AN ACT RELATING TO PUBLIC FINANCE -- RHODE ISLAND RETIREMENT SAVINGS PROGRAM ACT

Introduced By: Senators Kallman, F. Lombardi, Ruggerio, Murray, Cano, Acosta, Rogers, McKenney, Euer, Mack, and Bissaillon

Date Introduced: January 12, 2024

Referred To: Senate Finance

(General Treasurer)

It is enacted by the General Assembly as follows:

SECTION 1. Title 35 of the General Laws entitled "PUBLIC FINANCE" is hereby amended by adding thereto the following chapter:

CHAPTER 23
RHODE ISLAND SECURE CHOICE RETIREMENT SAVINGS PROGRAM ACT

35-23-1. Short title.
This chapter shall be known and may be cited as the "Rhode Island Secure Choice Retirement Savings Program Act."

As used in this chapter:
(1) "Eligible employee" means a person age eighteen (18) years or older who is employed by an eligible or optional employer and has been employed for a period of not less than one hundred twenty (120) days. "Eligible employee" does not include:
(i) Any employee covered under the federal Railway Labor Act (45 U.S.C. §§ 151-164 and 45 U.S.C. §§ 181-188), or any employee engaged in interstate commerce not subject to the legislative powers of the state, except insofar as application of this chapter is authorized under the United States Constitution or laws of the United States; or
(ii) Any employee on whose behalf an employer makes contributions to a Taft-Hartley pension trust fund.
(2) “Eligible employer” means a person or entity engaged in a business, industry, profession, trade, or other enterprise in the state, whether for-profit or not-for-profit, excluding the federal government, the state, any municipal corporation, or any of the state’s units or instrumentalities, that has five (5) or more employees and that satisfies the requirements to establish or participate in a payroll deposit retirement savings arrangement. “Eligible employer” does not include an employer that provides a tax qualified retirement savings program as described in § 35-23-10.

(3) “IRA” means an individual retirement account or individual retirement annuity under 26 U.S.C §§ 408 or 408A (the federal Internal Revenue Code).

(4) “Optional employer” means a person or entity engaged in a business, industry, profession, trade, or other enterprise in the state, whether for-profit or not-for-profit, excluding the federal government, the state, any municipal corporation, or any of the state’s units or instrumentalities, that has under five (5) employees.

(5) “Participating employer” means an eligible or optional employer that provides a payroll deposit retirement savings arrangement provided for by this chapter for eligible employees.

(6) “Payroll deposit retirement savings arrangement” means an arrangement by which an employer allows employees to remit payroll deduction contributions to the RISavers retirement savings program.

(7) “RISavers retirement savings program” or “program” means a retirement savings program offered by the Rhode Island secure choice retirement savings program.

(8) “State investment commission” or “commission” means the state investment commission established pursuant to the provisions of § 35-10-1.

35-23-3. Rhode Island secure choice retirement savings program.

(a) There is hereby established a retirement savings program known as the Rhode Island secure choice retirement savings program to be administered by the office of the general treasurer for the purpose of promoting greater retirement savings for Rhode Island private sector employees in a convenient, voluntary, low-cost, and portable manner.

(b) The secure choice retirement savings program is a plan in which retirement savings are accumulated in individual accounts for the exclusive benefit of the participants or their beneficiaries. The program shall be functionally implemented upon receipt of funds pursuant to the provisions of this chapter.

35-23-4. Investments.

(a) The office of the general treasurer may select an appropriate third-party administrator(s) for the program and shall adopt such plan, trust and/or custodial documents, with such features and
attributes as the office of the general treasurer determines necessary or advisable in its discretion to effectuate the provisions of this chapter in accordance with the following:

(1) The office of the general treasurer may select one or more firm(s) or company(ies) to provide retirement program investments, program administration, and communication services to employees who participate in the retirement savings program. The program shall provide for appropriate long-term retirement-oriented investments and shall include investment options as determined by the state investment commission. In determining the firm(s) or the company(ies) to provide these services, the office of the general treasurer shall consider the following:

   (i) The financial stability of the company or firm;
   (ii) The cost of the investments, program administration, and services to the members;
   (iii) The experience of the company or firm in administering retirement savings plans;
   (iv) The experience of the company or firm in providing education, counseling, and advice to participants of retirement savings plans; and
   (v) Any criminal convictions, securities or antitrust law violations, material civil or regulatory fines or judgments against the company or firm which the company or firm shall be required to disclose to the office of the general treasurer and the commission as part of the selection process.

