



General Assembly

January Session, 2023

**Raised Bill No. 6552**

LCO No. 3257



Referred to Committee on LABOR AND PUBLIC EMPLOYEES

Introduced by:  
(LAB)

***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 Section 31-416 of the general statutes is repealed and the  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 [(b)] (2) The Comptroller [shall] may enter into memoranda of  
162 understanding with the Labor Department and other state agencies  
163 regarding [(1)] (A) the gathering or dissemination of information  
164 necessary for the operations of the program, subject to such obligations  
165 of confidentiality as may be agreed or required by law, [(2)] (B) the  
166 sharing of costs incurred pursuant to the gathering and dissemination  
167 of such information, and [(3)] (C) the reimbursement of costs for any  
168 enforcement activities conducted pursuant to section 31-425. Each state  
169 agency may also enter into such memoranda of understanding.

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

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175 repealed and the following is substituted in lieu thereof (*Effective from*  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

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

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189 repealed and the following is substituted in lieu thereof (*Effective from*  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

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

202 by this act.

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

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

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

219 (B) A qualified employer shall not be considered to maintain a  
220 retirement plan or retirement arrangement described under said Section  
221 219(g)(5) or any other retirement arrangement approved by the  
222 Comptroller pursuant to subparagraph (A) of this subdivision, if the  
223 Comptroller determines that (i) as of the first day of the previous  
224 calendar year, no new participant was eligible to be enrolled in a  
225 retirement plan or retirement arrangement maintained by such  
226 qualified employer, and (ii) on and after the first day of the previous  
227 calendar year, no contributions were made to such retirement plan or  
228 retirement arrangement by or on behalf of a participant in such plan or  
229 arrangement.

230 (5) The Comptroller may defer the effective date of the program, in  
231 whole or in part, and for particular categories of employers, as the  
232 Comptroller deems necessary to effectuate the purposes of section 31-  
233 71e, and sections 31-417 to [31-427] 31-426, inclusive, as amended by this



234 act, in a manner that minimizes the disruption and burdens that may  
235 exist for any qualified employer. The Comptroller shall provide notice  
236 of any deferment of the effective date of the program to the chairpersons  
237 and ranking members of the joint standing committee of the General  
238 Assembly having cognizance of matters relating to labor not later than  
239 seven days after the Comptroller has deemed such deferment necessary.  
240 Such notice shall include the categories of employers affected, the  
241 purpose for which the deferment was granted and the new effective date  
242 of the program.

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

246       (c) The provisions of this section, and sections 31-71e, 31-71j and 31-  
247 416 to [31-427] 31-426, inclusive, as amended by this act, shall be  
248 severable, and, if any of their provisions are held to be unconstitutional  
249 or invalid, the validity of the remaining provisions of said sections will  
250 not be affected.

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

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

264       Sec. 9. (NEW) (*Effective from passage*) The Comptroller may enter into  
265 an intergovernmental agreement, memorandum of cooperation or

266 memorandum of agreement with another state, the District of  
267 Columbia, Puerto Rico, the United States Virgin Islands or any territory  
268 or insular possession subject to the jurisdiction of the United States  
269 relating to areas of collaboration, including, but not limited to, data  
270 collection, shared program administration and financial services,  
271 pooled investment of assets, marketing and outreach support, program  
272 evaluation and research, data collection and participant privacy and any  
273 other area of collaboration.

274 Sec. 10. Section 31-427 of the general statutes is repealed. (*Effective*  
275 *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

**Statement of Purpose:**

To implement the recommendations of the Comptroller concerning the administration of the Connecticut Retirement Security Program.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*