



# Senate

General Assembly

**File No. 179**

January Session, 2025

Substitute Senate Bill No. 1221

*Senate, March 24, 2025*

The Committee on Labor and Public Employees reported through SEN. KUSHNER of the 24th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

## **AN ACT MAKING CHANGES TO 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 Section 31-416 of the general statutes is repealed and the  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 July 1, 2025*):

3 As used in this section, section 31-71e [.] and sections 31-417 to 31-  
4 427, inclusive:

5 (1) "Board" means the Connecticut Retirement Security Advisory  
6 Board established pursuant to section 31-417;

7 (2) "Consumer" has the same meaning as provided in section 17b-706;

8 [(2)] (3) "Contribution level" means (A) the contribution rate selected  
9 by 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 deductible  
14 amount for the participant's taxable year under Section 219(b)(1) of the  
15 Internal Revenue Code of 1986, or any subsequent corresponding  
16 internal revenue code of the United States, as amended from time to  
17 time; or (B) in the absence of an affirmative election by the participant,  
18 three per cent of the participant's taxable wages as is required to be  
19 reported under Sections 6041 and 6051 of the Internal Revenue Code of  
20 1986, or any subsequent corresponding internal revenue code of the  
21 United States, as amended from time to time. For participants enrolled  
22 on and after July 1, 2025, the contribution level in the absence of an  
23 affirmative election by the participant shall follow the provisions of  
24 Section 414A(b)(3)(A) of the Internal Revenue Code of 1986, or any  
25 subsequent corresponding internal revenue code of the United States,  
26 as amended from time to time. The contribution level of a participant  
27 who customarily and regularly receives gratuities in conjunction with  
28 his or her employment shall be a percentage of such participant's wages  
29 as is required to be reported under Sections 6041 and 6051 of the Internal  
30 Revenue Code of 1986, or any subsequent corresponding internal  
31 revenue code of the United States, as amended from time to time;

32 [(3)] (4) "Covered employee" means (A) an individual [(A)] (i) who  
33 has been employed by a qualified employer for a period of not less than  
34 one hundred twenty days, [(B)] (ii) who is nineteen years of age or older,  
35 [(C)] (iii) who performs services within the state for purposes of section  
36 31-222, and [(D)] (iv) whose service or employment is not excluded  
37 under the provisions of subdivision (5) of subsection (a) of section 31-  
38 222, and (B) on and after July 1, 2026, a personal care attendant (i) who  
39 has been employed by a qualified employer for a period of not less than  
40 thirty days, (ii) who is nineteen years of age or older, and (iii) who  
41 performs services within the state for purposes of section 31-222;

42 [(4)] (5) "Participant" means any individual participating in the  
43 program;

44 (6) "Personal care attendant" has the same meaning as provided in

45 section 17b-706;

46 [(5)] (7) "Program" means the Connecticut Retirement Security  
47 Program established pursuant to section 31-418, as amended by this act;

48 [(6)] (8) (A) "Qualified employer" means (i) any person, corporation,  
49 limited liability company, firm, partnership, voluntary association, joint  
50 stock association or other entity doing business in the state during the  
51 calendar year, whether for profit or not for profit, that employed on  
52 October first of the preceding calendar year five or more individuals in  
53 the state and has paid not less than five of such individuals taxable  
54 wages of not less than five thousand dollars in the preceding calendar  
55 year, [.] or (ii) on and after July 1, 2026, a consumer that receives services  
56 from a personal care attendant under a state-funded program. (B)  
57 "Qualified employer" does not include: [(A)] (i) The federal government,  
58 [(B)] (ii) the state or any political subdivision thereof, [(C)] (iii) any  
59 municipality, unit of a municipality or municipal housing authority,  
60 [(D)] (iv) an employer employing only individuals whose services are  
61 excluded under subdivision (5) of subsection (a) of section 31-222, other  
62 than a consumer that receives services from a personal care attendant  
63 under a state-funded program, or [(E)] (v) an employer that was not in  
64 existence at all times during the current calendar year and the preceding  
65 calendar year, other than a consumer that receives services from a  
66 personal care attendant under a state-funded program;

