



STATE OF CONNECTICUT

RETIREMENT SECURITY BOARD

CO-CHAIRS: STATE COMPTROLLER KEVIN LEMBO & STATE TREASURER DENISE L. NAPPIER

DATE: February 25, 2016
TO: General Assembly
FROM: Connecticut Retirement Security Board
RE: Implementation Plan

Connecticut Public Act 14-217 (the “Act”) established the Connecticut Retirement Security Board (the “Board”) and charged it with two main assignments – conducting a market feasibility study on the creation of a public retirement program (the “Feasibility Study”) and developing a comprehensive proposal (the “Implementation Plan”) for the implementation of a public retirement program, as examined in the Feasibility Study. The Feasibility Study was submitted to the legislature on January 1, 2016. To fulfill the requirement to complete an Implementation Plan, the Board submits the attached draft legislation. We note that, in certain respects, this draft legislation authorizes the proposed new authority to exercise some flexibility in implementing the program envisioned by the Feasibility Study.

A. Feasibility Study

The Feasibility Study was intended to address whether it would be possible to create, and recommend goals for creating, a state-run retirement program for private sector workers in Connecticut, particularly those without access to a retirement plan at the workplace. Considering likely participation and contribution rates, as well as funding options and the ability to comply with legal requirements, the report concluded that it is financially feasible to offer the program under certain scenarios. The report included specific recommendations on the design of the program, including, for example, that the program establish a default contribution rate of 6% of employees’ compensation. The report also recommended that certain design elements the Board was required to examine under the Act, such as a guaranteed rate of return, not be incorporated into the program’s design.

B. Implementation Plan

The Act required the Board to develop an Implementation Plan. In its development of the Implementation Plan, the Board is required to consult with employers, potential plan participants, representatives of the financial sector, and other stakeholders. The Board chose to incorporate these elements in its development of the Feasibility Study, and chose to present the Implementation Plan in the form of draft legislation. The draft legislation being proposed, if passed, would establish a state-run retirement program for Connecticut employees. It

incorporates the recommendations stated in the Board's Feasibility Study and is also based on numerous meetings, written comments from the public and presentations from various stakeholder groups, including representatives from academia and the financial services industry.

The draft legislation proposes to implement the program set forth in the Feasibility Study as follows:

- It would create a new quasi-public entity – referred to as the “Authority” – responsible for implementing the program, either through its own establishment of the program or through contracts with providers.
- The Authority would be empowered to delay the implementation date, in whole or in part, or for particular categories of employers, as it deems necessary to minimize the disruption and burdens which may exist for the employers.
- The Authority would have educational, outreach and administrative authority but not enforcement powers.
- The Authority would be subject to transparency provisions common to other similar Connecticut entities, including the Freedom of Information Act, but it would also be augmented by additional coordination with the State Comptroller by entering into a Memorandum of Understanding to provide checkbook level financial data to the OpenCheckbook government transparency website.
- The Authority would be governed by a board with defined fiduciary responsibilities. The fiduciary responsibilities are intended to replicate the duties under the Employee Retirement Income Security Act of 1974, which have been described as the highest duty under the law. However, the State itself would not have any liability.
- Certain employers that do not offer their employees a retirement plan would be required to enroll such employees in the program established by the Authority. The draft legislation provides for a default contribution rate, a default investment vehicle, and a default distribution mechanism, all of which could be altered by the Authority.
- Employers' compliance with the requirements of the program would be enforceable either through a private right of action or by the Labor Commissioner.
- There would be additional safeguards in place to, among other things, ensure that contributions to the program are transmitted timely and safely. Those safeguards are built on the existing legal framework (*e.g.*, unemployment compensation definitions, wage theft protections, and existing auditing mechanisms) subject to memoranda of understanding reached with arms of the State with necessary information, powers, trained staff and systems, subject to appropriate funding and observance of confidentiality obligations. The draft legislation contemplates that the Authority would work out these memoranda of understanding in the course of program implementation.

We note that aspects of the Board's proposals are intended to be consistent with a proposed regulation from the U.S. Department of Labor interpreting the requirements of the Employee Retirement Income Security Act of 1974. *See* 80 Federal Register 72006 (Nov. 18, 2015). The draft legislation is intended to provide the Authority with the flexibility to adapt the program as necessary to comply with any final regulation.

Additional recommendations not specified in the draft legislation include requiring the private sector provider contracted for recordkeeping and/or investment management to take on any start-up costs to be repaid through the administrative fees of the program, and considering a remedy for retaliatory action by an employer against an employee using model language that exists in the paid sick leave law in C.G.S.A. Section 31-57v.

