

## Proposed Filing - Coversheet

### **Instructions:**

In accordance with Title 3 Chapter 25 of the Vermont Statutes Annotated and the “Rule on Rulemaking” ([CVR 04-000-001](#)) adopted by the Office of the Secretary of State, this filing will be considered complete upon filing and acceptance of these forms and enclosures with the Office of the Secretary of State, and the Legislative Committee on Administrative Rules.

All forms shall be submitted to the Office of the Secretary of State, no later than 3:30 pm on the last scheduled day of the work week.

The data provided in text areas of Proposed Filing Coversheet will be used to generate a notice of rulemaking in the portal of “Proposed Rule Postings” online, and the newspapers of record. Publication of notices will be charged back to the promulgating agency.

**PLEASE REMOVE ANY COVERSHEET OR FORM NOT REQUIRED WITH THE CURRENT FILING BEFORE DELIVERY!**

**Certification Statement:** As the adopting Authority of this rule (see 3 V.S.A. § 801 (b) (11) for a definition), I approve the contents of this filing entitled:

**Vermont Saves Program Rule**

\_\_\_\_\_/s/ Mike Pieciak\_\_\_\_\_, on 7/12/2024  
(signature) (date)

Printed Name and Title:  
Mike Pieciak, Treasurer

RECEIVED BY: \_\_\_\_\_

- Coversheet
- Adopting Page
- Economic Impact Analysis
- Environmental Impact Analysis
- Strategy for Maximizing Public Input
- Scientific Information Statement (if applicable)
- Incorporated by Reference Statement (if applicable)
- Clean text of the rule (Amended text without annotation)
- Annotated text (Clearly marking changes from previous rule)
- ICAR Filing Confirmed

1. TITLE OF RULE FILING:

**Vermont Saves Program Rule**

2. ADOPTING AGENCY:

Office of the State Treasurer

3. PRIMARY CONTACT PERSON:

*(A PERSON WHO IS ABLE TO ANSWER QUESTIONS ABOUT THE CONTENT OF THE RULE).*

Name: Becky Wasserman

Agency: Office fo the State Treasurer

Mailing Address: 109 State Street, Suite 4, Montpelier VT  
05609

Telephone: 802-498-3466 Fax:

E-Mail: becky.wasserman@vermont.gov

Web URL *(WHERE THE RULE WILL BE POSTED)*:

<https://www.vermonttreasurer.gov/vt-saves>

4. SECONDARY CONTACT PERSON:

*(A SPECIFIC PERSON FROM WHOM COPIES OF FILINGS MAY BE REQUESTED OR WHO MAY ANSWER QUESTIONS ABOUT FORMS SUBMITTED FOR FILING IF DIFFERENT FROM THE PRIMARY CONTACT PERSON).*

Name: Justin St. James

Agency: Office of the State Treasurer

Mailing Address: 109 State Street, Suite 4, Montpelier VT  
05609

Telephone: 802-828-7190 Fax:

E-Mail: justin.stjames@vermont.gov

5. RECORDS EXEMPTION INCLUDED WITHIN RULE:

*(DOES THE RULE CONTAIN ANY PROVISION DESIGNATING INFORMATION AS CONFIDENTIAL; LIMITING ITS PUBLIC RELEASE; OR OTHERWISE, EXEMPTING IT FROM INSPECTION AND COPYING?)* No

IF YES, CITE THE STATUTORY AUTHORITY FOR THE EXEMPTION:

PLEASE SUMMARIZE THE REASON FOR THE EXEMPTION:

6. LEGAL AUTHORITY / ENABLING LEGISLATION:

*(THE SPECIFIC STATUTORY OR LEGAL CITATION FROM SESSION LAW INDICATING WHO THE ADOPTING ENTITY IS AND THUS WHO THE SIGNATORY SHOULD BE. THIS SHOULD BE A SPECIFIC CITATION NOT A CHAPTER CITATION).*

3 V.S.A. § 533(1)

**7. EXPLANATION OF HOW THE RULE IS WITHIN THE AUTHORITY OF THE AGENCY:**

Section 533 of Title 3 of the Vermont Statutes Annotated authorizes the State Treasurer to prepare and adopt rules necessary for the implementation and general administration and operation of the Vermont Saves Program. This rule falls within this authority because it pertains to the governance and administration of the Vermont Saves Program.