(2) The program shall provide education, counseling, and objective employee-specific plan advice to participants.

(3) The program shall include a limited number of investment options which shall include either:

   (i) Investment portfolio options that are constructed to reflect different risk profiles such as conservative, moderate and aggressive; and/or
   (ii) Options constructed to reflect different risk profiles that automatically reallocate and rebalance contributions as an employee ages. There shall be investment options that prioritize the securities of companies that demonstrate good governance, efficient use of environmental resources and thoughtful management of social impact. All investment offerings shall be approved by the state investment commission.

(b) The Rhode Island secure choice retirement savings program is an instrumentality of the state. Any security issued, managed, or invested by the state investment commission within the Rhode Island secure choice retirement savings program on behalf of an individual participating within the RISavers retirement savings program shall be state income tax deferred for investment earnings to include interest, dividends and capital gains until such time as withdrawal pursuant to the terms of this chapter.
(c) The third-party administrator(s) shall adopt a written statement of investment policy that includes a risk management and oversight program. The state investment commission shall consider the statement of investment policy and any changes in the investment policy at a public meeting.

35-23-5. Payroll deduction.

The RISavers retirement savings program shall include, as determined by the office of the general treasurer, one or more payroll deduction IRA arrangements.


(a) The office of the general treasurer shall have the power and authority to do all of the following:

(1) Adopt a seal and change and amend it from time to time;

(2) Make provisions for the payment of costs of administration and operation of the program;

(3) Retain and contract with a Rhode Island public retirement system, consultants, actuaries, counsel, auditors, and other professionals as necessary;

(4) Procure insurance against any loss in connection with the property, assets, or activities of the program;

(5) Set minimum and maximum contribution levels in accordance with contribution limits set for IRAs by the Internal Revenue Code;

(6) Collaborate and cooperate with private financial institutions, service providers, and business, financial, trade, membership, and other organizations to the extent necessary or desirable for the effective and efficient design, implementation, and administration of the program and to maximize outreach to eligible or optional employers and eligible employees;

(7) Collaborate with, and evaluate the role of, licensed insurance agents and financial advisors in assisting and providing guidance for eligible employees;

(8) Cause expenses incurred to initiate, implement, maintain, and administer the program to be paid from contributions to, or investment returns or assets of, the program or arrangements established under the program, to the extent permitted under state and federal law;

(9) Facilitate compliance by the retirement savings program or arrangements established under the program with all applicable requirements for the program under the Internal Revenue Code of 1986, including tax qualification requirements or any other applicable law and accounting requirements, including providing or arranging for assistance to program sponsors and individuals in complying with applicable law and tax qualification requirements in a cost-effective manner;

(10) Carry out the duties and obligations of the Rhode Island secure choice retirement...
savings program pursuant to this title and exercise any and all other powers as appropriate for the
effectuation of the purposes, objectives, and provisions of this title pertaining to the program;

(11) Enter into intergovernmental agreements with any state agency to further the
successful implementation and operation of the program and all such agencies and instrumentalities
shall cooperate with the office of the general treasurer. All state agencies shall cooperate as
requested by the program in the performance of its duties under this chapter, including, unless
otherwise prohibited, the sharing of relevant data as the parties shall mutually agree;

(13) Make and enter into contracts, agreements, memoranda of understanding,
arrangements, partnerships, or other arrangements to collaborate, cooperate, coordinate, contract,
or combine resources, investments, or administrative functions with other governmental entities,
including any states or their agencies or instrumentalities that maintain or are establishing
retirement savings programs compatible with the program, including collective, common, or pooled
investments with other funds of other states’ programs with which the assets of the program and
trust are permitted by law to be collectively invested, to the extent necessary or desirable for the
effective and efficient design, administration, and implementation of the program consistent with
the purposes set forth in this title, including the purpose of achieving economies of scale and other
efficiencies designed to minimize costs for the program and its participants; and