Please contact Genevieve Ballinger at genevieve.ballinger@ct.gov or (860) 702-3668 with any questions.

AN ACT CREATING THE CONNECTICUT RETIREMENT SECURITY PROGRAM

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

Section 1. Sections 1 to 14 of this act shall be known and may be cited as the “Connecticut Retirement Security Program Act.”

Section 2. The Legislature finds and declares the following:

- (a) Connecticut workers without access to an employer-sponsored retirement plan need a seamless, lifelong savings system, providing them with the opportunity to build their assets and helping them to attain their future financial stability through a program that offers secure and portable retirement savings.
- (b) The lack of sufficient retirement savings poses a significant threat to the State’s already strained safety net programs and also threatens to undermine Connecticut’s fiscal stability and ongoing economic recovery.
- (c) The looming retirement security crisis increases the State’s unemployment rate, as seniors are forced to work longer and fewer jobs are available for younger workers trying to enter the workforce.
- (d) Providing Connecticut workers with a reliable retirement income to supplement social security is optimal to ensure that workers accumulate the savings they need for a secure retirement. Establishing and offering a retirement savings program for workers without access to an employer-sponsored retirement plan or payroll deduction IRA would provide a vital supplement to social security income and would be an important step toward improving the retirement security of Connecticut employees.
- (e) Public Act 14-217 created the Connecticut Retirement Security Board to study the feasibility of creating a retirement savings program for its workers. On January 1, 2016, the Connecticut Retirement Security Board submitted a report to the legislature concluding that it would be feasible to create such a program and providing program design recommendations.
- (f) In creating an additional retirement savings program for its workers, Connecticut would supplement existing savings options, thus assisting Connecticut’s working men and women to save for retirement. This program would be funded by the program’s participants without incurring liabilities to the State.

Section 3. As used in this act:

- (a) **Authority** means the Connecticut Retirement Security Authority established by Section 4 of this Act.

- (b) **Beneficiary** means a person who may become eligible to receive a benefit under the program.
- (c) **Board** means the board of directors of the authority, responsible for implementing the program.
- (d) **Compensation** means “Taxable wages”, as that term is defined in Section 31-222(b)(2) of the general statutes;
- (e) **Contribution level** means —
 - (1) the contribution rate selected by a participant at such time and in such manner as is determined by the program, which may be expressed as a percentage of Compensation or as a dollar amount up to the deductible amount for the participant’s taxable year under section 219(b)(1) of the Internal Revenue Code; or
 - (2) in the absence of an affirmative election by the participant, 6 percent of compensation as is required to be reported under sections 6041 and 6051 of the Internal Revenue Code, or such other amount as determined by the program.
- (f) **Covered employee** means an employee of a qualified employer who:
 - (1) is age 19 years or older;
 - (2) whose service is not excluded under section 31-222(a)(5) of the general statutes;
 - (3) has been employed by the qualified employer for at least 120 days; and
 - (4) performs services within Connecticut for purposes of Section 31-222 of the general statutes.
- (g) **Internal Revenue Code** means the federal Internal Revenue Code of 1986, 26 U.S.C. § 1 et seq., or any successor law, in effect for the calendar year.
- (h) **IRA** or **Individual Retirement Account** means a Roth IRA or a Traditional IRA.
- (i) **Participant** means any person participating in the program.
- (j) **Program** means the Connecticut Retirement Security Program established pursuant to this Act.
- (k) **Qualified employer** means any person, corporation, limited liability company, firm, partnership, voluntary association, joint stock association or other entity doing business in Connecticut during the calendar year, whether for profit or not for profit, except the term “qualified employer” does not include:
 - (1) An employer that did not employ on October first of the preceding calendar year 5 or more employees performing services in Connecticut for purposes of

Section 31-222 of the general statutes who each received at least \$5,000 of Compensation from the employer for such preceding calendar year, other than employees whose service is excluded under section 31-222(a)(5) of the general statutes;

(2) An employer that was not in existence at all times during the calendar year and the preceding calendar year; or

(3) The federal government, the State of Connecticut, its political subdivisions, or instrumentalities of the State.

- (l) **Roth IRA** means account described in section 408A of the Internal Revenue Code subject to all rules and regulations, as currently exist and may exist in the future, applicable to such accounts.
- (m) **Normal retirement age** means the age specified under section 401(a)(9) of the Internal Revenue Code or an earlier age as is chosen by the participant, except that in no case can the age be earlier than the age specified in 42 U.S.C. § (l)(1).
- (n) **Traditional IRA** means an account described in section 408 of the Internal Revenue Code subject to all rules and regulations, as currently exist and may exist in the future, applicable to such accounts.

