

AN ACT CONCERNING THE CONNECTICUT RETIREMENT SECURITY PROGRAM.

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

1 Section 1. Section 31-416 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 As used in this section, section 31-71e, and sections 31-417 to [31-427]
4 31-426, inclusive, as amended by this act:

5 (1) "Board" means the Connecticut Retirement Security Advisory
6 Board established pursuant to section 31-417, as amended by this act;

7 (2) "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 deductible
13 amount for the participant's taxable year under Section 219(b)(1) of the
14 Internal Revenue Code of 1986, or any subsequent corresponding
15 internal revenue code of the United States, as amended from time to
16 time; or (B) in the absence of an affirmative election by the participant,
17 three per cent of the participant's taxable wages as is required to be
18 reported under Sections 6041 and 6051 of the Internal Revenue Code of
19 1986, or any subsequent corresponding internal revenue code of the
20 United States, as amended from time to time. The contribution level of

21 a participant who customarily and regularly receives gratuities in
22 conjunction with his or her employment shall be a percentage of such
23 participant's wages as is required to be reported under Sections 6041
24 and 6051 of the Internal Revenue Code of 1986, or any subsequent
25 corresponding internal revenue code of the United States, as amended
26 from time to time;

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

33 (4) "Participant" means any individual participating in the program;

34 (5) "Program" means the Connecticut Retirement Security Program
35 established pursuant to section 31-418, as amended by this act;

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

50 (7) "Individual retirement account" means a Roth IRA;

51 (8) "Roth IRA" means an account described in Section 408A of the
52 Internal Revenue Code of 1986, or any subsequent corresponding
53 internal revenue code of the United States, as amended from time to
54 time;

55 (9) "Normal retirement age" means the age specified in Section 408A
56 of the Internal Revenue Code of 1986, or any subsequent corresponding
57 internal revenue code of the United States, as amended from time to
58 time, when an individual may withdraw all funds without penalty;

59 (10) "Vendor" means (A) a federally regulated retirement plan
60 sponsor conducting business in the state, including, but not limited to,
61 a federally regulated investment company or an insurance company, or
62 (B) a company conducting business in the state to (i) provide ancillary
63 services, including, but not limited to, technological, payroll or
64 recordkeeping services, and (ii) offer retirement plans or payroll deposit
65 individual retirement account arrangements using products of
66 regulated retirement plan sponsors. "Vendor" does not include
67 individual registered representatives, brokers, financial planners or
68 agents; and

69 (11) "Fee" means investment management charges, administrative
70 charges, investment advice charges, trading fees, marketing and sales
71 fees, revenue sharing, broker fees and other costs necessary to
72 administer the program.

73 Sec. 2. Subsections (f) to (i), inclusive, of section 31-417 of the general
74 statutes are repealed and the following is substituted in lieu thereof
75 (*Effective from passage*):

76 (f) [Eight] A majority of the members of the board shall constitute a
77 quorum. Any action taken by the board shall be by a majority vote of
78 the present members. Each member shall be entitled to one vote on the
79 board.

80 (g) (1) No member of the board or any officer, agent or employee of

81 the Comptroller administering the program shall, directly or indirectly,
82 have any financial interest in any corporation, business trust, estate,
83 trust, partnership or association, two or more persons having a joint or
84 common interest, or any other legal or commercial entity contracting
85 with the program.

86 (2) Notwithstanding the provisions of subdivision (1) of this
87 subsection or any other section of the general statutes, it shall not be a
88 conflict of interest or a violation of the provisions of said subdivision or
89 any other section of the general statutes for a trustee, director, officer or
90 employee of a bank, investment advisor, investment company or
91 investment banking firm, or a person having the required favorable
92 reputation for skill, knowledge and experience in retirement savings, to
93 serve as a member of the board, provided, in each case to which the
94 provisions of this subdivision are applicable, such trustee, director,
95 officer or employee of such a firm abstains from discussion,
96 deliberation, action and vote by the board in specific respect to any
97 undertaking pursuant to this section, section 31-71e, sections 31-418 to
98 [31-427] 31-426, inclusive, as amended by this act, in which such firm
99 has a direct interest separate from the interests of all similar firms
100 generally.

101 (h) The board, on behalf of the authority, and for the purpose of
102 implementing the Connecticut Retirement Security Program established
103 pursuant to section 31-418, as amended by this act, shall advise the
104 Comptroller on matters including:

105 (1) Using surplus funds to the extent authorized under sections 31-
106 71e, 31-71j, 31-416 to [31-427] 31-426, inclusive, as amended by this act,
107 and 31-429, as amended by this act, or other provisions of the general
108 statutes; and

109 (2) Making modifications to the program that the board deems
110 necessary to implement the provisions of section 31-71e, sections 31-417
111 to [31-427] 31-426, inclusive, as amended by this act, consistent with
112 federal rules and regulations in order to ensure that the program meets

113 all criteria for federal tax-deferral or tax-exempt benefits, and to prevent
114 the program from being treated as an employee benefit plan under the
115 federal Employee Retirement Income Security Act of 1974, as amended
116 from time to time.

