



General Assembly

Amendment

February Session, 2016

LCO No. 4515



Offered by:

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To: Subst. House Bill No. 5591

File No. 303

Cal. No. 227

"AN ACT CREATING THE CONNECTICUT RETIREMENT SECURITY PROGRAM."

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

3 "Section 1. (NEW) (*Effective from passage*) As used in this section and
4 sections 2 to 13, inclusive, of this act:

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

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

9 (3) "Contribution level" means (A) the contribution rate selected by
10 the participant that may be expressed as (i) a percentage of the
11 participant's taxable wages as is required to be reported under Sections

12 6041 and 6051 of the Internal Revenue Code of 1986, or any subsequent
13 corresponding internal revenue code of the United States, as amended
14 from time to time, or (ii) a dollar amount up to the maximum
15 deductible amount for the participant's taxable year under Section
16 219(b)(1) of the Internal Revenue Code of 1986, or any subsequent
17 corresponding internal revenue code of the United States, as amended
18 from time to time; or (B) in the absence of an affirmative election by the
19 participant, three per cent of the participant's taxable wages as is
20 required to be reported under Sections 6041 and 6051 of the Internal
21 Revenue Code of 1986, or any subsequent corresponding internal
22 revenue code of the United States, as amended from time to time, or
23 such other amount as determined by the authority, provided such
24 amount shall not exceed six per cent. The contribution level of a
25 participant who customarily and regularly receives gratuities in
26 conjunction with his or her employment shall be a percentage of such
27 participant's wages as is required to be reported under Sections 6041
28 and 6051 of the Internal Revenue Code of 1986, or any subsequent
29 corresponding internal revenue code of the United States, as amended
30 from time to time;

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

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

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

41 (7) "Qualified employer" means any person, corporation, limited
42 liability company, firm, partnership, voluntary association, joint stock
43 association or other entity doing business in the state during the

44 calendar year, whether for profit or not for profit, that employed on
45 October first of the preceding calendar year five or more individuals in
46 the state and has paid not less than five of such individuals taxable
47 wages of not less than five thousand dollars in the preceding calendar
48 year. "Qualified employer" does not include: (A) The federal
49 government, (B) the state or any political subdivision thereof, (C) any
50 municipality, unit of a municipality or municipal housing authority,
51 (D) an employer employing only individuals whose services are
52 excluded under subdivision (5) of subsection (a) of section 31-222 of
53 the general statutes, or (E) an employer that was not in existence at all
54 times during the current calendar year and the preceding calendar
55 year;

56 (8) "Individual retirement account" means a Roth IRA;

57 (9) "Roth IRA" means an account described in Section 408A of the
58 Internal Revenue Code of 1986, or any subsequent corresponding
59 internal revenue code of the United States, as amended from time to
60 time;

61 (10) "Normal retirement age" means the age specified in Section
62 408A of the Internal Revenue Code of 1986, or any subsequent
63 corresponding internal revenue code of the United States, as amended
64 from time to time, when an individual may withdraw all funds
65 without penalty; and

66 (11) "Vendor" means (A) a regulated investment company or an
67 insurance company conducting business in the state, or (B) a company
68 conducting business in the state to (i) provide payroll or recordkeeping
69 services, and (ii) offer retirement plans or payroll deposit individual
70 retirement account arrangements using products of regulated
71 investment companies. "Vendor" does not include individual
72 registered representatives, brokers, financial planners or agents.

73 Sec. 2. (NEW) (*Effective from passage*) (a) There is hereby established
74 and created a body politic and corporate, constituting a public
75 instrumentality and political subdivision of the state of Connecticut

76 established and created for the performance of an essential public and
77 governmental function, to be known as the Connecticut Retirement
78 Security Authority. The authority shall not be construed to be a
79 department, institution or agency of the state.

