



Substitute Senate Bill No. 1221

Public Act No. 25-30

AN ACT MAKING CHANGES TO THE CONNECTICUT RETIREMENT SECURITY PROGRAM.

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

Section 1. Section 31-416 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

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

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

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

[(2)] (3) "Contribution level" means (A) the contribution rate selected by the participant that may be expressed as (i) a percentage of the participant's taxable wages as is required to be reported under Sections 6041 and 6051 of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time, or (ii) a dollar amount up to the maximum deductible amount for the participant's taxable year under Section 219(b)(1) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to

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time; or (B) in the absence of an affirmative election by the participant, three per cent of the participant's taxable wages as is required to be reported under Sections 6041 and 6051 of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time. For participants enrolled on and after July 1, 2025, the contribution level in the absence of an affirmative election by the participant shall follow the provisions of Section 414A(b)(3)(A) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time. The contribution level of a participant who customarily and regularly receives gratuities in conjunction with his or her employment shall be a percentage of such participant's wages as is required to be reported under Sections 6041 and 6051 of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time;

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

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

(6) "Personal care attendant" has the same meaning as provided in section 17b-706;

[(5)] (7) "Program" means the Connecticut Retirement Security

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Program established pursuant to section 31-418, as amended by this act;

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

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

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

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

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

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

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

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

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

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investment performance;

(2) Receive and invest moneys in the program in any instruments, obligations, securities or property in accordance with section 31-423, as amended by this act;

(3) Contract with financial institutions or other organizations offering or servicing retirement programs. The Comptroller 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 Comptroller. No employer shall be required to fund or be responsible for collecting fees from plan participants;

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

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

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

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

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

Sec. 3. Section 31-423 of the general statutes is repealed and the

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following is substituted in lieu thereof (*Effective July 1, 2025*):

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

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

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

(c) If a qualified employer fails to (1) enroll [a covered employee] such qualified employer's covered employees as required under subsection (a) of section 31-422, [such covered employee, the Labor Commissioner or the Comptroller, 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.] or (2) transmit contributions to the program, as required under subsection (e) of section 31-422, the Comptroller shall send a notice of noncompliance to such qualified employer. The Comptroller shall send at least two notices of noncompliance followed by a final notice of noncompliance. Each year a qualified employer is found to be noncompliant for a period of ninety calendar days or longer after service of such final notice of noncompliance, such employer may be assessed a civil penalty by the Comptroller of (A) not more than five hundred dollars for a qualified employer that employs not less than five and not more than twenty-four employees, (B) not more than one thousand dollars for a qualified employer that employs not less than twenty-five and not more than ninety-nine employees, and (C) not more than one thousand five

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hundred dollars for a qualified employer that employs one hundred or more employees.

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

Governor's Action:

Approved June 9, 2025