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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

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A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - RHODE ISLAND RETIREMENT
SECURITY PROGRAM

Introduced By: Representatives Shekarchi, Casimiro, Edwards, McNamara, and
Canario

Date Introduced: March 01, 2017

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 42 of the General Laws entitled "STATE AFFAIRS AND
2 GOVERNMENT" is hereby amended by adding thereto the following chapter:

3 CHAPTER 64.33

4 RHODE ISLAND RETIREMENT SECURITY PROGRAM

5 **42-64.33-1. Short title.**

6 This chapter shall be known as "Rhode Island Retirement Security Program".

7 **42-64.33-2. Definitions.**

8 As used in this chapter, the following words and terms shall have the following
9 meanings, unless the context indicates another or different meaning or intent:

10 (1) "Authority" means the Rhode Island retirement security authority established pursuant
11 to §42-64.33-3;

12 (2) "Board" means the Rhode Island retirement security authority board of directors
13 established pursuant to §42-64.33-3;

14 (3) "Contribution level" means:

15 (i) The contribution rate selected by the participant that may be expressed as:

16 (A) A percentage of the participant's taxable wages as is required to be reported under
17 Sections 6041 and 6051 of the Internal Revenue Code of 1986, or any subsequent corresponding
18 Internal Revenue Code of the United States, as amended from time to time, or

1 (B) A dollar amount up to the maximum deductible amount for the participant's taxable
2 year under Section 219(b)(1) of the Internal Revenue Code of 1986, or any subsequent
3 corresponding internal revenue code of the United States, as amended from time to time; or

4 (C) In the absence of an affirmative election by the participant, three percent (3%) of the
5 participant's taxable wages as is required to be reported under Sections 6041 and 6051 of the
6 Internal Revenue Code of 1986, or any subsequent corresponding Internal Revenue Code of the
7 United States, as amended from time to time, or such other amount as determined by the
8 authority, provided such amount shall not exceed six percent (6%). The contribution level of a
9 participant who customarily and regularly receives gratuities in conjunction with their
10 employment shall be a percentage of such participant's wages as is required to be reported under
11 Sections 6041 and 6051 of the Internal Revenue Code of 1986, or any subsequent corresponding
12 Internal Revenue Code of the United States, as amended from time to time;

13 (4) "Covered employee" means an individual:

14 (i) Who has been employed by a qualified employer for a period of not less than one
15 hundred twenty (120) days,

16 (ii) Who is nineteen (19) years of age or older;

17 (iii) Who performs services within the state for purposes of §28-14-1(2); and

18 (iv) Whose service or employment is not excluded under the provisions of §28-12-2(6);

19 (5) "Participant" means any individual participating in the program;

20 (6) "Program" means the Rhode Island retirement security program;

21 (7) "Qualified employer" means any person, corporation, limited liability company, firm,
22 partnership, voluntary association, joint stock association or other entity doing business in the
23 state during the calendar year, whether for-profit or not-for-profit, that employed on October first
24 of the preceding calendar year five (5) or more individuals in the state and has paid not less than
25 five (5) of such individuals taxable wages of not less than five thousand dollars (\$5,000) in the
26 preceding calendar year. "Qualified employer" does not include:

27 (i) The federal government;

28 (ii) The state or any political subdivision thereof;

29 (iii) Any municipality, unit of a municipality or municipal housing authority;

30 (iv) An employer employing only individuals whose services are excluded under §28-12-
31 2(6); or

32 (v) An employer that was not in existence at all times during the current calendar year
33 and the preceding calendar year;

34 (8) "Individual retirement account" means a Roth IRA;

1 (9) "Roth IRA" means an account described in Section 408A of the Internal Revenue
2 Code of 1986, or any subsequent corresponding Internal Revenue Code of the United States, as
3 amended from time to time;

4 (10) "Normal retirement age" means the age specified in Section 408A of the Internal
5 Revenue Code of 1986, or any subsequent corresponding Internal Revenue Code of the United
6 States, as amended from time to time, when an individual may withdraw all funds without
7 penalty; and

8 (11) "Vendor" means:

9 (i) A regulated investment company or an insurance company conducting business in the
10 state; or

11 (ii) A company conducting business in the state to:

12 (A) Provide payroll or recordkeeping services; and

13 (B) Offer retirement plans or payroll deposit individual retirement account arrangements
14 using products of regulated investment companies. "Vendor" does not include individual
15 registered representatives, brokers, financial planners or agents.