80 (b) The powers of the authority shall be vested in and exercised by a
81 board of directors, which shall consist of nine voting members, each a
82 resident of the state, (1) the State Treasurer who shall serve as an ex
83 officio voting member; (2) the State Comptroller who shall serve as an
84 ex officio voting member; (3) one appointed by the speaker of the
85 House of Representatives, who shall have a favorable reputation for
86 skill, knowledge and experience in the interests of the needs of aging
87 population; (4) one appointed by the majority leader of the House of
88 Representatives, who shall have a favorable reputation for skill,
89 knowledge and experience in the interests of employers in retirement
90 savings; (5) one appointed by the minority leader of the House of
91 Representatives, who shall have a favorable reputation for skill,
92 knowledge and experience in the interests of retirement investment
93 products; (6) one appointed by the president pro tempore of the
94 Senate, who shall have a favorable reputation for skill, knowledge and
95 experience in the interests of employees in retirement savings; (7) one
96 appointed by the majority leader of the Senate, who shall have a
97 favorable reputation for skill, knowledge and experience in retirement
98 plan designs; (8) one appointed by the minority leader of the Senate,
99 who shall have a favorable reputation for skill, knowledge and
100 experience in the interests of retirement plan brokers; and (9) one
101 appointed by the Governor, who shall have a favorable reputation for
102 skill, knowledge and experience in matters regarding the federal
103 Employment Retirement Income Security Act of 1974, as amended
104 from time to time, or the Internal Revenue Code of 1986 or any
105 subsequent corresponding internal revenue code of the United States,
106 as amended from time to time. Each member appointed pursuant to
107 subdivisions (3) to (9), inclusive, of this subsection shall serve an initial
108 term of four years. Thereafter, said members of the General Assembly
109 and the Governor shall appoint members of the board to succeed such

110 appointees whose terms expire and each member so appointed shall
111 hold office for a term of six years from July first in the year of his or her
112 appointment.

113 (c) All appointments to the board shall be made not later than July
114 31, 2016. Any vacancy shall be filled by the appointing authority not
115 later than thirty calendar days after the office becomes vacant. Any
116 member previously appointed to the board may be reappointed.

117 (d) The Governor, with the advice and consent of both houses of the
118 General Assembly, shall select a chairperson of the board from among
119 the members of the board. The board shall annually elect a vice-
120 chairperson and such other officers as it deems necessary from among
121 its members. The board may appoint an executive director and
122 assistant executive director, who shall not be members of the board
123 and who shall serve at the pleasure of the board. The executive
124 director and assistant executive director shall be employees of the
125 authority and shall receive such compensation as prescribed by the
126 board.

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

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

137 (2) Each member of the board authorized by resolution of the board
138 to handle funds or sign checks for the program, and any other
139 authorized officer, shall, not later than ten calendar days after the date
140 the board adopts such authorizing resolution, execute a surety bond in
141 the penal sum of fifty thousand dollars or procure an equivalent

142 insurance product or, in lieu thereof, the chairperson shall obtain a
143 blanket position bond covering the executive director and every
144 member of the board and other employee or authorized officer of the
145 authority in the penal sum of fifty thousand dollars. Each such bond or
146 equivalent insurance product shall be (A) conditioned upon the
147 faithful performance of the duties of the chairperson or the members,
148 executive director and other authorized officers or employees, as the
149 case may be, and (B) issued by an insurance company authorized to
150 transact business in the state as surety. The cost of each such bond
151 shall be paid by the authority.

152 (g) An authorized officer or the executive director, if one is
153 appointed by the board pursuant to subsection (d) of this section, shall
154 supervise the administrative affairs and technical activities of the
155 program in accordance with the directives of the board. Such
156 authorized officer or executive director, as the case may be, shall keep
157 a record of the proceedings of the program and shall be custodian of
158 all books, documents and papers filed with the program, the minute
159 book or journal of the program and its official seal. Such authorized
160 officer or executive director, as the case may be, may cause copies to be
161 made of all minutes and other records and documents of the program
162 and may give certificates under the official seal of the program to the
163 effect that such copies are true copies, and all persons dealing with the
164 program may rely upon such certificates.

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

168 (i) (1) No member of the board or any officer, agent or employee of
169 the authority shall, directly or indirectly, have any financial interest in
170 any corporation, business trust, estate, trust, partnership or
171 association, two or more persons having a joint or common interest, or
172 any other legal or commercial entity contracting with the authority.

173 (2) Notwithstanding the provisions of subdivision (1) of this

174 subsection or any other section of the general statutes, it shall not be a
175 conflict of interest or a violation of the provisions of said subdivision
176 or any other section of the general statutes for a trustee, director,
177 officer or employee of a bank, investment advisor, investment
178 company or investment banking firm, or a person having the required
179 favorable reputation for skill, knowledge and experience in retirement
180 savings, to serve as a member of the board, provided, in each case to
181 which the provisions of this subdivision are applicable, such trustee,
182 director, officer or employee of such a firm abstains from discussion,
183 deliberation, action and vote by the board in specific respect to any
184 undertaking pursuant to this section or sections 3 to 13, inclusive, of
185 this act in which such firm has a direct interest separate from the
186 interests of all similar firms generally.