(14) Develop and implement an investment policy that defines the program’s investment
objectives, consistent with the objectives of the program, and that provides for policies and
procedures consistent with those investment objectives. The office of the general treasurer shall
designate appropriate default investments that include a mix of asset classes, such as target date
and balanced funds. The office of the general treasurer shall seek to minimize participant fees and
expenses of investment and administration. The office of the general treasurer shall strive to design
and implement investment options available to holders of accounts established as part of the
program and other program features that are intended to achieve maximum possible income
replacement balanced with an appropriate level of risk in an IRA-based environment consistent
with the investment objectives under the policy. The investment options may encompass a range
of risk and return opportunities and allow for a rate of return commensurate with an appropriate
level of risk in view of the investment objectives under the policy. The menu of investment options
shall be determined taking into account the nature and objectives of the program, the desirability
(based on behavioral research findings) of limiting investment choices under the program to a
reasonable number, and the extensive investment choices available to participants in the event that
they roll over to an IRA outside the program.

(b) The office of the general treasurer shall adopt regulations it deems necessary to
implement this chapter consistent with the Internal Revenue Code and regulations issued pursuant to that code to ensure that the program meets all criteria for federal tax-deferral or tax-exempt benefits, or both.

35-23-7. Additional authority of the office of the general treasurer.

In addition to the powers and authority granted to the office of the general treasurer pursuant to § 35-23-6, the office of the general treasurer shall have the power and authority to do the following:

(1) Cause the retirement savings program or arrangements established under the program to be designed, established, and operated, in a manner consistent with all of the following:

(i) In accordance with best practices for retirement savings vehicles;

(ii) To encourage participation, saving, and sound investment practices; and

(iii) With simplicity, ease of administration for participating employers, and portability of benefits;

(2) Disseminate educational information designed to educate participants about the benefits of planning and saving for retirement and information to help them decide the level of RISavers retirement savings program participation and savings strategies that may be appropriate for them;

(3) Disseminate information concerning state and federal tax credits available to small business owners for allowing their employees to participate in the program, and any relevant state or federal tax credits available for participating employees;

(4) Submit progress and status reports to participating employees;

(5) If necessary, determine the eligibility of an employer, employee, or other individual to participate in the program;

(6) Evaluate and establish the process by which an eligible employee of an eligible or optional employer is able to contribute a portion of their salary or wages to the program for automatic deposit of those contributions and the participating employer provides a payroll deposit retirement savings arrangement to forward the employee contribution and related information to the program or its agents. This evaluation and process may include, but is not limited to, financial services companies and third-party administrators with the capability to receive and process employee information and contributions for payroll deposit retirement savings arrangements or other arrangements authorized by this chapter;

(7) Design and establish the process for the enrollment of program participants;

(8) Allow participating employers to use the program to remit employees' contributions to their IRAs on their employees’ behalf; and

(9) Evaluate and establish the process by which an employee of an optional employer may
enroll in and make contributions to the program.


(a) Prior to opening the RISavers retirement savings program for enrollment, the office of
the general treasurer shall design and disseminate to employers an employee information packet
that shall also be made available in an electronic format. The packet shall include background
information on the program and appropriate disclosures for employees.

(b) The disclosure form shall include, but not be limited to, all of the following:

(1) The benefits and risks associated with making contributions to the program;

(2) The mechanics of how to make contributions to the program;

(3) How to opt out of the program;

(4) The process for withdrawal of retirement savings; and

(5) How to obtain additional information on the program.

(c) In addition, the disclosure form shall clearly articulate the following:

(1) Employees seeking financial advice should contact financial advisors in that employers
do not provide financial advice, that employees are not to contact their employers for financial
advice, and that employers are not liable for employee investment decisions;

(2) This retirement program is not sponsored by the employer, and therefore, the employer
is not responsible for the program or liable as a program sponsor; and

(3) The program fund is not guaranteed by the state,

(d) The disclosure form shall include a method for the employee to acknowledge that the
employee has read all of the disclosures and understands their content.

(e) The employee information packet shall also include an opt-out form for an eligible
employee to note their decision to opt out of participation in the program. The opt-out form shall
be simple and concise and drafted in a manner that the office of the general treasurer deems
necessary to appropriately evidence the employee's understanding that they are choosing not to
automatically deduct earnings to save for retirement.