16 **42-64.33-3. Creation of security authority.**

17 (a) There is authorized, created, and established a public corporation of the state having a
18 distinct legal existence from the state and not constituting a department of state government,
19 which is a governmental agency and public instrumentality of the state, to be known as the
20 "Rhode Island retirement security authority ", and which may be referred to as the "authority",
21 with those powers that are set forth in this chapter.

22 (b) The powers of the authority shall be vested in and exercised by a board of directors,
23 which shall consist of nine (9) voting members, each being a resident of the state as follows:

24 (1) The general treasurer, who shall serve as an ex officio voting member;

25 (2) The director of the department of administration, or designee, who shall serve as an
26 ex officio voting member;

27 (3) One appointed by the speaker of the house of representatives, who shall have a
28 favorable reputation for skill, knowledge and experience in the interests of the needs of the aging
29 population;

30 (4) One appointed by the majority leader of the house of representatives, who shall have a
31 favorable reputation for skill, knowledge and experience in the interests of employers in
32 retirement savings;

33 (5) One appointed by the minority leader of the house of representatives, who shall have
34 a favorable reputation for skill, knowledge and experience in the interests of retirement

1 investment products;

2 (6) One appointed by the president of the senate, who shall have a favorable reputation
3 for skill, knowledge and experience in the interests of employees in retirement savings;

4 (7) One appointed by the majority leader of the senate, who shall have a favorable
5 reputation for skill, knowledge and experience in retirement plan designs;

6 (8) One appointed by the minority leader of the senate, who shall have a favorable
7 reputation for skill, knowledge and experience in the interests of retirement plan brokers; and

8 (9) One appointed by the governor, who shall have a favorable reputation for skill,
9 knowledge and experience in matters regarding the federal Employment Retirement Income
10 Security Act of 1974, as amended from time to time, or the Internal Revenue Code of 1986 or any
11 subsequent corresponding Internal Revenue Code of the United States, as amended from time to
12 time. Each member appointed pursuant to subsections (b)(3) through (b)(9) of this section shall
13 serve an initial term of four (4) years. Thereafter, the members of the general assembly and the
14 governor shall appoint members of the board to succeed the appointees whose terms expire, and
15 each member so appointed shall hold office for a term of six (6) years from July first in the year
16 of their appointment.

17 (c) All appointments to the board shall be made not later than July 31, 2018. Any vacancy
18 shall be filled by the appointing authority not later than thirty (30) calendar days after the office
19 becomes vacant. Any member previously appointed to the board may be reappointed.

20 (d) The governor, with the advice and consent of the senate, shall select a chairperson of
21 the board from among the members of the board. The board shall annually elect a vice-
22 chairperson and such other officers as it deems necessary from among its members. The board
23 may appoint an executive director and assistant executive director, who shall not be members of
24 the board and who shall serve at the pleasure of the board. The executive director and assistant
25 executive director shall be employees of the authority and shall receive such compensation as
26 prescribed by the board.

27 (e) The members of the board shall serve without compensation but shall, within
28 available appropriations, be reimbursed in accordance with the standard travel regulations for all
29 necessary expenses that they may incur through service on the board.

30 (f)(1) Each member of the board shall, not later than ten (10) calendar days after their
31 appointment, take and subscribe the oath of affirmation required by article III, section 4 of the
32 state constitution. Each member's term shall begin from the date the member takes the oath. The
33 oath shall be administered by the secretary of the state, and shall be filed in the office of the
34 secretary of the state.