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

192 (1) Adopting an annual budget and plan of operations, including a
193 requirement of board approval before such budget or plan may take
194 effect;

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

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

201 (4) Contracting for financial, legal and other professional services,
202 and requiring that the authority solicit proposals not less than every
203 three years for each such service used by the board or authority, except
204 for any firm that contracts to provide custodial, recordkeeping or other
205 services for the provision of an individual retirement account such

206 solicitation shall be not less than every ten years;

207 (5) Using surplus funds to the extent authorized under this act or
208 other provisions of the general statutes;

209 (6) Making modifications to the program that the board deems
210 necessary to implement the provisions of sections 2 to 13, inclusive, of
211 this act consistent with federal rules and regulations in order to ensure
212 that the program meets all criteria for federal tax-deferral or tax-
213 exempt benefits, and to prevent the program from being treated as an
214 employee benefit plan under the federal Employee Retirement Income
215 Security Act of 1974, as amended from time to time; and

216 (7) Establishing an administrative process by which participants,
217 potential participants and employees may submit grievances,
218 complaints and appeals to the board and have such grievances,
219 complaints and appeals heard and addressed by the board.

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

224 (l) The provisions of this section and section 1-125 of the general
225 statutes, as amended by this act, shall apply to any member, director or
226 employee of the authority. No person shall be subject to civil liability
227 for the debts, obligations or liabilities of the authority as provided in
228 this section and section 1-125 of the general statutes, as amended by
229 this act.

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

235 (1) Adopt bylaws for the regulation of the affairs of the board and

- 236 the conduct of its business;
- 237 (2) Adopt an official seal and alter the same at the pleasure of the
238 board;
- 239 (3) Maintain an office at such place or places in the state as the board
240 may designate;
- 241 (4) Sue and be sued in its own name;
- 242 (5) Establish criteria and guidelines for the retirement programs to
243 be offered pursuant to this section and sections 4 to 13 of this act;
- 244 (6) Receive and invest moneys in the program in any instruments,
245 obligations, securities or property in accordance with section 8 of this
246 act;
- 247 (7) Contract with financial institutions or other organizations
248 offering or servicing retirement programs. The authority may require
249 that each participant be charged a fee to defray the costs of the
250 program. The amount and method of collection of such fee shall be
251 determined by the authority. No employer shall be required to fund or
252 be responsible for collecting fees from plan participants;
- 253 (8) Employ attorneys, accountants, consultants, financial experts,
254 loan processors, banks, managers and such other employees and
255 agents as may be necessary in the board's judgment, and to fix the
256 compensation of such individuals;
- 257 (9) Charge and equitably apportion among participants the
258 administrative costs and expenses incurred in the exercise of the
259 board's powers and duties as granted by this section;
- 260 (10) Borrow working capital funds and other funds as may be
261 necessary for the start-up and continuing operation of the program,
262 provided such funds are borrowed in the name of the authority only.
263 Such borrowings shall be payable solely from revenues of the
264 authority;

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

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

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

273 (b) The board of directors of the Connecticut Retirement Security
274 Authority shall enter into memoranda of understanding with the
275 Labor Department and other state agencies regarding (1) the gathering
276 or dissemination of information necessary for the operations of the
277 program, subject to such obligations of confidentiality as may be
278 agreed or required by law, (2) the sharing of costs incurred pursuant to
279 the gathering and dissemination of such information, and (3) the
280 reimbursement of costs for any enforcement activities conducted
281 pursuant to section 10 of this act. Each state agency may also enter into
282 such memoranda of understanding.

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

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

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

293 (3) Clear and conspicuous notice regarding the default contribution
294 level;

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

297 (5) A description of applicable federal and state regulations,
298 including income and contribution limits for participating in the
299 program;

300 (6) The process for withdrawing retirement savings from the
301 program, including an explanation of the tax treatment of
302 withdrawals;

303 (7) The process by which a participant may obtain additional
304 information on the program, including information regarding
305 investment options available under the program; and

306 (8) Such other information as the board may deem necessary or
307 advisable to provide to participants, potential participants and
308 qualified employers in the state.

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

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

315 (2) The various investment options available to each participant and
316 the process by which a participant may select investment options for
317 his or her contributions in accordance with subsection (b) of section 31-
318 71j of the general statutes, as amended by this act, or as prescribed by
319 the authority;

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

323 (4) At the election of the board, an estimate of the amount of income

324 the account is projected to generate for a participant's retirement based
325 on reasonable assumptions.