Section 4. Establishment of the Program

- (a) There is created a body politic and corporate to be known as the "Connecticut Retirement Security Authority". The authority is constituted a public instrumentality and political subdivision of the state and the exercise by the program of the powers conferred by this chapter shall be deemed and held to be the performance of an essential public and governmental function. The powers of the authority shall be vested in and exercised by a board of directors which shall consist of seven members, each a resident of Connecticut, (1) one of whom shall be the State Treasurer who shall serve as an ex officio voting member, (2) one of whom shall be the State Comptroller who shall serve as an ex officio voting member, (3) one appointed by the speaker of the House of Representatives for a term of four years; (4) one appointed by the minority leader of the House of Representatives for a term of four years; (5) one appointed by the president pro tempore of the Senate for a term of four years; (6) one appointed by the minority leader of the Senate for a term of four years, and (7) one appointed by the Governor for a term of four years. At least one of the appointed members shall be a person having a favorable reputation for skill, knowledge and experience in the interests of employees in retirement savings; at least one of such appointed members shall be a person having a favorable reputation for skill, knowledge and experience in the interests of employers in retirement savings; and at least one of such appointed members shall be a person having a favorable reputation for skill, knowledge and experience in offering retirement savings products or advice. On or before the first day of July, annually, the appropriate official shall appoint a member or members to succeed those whose terms expire, each for a term of six

years and until his successor is appointed and has qualified. The appropriate official shall fill any vacancy for the unexpired term. A member of the board shall be eligible for reappointment. Any member of the board may be removed by the Governor for misfeasance, malfeasance or willful neglect of duty. Each member of the board before entering upon his or her duties shall take and subscribe the oath or affirmation required by section 1 of article eleventh of the State Constitution. A record of each such oath shall be filed in the office of the Secretary of the State. The State Treasurer and the State Comptroller may each designate a deputy or any staff member to represent him as a member at meetings of the board with full power to act and vote on his behalf.

- (b) The chairperson of the board shall be appointed by the Governor with the advice and consent of both houses of the General Assembly. The board shall annually elect one of its members as vice-chairman. The board may appoint an executive director and assistant executive director, who shall not be members of the board and who shall serve at the pleasure of the board. The executive director and assistant executive director shall be employees of the Authority and shall receive such compensation as shall be fixed by the board.
- (c) The executive director shall supervise the administrative affairs and technical activities of the program in accordance with the directives of the board. The executive director shall keep a record of the proceedings of the program and shall be custodian of all books, documents and papers filed with the program, the minute book or journal of the program, and its official seal. The executive director or another authorized officer may cause copies to be made of all minutes and other records and documents of the program and may give certificates under the official seal of the program to the effect that such copies are true copies, and all persons dealing with the program may rely upon such certificates.
- (d) (1) Four members of the board shall constitute a quorum. The affirmative vote of four of the members of the board shall be necessary for any action taken by the board. No vacancy in the membership of the board shall impair the right of a quorum of members to exercise all the rights and perform all the duties of the board. Any action taken by the board under the provisions of this act may be authorized by resolution at any regular or special meeting, and each such resolution shall take effect immediately and need not be published or posted.

(2) The board of directors may delegate to three or more of its members such board powers and duties as it may deem proper.
- (e) Before any IRA is offered pursuant to the provisions of this act, the chairman and vice-chairman of the board of directors, the executive director and any other member of the board authorized by resolution of the board to handle funds or sign checks of the program and any other authorized officer shall execute a surety bond in the penal sum of fifty thousand dollars, or in lieu thereof the chairman shall obtain a blanket position bond covering the executive director and every member of the board and other employee or authorized officer of the authority in

the penal sum of fifty thousand dollars. Each such bond shall be conditioned upon the faithful performance of the duties of the principal or the members, executive director and other authorized officers or employees, as the case may be, shall be executed by a surety company authorized to transact business in the state as surety, and shall be filed in the office of the Secretary of the State. The cost of each such bond shall be paid by the authority.

(f) The members of the board shall receive no compensation for the performance of their duties hereunder but each such member shall be paid the necessary expenses incurred by such member while engaged in the performance of such duties.

(g) (1) No member of the board or officer, agent or employee of the authority shall, directly or indirectly, have any financial interest in any corporation, business trust, estate, trust, partnership or association, two or more persons having a joint or common interest, or any other legal or commercial entity contracting with the authority. Any individual who violates the provisions of this subsection shall be fined not less than fifty dollars or more than one thousand dollars or imprisoned not more than thirty days, or both.