1 (2) Each member of the board authorized by resolution of the board to handle funds or
2 sign checks for the program, and any other authorized officer shall, not later than ten (10)
3 calendar days after the date the board adopts such authorizing resolution, execute a surety bond in
4 the penal sum of fifty thousand dollars (\$50,000), or procure an equivalent insurance product or,
5 in lieu thereof, the chairperson shall obtain a blanket position bond covering the executive
6 director and every member of the board, and other employee or authorized officer of the authority
7 in the penal sum of fifty thousand dollars (\$50,000). Each bond or equivalent insurance product
8 shall be:

9 (i) Conditioned upon the faithful performance of the duties of the chairperson or the
10 members, executive director and other authorized officers or employees, as the case may be, and

11 (ii) Issued by an insurance company authorized to transact business in the state as surety.
12 The cost of each bond shall be paid by the authority.

13 (g) An authorized officer or the executive director, if one is appointed by the board
14 pursuant to subsection (d) of this section, shall supervise the administrative affairs and technical
15 activities of the program in accordance with the directives of the board. Such authorized officer or
16 executive director, as the case may be, shall keep a record of the proceedings of the program and
17 shall be custodian of all books, documents and papers filed with the program, the minute book or
18 journal of the program and its official seal. Such authorized officer or executive director, as the
19 case may be, may cause copies to be made of all minutes and other records and documents of the
20 program, and may give certificates under the official seal of the program to the effect that such
21 copies are true copies, and all persons dealing with the program may rely upon the certificates.

22 (h) Four (4) members of the board shall constitute a quorum for the transaction of any
23 business or the exercise of any power of the authority. Each member shall be entitled to one vote
24 on the board.

25 (i)(1) No member of the board or any officer, agent or employee of the authority shall,
26 directly or indirectly, have any financial interest in any corporation, business trust, estate, trust,
27 partnership or association, two (2) or more persons having a joint or common interest, or any
28 other legal or commercial entity contracting with the authority.

29 (2) Notwithstanding the provisions of subsection (i) of this section, or any other section
30 of the general laws, it shall not be a conflict of interest or a violation of the provisions of that
31 subsection, or any other section of the general laws for a trustee, director, officer or employee of a
32 bank, investment advisor, investment company or investment banking firm, or a person having
33 the required favorable reputation for skill, knowledge and experience in retirement savings, to
34 serve as a member of the board; provided, in each case to which the provisions of this subsection

1 are applicable, such trustee, director, officer or employee of such a firm abstains from discussion,
2 deliberation, action and vote by the board in specific respect to any undertaking pursuant to this
3 chapter in which the firm has a direct interest separate from the interests of all similar firms
4 generally.

5 (j) The board, on behalf of the authority, and for the purpose of implementing the Rhode
6 Island retirement security program, shall adopt written procedures in accordance with the
7 provisions of chapter 35 of title 42 ("administrative procedures act"), for the purposes of:

8 (1) Adopting an annual budget and plan of operations, including a requirement of board
9 approval before such budget or plan may take effect;

10 (2) Hiring, dismissing, promoting and compensating employees of the authority,
11 instituting an affirmative action policy, and requiring board approval before a position may be
12 created or a vacancy filled;

13 (3) Acquiring real and personal property and personal services, including requiring board
14 approval for any nonbudgeted expenditure in excess of five thousand dollars (\$5,000);

15 (4) Contracting for financial, legal and other professional services, and requiring that the
16 authority solicit proposals not less than every three (3) years for each service used by the board or
17 authority, except for any firm that contracts to provide custodial, recordkeeping or other services
18 for the provision of an individual retirement account the solicitation shall be not less than every
19 ten (10) years;

20 (5) Using surplus funds to the extent authorized under this chapter or other provisions of
21 the general or public laws;

22 (6) Making modifications to the program that the board deems necessary to implement
23 the provisions of this chapter consistent with federal rules and regulations in order to ensure that
24 the program meets all criteria for federal tax-deferral or tax-exempt benefits, and to prevent the
25 program from being treated as an employee benefit plan under the federal "Employee Retirement
26 Income Security Act of 1974", as amended from time to time; and

27 (7) Establishing an administrative process by which participants, potential participants
28 and employees may submit grievances, complaints and appeals to the board and have such
29 grievances, complaints and appeals heard and addressed by the board.

30 (k) The authority shall continue as long as the program remains in effect, and until its
31 existence is terminated by law. Upon termination of the existence of the authority, all its rights
32 and properties shall pass to and be vested in the state.

