

CONNECTICUT BILL TEXT

AN ACT CONCERNING AUTOMATIC ENROLLMENT IN RETIREMENT PLANS.

TEXT:

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

Section 1. Section 31-71e of the general statutes is repealed and the following is substituted in lieu thereof (Effective October 1, 2008):

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 , or (4) **the deductions are for contributions attributable to automatic enrollment, as defined in section 2 of this act, 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** .

Sec. 2. (NEW) (Effective October 1, 2008) (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 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.

(b) Any employer who provides automatic enrollment shall be relieved of liability for the investment decisions made by the employer on behalf of any participating employee under an automatic contribution arrangement, provided:

(1) The plan allows the participating employee at least quarterly opportunities to select investments for the employee's contributions between investment alternatives available under the plan;

(2) The employee is given notice of the investment decisions that will be made

in the absence of the employee's direction, a description of all the investment alternatives available under the plan and a brief description of procedures available for the employee to change investments; and

(3) The employee is given at least annual notice of the actual investments made on behalf of the employee under such automatic contribution arrangement.

(c) Nothing in this section shall modify any existing responsibility of employers or other plan officials for the selection of investment funds for participating employees.

(d) The relief from liability of the employer under this section shall extend to any other plan official who actually makes the investment decisions on behalf of participating employees under an automatic contribution arrangement.