account balance in the lifetime income option;

454 (3) On the date a participant reaches his or her normal retirement  
455 age, invest fifty per cent of the participant's account balance, or such  
456 higher amount as specified by the participant, in the lifetime income  
457 investment;

458 (4) Permit each participant to elect a date not earlier than his or her  
459 normal retirement age on which to begin receiving distributions,  
460 provided, in the absence of an election, such distributions shall  
461 commence not later than ninety days after the participant reaches his  
462 or her normal retirement age; and

463 (5) Establish procedures whereby each participant may elect to  
464 invest a higher percentage of his or her account balance in the lifetime  
465 income investment.

466 Sec. 10. (NEW) (*Effective from passage*) (a) The Attorney General may  
467 investigate any violation of section 6 of this act. If the Attorney General  
468 finds that any member of the Connecticut Retirement Security  
469 Authority board of directors, or any agent engaged or appointed by  
470 the board or the authority has violated or is violating any provision of  
471 said section, the Attorney General may bring a civil action in the  
472 superior court for the judicial district of Hartford under this section in  
473 the name of the state against such member or agent. The remedies  
474 available to a court in any such action shall be limited to injunctive  
475 relief. Nothing in this section shall be construed to create a private  
476 right of action.

477 (b) If a qualified employer fails to remit contributions to the  
478 program in the time period specified in subsection (e) of section 7 of  
479 this act, such failure to remit such contributions shall be a violation of  
480 section 31-71e of the general statutes, as amended by this act.

481 (c) If a qualified employer fails to enroll a covered employee as  
482 required under subsection (a) of section 7 of this act, such covered

483 employee, or the Labor Commissioner, may bring a civil action to  
484 require the qualified employer to enroll the covered employee and  
485 shall recover such costs and reasonable attorney's fees as may be  
486 allowed by the court.

487       Sec. 11. (NEW) (*Effective from passage*) (a) The Connecticut  
488 Retirement Security Authority shall keep an accurate account of all its  
489 activities, receipts and expenditures and shall submit, in accordance  
490 with the provisions of section 11-4a of the general statutes, a report  
491 detailing such activities, receipts and expenditures to the Connecticut  
492 Retirement Security Authority board of directors, the Governor, the  
493 Office of Auditors of Public Accounts and the joint standing  
494 committees of the General Assembly having cognizance of matters  
495 relating to labor and finance, revenue and bonding on or before  
496 December thirty-first annually. Such report shall be in a form  
497 prescribed by the board and shall include projected activities of the  
498 authority for the next fiscal year and shall be subject to approval by the  
499 Auditors of Public Accounts.

500       (b) The Auditors of Public Accounts may conduct a full audit of the  
501 books and accounts of the authority pertaining to such activities,  
502 receipts and expenditures, personnel, services or facilities, in  
503 accordance with the provisions of section 2-90 of the general statutes.  
504 For the purposes of such audit, the Auditors of Public Accounts shall  
505 have access to the properties and records of the authority, and may  
506 prescribe methods of accounting and the rendering of periodical  
507 reports in relation to projects undertaken by the authority.

508       (c) The authority shall enter into memoranda of understanding with  
509 the State Comptroller pursuant to which the authority shall provide, in  
510 such form and manner as prescribed by the State Comptroller,  
511 information that may include, but need not be limited to, the current  
512 revenues and expenses of the authority, the sources or recipients of  
513 such revenues or expenses, the date such revenues or expenses were  
514 received or dispersed and the amount and the category of such  
515 revenues or expenses. The State Comptroller may also enter into such

516 memoranda of understanding.

517       Sec. 12. (*Effective from passage*) The Connecticut Retirement Security  
518 Authority may study the feasibility of the state or the authority making  
519 available to employers a multiple-employer 401(k) plan or other tax-  
520 favored retirement savings vehicle.

521       Sec. 13. Subdivision (12) of section 1-79 of the 2016 supplement to  
522 the general statutes is repealed and the following is substituted in lieu  
523 thereof (*Effective July 1, 2016*):

524       (12) "Quasi-public agency" means Connecticut Innovations,  
525 Incorporated, the Connecticut Health and Education Facilities  
526 Authority, the Connecticut Higher Education Supplemental Loan  
527 Authority, the Connecticut Student Loan Foundation, the Connecticut  
528 Housing Finance Authority, the State Housing Authority, the Materials  
529 Innovation and Recycling Authority, the Capital Region Development  
530 Authority, the Connecticut Lottery Corporation, the Connecticut  
531 Airport Authority, the Connecticut Health Insurance Exchange, the  
532 Connecticut Green Bank, the Connecticut Retirement Security  
533 Authority, the Connecticut Port Authority and the State Education  
534 Resource Center.

