



General Assembly

**Substitute Bill No. 6552**

January Session, 2023



**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 Section 31-416 of the general statutes is repealed and the  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-  
4 427] 31-426, inclusive, as amended by this act, and sections 7 to 9,  
5 inclusive, of this act:

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

8 (2) "Contribution level" means (A) the contribution rate selected by  
9 the participant that may be expressed as (i) a percentage of the  
10 participant's taxable wages as is required to be reported under Sections  
11 6041 and 6051 of the Internal Revenue Code of 1986, or any subsequent  
12 corresponding internal revenue code of the United States, as amended  
13 from time to time, or (ii) a dollar amount up to the maximum  
14 deductible amount for the participant's taxable year under Section  
15 219(b)(1) of the Internal Revenue Code of 1986, or any subsequent  
16 corresponding internal revenue code of the United States, as amended  
17 from time to time; or (B) in the absence of an affirmative election by the  
18 participant, three per cent of the participant's taxable wages as is

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

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

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

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

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

51 current calendar year and the preceding calendar year;

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

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

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

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

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

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

79 (f) [Eight] A majority of the members of the board shall constitute a  
80 quorum. Any action taken by the board shall be by a majority vote of

81 the members present. Each member shall be entitled to one vote on the  
82 board.

83 (g) (1) No member of the board or any officer, agent or employee of  
84 the Comptroller administering the program shall, directly or  
85 indirectly, have any financial interest in any corporation, business  
86 trust, estate, trust, partnership or association, two or more persons  
87 having a joint or common interest, or any other legal or commercial  
88 entity contracting with the program.

89 (2) Notwithstanding the provisions of subdivision (1) of this  
90 subsection or any other section of the general statutes, it shall not be a  
91 conflict of interest or a violation of the provisions of said subdivision  
92 or any other section of the general statutes for a trustee, director,  
93 officer or employee of a bank, investment advisor, investment  
94 company or investment banking firm, or a person having the required  
95 favorable reputation for skill, knowledge and experience in retirement  
96 savings, to serve as a member of the board, provided, in each case to  
97 which the provisions of this subdivision are applicable, such trustee,  
98 director, officer or employee of such a firm abstains from discussion,  
99 deliberation, action and vote by the board in specific respect to any  
100 undertaking pursuant to this section, section 31-71e, sections 31-418 to  
101 [31-427] 31-426, inclusive, as amended by this act, in which such firm  
102 has a direct interest separate from the interests of all similar firms  
103 generally.

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

108 (1) Using surplus funds to the extent authorized under sections 31-  
109 71e, 31-71j, 31-416 to [31-427] 31-426, inclusive, as amended by this act,  
110 and 31-429, as amended by this act, or other provisions of the general  
111 statutes; and

112 (2) Making modifications to the program that the board deems  
113 necessary to implement the provisions of section 31-71e, sections 31-  
114 417 to [31-427] 31-426, inclusive, as amended by this act, consistent  
115 with federal rules and regulations in order to ensure that the program  
116 meets all criteria for federal tax-deferral or tax-exempt benefits, and to  
117 prevent the program from being treated as an employee benefit plan  
118 under the federal Employee Retirement Income Security Act of 1974, as  
119 amended from time to time.

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

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

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

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

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

142 (3) Contract with financial institutions or other organizations

143 offering or servicing retirement programs. The Comptroller may  
144 require that each participant be charged a fee to defray the costs of the  
145 program. The amount and method of collection of such fee shall be  
146 determined by the Comptroller. No employer shall be required to fund  
147 or be responsible for collecting fees from plan participants;

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

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

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

159 (7) Establish an administrative process by which participants,  
160 potential participants and employees may submit grievances,  
161 complaints and appeals to the Comptroller and have such grievances,  
162 complaints and appeals heard and addressed by the Comptroller.

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

168 [(b)] (2) The Comptroller [shall] may enter into memoranda of  
169 understanding with the Labor Department and other state agencies  
170 regarding [(1)] (A) the gathering or dissemination of information  
171 necessary for the operations of the program, subject to such obligations  
172 of confidentiality as may be agreed or required by law, [(2)] (B) the  
173 sharing of costs incurred pursuant to the gathering and dissemination

174 of such information, and [(3)] (C) the reimbursement of costs for any  
175 enforcement activities conducted pursuant to section 31-425. Each state  
176 agency may also enter into such memoranda of understanding.

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

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

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

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

198 (a) (1) [Not later than January 1, 2018, and annually thereafter, each]  
199 Each qualified employer shall annually provide each of its covered  
200 employees with the informational materials prepared by the  
201 Comptroller pursuant to section 31-419. For any employee of a  
202 qualified employer who (A) is hired on or after January 1, 2018, or (B)  
203 does not meet the definition of covered employee pursuant to section  
204 31-416, as amended by this act, such qualified employer shall provide

205 such informational materials to such employee not later than thirty  
206 days, or such other time period as prescribed by the Comptroller, after  
207 (i) the date of such employee's hiring, or (ii) the date such employee  
208 meets the definition of covered employee pursuant to section 31-416,  
209 as amended by this act.

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

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

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

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



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

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

253 (c) The provisions of this section, and sections 31-71e, 31-71j and 31-  
254 416 to [31-427] 31-426, inclusive, as amended by this act, shall be  
255 severable, and, if any of their provisions are held to be unconstitutional  
256 or invalid, the validity of the remaining provisions of said sections will  
257 not be affected.

258 Sec. 7. (NEW) (*Effective from passage*) No individual who serves as a  
259 member of the advisory board shall be subject to civil liabilities for the  
260 debts, obligations or liabilities of the Connecticut Retirement Security  
261 Program as provided in this chapter. The Comptroller shall indemnify  
262 and hold harmless any individual who acts pursuant to this chapter  
263 in such capacity as an advisory board member.

264 Sec. 8. (NEW) (*Effective from passage*) Qualified employers shall not  
265 be held liable for an employee's decision whether or not to participate  
266 in the Connecticut Retirement Security Program or for the investment  
267 decisions of the board or of any enrollee. Qualified employers shall not  
268 (1) be a fiduciary, or be considered to be a fiduciary, over the program,

269 (2) bear responsibility for the administration, investment or investment  
 270 performance of the program, or (3) be liable with regard to investment  
 271 returns, program design and benefits paid to program participants.

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

283 Sec. 10. Section 31-427 of the general statutes is repealed. (*Effective*  
 284 *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 Legislative Commissioners:**

In Section 1, "and sections 31-417 to [31-427] 31-426, inclusive, as amended by this act," was changed to "[and] sections 31-417 to [31-427] 31-426, inclusive, as amended by this act, and sections 7 to 9, inclusive, of this act" for proper form, in Section 7 "individual who serves as a

member of the advisory board" was added for clarity and in Section 9, ", in administering the Connecticut Retirement Security Program," was added for clarity.

**LAB**      *Joint Favorable Subst.*