326 (c) Not less than annually, the board shall provide each participant
327 with notification regarding fees that may be imposed through the
328 program and information regarding the various investment options
329 that may be available to participants. The board may provide such
330 notification and information in the form of a prospectus or similar
331 document.

332 (d) The board, on behalf of the authority, may adopt policies and
333 procedures in accordance with the provisions of section 1-121 of the
334 general statutes for the electronic dissemination of any notices or
335 information required to be provided to participants, potential
336 participants and qualified employers pursuant to the provisions of this
337 section.

338 Sec. 5. (NEW) (*Effective from passage*) (a) The Connecticut Retirement
339 Security Program shall provide for the establishment and maintenance
340 of an individual retirement account for each program participant. Such
341 individual retirement account shall be established and maintained
342 through the program or a third-party entity in the business of
343 establishing and maintaining individual retirement accounts. Program
344 assets shall be held in trust or custodial accounts meeting the
345 requirements of Section 408(a) or (c) of the Internal Revenue Code of
346 1986, or any subsequent corresponding internal revenue code of the
347 United States, as amended from time to time, or any other applicable
348 federal law requirements.

349 (b) Interest, investment earnings and investment losses shall be
350 allocated to each participant's individual retirement account. A
351 participant's benefit under the program shall be equal to the balance in
352 such participant's individual retirement account as of any applicable
353 measurement date prescribed by the program.

354 (c) The Connecticut Retirement Security Authority shall establish, or
355 cause to be established, processes to prevent a participant's

356 contributions to the program from exceeding the maximum amount of
357 deduction under 26 USC 219(b)(1) for the participant's tax year.

358 (d) The state shall not be liable for the payment of any benefit to any
359 participant or beneficiary of any participant and shall not be liable for
360 any liability or obligation of the authority. The authority shall not be
361 liable for the payment of any benefit to any participant or beneficiary
362 of any participant, except with respect to any individual retirement
363 accounts established and maintained by the authority.

364 (e) Any unclaimed funds in a participant's individual retirement
365 account shall be governed by section 3-57a of the general statutes.

366 Sec. 6. (NEW) (*Effective from passage*) (a) The Connecticut Retirement
367 Security Authority board of directors, in conducting the business of the
368 authority, including its oversight functions, shall act: (1) With the care,
369 skill, prudence and diligence under the circumstances then prevailing
370 that a prudent person acting in a like capacity and familiar with such
371 matters would use in the conduct of an enterprise of like character and
372 with like aims; (2) solely in the interests of the program's participants
373 and beneficiaries; (3) for the exclusive purposes of providing benefits
374 to participants and beneficiaries and defraying reasonable expenses of
375 administering the program; and (4) in accordance with the provisions
376 of sections 2 to 13, inclusive, of this act and any other applicable
377 sections of the general statutes.

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

381 Sec. 7. (NEW) (*Effective from passage*) (a) (1) Not later than January 1,
382 2018, and annually thereafter, each qualified employer shall provide
383 each of its covered employees with the informational materials
384 prepared by the Connecticut Retirement Security Authority board of
385 directors pursuant to section 4 of this act. For any employee of a
386 qualified employer who (A) is hired on or after January 1, 2018, or (B)
387 does not meet the definition of covered employee pursuant to section 1

388 of this act, such qualified employer shall provide such informational
389 materials to such employee not later than thirty days, or such other
390 time period as prescribed by the authority, after (i) the date of such
391 employee's hiring, or (ii) the date such employee meets the definition
392 of covered employee pursuant to section 1 of this act.

393 (2) Not later than sixty days after a qualified employer provides
394 informational materials to a covered employee in accordance with
395 subsection (a) of this section, or such other time period as prescribed
396 by the authority, and subject to the provisions of subdivision (3) of this
397 subsection, such qualified employer shall automatically enroll each of
398 its covered employees in the program at the participant's contribution
399 level in accordance with the provisions of section 31-71j of the general
400 statutes, as amended by this act.

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

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

410 (B) A qualified employer shall not be considered to maintain a
411 retirement plan or retirement arrangement described under said
412 Section 219(g)(5) or any other retirement arrangement approved by the
413 authority pursuant to subparagraph (A) of this subdivision, if the
414 authority determines that (i) as of the first day of the previous calendar
415 year, no new participant was eligible to be enrolled in a retirement
416 plan or retirement arrangement maintained by such qualified
417 employer, and (ii) on and after the first day of the previous calendar
418 year, no contributions were made to such retirement plan or retirement
419 arrangement by or on behalf of a participant in such plan or

420 arrangement.

