
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)