

Comparison

STATE OF CONNECTICUT PROPOSED RECOMMENDATIONS OF A STATE SPONSORED RETIREMENT PLAN	STATE OF WASHINGTON SMALL BUSINESS RETIREMENT MARKETPLACE
<p>Q. Who is a covered employee? A. Employees age 19 or older working for a qualified employer for 120 days or more.</p>	<p>Q. Who is a covered employee? A. Any qualified employee who works for a qualified employer who would like to participate. It's voluntary.</p>
<p>Q. Who is a qualified employer? A. Any business (including non-profits) with 5 employees in Connecticut and each employee having earned \$5,000 or more in the previous calendar year that does not offer an employer sponsored plan or is not the federal, state, or municipal government, or an employer that did not exist for the current and preceding full calendar years.</p>	<p>Q. Who is eligible for the plan? A. Self-employed, sole proprietors or employers with fewer than one hundred employees.</p>
<p>Q. Are there any exemptions to participation in the plan? A. Employers that offer an employer sponsored plan to only some of the employees must automatically enroll employees excluded from the employer sponsored plan if (1) the employee is reasonably expected to work at least 1,000 hours in the current calendar year or (2) the employee worked at least 500 hours in two consecutive calendar years.</p>	<p>Q. Are there any exemptions to participation in the plan? A. This program is completely voluntary so there is no need for any exemptions. The program is not mandatory.</p>
<p>Q. How do employees participate in the plan? A. Employees are automatically enrolled but may opt out by electing a contribution rate of 0%.</p>	<p>Q. How do employees participate in the plan? A. They can opt in to the program.</p>
<p>Q. What are the plan's investment options? A. The default investment vehicle is a Traditional IRA, upon election the enrollee may opt for a Roth IRA. Aside from choosing what type from IRA the Plan does not permit providing an investment choice, rather, the investment choice is determined by the enrollee's estimated retirement date with the default retirement age set at 65.</p>	<p>Q. What are the plan's investment options? A. There are four types of plans offered: a SIMPLE IRA that allows for employer contributions into participating worker's accounts, a payroll-deduction IRA that does not allow employer contributions and the myRA, the retirement savings vehicle proposed by the Obama administration back by Treasury bonds, and a life insurance plan designed for retirement purposes.</p>
<p>Q. What is the contribution amount? A. The default contribution rate is 6%. An enrollee may elect at any time to reduce or increase the</p>	<p>Q. What is the contribution amount? A. Determined by the employee and may provide for a matching contribution by the employer.</p>

<p>default contribution rate up to the maximum amount allowable by law, (\$5,500 a year or \$6,500 a year if you are age 50 or older.)</p>	
<p>Q. How is payment made and is there a roll over option? A. Mandatory annuitization for 50% of a participant's accumulated account balance and the remaining 50% be defaulted into an annuity if the participant does not actively elect the funds be used for another purpose. Yes, the employee may roll over their contributions.</p>	<p>Q. How is payment made and is there a roll-over option? A. Payment depends on the plan chosen by the employee but typically is paid in an annuity. Yes, there is an employee may elect to roll-over their investment contributions into a different retirement account.</p>
<p>Q. Who oversees and enforces the plan? A. The Legislature will create an implementing Board that oversees an independent entity responsible for managing the Program and that has the authority to hire staff and contract with third parties.</p>	<p>Q. Who oversees and enforces the plan? A. The Department of Commerce will hire a marketplace director to, among other duties, approve a diverse array of private retirement plan options, and establish protocol for reviewing and approving third party partners.</p>
<p>Q. Is there an educational component to the Plan? A. Yes, the Program has a mandate to provide financial education to eligible employees and support in retirement planning.</p>	<p>Q. Is there an educational component to the Plan? A. Yes, the program director must design and operate a website that includes notice and educational information including identifying and promoting existing federal and state tax credits and benefits.</p>
<p>Q. What will it cost Connecticut? A. The Retirement Security Board estimates start up costs around \$1.5 million.</p>	<p>Q. What will it cost Washington? A. According to the Washington State Fiscal Note the total start up implementation cost for 2015-2017 is \$523,853, the total cost for 2017-2019 is \$343,176, and the total cost for 2019-21 is \$345,194</p>
<p>Q. Is the state liable for investment losses? A. The Board does not recommend a guaranteed rate of return but does recommend holding the implementing Board to a Best Interest Standard of Care.</p>	<p>Q. Is the state liable for investment losses? A. No, the plan is not liable for investment losses because the state is not acting in a fiduciary.</p>
<p>Q. Is the Plan exempt from ERISA? A. The US DOL proposed regulations specifically exempting state-run systems from ERISA, provided certain conditions are met. The Board's recommendations are intended to be consistent</p>	<p>Q. Is the Plan exempt from ERISA? A. Yes, the plans are subject to ERISA but Washington State is not exposed to ERISA liability.</p>

with those pending regulations.