



General Assembly

**Amendment**

February Session, 2016

LCO No. 5667



Offered by:

SEN. FASANO, 34<sup>th</sup> Dist.  
SEN. WITKOS, 8<sup>th</sup> Dist.  
SEN. KELLY, 21<sup>st</sup> Dist.  
SEN. FRANTZ, 36<sup>th</sup> Dist.  
SEN. MCLACHLAN, 24<sup>th</sup> Dist.

SEN. KANE, 32<sup>nd</sup> Dist.  
SEN. GUGLIELMO, 35<sup>th</sup> Dist.  
SEN. CHAPIN, 30<sup>th</sup> Dist.  
SEN. BOUCHER, 26<sup>th</sup> Dist.

To: Subst. House Bill No. 5591

File No. 747

Cal. No. 522

**"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 7, inclusive, of this act:

5 (1) "Balanced fund" means a mutual fund that has an investment  
6 mandate to balance its portfolio holdings. The fund includes, but is not  
7 limited to, a mix of stocks and bonds in varying proportions according  
8 to the fund's investment outlook;

9 (2) "Board" means the Connecticut Retirement Security Board  
10 established pursuant to section 31-411 of the general statutes;

11 (3) "Eligible employer" means any person, firm, business,  
12 educational institution, nonprofit agency, corporation, limited liability  
13 company or other entity, including a sole proprietorship or general  
14 partnership, that (A) is registered to conduct business in the state  
15 during the calendar year, and (B) employs fewer than one hundred  
16 qualified employees at the time of enrollment;

17 (4) "Enrollee" means any employee who is enrolled in an individual  
18 retirement account offered by an eligible employer through the  
19 Connecticut Small Business Retirement Marketplace;

20 (5) "Qualified employee" means an employee who is defined by the  
21 Internal Revenue Service to be eligible to participate in a specific  
22 retirement plan;

23 (6) "Qualifying plan" means a retirement plan option offered by  
24 private sector financial services firms that satisfies the requirements  
25 (A) to participate in the Connecticut Small Business Retirement  
26 Marketplace in accordance with sections 2 and 3 of this act, or (B) of  
27 the myRA retirement program administered by the United States  
28 Department of the Treasury;

29 (7) "Target date fund" means a hybrid mutual fund that  
30 automatically resets the asset mix of stocks, bonds and cash  
31 equivalents in its portfolio according to a selected time frame that is  
32 appropriate for a particular investor; and

33 (8) "Connecticut Small Business Retirement Marketplace" or  
34 "marketplace" means the retirement savings program created to  
35 connect eligible employers and their employees with qualifying plans  
36 to increase retirement savings.

37 Sec. 2. (NEW) (*Effective from passage*) (a) (1) There is established the  
38 Connecticut Small Business Retirement Marketplace. Not later than  
39 October 1, 2016, the Connecticut Retirement Security Board shall  
40 contract with an executive director and assistant executive director  
41 who shall not be considered employees of the state and shall not be

42 members of the board but who shall serve at the pleasure of the board.  
43 The executive director and assistant executive director shall receive  
44 such compensation as prescribed by the board, pursuant to a contract  
45 entered into between the board and such directors, which shall be  
46 borne solely and equally through assessments or user fees charged to  
47 private sector financial firms that offer a qualified plan through the  
48 marketplace.

49 (2) The executive director and assistant executive director shall  
50 contract with a private sector entity to establish the Connecticut Small  
51 Business Retirement Marketplace program that shall allow qualified  
52 employees to access qualifying plan options. The program shall: (A)  
53 Establish a protocol for reviewing and approving the qualifications of  
54 private sector financial services firms that seek to participate in the  
55 marketplace; (B) design and operate an Internet web site that includes  
56 information about how eligible employers and qualified employees  
57 may participate in the marketplace; (C) develop marketing materials  
58 about the marketplace that shall be distributed by the Secretary of  
59 State to eligible employers electronically or by mail; (D) identify and  
60 promote existing federal and state tax credits and benefits for  
61 employers and employees that are related to encouraging retirement  
62 savings or participating in retirement plans; and (E) promote the  
63 benefits of retirement savings and other information that promotes  
64 financial literacy. The executive director and assistant executive  
65 director shall consult with the Connecticut Retirement Security Board  
66 in designing and managing the marketplace.

67 (b) (1) The executive director and assistant executive director shall  
68 use only federal or private funding sources, including private  
69 foundation grants, to pay for marketplace expenses. On behalf of the  
70 marketplace, the executive director or assistant executive director shall  
71 seek federal and private grants and shall be authorized to accept any  
72 funds awarded to the executive director or assistant executive director  
73 for use in the marketplace. The marketplace shall be self-sustaining  
74 and no state funds shall be expended for the purposes of the  
75 marketplace. The executive director and assistant executive director

76 shall charge an initial application fee and assessments or user fees to  
77 private sector financial firms that participate in the marketplace to  
78 generate the funding necessary to support the operations of the  
79 marketplace.