421 (5) The authority may defer the effective date of the program, in
422 whole or in part, and for particular categories of employers, as the
423 authority deems necessary to effectuate the purposes of sections 2 to
424 13, inclusive, of this act in a manner that minimizes the disruption and
425 burdens that may exist for any qualified employer. The board shall
426 provide notice of any deferment of the effective date of the program to
427 the chairpersons and ranking members of the joint standing committee
428 of the General Assembly having cognizance of matters relating to labor
429 not later than seven days after the authority has deemed such
430 deferment necessary. Such notice shall include the categories of
431 employers affected, the purpose for which the deferment was granted
432 and the new effective date of the program.

433 (b) An employer that does not otherwise meet the definition of a
434 qualified employer may make the program available to its employees
435 subject to such rules and procedures as may be prescribed by the
436 authority. No such employer shall require any employee to enroll in
437 the program.

438 (c) Any individual who is not enrolled in the program pursuant to
439 subsection (a) of this section may participate in the program at any
440 time subject to such rules and procedures as the authority may
441 prescribe. The authority shall provide the informational materials
442 described in section 4 of this act to any such individual at or before the
443 time of such individual's enrollment in the program.

444 (d) To the extent permitted under the Internal Revenue Code of
445 1986, or any subsequent corresponding internal revenue code of the
446 United States, as amended from time to time, the authority shall allow
447 any individual to establish or contribute to an individual retirement
448 account maintained for such individual under the program by rolling
449 over funds from an existing retirement savings account of the
450 individual.

451 (e) A qualified employer that withholds a contribution from a

452 covered employee's compensation in connection with the program
453 shall transmit such contribution on the earliest date the amount
454 withheld from the covered employee's compensation can reasonably
455 be segregated from the qualified employer's assets, but not later than
456 the fifteenth business day of the month following the month in which
457 the covered employee's contribution amounts are withheld from his or
458 her paycheck.

459 (f) No employer shall be permitted to make a contribution to the
460 program.

461 (g) The board shall disseminate information concerning the tax
462 credits that may be available to small business owners for establishing
463 new retirement plans.

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

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

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

479 (1) Designate a lifetime income investment for the program
480 intended to provide participants with a source of retirement income
481 for life. Any lifetime income investment for the program shall include
482 spousal rights;

483 (2) Provide to each participant, one year in advance of the
484 participant's normal retirement age, a disclosure explaining (A) the
485 rights and features of the lifetime income investment; (B) that once the
486 participant reaches normal retirement age, fifty per cent of the
487 participant's account will be invested in the lifetime income
488 investment; and (C) that the participant may elect to invest a higher
489 percentage of his or her account balance in the lifetime income option;

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

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

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

502 (c) The board shall inform participants about their rights to
503 withdraw funds from the program in accordance with the provisions
504 of the Internal Revenue Code of 1986, or any subsequent
505 corresponding internal revenue code of the United States, as amended
506 from time to time. For participants who elect to withdraw their assets
507 prior to their normal retirement age, the authority shall notify such
508 participants of any tax penalties associated with such withdrawal and
509 the effect of such withdrawal on such participant's expected retirement
510 income.

511 Sec. 10. (NEW) (*Effective from passage*) (a) The Attorney General may
512 investigate any violation of section 6 of this act. If the Attorney General
513 finds that any member of the Connecticut Retirement Security
514 Authority board of directors, or any agent engaged or appointed by

515 the board or the authority has violated or is violating any provision of
516 said section, the Attorney General may bring a civil action in the
517 superior court for the judicial district of Hartford under this section in
518 the name of the state against such member or agent. The remedies
519 available to a court in any such action shall be limited to injunctive
520 relief. Nothing in this section shall be construed to create a private
521 right of action.

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

526 (c) If a qualified employer fails to enroll a covered employee as
527 required under subsection (a) of section 7 of this act, such covered
528 employee, or the Labor Commissioner, may bring a civil action to
529 require the qualified employer to enroll the covered employee and
530 shall recover such costs and reasonable attorney's fees as may be
531 allowed by the court.