67 [(7)] (9) "Individual retirement account" means a Roth IRA;

68 [(8)] (10) "Roth IRA" means an account described in Section 408A of  
69 the Internal Revenue Code of 1986, or any subsequent corresponding  
70 internal revenue code of the United States, as amended from time to  
71 time;

72 [(9)] (11) "Normal retirement age" means the age specified in Section  
73 408A of the Internal Revenue Code of 1986, or any subsequent  
74 corresponding internal revenue code of the United States, as amended  
75 from time to time, when an individual may withdraw all funds without  
76 penalty;

77 [(10)] (12) "Vendor" means (A) a federally regulated retirement plan  
78 sponsor conducting business in the state, including, but not limited to,  
79 a federally regulated investment company or an insurance company, or  
80 (B) a company conducting business in the state to (i) provide ancillary  
81 services, including, but not limited to, technological, payroll or  
82 recordkeeping services, and (ii) offer retirement plans or payroll deposit  
83 individual retirement account arrangements using products of  
84 regulated retirement plan sponsors. "Vendor" does not include  
85 individual registered representatives, brokers, financial planners or  
86 agents; and

87 [(11)] (13) "Fee" means investment management charges,  
88 administrative charges, investment advice charges, trading fees,  
89 marketing and sales fees, revenue sharing, broker fees and other costs  
90 necessary to administer the program.

91 Sec. 2. Subsection (a) of section 31-418 of the general statutes is  
92 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
93 *2025*):

94 (a) There is established the Connecticut Retirement Security Program,  
95 the purpose of which shall be to promote and enhance retirement  
96 savings for private sector employees in the state, to be administered by  
97 the Comptroller. The office of the Comptroller shall constitute a  
98 successor agency to the Connecticut Retirement Security Authority for  
99 the purposes of administering the Connecticut Retirement Security  
100 Program, in accordance with subsections (a), (b), (c), (d) and (f) of  
101 sections 4-38d and 4-38e. The Comptroller in consultation with the  
102 board, may:

103 (1) Establish criteria and guidelines for the program to offer qualified  
104 retirement investment choices. Such criteria and guidelines shall  
105 establish a cap on total annual fees and shall provide participants with  
106 information regarding each retirement investment choice's historical  
107 investment performance;

108 (2) Receive and invest moneys in the program in any instruments,

109 obligations, securities or property in accordance with section 31-423, as  
110 amended by this act;

111 (3) Contract with financial institutions or other organizations offering  
112 or servicing retirement programs. The Comptroller may require that  
113 each participant be charged a fee to defray the costs of the program. The  
114 amount and method of collection of such fee shall be determined by the  
115 Comptroller. No employer shall be required to fund or be responsible  
116 for collecting fees from plan participants;

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

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

124 (6) Do all things necessary or convenient to carry out the provisions  
125 of section 31-71e, and sections 31-417 to 31-427, inclusive; [and]

126 (7) Establish an administrative process by which participants,  
127 potential participants and employees may submit grievances,  
128 complaints and appeals to the Comptroller and have such grievances,  
129 complaints and appeals heard and addressed by the Comptroller; and

130 (8) Implement the provisions of Section 414A(b)(3)(A) of the Internal  
131 Revenue Code of 1986, or any subsequent corresponding internal  
132 revenue code of the United States, as amended from time to time.

133 Sec. 3. Section 31-423 of the general statutes is repealed and the  
134 following is substituted in lieu thereof (*Effective July 1, 2025*):

135 (a) The Comptroller shall provide for each participant's account to be  
136 invested in (1) an age-appropriate target date fund, or (2) other  
137 investment vehicles the Comptroller may prescribe if affirmatively  
138 selected by the participant.

139 (b) For each participant who receives a federal Saver's Match  
 140 contribution pursuant to 26 USC 6433, as amended from time to time,  
 141 the Comptroller shall provide an applicable retirement savings vehicle  
 142 able to receive such contribution.