(2) Notwithstanding the provisions of subdivision (1) of this subsection or the provisions of any other law, it shall not be or constitute a conflict of interest or violation of the provisions of said subdivision or the provisions of any other law for a trustee, director, officer or employee of a bank, investment advisor, investment company or investment banking firm, or for a person having the required favorable reputation for skill, knowledge and experience in retirement savings, to serve as a member of the board; provided, in each case to which the provisions of this subdivision are applicable, such trustee, director, officer or employee of such a firm abstains from discussion, deliberation, action and vote by the board in specific respect to any undertaking pursuant to this act in which such firm has a direct interest separate from the interests of all similar firms generally.

(h) The board of directors of the authority shall adopt written procedures, in accordance with the provisions of section 1-121, for:

(1) Adopting an annual budget and plan of operations, including a requirement of board approval before the budget or plan may take effect;

(2) hiring, dismissing, promoting and compensating employees of the authority, including an affirmative action policy and a requirement of board approval before a position may be created or a vacancy filled;

(3) acquiring real and personal property and personal services, including a requirement of board approval for any nonbudgeted expenditure in excess of five thousand dollars;

(4) contracting for financial, legal, and other professional services, including a requirement that the authority solicit proposals at least once every three years for each such service which it uses, except that for any firm contracting to provide

custodial, recordkeeping, or other services for the provision of an IRA, such solicitation shall be at least once every ten years; and

(5) the use of surplus funds to the extent authorized under this act or other provisions of the general statutes.

- (i) The authority shall continue as long as the program shall be in effect and until its existence is terminated by law. Upon termination of the existence of the authority, all its rights and properties shall pass to and be vested in the state of Connecticut.
- (j) The provisions of section 1-125, and this subsection shall apply to any officer, director or employee of the authority. Any such person shall not be personally liable for the debts, obligations or liabilities of the authority as provided in said section 1-125.

Section 5. Purposes of Authority

- (a) The purpose of the authority shall be to establish a program for the enrollment of employees not covered by a retirement program provided by their employer in an IRA, and for this purpose the authority is authorized and empowered:
 - (1) To adopt bylaws for the regulation of its affairs and the conduct of its business;
 - (2) To adopt an official seal and alter the same at pleasure;
 - (3) To maintain an office at such place or places in the state as it may designate;
 - (4) To sue and be sued in its own name, plead and be impleaded;
 - (5) To establish criteria and guidelines for the retirement programs to be offered pursuant to this Act;
 - (6) To receive and accept from any source loans, contributions or grants, including money, property, labor, and other things of value from any source for or in aid of a retirement program and, when desirable, to use such funds, property or labor only for the purposes for which it was loaned, contributed or granted;
 - (7) To contract with financial institutions or other organizations offering or servicing retirement programs. The authority may require that each participant be charged a fee to defray the costs of the program. The amount and method of collection of such fee shall be determined by the authority;
 - (8) To employ attorneys, accountants, consultants, financial experts, loan processors, banks, managers, and such other employees and agents as may be necessary in its judgment, and to fix their compensation;

(9) To charge and equitably apportion among participants its administrative costs and expenses incurred in the exercise of the powers and duties granted by this act;

(10) To borrow working capital funds and other funds as may be necessary for start-up and continuing operations, as long as such funds are borrowed in the name of the authority only. Such borrowings shall be payable solely from revenues of the authority;

(11) To do all things necessary or convenient to carry out the purposes of this act;

(12) To make and enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers under this act, including contracts and agreements for such professional services as the board of directors shall deem necessary, including, but not limited to, financial consultants, lawyers, and service providers;

(13) To establish policies and procedures for the protection of program participants' personal information; and

(14) To enter into a Memorandum or Memoranda of Understanding with the Connecticut Department of Labor and any other state agency regarding the gathering or dissemination of information necessary for the operations of the program and for reasonable sharing of costs of the gathering and dissemination of such information, subject to such obligations of confidentiality as may be agreed or required by law. The Authority is also authorized to enter into a Memorandum or Memoranda of Understanding with the Connecticut Department of Labor and any other state agency regarding the reasonable sharing of costs for any enforcement activities conducted pursuant to Section 12 of this Act. Each state agency is also authorized to enter into such a Memorandum or Memoranda of Understanding.