(f) The employee information packet with the disclosure and opt-out forms shall be made
available to eligible employees by the RISavers retirement savings program and supplied to
employees no later than one hundred twenty (120) days after hiring. All new employees shall
review the packet and acknowledge having received it.

(g) The employee information packet with the disclosure and opt-out forms shall be
supplied to existing employees when the program is initially launched for a participating employer.


(a) After the office of the general treasurer opens the RISavers retirement savings program
for enrollment, eligible employers shall have a payroll deposit retirement savings arrangement to allow employee participation in the program under the terms and conditions prescribed by the office of the general treasurer.

(b) Within twelve (12) months after the office of the general treasurer opens the program for enrollment, eligible employers with more than one hundred (100) eligible employees and that do not offer a retirement savings program pursuant to subsection (g) of this section shall have a payroll deposit retirement savings arrangement to allow employee participation in the program.

(c) Within twenty-four (24) months after the office of the general treasurer opens the program for enrollment, eligible employers with more than fifty (50) eligible employees and that do not offer a retirement savings program pursuant to subsection (g) of this section shall have a payroll deposit retirement savings arrangement to allow employee participation in the program.

(d) Within thirty-six (36) months after the office of the general treasurer opens the program for enrollment, all other eligible employers that do not offer a retirement savings program pursuant to subsection (g) of this section shall have a payroll deposit retirement savings arrangement to allow employee participation in the program.

(e) The office of the general treasurer, in its discretion, may extend the time limits defined in subsections (b) through (d) of this section.

(f)(1) Each eligible employee shall be enrolled in the program unless the employee elects not to participate in the program. An eligible employee may elect to opt out of the program at any time by making a notation on the opt-out form.

(2) Following initial implementation of the program pursuant to this section, at least once every year, the office of the general treasurer shall designate an open enrollment period during which eligible employees that previously opted-out of the program may enroll in the program.

(3) An employee who elects to opt out of the program who subsequently elects to participate through the employer's payroll deposit retirement savings arrangement may enroll at any time.

(g)(1) An employer that provides an employer-sponsored retirement plan, such as a defined benefit plan or a 401(k), 403(b), 457(b), simplified employee pension (SEP) plan, or savings incentive match plan for employees (SIMPLE) plan, or that offers an automatic enrollment payroll deduction IRA, shall be exempt from the requirements of the RISavers retirement savings program, if the plan or IRA qualifies for favorable federal income tax treatment under the federal Internal Revenue Code.

(2) An employer shall retain the option at all times to set up and offer a tax-qualified retirement plan, instead of facilitating employee participation in the RISavers retirement savings
(h)(1) Following initial implementation of the program pursuant to this section, and at least once every year, the general treasurer shall designate an open enrollment period during which optional employers may enroll in the program.

(2) An optional employer that enrolls in the program may elect to opt out of the program upon thirty (30) days’ notice provided to employees and to the office of the general treasurer.

(i) By regulation, the office of the general treasurer may set a default contribution rate, unless otherwise specified by the employee. Employees shall have the ability to change their contribution rate at any time with thirty (30) days’ notice provided to the office of the general treasurer.

35-23-10. Employer liability protection.

(a) Employers shall not have any liability for an employee’s decision to participate in, or opt out of, the RISavers retirement savings program, or for the investment decisions of employees whose assets are deposited in the program.

(b) Employers shall not be a fiduciary, or considered to be a fiduciary, over the Rhode Island secure choice retirement savings program. The program is a state-administered program, not an employer-sponsored program. If the program is subsequently found to be preempted by any federal law or regulation, employers shall not be liable as program sponsors. An employer shall not bear responsibility for the administration, investment, or investment performance of the program. An employer shall not be liable with regard to investment returns, program design, and benefits paid to program participants.

(c) An employer shall not have civil liability, and no cause of action shall arise against an employer, for acting pursuant to the regulations prescribed by the office of the general treasurer defining the roles and responsibilities of employers that have a payroll deposit retirement savings arrangement to allow employee participation in the program.


The state shall not have any liability for the payment of the retirement savings benefit earned by program participants pursuant to this chapter. The state, and any of the funds of the state, shall have no obligation for payment of the benefits arising from this chapter.