33 (l) No person shall be subject to civil liability for the debts, obligations or liabilities of the
34 authority.

1 **42-64.33-4. Creation of security program.**

2 (a) There is established the Rhode Island retirement security program the purpose of
3 which shall be to promote and enhance retirement savings for private sector employees in the
4 state. The board of directors of the Rhode Island retirement security authority may:

5 (1) Adopt bylaws for the regulation of the affairs of the board and the conduct of its
6 business;

7 (2) Adopt an official seal and alter the same at the pleasure of the board;

8 (3) Maintain an office at such place or places in the state as the board may designate;

9 (4) Sue and be sued in its own name;

10 (5) Establish criteria and guidelines for the retirement programs to be offered pursuant to
11 this chapter;

12 (6) Receive and invest monies in the program in any instruments, obligations, securities
13 or property in accordance with this chapter;

14 (7) Contract with financial institutions or other organizations offering or servicing
15 retirement programs. The authority may require that each participant be charged a fee to defray
16 the costs of the program. The amount and method of collection of the fee shall be determined by
17 the authority. No employer shall be required to fund or be responsible for collecting fees from
18 plan participants;

19 (8) Employ attorneys, accountants, consultants, financial experts, loan processors, banks,
20 managers and such other employees and agents as may be necessary in the board's judgment, and
21 to fix the compensation of such individuals;

22 (9) Charge and equitably apportion among its participants the administrative costs and
23 expenses incurred in the exercise of the board's powers and duties as granted under this chapter;

24 (10) Borrow working capital funds and other funds as may be necessary for the start-up
25 and continuing operation of the program; provided, the funds are borrowed in the name of the
26 authority only. All borrowing shall be payable solely from revenues of the authority;

27 (11) Make and enter into contracts or agreements with professional service providers,
28 including, but not limited to, financial consultants and lawyers, as may be necessary or incidental
29 to the performance of the board's duties and the execution of its powers under this chapter;

30 (12) Establish policies and procedures for the protection of program participants' personal
31 and confidential information; and

32 (b) The board of directors of the Rhode Island retirement security authority shall enter
33 into memoranda of understanding with the department of labor and training and other state
34 agencies regarding;

1 (1) The gathering or dissemination of information necessary for the operations of the
2 program, subject to such obligations of confidentiality as may be agreed or required by law,

3 (2) The sharing of costs incurred pursuant to the gathering and dissemination of such
4 information; and

5 (3) The reimbursement of costs for any enforcement activities. Each state agency may
6 also enter into such memoranda of understanding.

7 **42-64.33-5. Creation of informational materials.**

8 (a) The Rhode Island retirement security authority board of directors shall prepare
9 informational materials regarding the Rhode Island retirement security program for distribution
10 by qualified employers to plan participants and prospective plan participants. The informational
11 materials shall include, but need not be limited to:

12 (1) The benefits and risks associated with making contributions to, or making
13 withdrawals from the program;

14 (2) The process for making contributions to the program, including a contribution
15 election form;

16 (3) Clear and conspicuous notice regarding the default contribution level;

17 (4) The process by which a participant may opt out of the program by electing a
18 contribution level of zero;

19 (5) A description of applicable federal and state regulations, including income and
20 contribution limits for participating in the program;

21 (6) The process for withdrawing retirement savings from the program, including an
22 explanation of the tax treatment of withdrawals;

23 (7) The process by which a participant may obtain additional information on the program,
24 including information regarding investment options available under the program; and

25 (8) Such other information as the board may deem necessary or advisable to provide to
26 participants, potential participants and qualified employers in the state.

27 (b) Not less than quarterly, the board shall provide a statement to each participant that
28 shall include, but need not be limited to, the following information:

29 (1) The account balance in a participant's individual retirement account, including the
30 value of the participant's investment in each investment option selected by the participant;

31 (2) The various investment options available to each participant, and the process by
32 which a participant may select investment options for their contributions, or as prescribed by the
33 authority;

34 (3) The amount of fees charged to each participant's individual retirement account, and a

1 description of the services to which such charges relate; and

2 (4) At the election of the board, an estimate of the amount of income the account is
3 projected to generate for a participant's retirement based on reasonable assumptions.