143 Sec. 4. Subsection (c) of section 31-425 of the general statutes is  
 144 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
 145 *2025*):

146 (c) If a qualified employer fails to (1) enroll [a covered employee] such  
 147 qualified employer's covered employees as required under subsection  
 148 (a) of section 31-422, [such covered employee, the Labor Commissioner  
 149 or the Comptroller, may bring a civil action to require the qualified  
 150 employer to enroll the covered employee and shall recover such costs  
 151 and reasonable attorney's fees as may be allowed by the court.] or (2)  
 152 transmit contributions to the program, as required under subsection (e)  
 153 of section 31-422, the Comptroller shall send a notice of noncompliance  
 154 to such qualified employer. The Comptroller shall send at least two  
 155 notices of noncompliance followed by a final notice of noncompliance.  
 156 Each year a qualified employer is found to be noncompliant for a period  
 157 of ninety calendar days or longer after service of such final notice of  
 158 noncompliance, such employer may be assessed a civil penalty by the  
 159 Comptroller of (A) not more than five hundred dollars for a qualified  
 160 employer that employs not less than five and not more than twenty-four  
 161 employees, (B) not more than one thousand dollars for a qualified  
 162 employer that employs not less than twenty-five and not more than  
 163 ninety-nine employees, and (C) not more than one thousand five  
 164 hundred dollars for a qualified employer that employs one hundred or  
 165 more employees.

166 (d) The Comptroller may adopt regulations in accordance with the  
 167 provisions of chapter 54 to implement the provisions of this section.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	July 1, 2025	31-416
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Sec. 2	July 1, 2025	31-418(a)
Sec. 3	July 1, 2025	31-423
Sec. 4	July 1, 2025	31-425(c)

**Statement of Legislative Commissioners:**

In Section 4, Subsec. (c)(2) "not less than ninety calendar days" was changed to "a period of ninety calendar days or longer", for accuracy and clarity.

**LAB**      *Joint Favorable Subst. -LCO*

*The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.*

## **OFA Fiscal Note**

### **State Impact:**

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Comptroller	GF - Potential Revenue Gain	Minimal	Minimal

Note: GF=General Fund

### **Municipal Impact:** None

### **Explanation**

The bill makes various changes to the Connecticut Retirement Security Program statutes, and results in a minimal revenue gain from fees imposed on non-compliant employers beginning in FY 26.

The bill removes the provision that allows a covered employee, the Labor Commissioner, or the State Comptroller to bring civil action against an employer that fails to enroll a covered employee in the Retirement Security Plan, and instead allows the Office of the State Comptroller to levy a fine in the amount of \$500, \$1,000, or \$1,500 dependent on their number of employees. This results in a potential revenue gain beginning in FY 26 to the extent penalties are imposed on noncompliant employers.

The bill additionally: (1) adds personal care attendants to the list of employees qualifying for the program; (2) changes the default contribution rates to mirror federal law; and (3) allows the Comptroller to provide an applicable retirement saving vehicle for participants receiving a federal Saver's Match; none of these changes result in a fiscal impact as the program is funded through employee contributions.



***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

**OLR Bill Analysis****sSB 1221*****AN ACT MAKING CHANGES TO THE CONNECTICUT RETIREMENT SECURITY PROGRAM.*****SUMMARY**

This bill makes various changes to the Connecticut Retirement Security Program, a program the Office of the State Comptroller administers to establish a retirement program with Roth individual retirement accounts (IRAs) for eligible private-sector employees. The bill primarily:

1. extends the program, starting July 1, 2026, to cover certain personal care attendants (PCAs) who provide personal care assistance under a state-funded program (such as the Connecticut Home Care Program for Elders);
2. ties the program's default contribution rate to federal law for participants who enroll on or after July 1, 2025;
3. allows the comptroller to provide an applicable retirement saving vehicle for participants who receive a federal Saver's Match contribution; and
4. creates a notice requirement and financial penalty for noncompliant employers, rather than allowing the labor commissioner or comptroller to sue them, as current law does.

