



# STATE OF CONNECTICUT **RETIREMENT SECURITY BOARD**

## **HB 5591: AN ACT CREATING THE CONNECTICUT RETIREMENT SECURITY PROGRAM**

A bill now before the state legislature would create a retirement savings program for private-sector workers who currently have no access to a workplace savings plan.

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### **FREQUENTLY** *asked* **QUESTIONS**

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#### **How much will Connecticut taxpayers have to pay into the retirement program?**

Nothing. This program is designed to be self-sustaining.

#### **Will employees be forced to participate in this program?**

No, employee participation is strictly voluntary and those who do participate can change their contribution rate at any time to make it higher, lower, or zero.

#### **How much will employers have to pay into the retirement program?**

Employers contribute NOTHING to the program. Employers, however, must deduct employee contributions from payroll. Depending on the payroll system they use, it could have an administrative cost.

#### **Do businesses support this program?**

A majority of businesses surveyed by AARP supported the idea of a state-sponsored retirement program.

#### **Shouldn't retirement security be left to the private sector?**

Retirement security should be addressed by the private sector, but nearly 600,000 workers currently have no access to workplace savings – and that number is growing. Most employers surveyed said they would offer a private-sector plan if the program is implemented, so program implementation will actually increase business in the private market.

#### **Can the state take money from participants' retirement savings?**

No. The state is legally prohibited from accessing or withdrawing any funds out of participants' retirement accounts.

#### **Will employers be forced to participate in this program?**

No. Employers with five or more employees will be required to offer a retirement savings program to their employees, but it doesn't have to be the state program.

#### **When are you able to access the savings? Are there penalties if you withdraw the money?**

If the participant is enrolled in a Roth IRA, there are no penalties to withdraw contributions. Participants with a traditional IRA or a Roth IRA can access the savings at 59 ½ years old.

#### **If an individual moves to a job out of state, what happens?**

Once enrolled in the program, individuals can continue to contribute by check from anywhere, leave the account until retirement, or rollover to another retirement account as is allowed under federal law.

#### **Can someone deposit a lump sum?**

Once a participant is enrolled in the program, they may deposit additional lump sums via check at any time, in addition to having their contributions deducted through payroll.

#### **Can't any employee without a workplace retirement savings option simply open their own IRA on their own at any time?**

Yes, but employees are 15 times more likely to contribute to a savings program if it is offered through a payroll deduction at work than if they have to open an IRA on their own.

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