4 (c) Not less than annually, the board shall provide each participant with a notification
5 regarding fees that may be imposed through the program, and information regarding the various
6 investment options that may be available to participants. The board may provide this notification
7 and information in the form of a prospectus or similar document.

8 (d) The board, on behalf of the authority, may adopt policies and procedures for the
9 electronic dissemination of any notices or information required to be provided to participants,
10 potential participants and qualified employers pursuant to the provisions of this section.

11 **42-64.33-6. Individual retirement accounts.**

12 (a) The Rhode Island retirement security program shall provide for the establishment and
13 maintenance of an individual retirement account ("IRA") for each program participant. The
14 individual retirement account shall be established and maintained through the program or a third-
15 party entity in the business of establishing and maintaining individual retirement accounts.
16 Program assets shall be held in trust or custodial accounts meeting the requirements of Section
17 408(a) or (c) of the Internal Revenue Code of 1986, or any subsequent corresponding Internal
18 Revenue Code of the United States, as amended from time to time, or any other applicable federal
19 law requirements.

20 (b) Interest, investment earnings and investment losses shall be allocated to each
21 participant's individual retirement account. A participant's benefit under the program shall be
22 equal to the balance in the participant's individual retirement account as of any applicable
23 measurement date prescribed by the program.

24 (c) The Rhode Island retirement security authority shall establish, or cause to be
25 established, processes to prevent a participant's contributions to the program from exceeding the
26 maximum amount of deduction under 26 U.S.C. 219(b)(1) for the participant's tax year.

27 (d) The state shall not be liable for the payment of any benefit to any participant or
28 beneficiary of any participant, and shall not be liable for any liability or obligation of the
29 authority. The authority shall not be liable for the payment of any benefit to any participant or
30 beneficiary of any participant, except with respect to any individual retirement accounts
31 established and maintained by the authority.

32 (e) Any unclaimed funds in a participant's individual retirement account shall be
33 governed by chapter 21.1 of title 33.

34 **42-64.33-7. Fiduciary duty.**

1 (a) The Rhode Island retirement security authority board of directors, in conducting the
2 business of the authority, including its oversight functions, shall act:

3 (1) With the care, skill, prudence and diligence under the circumstances then prevailing
4 that a prudent person acting in a like capacity and familiar with such matters would use in the
5 conduct of an enterprise of like character and with like aims;

6 (2) Solely in the interests of the program's participants and beneficiaries;

7 (3) For the exclusive purposes of providing benefits to participants and beneficiaries and
8 defraying reasonable expenses of administering the program; and

9 (4) In accordance with the provisions of this chapter and any other applicable sections of
10 the general laws.

11 (b) The board shall, to the extent reasonable and practicable, require any agents engaged
12 or appointed by the authority to abide by the standard of care described in subsection (a) of this
13 section.

14 **42-64.33-8. Enrollment procedure.**

15 (a)(1) Not later than January 1, 2019, and annually thereafter, each qualified employer
16 shall provide each of its covered employees with the informational materials prepared by the
17 Rhode Island retirement security authority board of directors. For any employee of a qualified
18 employer who:

19 (i) Is hired on or after January 1, 2019; or

20 (ii) Does not meet the definition of covered employee, the qualified employer shall
21 provide all informational materials to the employee not later than thirty (30) days, or such other
22 time period as prescribed by the authority, after:

23 (A) The date of the employee's hiring; or

24 (B) The date such employee meets the definition of covered employee.

25 (2) Not later than sixty (60) days after a qualified employer provides informational
26 materials to a covered employee in accordance with subsection (a) of this section, or such other
27 time period as prescribed by the authority, and subject to the provisions of subsection (a)(3) of
28 this section, all qualified employers shall automatically enroll each of its covered employees in
29 the program at the participant's contribution level.

30 (3) A covered employee may opt out of the program by electing a contribution level of
31 zero.

32 (4)(i) A qualified employer that:

33 (A) Maintains a retirement plan or retirement arrangement described under Section
34 219(g)(5) of the Internal Revenue Code of 1986, or any subsequent corresponding Internal

1 Revenue Code of the United States, as amended from time to time, or

2 (B) Any other retirement arrangement approved by the authority, shall be exempt from
3 the requirements of subsection (a)(1) and (a)(2) of this section.