532 Sec. 11. (NEW) (*Effective from passage*) (a) The Connecticut
533 Retirement Security Authority shall keep an accurate account of all its
534 activities, receipts and expenditures and shall submit, in accordance
535 with the provisions of section 11-4a of the general statutes, a report
536 detailing such activities, receipts and expenditures to the Connecticut
537 Retirement Security Authority board of directors, the Governor, the
538 Office of Auditors of Public Accounts and the joint standing
539 committees of the General Assembly having cognizance of matters
540 relating to labor and finance, revenue and bonding on or before
541 December thirty-first annually. Such report shall be in a form
542 prescribed by the board and shall include projected activities of the
543 authority for the next fiscal year and shall be subject to approval by the
544 Auditors of Public Accounts.

545 (b) The Auditors of Public Accounts may conduct a full audit of the
546 books and accounts of the authority pertaining to such activities,

547 receipts and expenditures, personnel, services or facilities, in
548 accordance with the provisions of section 2-90 of the general statutes.
549 For the purposes of such audit, the Auditors of Public Accounts shall
550 have access to the properties and records of the authority, and may
551 prescribe methods of accounting and the rendering of periodical
552 reports in relation to projects undertaken by the authority.

553 (c) The authority shall enter into memoranda of understanding with
554 the State Comptroller pursuant to which the authority shall provide, in
555 such form and manner as prescribed by the State Comptroller,
556 information that may include, but need not be limited to, the current
557 revenues and expenses of the authority, the sources or recipients of
558 such revenues or expenses, the date such revenues or expenses were
559 received or dispersed and the amount and the category of such
560 revenues or expenses. The State Comptroller may also enter into such
561 memoranda of understanding.

562 Sec. 12. (*Effective from passage*) (a) The Connecticut Retirement
563 Security Board shall conduct a study of the interest of participants and
564 potential participants of the Connecticut Retirement Security Program
565 in investing in a traditional IRA option. The study shall include, but
566 need not be limited to: (1) The number of participants and potential
567 participants whose incomes exceed federal limits for contributing to a
568 Roth IRA; and (2) the percentage of current participants that would
569 prefer a tax-deferred savings option. Not later than January 1, 2019, the
570 board shall submit a report, in accordance with the provisions of
571 section 11-4a of the general statutes, on the results of such study to the
572 joint standing committee of the General Assembly having cognizance
573 of matters relating to labor.

574 (b) The Connecticut Retirement Security Authority may study the
575 feasibility of the state or the authority making available to employers a
576 multiple-employer 401(k) plan or other tax-favored retirement savings
577 vehicle.

578 Sec. 13. (NEW) (*Effective January 1, 2018*) (a) The Connecticut

579 Retirement Security Authority board of directors shall:

580 (1) Establish and maintain a secure Internet web site to (A) provide
581 qualified employers with information regarding employer-sponsored
582 retirement plans and payroll deduction individual retirement
583 accounts, and (B) assist qualified employers in identifying vendors of
584 retirement arrangements that may be implemented by the qualified
585 employers in lieu of participation in the program;

586 (2) Include the Internet web site address on any posting to the
587 Internet web site or in other materials offered to the public regarding
588 the program;

589 (3) Prior to implementing the Internet web site, and at least annually
590 thereafter, provide notice to vendors (A) that such Internet web site is
591 active, (B) that such vendors may register for inclusion on the Internet
592 web site, and (C) regarding the process for inclusion on the Internet
593 web site; and

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

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

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

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

617 Sec. 14. Subdivision (12) of section 1-79 of the 2016 supplement to
618 the general statutes is repealed and the following is substituted in lieu
619 thereof (*Effective July 1, 2016*):

620 (12) "Quasi-public agency" means Connecticut Innovations,
621 Incorporated, the Connecticut Health and Education Facilities
622 Authority, the Connecticut Higher Education Supplemental Loan
623 Authority, the Connecticut Student Loan Foundation, the Connecticut
624 Housing Finance Authority, the State Housing Authority, the Materials
625 Innovation and Recycling Authority, the Capital Region Development
626 Authority, the Connecticut Lottery Corporation, the Connecticut
627 Airport Authority, the Connecticut Health Insurance Exchange, the
628 Connecticut Green Bank, the Connecticut Retirement Security
629 Authority, the Connecticut Port Authority and the State Education
630 Resource Center.

631 Sec. 15. Subdivision (1) of section 1-120 of the 2016 supplement to
632 the general statutes is repealed and the following is substituted in lieu
633 thereof (*Effective July 1, 2016*):

634 (1) "Quasi-public agency" means Connecticut Innovations,
635 Incorporated, the Connecticut Health and Educational Facilities
636 Authority, the Connecticut Higher Education Supplemental Loan
637 Authority, the Connecticut Student Loan Foundation, the Connecticut
638 Housing Finance Authority, the Connecticut Housing Authority, the
639 Materials Innovation and Recycling Authority, the Capital Region
640 Development Authority, the Connecticut Lottery Corporation, the
641 Connecticut Airport Authority, the Connecticut Health Insurance

642 Exchange, the Connecticut Green Bank, the Connecticut Retirement
643 Security Authority, the Connecticut Port Authority and the State
644 Education Resource Center.