Section 6. Participant Disclosure

- (a) The program shall maintain and make available a participation disclosure providing background information on participation in the program, including the following information:
- (1) the benefits and risks associated with making contributions to the program;
 - (2) the mechanics of how to make contributions to the program, including an election form;
 - (3) a notice regarding the default contribution level should no other election be made;
 - (4) how to opt out of the program by making a zero contribution level election;

- (5) the process for withdrawal of retirement savings, including how the tax treatment of withdrawals may differ between Roth and Traditional IRAs available under the program;
 - (6) how to obtain additional information on the program, including information regarding investment options under the program; and
 - (7) such other information as the program may determine is necessary or advisable to provide to participants, potential participants, and employers.
- (b) The program shall provide, or cause to be provided, to participants quarterly statements indicating —
- (1) the account balance in each participant's IRA, including the value of the participant's investment in each investment option selected by the participant;
 - (2) the amount of fees charged to each participant's IRA and a description of the services to which the charge relates; and
 - (3) at the election of the program, an estimate of the amount of income the account is projected to generate in retirement based on reasonable assumptions.
- (c) The program shall annually provide, or cause to be provided, to participants information on fees that may be imposed by the program and through program investment options, and information about investment options, which may be provided in the form of a prospectus or similar document.
- (d) The program may make available education materials, including materials explaining the benefits of saving for retirement, the consequences of making withdrawals, and the benefits of the lifetime income investment option described in section 11(b).
- (e) The authority may, in its discretion, establish policies and procedures for the electronic dissemination of the disclosures in this section.

Section 7. Establishment of Participant IRAs

- (a) The program shall provide for the establishment and maintenance of Individual Retirement Accounts for each program participant. Such Individual Retirement Accounts may be established and maintained directly by the program or third party entities in the business of establishing and maintaining Individual Retirement Accounts. Program assets shall be held in trust or custodial accounts meeting the requirements of section 408(a) or 408(c), respectively, of the Internal Revenue Code, and any other applicable federal law requirements. Program participants shall have the right to elect whether to contribute to a Traditional IRA or a Roth IRA. In the absence of an affirmative election, the program shall establish a Traditional IRA for the participant.
- (b) Interest, investment earnings, and investment losses shall be allocated to participants' IRAs. A participant's benefit under the program shall be equal to the

balance in the participant's IRA as of any applicable measurement date established by the program.

- (c) The authority shall endeavor to establish, or cause to be established, processes to prevent a participant's contributions to the program alone from exceeding the deductible amounts under section 219(b)(1) of the Internal Revenue Code for the participant's tax year.
- (d) The State shall have no liability for the payment of any benefit to any participant or beneficiary in the program. The authority shall have no liability for the payment of any benefit to any participant or beneficiary in the program except with respect to Individual Retirement Accounts established and maintained directly by the authority.

Section 8. Fiduciary Responsibilities

- (a) The authority, the individual members of the board, and all persons serving as program staff shall discharge their duties with respect to the program solely in the interest of the program's participants and beneficiaries and as follows:
 - (1) for the exclusive purposes of providing benefits to participants and beneficiaries and defraying reasonable expenses of administering the program; and
 - (2) by investing with the care, skill, prudence, and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiar with those matters would use in the conduct of an enterprise of a like character and with like aims.
- (b) The authority shall, to the extent reasonable and practicable, require any agents engaged or appointed by the authority to abide by the standard of care described in subsection (a) of this section.

Section 9. Participation in the Program

- (a) Participation by qualified employers:
 - (1) Each qualified employer shall provide each covered employee the disclosure described in section 6(a) within 30 days of the employee becoming a covered employee, or such other time period as established by the program, and at least annually thereafter. Employers that are qualified employers on the date of enactment of this Act shall provide the disclosure described in section 6(a) to each covered employee on or before July 1, 2017, or such other date as may be set by the authority.
 - (2) Within 60 days of providing the disclosure in subsection (a)(1), or such other time period as established by the authority, and subject to subsection (3), each qualified employer shall automatically enroll (within the meaning of section 31-

71j of the General Statutes) each of its covered employees as a participant in the program at the participant's contribution level.

(3) A covered employee may elect not to participate in the program by selecting a contribution level of zero.

(4) (i) Except as provided in subsection (ii), a qualified employer shall not be subject to subsections (1) or (2) if such employer maintains a retirement plan or arrangement described under section 219(g)(5) of the Internal Revenue Code or any other arrangement as approved by the Authority. (ii) Notwithstanding subsection (i), a qualified employer shall be subject to subsections (1) and (2) with respect to a covered employee meeting either of the following conditions:

(A) the covered employee is not offered a retirement plan or arrangement described in section 219(g)(5) of the Internal Revenue Code or any other arrangement as approved by the Authority and is reasonably expected to complete at least 1000 hours of service for the qualified employer in the calendar year; or

(B) the covered employee is not offered a retirement plan or arrangement described in section 219(g)(5) of the Internal Revenue Code or any other arrangement as approved by the Authority and has completed at least 500 hours of service for the qualified employer in 2 consecutive calendar years.