EFFECTIVE DATE: July 1, 2025

**PCAS**

Starting July 1, 2026, the bill extends the program to also cover certain PCAs who (1) have been employed by a qualified employer for at least 30 days, (2) are at least age 19, and (3) perform services in the state covered by the state unemployment law. Current law generally excludes employees who work for an employer with less than five

employees. Under the bill, eligible PCAs must also be employed by a consumer to provide personal care assistance (e.g., supportive home care, personal care, or another nonprofessional service) to the consumer under a state-funded program such as the Medicaid Acquired Brain Injury Waiver Program, Medicaid Personal Care Assistance Waiver Program for adults with disabilities, or Connecticut Home Care Program for Elders.

Starting July 1, 2026, the bill correspondingly makes the consumers who receive services from these PCAs “qualified employers” under the retirement security program. In doing so, it requires these consumers to (1) give their PCAs certain information about the program, (2) automatically enroll the PCAs in the program within 60 days after giving them this information, and (3) withhold their contributions to the program from their compensation and submit it to the program (CGS § 31-422). It also subjects these consumers to the notice requirements for failing to enroll an eligible PCA or remit a PCA’s contributions to the program (see § 4 below).

Under current law, qualified employers do not include employers that (1) only employ people who are exempted from coverage under the state’s unemployment law for certain reasons (such as when they work for their children or spouse) or (2) did not exist at all times during the current and preceding calendar year. The bill excludes the PCAs’ consumers from both of these exceptions.

## **DEFAULT CONTRIBUTION LEVELS**

Under current law, participants must contribute 3% of their taxable wages to the program unless they affirmatively choose to contribute a different amount. The bill changes this default contribution rate for participants who enroll in the program on or after July 1, 2025, by instead requiring it to follow the federal law on minimum contribution rates in private-sector plans. This law generally requires a contribution rate to be between 3% and 10% for a participant’s first year, and then increase by one percentage point each subsequent year until it is at least 10% but not more than 15%. The bill correspondingly authorizes the

comptroller to implement these provisions (presumably, this allows the comptroller to set the default contribution rate within this range and with these annual increases).

### **FEDERAL SAVERS MATCH PROGRAM**

Starting in 2027, the federal Saver's Match Program will generally provide for a federally funded contribution to a low- or moderate-income worker's qualified retirement plan. However, Roth IRAs, which the Connecticut Retirement Security Program provides to its participants, are not eligible for the Saver's Match contributions. For participants who receive a Saver's Match contribution, the bill requires the comptroller to provide an applicable retirement savings vehicle that can receive the contribution.

### **NONCOMPLIANT EMPLOYERS**

Under current law, if a qualified employer (i.e. one subject to the program's requirements) fails to enroll an eligible employee in the program, either the labor commissioner or the comptroller may sue the employer to require compliance and recover costs and attorney's fees. The bill eliminates this provision and instead creates a notice requirement and financial penalty for employers that fail to enroll eligible employees or timely remit the employees' contributions to the program.

More specifically, the bill requires the comptroller to send at least two notices of noncompliance, followed by a final notice of noncompliance, to any qualified employer that fails to (1) enroll its eligible employees in the program as required or (2) timely remit employee contributions to the program as required. The bill allows the comptroller to assess a civil penalty on an employer each year that the employer is found to be noncompliant for a period of at least 90 calendar days after the final notice of noncompliance was served. The maximum amount of the civil penalty is based on the employer's number of employees, as shown in the table below. The bill also allows the comptroller to adopt regulations to implement these provisions.

**Table: Penalty for Noncompliant Employers**

<i>Number of Employees</i>	<i>Maximum Penalty</i>
5 – 24	\$500
25 – 99	1,000
100+	1,500

Under existing law, unchanged by the bill, an employer's failure to remit an employee's contributions to the program also violates the law that generally prohibits employers from withholding employee wages.

**COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable

Yea 9      Nay 4      (03/06/2025)