117 (i) Any money expended from the General Fund for the purpose of
118 administering the Connecticut Retirement Security Program [, or
119 providing compensation for covered employees,] shall be reimbursed to
120 the General Fund. [not later than October 1, 2023.]

121 Sec. 3. Section 31-418 of the general statutes is repealed and the
122 following is substituted in lieu thereof (*Effective from passage*):

123 (a) There is established the Connecticut Retirement Security Program,
124 the purpose of which shall be to promote and enhance retirement
125 savings for private sector employees in the state, to be administered by
126 the Comptroller. The office of the Comptroller shall constitute a
127 successor agency to the Connecticut Retirement Security Authority for
128 the purposes of administering the Connecticut Retirement Security
129 Program, in accordance with subsections (a), (b), (c), (d) and (f) of
130 sections 4-38d and 4-38e. The Comptroller in consultation with the
131 board, may:

132 (1) Establish criteria and guidelines for the program to offer qualified
133 retirement investment choices. Such criteria and guidelines shall
134 establish a cap on total annual fees and shall provide participants with
135 information regarding each retirement investment choice's historical
136 investment performance;

137 (2) Receive and invest moneys in the program in any instruments,
138 obligations, securities or property in accordance with section 31-423;

139 (3) Contract with financial institutions or other organizations offering
140 or servicing retirement programs. The Comptroller may require that
141 each participant be charged a fee to defray the costs of the program. The
142 amount and method of collection of such fee shall be determined by the

143 Comptroller. No employer shall be required to fund or be responsible
144 for collecting fees from plan participants;

145 (4) Charge and equitably apportion among participants the
146 administrative costs and expenses incurred in the exercise of the
147 Comptroller's powers and duties as granted by this section;

148 (5) Borrow working capital funds and other funds as may be
149 necessary for the start-up and continuing operation of the program,
150 provided such funds are borrowed in the name of the program only.
151 Such borrowings shall be payable solely from revenues of the program;

152 (6) Do all things necessary or convenient to carry out the provisions
153 of section 31-71e, and sections 31-417 to ~~[31-427]~~ 31-426, inclusive, as
154 amended by this act; and

155 (7) Establish an administrative process by which participants,
156 potential participants and employees may submit grievances,
157 complaints and appeals to the Comptroller and have such grievances,
158 complaints and appeals heard and addressed by the Comptroller.

159 (b) (1) The Comptroller may adopt regulations in accordance with the
160 provisions of chapter 54 to implement the provisions of section 31-425.
161 The Comptroller may adopt regulations concerning program
162 enforcement activities, including, but not limited to, financial penalties,
163 for the administration of the program.

164 [(b)] (2) The Comptroller [shall] may enter into memoranda of
165 understanding with the Labor Department and other state agencies
166 regarding [(1)] (A) the gathering or dissemination of information
167 necessary for the operations of the program, subject to such obligations
168 of confidentiality as may be agreed or required by law, [(2)] (B) the
169 sharing of costs incurred pursuant to the gathering and dissemination
170 of such information, and [(3)] (C) the reimbursement of costs for any
171 enforcement activities conducted pursuant to section 31-425. Each state
172 agency may also enter into such memoranda of understanding.

173 (c) The Comptroller may adopt regulations in accordance with the
174 provisions of chapter 54 to implement the provisions of this chapter,
175 including, but not limited to, regulations concerning the protection of
176 program participants' personal and confidential information.

177 Sec. 4. Subsection (a) of section 31-421 of the general statutes is
178 repealed and the following is substituted in lieu thereof (*Effective from*
179 *passage*):

180 (a) The Comptroller, in conducting the business of the program shall
181 act: (1) With the care, skill, prudence and diligence under the
182 circumstances then prevailing that a prudent person acting in a like
183 capacity and familiar with such matters would use in the conduct of an
184 enterprise of like character and with like aims; (2) solely in the interests
185 of the program's participants and beneficiaries; (3) for the exclusive
186 purposes of providing benefits to participants and beneficiaries and
187 defraying reasonable expenses of administering the program; and (4) in
188 accordance with the provisions of section 31-71e, and sections 31-417 to
189 [31-427] 31-426, inclusive, as amended by this act, and any other
190 applicable sections of the general statutes.