(iii) A qualified employer will not be treated as maintaining a retirement plan or arrangement described in paragraph (i) if as of the first day of the preceding calendar year, no new participant may be enrolled in the retirement plan or arrangement and no contributions are made by or on behalf of current participants to the retirement plan or arrangement since such day.

(5) This subsection (a) shall be effective as of July 1, 2017. The authority may, in its sole discretion, defer the effective date, in whole or in part, or for particular categories of employers, as it deems necessary to effectuate the purposes of the Act in a manner which minimizes the disruption and burdens which may exist for the employer.

- (b) An employer shall not be permitted to make a contribution to the program.
- (c) An employer that is not a qualified employer may elect to make the program available to its employees subject to such rules and procedures as may be established by the authority. Such an employer shall provide its employees with the disclosure described in section 6(a)(1) prior to making the program available. Paragraph (a)(2) and Section 3(e)(2) shall not apply to such an employer's employees.
- (d) Any person who is not enrolled in the program under section (a)(1) may elect to become a participant in the program at any time subject to such rules and

procedures established by the program. The authority shall provide the notice described in paragraph (a)(1) at or before enrollment.

- (e) To the extent permitted under the Internal Revenue Code, the program shall permit any person to establish or contribute to an IRA maintained for such person under the program by rolling over funds from an existing retirement savings vehicle.
- (f) An employer that withholds a contribution from an employee's compensation in connection with the program shall transmit such contribution on the earliest date the amount withheld from the covered employee's compensation can reasonably be segregated from the employer's assets, but in no case later than the 15th business day of the month following the month in which the employee's contribution amounts are withheld from the employee's paycheck.

Section 10. Program Investments

The program shall provide for each participant's account to be invested in (i) an age-appropriate target date fund, except as provided in section 11(b), or (ii) such other investment vehicles as the authority may determine.

Section 11. Distributions

- (a) The authority shall establish rules and procedures governing the distribution of funds from the program. Such rules and procedures shall allow for such distributions and withdrawals as may be permitted or required by the program and the applicable provisions of the Internal Revenue Code.
- (b) Provided that the authority determines it to be feasible and cost effective, the authority shall cause:
 - (1) a lifetime income investment to be designated for the program intended to provide participants with a guaranteed source of retirement income for life;
 - (2) one year in advance of a participant's normal retirement age, to be provided to the participant a disclosure explaining –
 - (i) the rights and features of the lifetime income investment;
 - (i) that once the participant reaches normal retirement age, 50 percent of the participant's account will be invested in the lifetime income investment; and
 - (ii) that the participant can elect to invest a higher percentage of the participant's account in the lifetime income option;
 - (3) on the participant's normal retirement age, to be invested 50 percent of the participant's account, or such higher amount as specified by the participant, in the lifetime income investment;

(4) participants to be permitted to elect a date not earlier than normal retirement age on which to start receiving distributions, provided that, in the absence of an election, distributions shall commence within 90 days after the participant reaching normal retirement age; and

(5) procedures to be established for participants to elect a higher percentage of their account to invest in the lifetime income investment.

Section 12. Enforcement and Reporting

- (a) The Attorney General of Connecticut is hereby empowered to investigate potential violations of section 8. If a violation is found, the Attorney General may bring a civil action in a court in the State. With respect to violations of section 8 by the authority, the individual members of the board, and persons serving as authority staff, the remedies available to a court shall be limited to injunctive relief. There shall be no private right of action under section 8.
- (b) Failing to remit contributions to the program in the time period specified in section 9(f) shall be a violation of section 31-71e of the General Statutes.
- (c) If a qualified employer fails to enroll a covered employee as required under section 9(a), such covered employee, or the Labor Commissioner, may bring a civil action to require the qualified employer to enroll the covered employee and shall recover such costs and reasonable attorney's fees as may be allowed by the court.

Section 13. Additional Considerations

The authority may study the feasibility of the State or the authority making available to employers a multiple employer 401(k)-type plan or other tax-favored retirement savings vehicle.

