

[Having trouble viewing this message? Please click here.](#)



A Robinson+Cole Legal Update

April 6, 2022

Connecticut Implements Mandatory Retirement Plans for Workers

Authored by [Virginia E. McGarrity](#) and [Alisha N. Sullivan](#)

In response to what many financial experts consider a retirement savings crisis, the State of Connecticut enacted legislation in 2016 creating the Connecticut Retirement Security Authority (CRSA)[1]. The CRSA was tasked with designing and implementing a state-sponsored retirement savings program through which private-sector employees can participate if their employer does not offer a retirement savings plan. While multiple states have adopted similar legislation, only three other states have implemented similar state-sponsored retirement programs thus far.

Enter MyCTSA, the retirement savings program created by the CRSA to assist the more than 600,000 private-sector employees in Connecticut who still have no access to employer-sponsored retirement savings plans. Under this program, private-sector employers (both for-profit and nonprofit) with five or more employees—each of whom have been paid more than \$5,000 in a calendar year—are required to participate unless they offer a “qualified employer-sponsored retirement plan” (including, but not limited to a traditional pension plan, 401(k), 403(b), etc.). MyCTSA will be rolled out in waves, with notices being sent in early April to approximately 30,000 employers, informing them about the program and the requirements to participate. Employers that expect to be affected by the rollout may wish to start by determining which wave they will fall into. The program is officially open for enrollment and exemptions as of April 1, 2022, and the registration deadline will depend on which wave the employer falls into.

The program is set up as a Roth IRA, which means that contributions are made on an after-tax basis and employees may contribute up to the 2022 Roth IRA annual limit of \$6,000 (\$7,000 if the employee is age 50 or older). Although participation is mandatory, employers are not required or permitted to contribute to the program, and only those employees who (a) have been employed for at least 120 days with the employer; (b) are at least nineteen years old; and (c) perform services within Connecticut, must be enrolled. There are exceptions for certain employees (e.g., governmental employees, students employed by a school, etc.). Eligible employees will be automatically enrolled within 60 days at a contribution rate of three percent following the participating employer’s distribution of the CRSA-provided information to the applicable employee, unless the employee takes affirmative action to opt out. Employees may also make alternate elections, such as contribution rate changes and investment selections.

Employers’ duties will be limited to distributing CRSA-provided information and remitting payroll deductions. To minimize participating employers’ liability exposure, the administrative rules for MyCTSA state that participating employers will not have any liability for the investment decisions

made by the employees or the CRSA. That language, however, may not shield participating employers from all potential liability (e.g., late or incorrect remittance of payroll deductions or failing to distribute required disclosures to eligible employees). Employers are encouraged to contact us with any questions regarding their obligations and compliance with the MyCTSavings program.

ENDNOTES

[1] [Keisha S. Palmer](#), a partner in Robinson+Cole's Public Finance Group, is a member of the board of directors of the CRSA. Ms. Palmer was not involved or consulted with for purposes of this article.

FOR MORE INFORMATION

Contact any member of Robinson+Cole's [Employee Benefits and Compensation Group](#) listed below:

[Bruce B. Barth](#) | [Virginia E. McGarrity](#) | [Alisha N. Sullivan](#)

Boston | Hartford | New York | Providence | Miami | Stamford | Los Angeles | Wilmington | Philadelphia | Albany | [rc.com](#)



© 2022 Robinson & Cole LLP. All rights reserved. No part of this document may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without prior written permission. This document should not be considered legal advice and does not create an attorney-client relationship between Robinson+Cole and you. Consult your attorney before acting on anything contained herein. The views expressed herein are those of the authors and not necessarily those of Robinson+Cole or any other individual attorney of Robinson+Cole. The contents of this communication may contain ATTORNEY ADVERTISING under the laws of various states. Prior results do not guarantee a similar outcome.