645 Sec. 16. Section 1-124 of the 2016 supplement to the general statutes
646 is repealed and the following is substituted in lieu thereof (*Effective July*
647 *1, 2016*):

648 (a) Connecticut Innovations, Incorporated, the Connecticut Health
649 and Educational Facilities Authority, the Connecticut Higher
650 Education Supplemental Loan Authority, the Connecticut Student
651 Loan Foundation, the Connecticut Housing Finance Authority, the
652 Connecticut Housing Authority, the Materials Innovation and
653 Recycling Authority, the Connecticut Airport Authority, the Capital
654 Region Development Authority, the Connecticut Health Insurance
655 Exchange, the Connecticut Green Bank, the Connecticut Retirement
656 Security Authority, the Connecticut Port Authority and the State
657 Education Resource Center shall not borrow any money or issue any
658 bonds or notes which are guaranteed by the state of Connecticut or for
659 which there is a capital reserve fund of any kind which is in any way
660 contributed to or guaranteed by the state of Connecticut until and
661 unless such borrowing or issuance is approved by the State Treasurer
662 or the Deputy State Treasurer appointed pursuant to section 3-12. The
663 approval of the State Treasurer or said deputy shall be based on
664 documentation provided by the authority that it has sufficient
665 revenues to (1) pay the principal of and interest on the bonds and notes
666 issued, (2) establish, increase and maintain any reserves deemed by the
667 authority to be advisable to secure the payment of the principal of and
668 interest on such bonds and notes, (3) pay the cost of maintaining,
669 servicing and properly insuring the purpose for which the proceeds of
670 the bonds and notes have been issued, if applicable, and (4) pay such
671 other costs as may be required.

672 (b) To the extent Connecticut Innovations, Incorporated, the
673 Connecticut Higher Education Supplemental Loan Authority, the
674 Connecticut Student Loan Foundation, the Connecticut Housing

675 Finance Authority, the Connecticut Housing Authority, the Materials
676 Innovation and Recycling Authority, the Connecticut Health and
677 Educational Facilities Authority, the Connecticut Airport Authority,
678 the Capital Region Development Authority, the Connecticut Health
679 Insurance Exchange, the Connecticut Green Bank, the Connecticut
680 Retirement Security Authority, the Connecticut Port Authority or the
681 State Education Resource Center is permitted by statute and
682 determines to exercise any power to moderate interest rate fluctuations
683 or enter into any investment or program of investment or contract
684 respecting interest rates, currency, cash flow or other similar
685 agreement, including, but not limited to, interest rate or currency swap
686 agreements, the effect of which is to subject a capital reserve fund
687 which is in any way contributed to or guaranteed by the state of
688 Connecticut, to potential liability, such determination shall not be
689 effective until and unless the State Treasurer or his or her deputy
690 appointed pursuant to section 3-12 has approved such agreement or
691 agreements. The approval of the State Treasurer or his or her deputy
692 shall be based on documentation provided by the authority that it has
693 sufficient revenues to meet the financial obligations associated with the
694 agreement or agreements.

695 Sec. 17. Section 1-125 of the 2016 supplement to the general statutes
696 is repealed and the following is substituted in lieu thereof (*Effective July*
697 *1, 2016*):

698 The directors, officers and employees of Connecticut Innovations,
699 Incorporated, the Connecticut Higher Education Supplemental Loan
700 Authority, the Connecticut Student Loan Foundation, the Connecticut
701 Housing Finance Authority, the Connecticut Housing Authority, the
702 Materials Innovation and Recycling Authority, including ad hoc
703 members of the Materials Innovation and Recycling Authority, the
704 Connecticut Health and Educational Facilities Authority, the Capital
705 Region Development Authority, the Connecticut Airport Authority,
706 the Connecticut Lottery Corporation, the Connecticut Health Insurance
707 Exchange, the Connecticut Green Bank, the Connecticut Retirement
708 Security Authority, the Connecticut Port Authority and the State