4 (ii) A qualified employer shall not be considered to maintain a retirement plan or
5 retirement arrangement described under Section 219(g)(5), or any other retirement arrangement
6 approved by the authority, if the authority determines that:

7 (A) As of the first day of the previous calendar year, no new participant was eligible to be
8 enrolled in a retirement plan or retirement arrangement maintained by such qualified employer;
9 and

10 (B) On and after the first day of the previous calendar year, no contributions were made
11 to such retirement plan or retirement arrangement by or on behalf of a participant in such plan or
12 arrangement.

13 (5) The authority may defer the effective date of the program, in whole or in part, and for
14 particular categories of employers, as the authority deems necessary to effectuate the purposes of
15 this chapter in a manner that minimizes the disruption and burdens that may exist for any
16 qualified employer. The board shall provide notice of any deferment of the effective date of the
17 program to the chairpersons and ranking members of the house of representatives and senate
18 labor committees not later than seven (7) days after the authority has deemed such deferment
19 necessary. The notice shall include the categories of employers affected, the purpose for which
20 the deferment was granted, and the new effective date of the program.

21 (b) An employer that does not otherwise meet the definition of a qualified employer may
22 make the program available to its employees subject to all rules, regulations and procedures as
23 may be prescribed by the authority. No employer shall require any employee to enroll in the
24 program.

25 (c) Any individual who is not enrolled in the program pursuant to subsection (a) of this
26 section may participate in the program at any time subject to all rules, regulations and procedures
27 as the authority may prescribe. The authority shall provide the informational materials to any
28 individual at or before the time of such individual's enrollment in the program.

29 (d) To the extent permitted under the Internal Revenue Code of 1986, or any subsequent
30 corresponding Internal Revenue Code of the United States, as amended from time to time, the
31 authority shall allow any individual to establish or contribute to an individual retirement account
32 maintained for the individual under the program by rolling over funds from an existing retirement
33 savings account of the individual.

34 (e) A qualified employer that withholds a contribution from a covered employee's

1 compensation in connection with the program shall transmit each contribution on the earliest date
2 that the amount withheld from the covered employee's compensation can reasonably be
3 segregated from the qualified employer's assets, but not later than the fifteenth business day of the
4 month following the month in which the covered employee's contribution amounts are withheld
5 from their paycheck.

6 (f) No employer shall be permitted to make a contribution to the program.

7 (g) The board shall disseminate information concerning tax credits that may be available
8 to small business owners for establishing new retirement plans.

9 **42-64.33-9. Investment of funds.**

10 The Rhode Island retirement security authority shall provide for each participant's
11 account to be invested in:

12 (1) An age-appropriate target date fund, except as provided in § 42-64.33-10(b); or

13 (2) Other investment vehicles as the authority may prescribe.

14 **42-64.33-10. Distribution of funds.**

15 (a) The Rhode Island retirement security authority shall establish rules and procedures
16 governing the distribution of funds from the program. The rules and procedures shall allow for
17 distributions as may be permitted or required by the program, and any applicable provisions of
18 the Internal Revenue Code of 1986, or any subsequent corresponding Internal Revenue Code of
19 the United States, as amended from time to time.

20 (b) The program shall include the following design features prescribed by the authority,
21 provided the authority determines the features to be feasible and cost effective:

22 (1) Designate a lifetime income investment for the program intended to provide
23 participants with a source of retirement income for life. Any lifetime income investment for the
24 program shall include spousal rights;

25 (2) Provide to each participant, one year in advance of the participant's normal retirement
26 age, a disclosure explaining:

27 (i) The rights and features of the lifetime income investment;

28 (ii) That once the participant reaches normal retirement age, fifty percent (50%) of the
29 participant's account will be invested in the lifetime income investment; and

30 (iii) That the participant may elect to invest a higher percentage of their account balance
31 in the lifetime income option;

32 (3) On the date a participant reaches their normal retirement age, invest fifty percent
33 (50%) of the participant's account balance, or such higher amount as specified by the participant,
34 in the lifetime income investment;

1 (4) Permit each participant to elect a date not earlier than their normal retirement age on
2 which to begin receiving distributions; provided, in the absence of an election, the distributions
3 shall commence not later than ninety (90) days after the participant reaches their normal
4 retirement age; and

5 (5) Establish procedures whereby each participant may elect to invest a higher percentage
6 of their account balance in the lifetime income investment.