535       Sec. 14. Subdivision (1) of section 1-120 of the 2016 supplement to  
536 the general statutes is repealed and the following is substituted in lieu  
537 thereof (*Effective July 1, 2016*):

538       (1) "Quasi-public agency" means Connecticut Innovations,  
539 Incorporated, the Connecticut Health and Educational Facilities  
540 Authority, the Connecticut Higher Education Supplemental Loan  
541 Authority, the Connecticut Student Loan Foundation, the Connecticut  
542 Housing Finance Authority, the Connecticut Housing Authority, the  
543 Materials Innovation and Recycling Authority, the Capital Region  
544 Development Authority, the Connecticut Lottery Corporation, the  
545 Connecticut Airport Authority, the Connecticut Health Insurance  
546 Exchange, the Connecticut Green Bank, the Connecticut Retirement

547 Security Authority, the Connecticut Port Authority and the State  
548 Education Resource Center.

549 Sec. 15. Section 1-124 of the 2016 supplement to the general statutes  
550 is repealed and the following is substituted in lieu thereof (*Effective July*  
551 *1, 2016*):

552 (a) Connecticut Innovations, Incorporated, the Connecticut Health  
553 and Educational Facilities Authority, the Connecticut Higher  
554 Education Supplemental Loan Authority, the Connecticut Student  
555 Loan Foundation, the Connecticut Housing Finance Authority, the  
556 Connecticut Housing Authority, the Materials Innovation and  
557 Recycling Authority, the Connecticut Airport Authority, the Capital  
558 Region Development Authority, the Connecticut Health Insurance  
559 Exchange, the Connecticut Green Bank, the Connecticut Retirement  
560 Security Authority, the Connecticut Port Authority and the State  
561 Education Resource Center shall not borrow any money or issue any  
562 bonds or notes which are guaranteed by the state of Connecticut or for  
563 which there is a capital reserve fund of any kind which is in any way  
564 contributed to or guaranteed by the state of Connecticut until and  
565 unless such borrowing or issuance is approved by the State Treasurer  
566 or the Deputy State Treasurer appointed pursuant to section 3-12. The  
567 approval of the State Treasurer or said deputy shall be based on  
568 documentation provided by the authority that it has sufficient  
569 revenues to (1) pay the principal of and interest on the bonds and notes  
570 issued, (2) establish, increase and maintain any reserves deemed by the  
571 authority to be advisable to secure the payment of the principal of and  
572 interest on such bonds and notes, (3) pay the cost of maintaining,  
573 servicing and properly insuring the purpose for which the proceeds of  
574 the bonds and notes have been issued, if applicable, and (4) pay such  
575 other costs as may be required.

576 (b) To the extent Connecticut Innovations, Incorporated, the  
577 Connecticut Higher Education Supplemental Loan Authority, the  
578 Connecticut Student Loan Foundation, the Connecticut Housing  
579 Finance Authority, the Connecticut Housing Authority, the Materials

580 Innovation and Recycling Authority, the Connecticut Health and  
581 Educational Facilities Authority, the Connecticut Airport Authority,  
582 the Capital Region Development Authority, the Connecticut Health  
583 Insurance Exchange, the Connecticut Green Bank, the Connecticut  
584 Retirement Security Authority, the Connecticut Port Authority or the  
585 State Education Resource Center is permitted by statute and  
586 determines to exercise any power to moderate interest rate fluctuations  
587 or enter into any investment or program of investment or contract  
588 respecting interest rates, currency, cash flow or other similar  
589 agreement, including, but not limited to, interest rate or currency swap  
590 agreements, the effect of which is to subject a capital reserve fund  
591 which is in any way contributed to or guaranteed by the state of  
592 Connecticut, to potential liability, such determination shall not be  
593 effective until and unless the State Treasurer or his or her deputy  
594 appointed pursuant to section 3-12 has approved such agreement or  
595 agreements. The approval of the State Treasurer or his or her deputy  
596 shall be based on documentation provided by the authority that it has  
597 sufficient revenues to meet the financial obligations associated with the  
598 agreement or agreements.

599       Sec. 16. Section 1-125 of the 2016 supplement to the general statutes  
600 is repealed and the following is substituted in lieu thereof (*Effective July*  
601 *1, 2016*):

602       The directors, officers and employees of Connecticut Innovations,  
603 Incorporated, the Connecticut Higher Education Supplemental Loan  
604 Authority, the Connecticut Student Loan Foundation, the Connecticut  
605 Housing Finance Authority, the Connecticut Housing Authority, the  
606 Materials Innovation and Recycling Authority, including ad hoc  
607 members of the Materials Innovation and Recycling Authority, the  
608 Connecticut Health and Educational Facilities Authority, the Capital  
609 Region Development Authority, the Connecticut Airport Authority,  
610 the Connecticut Lottery Corporation, the Connecticut Health Insurance  
611 Exchange, the Connecticut Green Bank, the Connecticut Retirement  
612 Security Authority, the Connecticut Port Authority and the State

613 Education Resource Center and any person executing the bonds or  
614 notes of the agency shall not be liable personally on such bonds or  
615 notes or be subject to any personal liability or accountability by reason  
616 of the issuance thereof, nor shall any director or employee of the  
617 agency, including ad hoc members of the Materials Innovation and  
618 Recycling Authority, be personally liable for damage or injury, not  
619 wanton, reckless, wilful or malicious, caused in the performance of his  
620 or her duties and within the scope of his or her employment or  
621 appointment as such director, officer or employee, including ad hoc  
622 members of the Materials Innovation and Recycling Authority. The  
623 agency shall protect, save harmless and indemnify its directors,  
624 officers or employees, including ad hoc members of the Materials  
625 Innovation and Recycling Authority, from financial loss and expense,  
626 including legal fees and costs, if any, arising out of any claim, demand,  
627 suit or judgment by reason of alleged negligence or alleged  
628 deprivation of any person's civil rights or any other act or omission  
629 resulting in damage or injury, if the director, officer or employee,  
630 including ad hoc members of the Materials Innovation and Recycling  
631 Authority, is found to have been acting in the discharge of his or her  
632 duties or within the scope of his or her employment and such act or  
633 omission is found not to have been wanton, reckless, wilful or  
634 malicious.