(a) The office of the general treasurer shall submit, no later than December 31 annually, an audited financial report, prepared in accordance with generally accepted accounting principles, on the operations of the Rhode Island secure choice retirement savings program to the governor, and the finance committees of the house and senate. The annual audit shall be made by an independent auditor.
certified public accountant and shall include, but not be limited to, direct and indirect costs attributable to the use of outside consultants, independent contractors, and any other persons who are not state employees.

(b) The annual audit shall be supplemented by the following information prepared by the office of the general treasurer:

(1) Any studies or evaluations prepared in the preceding year;

(2) A summary of the benefits provided by the program including the number of participants in the program; and

(3) Any other information that is relevant in order to make a full, fair, and effective disclosure of the operations of the Rhode Island secure choice retirement savings program.


(a) The office of the general treasurer shall not implement the program if the IRA arrangements offered fail to qualify for the favorable federal income tax treatment ordinarily accorded to IRAs under the Internal Revenue Code, or if it is determined that the program is an employee benefit plan under the federal Employee Retirement Income Security Act.

(b) Prior to opening the program for enrollment, the office of the general treasurer shall report to the governor and the finance committees of the house and senate the specific date on which the program will start to enroll program participants and that the following prerequisites and requirements for the program have been met:

(1) The program is structured in a manner to keep the program from being classified as an employee benefit plan subject to the federal Employee Retirement Income Security Act;

(2) The payroll deduction IRA arrangements offered by the program qualify for the favorable federal income tax treatment ordinarily accorded to IRA arrangements under the Internal Revenue Code;

(3) The office of the general treasurer has defined in regulation the roles and responsibilities of employers in a manner to keep the program from being classified as an employee benefit plan subject to the federal Employee Retirement Income Security Act; and

(4) The office of the general treasurer has adopted a third-party administrator operational model that limits employer interaction and transactions with the employee to the extent feasible.


The office of the general treasurer, commission, and the program administrator and staff, including, contract administrators and consultants, shall discharge their duties as fiduciaries with respect to the program for the exclusive purposes of providing benefits to program participants and defraying reasonable expenses of administering the program.
35-23. Penalties.

(a) The office of the general treasurer shall have the power and duties necessary to administer the enforcement of employer compliance with this chapter, including the ability to impose penalties.

(b)(1) The office of the general treasurer shall issue a notice of noncompliance to each employer that fails to allow its eligible employees to participate in the Rhode Island secure choice savings retirement program pursuant to this title.

(2) Each eligible employer that, without good cause, fails to allow its eligible employees to participate in the program within thirty (30) days from the date the notice of penalty was issued, shall be subject to a penalty of two hundred fifty dollars ($250) per eligible employee. Proceeds of such penalties, after deducting enforcement expenses, shall be deposited for the benefit of the program.

(c) The department of labor and training shall assist the office of the general treasurer in its enforcement of this chapter.


(a) The office of the general treasurer may adopt rules and regulations to implement this chapter.

(b) The tax administrator, in consultation with the office of the general treasurer, shall adopt rules and regulations regarding the reporting and the deferral of taxes in accordance with the provisions of this chapter.

35-23.17. Effect on benefit means test.

A payroll deposit IRA arrangement offered pursuant to the RISavers retirement savings program shall have the same status as, and be treated consistently with, any other IRA for the purpose of determining eligibility or benefit level for a program that uses a means test.

35-23.18. Liberal Construction.

This chapter shall be construed liberally in order to effectuate its purpose. The purposes of this chapter and all of its provisions with respect to the powers granted shall be broadly interpreted to effectuate that intent and purposes and not as to any limitation of powers.

SECTION 2. This act shall take effect upon passage.

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This act would establish the Rhode Island secure choice retirement savings program administered by the general treasurer, which shall promote greater retirement savings for Rhode Island private sector employees in a convenient, voluntary, low-cost, and portable manner. The general treasurer would be charged with collecting contributions through payroll deductions and investing these funds in accordance with best practice for retirement savings vehicles. The general treasurer would also be responsible for encouraging employee participation and ensuring ease of administration for participating employers and portability of retirement benefits for participating employees. The act would become effective for all eligible employers within thirty-six (36) months of the general treasurer opening the program enrollment following a phased implementation period. This act would take effect upon passage.