



General Assembly

Amendment

February Session, 2016

LCO No. 4794



Offered by:

REP. KLARIDES, 114th Dist.
REP. CANDELORA, 86th Dist.
REP. HOYDICK, 120th Dist.

REP. MINER, 66th Dist.
REP. O'NEILL, 69th Dist.
REP. RUTIGLIANO, 123rd Dist.

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 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, and
15 (B) satisfies the requirements to participate in the Connecticut Small
16 Business Retirement Marketplace in accordance with sections 2 and 3
17 of this act;

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

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

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

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

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

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

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

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

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

78 assessments or user fees to private sector financial firms that
79 participate in the marketplace to generate the funding necessary to
80 support the operations of the marketplace.

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

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

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

111 in the marketplace based solely on the number of plans already
112 available in the marketplace.

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

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

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

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

140 Sec. 5. (NEW) (*Effective from passage*) The executive director and
141 assistant executive director shall not expose the state, as an employer
142 or through administration of the Connecticut Small Business

143 Retirement Marketplace, to any potential liability under the federal
 144 Employee Retirement Income Security Act of 1974, as amended from
 145 time to time. As such, the executive director and assistant executive
 146 director are specifically prohibited from offering and operating a state-
 147 based retirement plan for businesses or individuals who are not
 148 employed in the state.

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

157 Sec. 7. (NEW) (*Effective from passage*) If any provision of sections 2 to
 158 6, inclusive, of this act is found to be in conflict with federal
 159 requirements that are a prescribed condition to the allocation of federal
 160 funds to the state, the conflicting provision shall be inoperative solely
 161 to the extent of the conflict and with respect to the agencies directly
 162 affected, and this finding shall not affect the operation of the
 163 remainder of the provisions of sections 2 to 6, inclusive, of this act in
 164 their application to the agencies concerned. Regulations adopted
 165 pursuant to section 4 of this act shall meet federal requirements that
 166 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
Sec. 7	<i>from passage</i>	New section