191 Sec. 5. Subsection (a) of section 31-422 of the general statutes is
192 repealed and the following is substituted in lieu thereof (*Effective from*
193 *passage*):

194 (a) (1) [Not later than January 1, 2018, and annually thereafter, each]
195 Each qualified employer shall annually provide each of its covered
196 employees with the informational materials prepared by the
197 Comptroller pursuant to section 31-419. For any employee of a qualified
198 employer who (A) is hired on or after January 1, 2018, or (B) does not
199 meet the definition of covered employee pursuant to section 31-416, as
200 amended by this act, such qualified employer shall provide such
201 informational materials to such employee not later than thirty days, or
202 such other time period as prescribed by the Comptroller, after (i) the
203 date of such employee's hiring, or (ii) the date such employee meets the
204 definition of covered employee pursuant to section 31-416, as amended

205 by this act.

206 (2) Not later than sixty days after a qualified employer provides
207 informational materials to a covered employee in accordance with
208 subsection (a) of this section, or such other time period as prescribed by
209 the Comptroller, and subject to the provisions of subdivision (3) of this
210 subsection, such qualified employer shall automatically enroll each of
211 its covered employees in the program at the participant's contribution
212 level in accordance with the provisions of section 31-71j.

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

215 (4) (A) A qualified employer that (i) maintains a retirement plan or
216 retirement arrangement described under Section 219(g)(5) of the
217 Internal Revenue Code of 1986, or any subsequent corresponding
218 internal revenue code of the United States, as amended from time to
219 time, or (ii) any other retirement arrangement approved by the
220 Comptroller, shall be exempt from the requirements of subdivisions (1)
221 and (2) of this subsection.

222 (B) A qualified employer shall not be considered to maintain a
223 retirement plan or retirement arrangement described under said Section
224 219(g)(5) or any other retirement arrangement approved by the
225 Comptroller pursuant to subparagraph (A) of this subdivision, if the
226 Comptroller determines that (i) as of the first day of the previous
227 calendar year, no new participant was eligible to be enrolled in a
228 retirement plan or retirement arrangement maintained by such
229 qualified employer, and (ii) on and after the first day of the previous
230 calendar year, no contributions were made to such retirement plan or
231 retirement arrangement by or on behalf of a participant in such plan or
232 arrangement.

233 (5) The Comptroller may defer the effective date of the program, in
234 whole or in part, and for particular categories of employers, as the
235 Comptroller deems necessary to effectuate the purposes of section 31-

236 71e, and sections 31-417 to [31-427] 31-426, inclusive, as amended by this
237 act, in a manner that minimizes the disruption and burdens that may
238 exist for any qualified employer. The Comptroller shall provide notice
239 of any deferment of the effective date of the program to the chairpersons
240 and ranking members of the joint standing committee of the General
241 Assembly having cognizance of matters relating to labor not later than
242 seven days after the Comptroller has deemed such deferment necessary.
243 Such notice shall include the categories of employers affected, the
244 purpose for which the deferment was granted and the new effective date
245 of the program.

246 Sec. 6. Subsection (c) of section 31-429 of the general statutes is
247 repealed and the following is substituted in lieu thereof (*Effective from*
248 *passage*):

249 (c) The provisions of this section, and sections 31-71e, 31-71j and 31-
250 416 to [31-427] 31-426, inclusive, as amended by this act, shall be
251 severable, and, if any of their provisions are held to be unconstitutional
252 or invalid, the validity of the remaining provisions of said sections will
253 not be affected.

254 Sec. 7. (NEW) (*Effective from passage*) No person shall be subject to civil
255 liabilities for the debts, obligations or liabilities of the program as
256 provided in this chapter. The Comptroller shall indemnify and hold
257 harmless such individuals who act pursuant to this chapter in such
258 capacity as an advisory board member.

259 Sec. 8. (NEW) (*Effective from passage*) Qualified employers shall not be
260 held liable for an employee's decision whether or not to participate in
261 the program or for the investment decisions of the board or of any
262 enrollee. Qualified employers shall not (1) be a fiduciary, or be
263 considered to be a fiduciary, over the program, (2) bear responsibility
264 for the administration, investment or investment performance of the
265 program, or (3) be liable with regard to investment returns, program
266 design and benefits paid to program participants.

267 Sec. 9. (NEW) (*Effective from passage*) The Comptroller may enter into
268 an intergovernmental agreement, memorandum of cooperation or
269 memorandum of agreement with another state, the District of
270 Columbia, Puerto Rico, the United States Virgin Islands or any territory
271 or insular possession subject to the jurisdiction of the United States
272 relating to areas of collaboration, including, but not limited to, data
273 collection, shared program administration and financial services,
274 pooled investment of assets, marketing and outreach support, program
275 evaluation and research, data collection and participant privacy and any
276 other area of collaboration.

277 Sec. 10. Section 31-427 of the general statutes is repealed. (*Effective*
278 *from passage*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	31-416
Sec. 2	<i>from passage</i>	31-417(f) to (i)
Sec. 3	<i>from passage</i>	31-418
Sec. 4	<i>from passage</i>	31-421(a)
Sec. 5	<i>from passage</i>	31-422(a)
Sec. 6	<i>from passage</i>	31-429(c)
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>	Repealer section