Section 14. Transparency Initiatives

The authority shall keep an accurate account of all its activities and of all its receipts and expenditures and shall, annually, in the month of December, make a report thereof to its board of directors, to the Governor, to the state Auditors of Public Accounts and to the joint standing committees of the General Assembly having cognizance of matters relating to labor and finance, revenue and bonding. The report shall be in a form prescribed by the members, with the written approval of said auditors. The report shall include projected activities of the authority for the next fiscal year. The members or said auditors may investigate the affairs of the authority, may severally examine the properties and records of the authority, and may prescribe methods of accounting and the rendering of periodical reports in relation to projects undertaken by the authority. The authority shall enter into a memorandum of understanding with the State Comptroller pursuant to which the authority shall provide, in such form and at such times as shall be reasonably requested by the State Comptroller, information concerning current revenues and expenses of the authority, including the source or recipient, the date, the amount and the category, but not including any information relating to participants in their capacity as participants.

Section 15.

Subdivision (12) of section 1-79 of the general statutes, as amended by section 1 of public act 15-18, is repealed and the following is substituted in lieu thereof (Effective July 1, 2016):

(12) "Quasi-public agency" means Connecticut Innovations, Incorporated, the Connecticut Health and Education Facilities Authority, the Connecticut Higher Education Supplemental Loan Authority, the Connecticut Student Loan Foundation, the Connecticut Housing Finance Authority, the State Housing Authority, the Materials Innovation and Recycling Authority, the Capital Region Development Authority, the Connecticut Lottery Corporation, the Connecticut Airport Authority, the Connecticut Health Insurance Exchange, the Connecticut Green Bank, THE CONNECTICUT RETIREMENT SECURITY PROGRAM AUTHORITY, the Connecticut Port Authority and the State Education Resource Center.

Section 16.

Subdivision (1) of section 1-120 of the general statutes, as amended by section 2 of public act 15-18, is repealed and the following is substituted in lieu thereof (Effective July 1, 2016):

(1) "Quasi-public agency" means Connecticut Innovations, Incorporated, the Connecticut Health and Educational Facilities Authority, the Connecticut Higher Education Supplemental Loan Authority, the Connecticut Student Loan Foundation, the Connecticut Housing Finance Authority, the Connecticut Housing Authority, the Materials Innovation and Recycling Authority, the Capital Region Development Authority, the Connecticut Lottery Corporation, the Connecticut Airport Authority, the Connecticut Health Insurance Exchange, the Connecticut Green Bank, THE CONNECTICUT RETIREMENT SECURITY AUTHORITY, the Connecticut Port Authority and the State Education Resource Center.

Section 17.

Section 1-124 of the general statutes, as amended by section 3 of public act 15-18, is repealed and the following is substituted in lieu thereof (Effective July 1, 2016):

(a) Connecticut Innovations, Incorporated, the Connecticut Health and Educational Facilities Authority, the Connecticut Higher Education Supplemental Loan Authority, the Connecticut Student Loan Foundation, the Connecticut Housing Finance Authority, the Connecticut Housing Authority, the Materials Innovation and Recycling Authority, the Connecticut Airport Authority, the Capital Region Development Authority, the Connecticut Health Insurance Exchange, the Connecticut Green Bank, THE CONNECTICUT RETIREMENT SECURITY AUTHORITY, the Connecticut Port Authority and the State Education Resource Center shall not borrow any money or issue any bonds or notes which are guaranteed by the state of Connecticut or for which there is a capital reserve fund of any kind which is in any way contributed to or guaranteed by the state of Connecticut until and unless such borrowing or issuance is approved by the State Treasurer or the Deputy State Treasurer appointed pursuant to section 3-12. The approval of the State Treasurer or said deputy shall be based on documentation provided by the program that it has sufficient revenues to (1) pay the principal of and interest on the bonds and notes issued, (2) establish, increase and maintain any reserves deemed by the program to be advisable to secure the payment of the principal of and interest on such bonds and notes, (3) pay the cost of

maintaining, servicing and properly insuring the purpose for which the proceeds of the bonds and notes have been issued, if applicable, and (4) pay such other costs as may be required.

(b) To the extent Connecticut Innovations, Incorporated, the Connecticut Higher Education Supplemental Loan Authority, the Connecticut Student Loan Foundation, the Connecticut Housing Finance Authority, the Connecticut Housing Authority, the Materials Innovation and Recycling Authority, the Connecticut Health and Educational Facilities Authority, the Connecticut Airport Authority, the Capital Region Development Authority, the Connecticut Health Insurance Exchange, the Connecticut Green Bank, THE CONNECTICUT RETIREMENT SECURITY AUTHORITY, the Connecticut Port Authority or the State Education Resource Center is permitted by statute and determines to exercise any power to moderate interest rate fluctuations or enter into any investment or program of investment or contract respecting interest rates, currency, cash flow or other similar agreement, including, but not limited to, interest rate or currency swap agreements, the effect of which is to subject a capital reserve fund which is in any way contributed to or guaranteed by the state of Connecticut, to potential liability, such determination shall not be effective until and unless the State Treasurer or his or her deputy appointed pursuant to section 3-12 has approved such agreement or agreements. The approval of the State Treasurer or his or her deputy shall be based on documentation provided by the program that it has sufficient revenues to meet the financial obligations associated with the agreement or agreements.