635 Sec. 17. Section 31-71e of the general statutes is repealed and the  
636 following is substituted in lieu thereof (*Effective July 1, 2016*):

637 No employer may withhold or divert any portion of an employee's  
638 wages unless (1) the employer is required or empowered to do so by  
639 state or federal law, or (2) the employer has written authorization from  
640 the employee for deductions on a form approved by the commissioner,  
641 or (3) the deductions are authorized by the employee, in writing, for  
642 medical, surgical or hospital care or service, without financial benefit  
643 to the employer and recorded in the employer's wage record book, or  
644 (4) the deductions are for contributions attributable to automatic  
645 enrollment, as defined in section 31-71j, as amended by this act, in a

646 retirement plan described in Section 401(k), 403(b), 408, 408A or 457 of  
647 the Internal Revenue Code of 1986, or any subsequent corresponding  
648 internal revenue code of the United States, as from time to time  
649 amended, established by the employer, or in the Connecticut  
650 Retirement Security Program established pursuant to section 3 of this  
651 act, or (5) the employer is required under the law of another state to  
652 withhold income tax of such other state with respect to (A) employees  
653 performing services of the employer in such other state, or (B)  
654 employees residing in such other state.

655 Sec. 18. Section 31-71j of the general statutes is repealed and the  
656 following is substituted in lieu thereof (*Effective July 1, 2016*):

657 (a) As used in this section: (1) "Automatic enrollment" means a plan  
658 provision in an employee retirement plan described in Section 401(k)  
659 or 403(b) of the Internal Revenue Code of 1986, or any subsequent  
660 corresponding internal revenue code of the United States, as from time  
661 to time amended, or a governmental deferred compensation plan  
662 described in Section 457 of said Internal Revenue Code, or a payroll  
663 deduction Individual Retirement Account plan described in Section  
664 408 or 408A of said Internal Revenue Code, or the Connecticut  
665 Retirement Security Program established pursuant to section 3 of this  
666 act, under which an employee is treated as having elected to have the  
667 employer make a specified contribution to the plan equal to a  
668 percentage of compensation specified in the plan until such employee  
669 affirmatively elects to not have such contribution made or elects to  
670 make a contribution in another amount; and (2) "automatic  
671 contribution arrangement" means an arrangement under an automatic  
672 enrollment plan under which, in the absence of an investment election  
673 by the participating employee, contributions made under such plan are  
674 invested in accordance with regulations prescribed by the United  
675 States Secretary of Labor under Section 404(c)(5) of the Employee  
676 Retirement Income Security Act of 1974, as amended from time to  
677 time.

678 (b) Any employer who provides automatic enrollment shall be

679 relieved of liability for the investment decisions made by the employer  
 680 or the Connecticut Retirement Security Authority pursuant to section 8  
 681 of this act on behalf of any participating employee under an automatic  
 682 contribution arrangement, provided:

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

686 (2) The employee is given notice of the investment decisions that  
 687 will be made in the absence of the employee's direction, a description  
 688 of all the investment alternatives available under the plan and a brief  
 689 description of procedures available for the employee to change  
 690 investments; and

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

694 (c) Nothing in this section shall modify any existing responsibility of  
 695 employers or other plan officials for the selection of investment funds  
 696 for participating employees.

697 (d) The relief from liability of the employer under this section shall  
 698 extend to any other plan official who actually makes the investment  
 699 decisions on behalf of participating employees under an automatic  
 700 contribution arrangement.

701 Sec. 19. Sections 31-410 to 31-415, inclusive, of the general statutes  
 702 are repealed. (*Effective July 1, 2016*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	New section

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Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>from passage</i>	New section
Sec. 7	<i>from passage</i>	New section
Sec. 8	<i>from passage</i>	New section
Sec. 9	<i>from passage</i>	New section
Sec. 10	<i>from passage</i>	New section
Sec. 11	<i>from passage</i>	New section
Sec. 12	<i>from passage</i>	New section
Sec. 13	<i>July 1, 2016</i>	1-79(12)
Sec. 14	<i>July 1, 2016</i>	1-120(1)
Sec. 15	<i>July 1, 2016</i>	1-124
Sec. 16	<i>July 1, 2016</i>	1-125
Sec. 17	<i>July 1, 2016</i>	31-71e
Sec. 18	<i>July 1, 2016</i>	31-71j
Sec. 19	<i>July 1, 2016</i>	Repealer section

**LAB**      *Joint Favorable Subst.*