



STATE OF CONNECTICUT

RETIREMENT SECURITY BOARD

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

Staff Report to CRSB

Re: Massachusetts Bill HB 924

May 6, 2015 CRSB Meeting

Bill Provisions

HB 924 was introduced by Representative James O'Day on March 10, 2015. The bill was referred to the Committee on Financial Services.

The bill would establish a Secure Choice Retirement Savings Board to administer ***two retirement savings trust funds*** known collectively as the Secure Choice Retirement Savings Trusts. Assets would be pooled and professionally managed and the state or employer would not be responsible for any liabilities.

- The Secure Choice Multiple-Employer Retirement Trust is a profit sharing defined contribution plan offering individual accounts.
- The Secure Choice Individual Retirement Account Trust accepts individual contributions through payroll deduction and direct payment into individual retirement accounts.

Four seats on the Board will be occupied by participating employees to represent participating employees and four seats on the Board will be occupied by participating employers in order to represent the interests of the employers participating in the plan.

Employers with ten or more employees are ***mandated to offer a retirement plan*** of their choosing, whether it is the state's Multiple Employer Retirement Plan, the state's Individual Retirement Account Plan, or any private sector plan.

Board as Fiduciary

"The Board and the Plan administrator and staff shall act as fiduciaries under ERISA with regard to the Secure Choice Multiple-Employer Retirement Trust, and discharge their duties with respect to both trusts solely in the interest of the Plan participants as follows:

- a. For the exclusive purposes of providing benefits to Plan participants and defraying reasonable expenses of administering the Plan.
- b. By investing with the care, skill, prudence, and diligence under the circumstances then prevailing 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.
- c. Any contributions paid by employees and employers into the Secure Choice Multiple-Employer Retirement Trust shall be used exclusively for the purpose of paying benefits to the participants of the Secure Choice Multiple-Employer Retirement Plan, for the cost of administering the MERP, and for investments made for the benefit of the MERP.



- d. Any contributions paid by employees into the Secure Choice Individual Retirement Account Trust shall be used exclusively for the purpose of paying benefits to the participants of the Secure Choice Individual Retirement Account Plan, for the cost of administering the IRAP, and for investments made for the benefit of the IRAP.”

The Board would be responsible for procuring insurance for the property, assets, or activities of the trust, to manage risk, and to insure the retirement savings rate of return.

The Board would also be responsible for procuring “insurance indemnifying each member of the Board from personal loss or liability resulting from a member’s action or inaction as a member of the Board, to the extent permitted by ERISA and other governing law.”

Employers Not Fiduciaries

“Employers shall not have any liability for an employee’s decision to participate in, or opt out of, the Secure Choice Retirement Savings Plan. Participating employers shall not be a fiduciary, or considered to be a fiduciary, over the Secure Choice Retirement Savings Trust or the Plan, except with respect to contribution amounts not remitted in a timely fashion. Participating employers shall not bear responsibility for the administration, investment, or investment performance of the Plan. Such employers shall not be liable with regard to investment returns, Plan design, and benefits paid to Plan participants.”

The proposed statutory language in full is here: <https://malegislature.gov/Bills/189/House/H924>