709 Education Resource Center and any person executing the bonds or
710 notes of the agency shall not be liable personally on such bonds or
711 notes or be subject to any personal liability or accountability by reason
712 of the issuance thereof, nor shall any director or employee of the
713 agency, including ad hoc members of the Materials Innovation and
714 Recycling Authority, be personally liable for damage or injury, not
715 wanton, reckless, wilful or malicious, caused in the performance of his
716 or her duties and within the scope of his or her employment or
717 appointment as such director, officer or employee, including ad hoc
718 members of the Materials Innovation and Recycling Authority. The
719 agency shall protect, save harmless and indemnify its directors,
720 officers or employees, including ad hoc members of the Materials
721 Innovation and Recycling Authority, from financial loss and expense,
722 including legal fees and costs, if any, arising out of any claim, demand,
723 suit or judgment by reason of alleged negligence or alleged
724 deprivation of any person's civil rights or any other act or omission
725 resulting in damage or injury, if the director, officer or employee,
726 including ad hoc members of the Materials Innovation and Recycling
727 Authority, is found to have been acting in the discharge of his or her
728 duties or within the scope of his or her employment and such act or
729 omission is found not to have been wanton, reckless, wilful or
730 malicious.

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

733 No employer may withhold or divert any portion of an employee's
734 wages unless (1) the employer is required or empowered to do so by
735 state or federal law, or (2) the employer has written authorization from
736 the employee for deductions on a form approved by the commissioner,
737 or (3) the deductions are authorized by the employee, in writing, for
738 medical, surgical or hospital care or service, without financial benefit
739 to the employer and recorded in the employer's wage record book, or
740 (4) the deductions are for contributions attributable to automatic
741 enrollment, as defined in section 31-71j, as amended by this act, in a
742 retirement plan described in Section 401(k), 403(b), 408, 408A or 457 of

743 the Internal Revenue Code of 1986, or any subsequent corresponding
744 internal revenue code of the United States, as from time to time
745 amended, established by the employer, or in the Connecticut
746 Retirement Security Program established pursuant to section 3 of this
747 act, or (5) the employer is required under the law of another state to
748 withhold income tax of such other state with respect to (A) employees
749 performing services of the employer in such other state, or (B)
750 employees residing in such other state.

751 Sec. 19. Section 31-71j of the general statutes is repealed and the
752 following is substituted in lieu thereof (*Effective July 1, 2016*):

753 (a) As used in this section: (1) "Automatic enrollment" means a plan
754 provision in an employee retirement plan described in Section 401(k)
755 or 403(b) of the Internal Revenue Code of 1986, or any subsequent
756 corresponding internal revenue code of the United States, as from time
757 to time amended, or a governmental deferred compensation plan
758 described in Section 457 of said Internal Revenue Code, or a payroll
759 deduction Individual Retirement Account plan described in Section
760 408 or 408A of said Internal Revenue Code, or the Connecticut
761 Retirement Security Program established pursuant to section 3 of this
762 act, under which an employee is treated as having elected to have the
763 employer make a specified contribution to the plan equal to a
764 percentage of compensation specified in the plan until such employee
765 affirmatively elects to not have such contribution made or elects to
766 make a contribution in another amount; and (2) "automatic
767 contribution arrangement" means an arrangement under an automatic
768 enrollment plan under which, in the absence of an investment election
769 by the participating employee, contributions made under such plan are
770 invested in accordance with regulations prescribed by the United
771 States Secretary of Labor under Section 404(c)(5) of the Employee
772 Retirement Income Security Act of 1974, as amended from time to
773 time.

774 (b) Any employer who provides automatic enrollment shall be
775 relieved of liability for the investment decisions made by the employer

776 or the Connecticut Retirement Security Authority pursuant to section 8
 777 of this act on behalf of any participating employee under an automatic
 778 contribution arrangement, provided:

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

782 (2) The employee is given notice of the investment decisions that
 783 will be made in the absence of the employee's direction, a description
 784 of all the investment alternatives available under the plan and a brief
 785 description of procedures available for the employee to change
 786 investments; and

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

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

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

797 Sec. 20. Sections 31-410 to 31-415, inclusive, of the general statutes
 798 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
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>January 1, 2018</i>	New section
Sec. 14	<i>July 1, 2016</i>	1-79(12)
Sec. 15	<i>July 1, 2016</i>	1-120(1)
Sec. 16	<i>July 1, 2016</i>	1-124
Sec. 17	<i>July 1, 2016</i>	1-125
Sec. 18	<i>July 1, 2016</i>	31-71e
Sec. 19	<i>July 1, 2016</i>	31-71j
Sec. 20	<i>July 1, 2016</i>	Repealer section