80 (2) Only eligible employers and qualified employees shall be eligible  
81 to participate in the marketplace. Prior to connecting any qualified  
82 employee with a qualifying plan in the marketplace, the executive  
83 director and assistant executive director shall design a plan for the  
84 operation of the marketplace. The marketplace shall approve not less  
85 than three types of plans for eligible employer participation. Such  
86 plans shall include, but need not be limited to: (A) A SIMPLE IRA  
87 target date fund or other similar fund with asset allocations and  
88 maturities designed to coincide with the expected date of retirement;  
89 (B) a SIMPLE IRA balanced fund; and (C) a myRA retirement program  
90 administered by the United States Department of the Treasury.

91 (c) The marketplace shall offer not less than two qualified plan  
92 options for the target date fund or other similar fund and not less than  
93 two product options for the balanced fund. The options shall include,  
94 but need not be limited to: (1) A SIMPLE IRA program or other  
95 employer plan that provides for employer contributions to  
96 participating enrollee accounts and is approved by the Internal  
97 Revenue Service; and (2) a payroll deduction individual retirement  
98 account program or workplace-based individual retirement account  
99 open to all workers, provided the employer shall not contribute to the  
100 employees' accounts.

101 (d) A range of investment options shall be provided to meet the  
102 needs of enrollees with various levels of risk tolerance and ages. The  
103 executive director and assistant executive director shall select and  
104 approve qualified plan options to be offered in the marketplace and  
105 may add or remove such options to best meet the needs of enrollees.  
106 The executive director and assistant executive director shall not reject  
107 qualified plan options that would otherwise be appropriate in the  
108 marketplace based solely on the number of plans already available in

109 the marketplace.

110 (e) The qualified plans and accounts shall include the option for  
111 enrollees to roll pretax contributions into a separate individual  
112 retirement account or another eligible retirement plan after ceasing to  
113 participate in a qualified plan approved by the Connecticut Small  
114 Business Retirement Marketplace.

115 Sec. 3. (NEW) (*Effective from passage*) (a) Employee participation in  
116 the Connecticut Small Business Retirement Marketplace shall be  
117 completely voluntary.

118 (b) Private sector financial service firms selected by the executive  
119 director and assistant executive director to offer qualifying plan  
120 options in the marketplace shall not charge enrollees in excess of one  
121 hundred basis points in total annual fees, and shall provide such  
122 enrollees with information regarding each plan's historical investment  
123 performance.

124 Sec. 4. (NEW) (*Effective from passage*) The State Treasurer, in  
125 consultation with the executive director and assistant executive  
126 director, shall adopt regulations, in accordance with the provisions of  
127 chapter 54 of the general statutes, necessary to allow the Connecticut  
128 Small Business Retirement Marketplace to operate in accordance with  
129 the provisions of sections 2 to 7, inclusive, of this act. In adopting such  
130 regulations, the Treasurer, executive director and assistant executive  
131 director shall consult with organizations representing private sector  
132 employers, private sector employees, private and nonprofit sector  
133 retirement plan administrators and providers and any other  
134 individuals or entities that the director determines relevant to the  
135 development of an effective and efficient method for operating the  
136 marketplace.

137 Sec. 5. (NEW) (*Effective from passage*) The executive director and  
138 assistant executive director shall not expose the state, either as an  
139 employer or through administration of the Connecticut Small Business  
140 Retirement Marketplace, to any potential liability under the federal

141 Employee Retirement Income Security Act of 1974, as amended from  
 142 time to time. As such, the executive director and assistant executive  
 143 director are specifically prohibited from offering and operating a state-  
 144 based retirement plan for businesses or individuals who are not  
 145 employed in the state.

146 Sec. 6. (NEW) (*Effective from passage*) Beginning April 3, 2017, the  
 147 Connecticut Retirement Security Board shall submit a quarterly report,  
 148 in accordance with section 11-4a of the general statutes, to the General  
 149 Assembly detailing the current performance of the marketplace. Such  
 150 report shall include, but need not limited to, the levels of enrollment  
 151 and the amount of retirement savings contributed by participating  
 152 enrollees. Beginning April 1, 2019, such report shall be submitted  
 153 biannually.

154 Sec. 7. (NEW) (*Effective from passage*) If any provision of sections 2 to  
 155 6, inclusive, of this act is found to be in conflict with federal  
 156 requirements that are a prescribed condition to the allocation of federal  
 157 funds to the state, the conflicting provision shall be inoperative solely  
 158 to the extent of the conflict and with respect to the agencies directly  
 159 affected, and this finding shall not affect the operation of the  
 160 remainder of the provisions of sections 2 to 6, inclusive, of this act in  
 161 their application to the agencies concerned. Regulations adopted  
 162 pursuant to section 4 of this act shall meet federal requirements that  
 163 are a necessary condition to the receipt of federal funds by the state."

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

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Sec. 7	<i>from passage</i>	New section
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