Section 18.

Section 1-125 of the general statutes, as amended by section 4 of public act 15-18, is repealed and the following is substituted in lieu thereof (Effective July 1, 2016):

The directors, officers and employees of Connecticut Innovations, Incorporated, the Connecticut Higher Education Supplemental Loan Authority, the Connecticut Student Loan Foundation, the Connecticut Housing Finance Authority, the Connecticut Housing Authority, the Materials Innovation and Recycling Authority, including ad hoc members of the Materials Innovation and Recycling Authority, the Connecticut Health and Educational Facilities Authority, the Capital Region Development Authority, the Connecticut Airport Authority, the Connecticut Lottery Corporation, the Connecticut Health Insurance Exchange, the Connecticut Green Bank, THE CONNECTICUT RETIREMENT SECURITY AUTHORITY, the Connecticut Port Authority and the State Education Resource Center and any person executing the bonds or notes of the agency shall not be liable personally on such bonds or notes or be subject to any personal liability or accountability by reason of the issuance thereof, nor shall any director or employee of the agency, including ad hoc members of the Materials Innovation and Recycling Authority, be personally liable for damage or injury, not wanton, reckless, wilful or malicious, caused in the performance of his or her duties and within the scope of his or her employment or appointment as such director, officer or employee, including ad hoc members of the Materials Innovation and Recycling Authority. The agency shall protect, save harmless and indemnify its directors, officers or employees, including ad hoc members of the Materials Innovation and Recycling Authority, from financial loss and expense, including legal fees and costs, if any, arising out of any claim, demand, suit or judgment by reason of alleged negligence or alleged deprivation of any person's civil rights or any other act or omission resulting in damage or injury, if the director, officer or employee, including ad hoc members of the Materials Innovation and Recycling Authority, is found to have been acting in the discharge of his or her duties or within the scope of

his or her employment and such act or omission is found not to have been wanton, reckless, wilful or malicious.

Section 19.

Section 31-71e of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2016*):

No employer may withhold or divert any portion of an employee's wages unless (1) the employer is required or empowered to do so by state or federal law, or (2) the employer has written authorization from the employee for deductions on a form approved by the commissioner, or (3) the deductions are authorized by the employee, in writing, for medical, surgical or hospital care or service, without financial benefit to the employer and recorded in the employer's wage record book, (4) the deductions are for contributions attributable to automatic enrollment, as defined in section 31-71j, in a retirement plan described in Section 401(k), 403(b), 408, 408A or 457 of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, established by the employer OR IN A RETIREMENT PLAN ESTABLISHED PURSUANT TO THE CONNECTICUT RETIREMENT SECURITY PROGRAM ACT, or (5) the employer is required under the law of another state to withhold income tax of such other state with respect to (A) employees performing services of the employer in such other state, or (B) employees residing in such other state.

Section 20.

Section 31-71j of the general statutes, is repealed and the following is substituted in lieu thereof (*Effective July 1, 2016*):

(a) As used in this section: (1) "Automatic enrollment" means a plan provision in an employee retirement plan described in Section 401(k) or 403(b) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, or a governmental deferred compensation plan described in Section 457 of said Internal Revenue Code, or a payroll deduction Individual Retirement Account plan described in Section 408 or 408A of said Internal Revenue Code OR A RETIREMENT PLAN ESTABLISHED PURSUANT TO THE CONNECTICUT RETIREMENT SECURITY PROGRAM ACT under which an employee is treated as having elected to have the employer make a specified contribution to the plan equal to a percentage of compensation specified in the plan until such employee affirmatively elects to not have such contribution made or elects to make a contribution in another amount; and (2) "automatic contribution arrangement" means an arrangement under an automatic enrollment plan under which, in the absence of an investment election by the participating employee, contributions made under such plan are invested in accordance with regulations prescribed by the United States Secretary of Labor under Section 404(c)(5) of the Employee Retirement Income Security Act of 1974, as amended from time to time.

Section 21.

Sections 31-410 through 31-415 of the general statutes are repealed. (*Effective July 1, 2016*).