7 (c) The board shall inform participants about their rights to withdraw funds from the
8 program in accordance with the provisions of the Internal Revenue Code of 1986, or any
9 subsequent corresponding Internal Revenue Code of the United States, as amended from time to
10 time. For participants who elect to withdraw their assets prior to their normal retirement age, the
11 authority shall notify the participants of any tax penalties associated with the withdrawal and the
12 effect of the withdrawal on the participant's expected retirement income.

13 **42-64.33-11. Enforcement authority.**

14 (a) The attorney general may investigate any violation of §42-64.33-7. If the attorney
15 general finds that any member of the Rhode Island retirement security authority board of
16 directors, or any agent engaged or appointed by the board or the authority has violated or is
17 violating any provision of this chapter, the attorney general may bring a civil action in the
18 superior court for the county of Providence under this section in the name of the state against
19 such member or agent. The remedies available to a court in any action shall be limited to
20 injunctive relief. Nothing in this section shall be construed to create a private right of action.

21 (b) If a qualified employer fails to remit contributions to the program in the time period
22 specified in of §42-64.33-8(e), failure to remit the contributions shall be a violation of chapter 41
23 of title 11.

24 (c) If a qualified employer fails to enroll a covered employee as required under §42-
25 64.33-8(a), the covered employee, or the director of labor and training, may bring a civil action to
26 require the qualified employer to enroll the covered employee and shall recover costs and
27 reasonable attorney's fees as may be allowed by the court.

28 **42-64.33-12. Annual reports and audits.**

29 (a) The Rhode Island retirement security authority shall keep an accurate account of all
30 its activities, receipts and expenditures and shall submit a report detailing the activities, receipts
31 and expenditures to the Rhode Island retirement security authority board of directors, the
32 governor, the auditor general and the respective committees on labor and finance of the general
33 assembly on or before December 31, annually. The report shall be in a form prescribed by the
34 board and shall include projected activities of the authority for the next fiscal year and shall be

1 subject to approval by the auditor general.

2 (b) The auditor general may conduct a full audit of the books and accounts of the
3 authority pertaining to all activities, receipts and expenditures, personnel, services or facilities.
4 For the purposes of the audit, the auditor general shall have access to the properties and records of
5 the authority, and may prescribe methods of accounting and the rendering of periodical reports in
6 relation to projects undertaken by the authority.

7 (c) The authority shall enter into memoranda of understanding with the department of
8 administration pursuant to which the authority shall provide, in the form and manner as
9 prescribed by the department of administration, information that may include, but need not be
10 limited to, the current revenues and expenses of the authority, the sources or recipients of
11 revenues or expenses, the date the revenues or expenses were received or dispersed, and the
12 amount and the category of revenues or expenses.

13 **42-64.33-13. Feasibility study.**

14 (a) The Rhode Island retirement security board shall conduct a study of the interest of
15 participants and potential participants of the Rhode Island retirement security program in
16 investing in a traditional IRA option. The study shall include, but need not be limited to:

17 (1) The number of participants and potential participants whose incomes exceed federal
18 limits for contributing to a Roth IRA; and

19 (2) The percentage of current participants that would prefer a tax-deferred savings option.
20 Not later than January 1, 2020, the board shall submit a report on the results of the study to the
21 house and senate committees on labor.

22 (b) The Rhode Island retirement security authority may study the feasibility of the state or
23 the authority making available to employers a multiple-employer 401(k) plan or other tax-favored
24 retirement savings vehicle.

25 **42-64.33-14. Public information to be made available.**

26 (a) The Rhode Island retirement security authority board of directors shall:

27 (1) Establish and maintain a secure Internet website to:

28 (i) Provide qualified employers with information regarding employer-sponsored
29 retirement plans and payroll deduction individual retirement accounts; and

30 (ii) Assist qualified employers in identifying vendors of retirement arrangements that
31 may be implemented by the qualified employers in lieu of participation in the program;

32 (2) Include the Internet website address on any posting to the Internet website or in other
33 materials offered to the public regarding the program;

34 (3) Prior to implementing the Internet website, and at least annually thereafter, provide

1 notice to vendors:

2 (i) That the Internet website is active;

3 (ii) That the vendors may register for inclusion on the Internet website; and

4 (iii) The process for inclusion on the Internet website.

5 (4) Establish an appeals process for vendors that are denied registration or removed from
6 the Internet website pursuant to subsection (d) of this section.

7 (b) Each vendor that registers to be listed on the Internet website shall provide:

8 (1) A statement of the vendor's experience providing employer-sponsored retirement
9 plans and payroll deduction individual retirement accounts in this state and in other states, if
10 applicable;

11 (2) A description of the types of retirement investment products offered by the vendor;
12 and

13 (3) A disclosure of all expenses paid directly or indirectly by retirement plan participants,
14 including, but not limited to, penalties for early withdrawals, declining or fixed withdrawal
15 charges, surrender or deposit charges, management fees and annual fees.

16 (c) The cost of establishing and maintaining the registration system and the Internet
17 website shall be borne solely and equally by registered vendors, based upon the total number of
18 registered vendors.

19 (d) The board may remove a vendor from the Internet website if the vendor:

20 (1) Submits materially inaccurate information to the board;

21 (2) Does not remit assessed fees within sixty (60) days from the date of assessment; or

22 (3) Fails to submit to the board notice of any material change to the vendor's registered
23 investment products. Any vendor found to have submitted materially inaccurate information to
24 the board shall be allowed sixty (60) calendar days to correct the information.

25 **42-64.33-15. Indemnification.**

26 (a) The directors, officers and employees of the Rhode Island retirement security
27 authority, and any person executing the bonds or notes of the authority, shall not be liable
28 personally on the bonds or notes, or be subject to any personal liability or accountability by
29 reason of the issuance thereof, nor shall any director or employee of the authority be personally
30 liable for damage or injury, not wanton, reckless, willful or malicious, caused in the performance
31 of their duties, and within the scope of their employment or appointment as such director, officer
32 or employee. The agency shall protect, save harmless and indemnify its directors, officers or
33 employees from financial loss and expense, including legal fees and costs, if any, arising out of
34 any claim, demand, suit or judgment by reason of alleged negligence or alleged deprivation of

1 any person's civil rights or any other act or omission resulting in damage or injury, if the director,
2 officer or employee is found to have been acting in the discharge of their duties or within the
3 scope of their employment, and the act or omission is found not to have been wanton, reckless,
4 willful or malicious.

5 **42-64.33-16. Political contributions prohibited.**

6 No member of the Rhode Island retirement security authority board of directors, except
7 the general treasurer, or any executive director, assistant executive director or authorized officer
8 appointed by said board or the principal of an entity with a contract with the authority to
9 administer the Rhode Island retirement security program, shall make a contribution to, or
10 knowingly solicit contributions from the board's or the executive director's or assistant executive
11 director's employees on behalf of:

12 (1) An exploratory committee or candidate committee established by a candidate for
13 nomination or election to the office of governor, lieutenant governor, attorney general, or
14 secretary of state;

15 (2) A political committee authorized to make contributions or expenditures to or for the
16 benefit of such candidates; or

17 (3) A party committee.

18 **42-64.33-17. Severability.**

19 If any provision in any section of this chapter or the application thereof to any person or
20 circumstances is held invalid, its invalidity shall not affect other provisions or applications of this
21 chapter which can be given effect without the invalid provision or application, and to this end the
22 provisions of this chapter are severable.

23 SECTION 2. This act shall take effect on January 1, 2018.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - RHODE ISLAND RETIREMENT
SECURITY PROGRAM

1 This act would establish the Rhode Island retirement security program for the purpose of
2 making retirement plans available to employees not otherwise available to them, and to promote
3 and enhance retirement savings for private sector employees in the state.

4 This act would take effect on January 1, 2018.

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LC001536
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