**8. CONCISE SUMMARY (150 WORDS OR LESS):**

The Vermont Saves Program Rule proposes to implement 3 V.S.A. Chapter 18, consistent with the legislative intent to establish a State auto-IRA program for "the purpose of increasing financial security for Vermonters by providing access to an IRA for Vermont employees of companies that do not currently offer a retirement savings program." The rule is intended to ensure the Program is designed to meet the Legislature's requirements that the Program facilitate portability of participant benefits through withdrawals, rollovers, and direct transfers and minimize costs by achieving economies of scale and other efficiencies. Among other things, the rule addresses program eligibility requirements and mandates, employer registration and exemption certification, the participant opt out process, portability (including rollovers and distributions), fund withdrawals, contributions, default contribution rates and investments options, payroll deductions, and the auto-escalation process. The rule also ensures the Prog

**9. EXPLANATION OF WHY THE RULE IS NECESSARY:**

Vermont law (3 V.S.A. § 533) specifically authorizes the State Treasurer to adopt rules that are necessary and advisable for the implementation and general administration and operation of the Vermont Saves Program. The rule is required to ensure the Program is designed in a manner consistent with legislative intent and in compliance with all applicable State and federal laws and regulations, including the Internal Revenue Code regulations relating to individual retirement arrangements (IRAs).

**10. EXPLANATION OF HOW THE RULE IS NOT ARBITRARY AS DEFINED IN 3 V.S.A. § 801(b)(13)(A):**

The decision by the Office of the State Treasurer to adopt a rule to implement and administer the Program is rationally related to designing a Program with clear and easy registration requirements for all employers in the State who are required to comply with 3 V.S.A. Chapter 18 and ensure that retirement savings through the Program is convenient and accessible to all eligible participants.

**11. LIST OF PEOPLE, ENTERPRISES AND GOVERNMENT ENTITIES AFFECTED BY THIS RULE:**

The Rule primarily affects all employers in the State with five or more employees who do not offer a workplace retirement plan and all eligible employees who are automatically enrolled in the Program. The rule may also affect financial advisers and payroll companies who are contacted about retirement or other workplace benefits that are an alternative to the Vermont Saves Program.

**12. BRIEF SUMMARY OF ECONOMIC IMPACT (150 WORDS OR LESS):**

Vermont Saves will potentially impact tens of thousands of Vermonters and their families. The Program is intended to provide a retirement savings vehicle for employees who do not have access to a workplace retirement plan. Without access to these savings, individuals will have to rely upon federal and state benefit programs in their retirement years. This Program, through its auto-enrollment feature, seeks to create retirement savings vehicles with simple investment options for Vermonters who may not save for retirement otherwise. This may in turn lessen the burden on state governmental programs in future years. The VT Saves Program has no impact on employers, who are not required or permitted to make contributions into their employee accounts. The State made an initial appropriation of \$750,000.00 to launch Vermont Saves, but ongoing funding from the State is not anticipated as Program fees will fund the Program.

**13. A HEARING WILL BE SCHEDULED.**

**IF A HEARING WILL NOT BE SCHEDULED, PLEASE EXPLAIN WHY.**

**14. HEARING INFORMATION**

**(THE FIRST HEARING SHALL BE NO SOONER THAN 30 DAYS FOLLOWING THE POSTING OF NOTICES ONLINE).**

IF THIS FORM IS INSUFFICIENT TO LIST THE INFORMATION FOR EACH HEARING, PLEASE ATTACH A SEPARATE SHEET TO COMPLETE THE HEARING INFORMATION NEEDED FOR THE NOTICE OF RULEMAKING.

Date: 8/16/2024

Time: 10:00 AM

Street Address: Office of the State Treasurer 109 State Street 4<sup>th</sup> Floor, Montpelier VT

Zip Code: 05609

URL for Virtual: [https://teams.microsoft.com/l/meetup-join/19%3ameeting\\_MDRiOTBmNTUtNDEzNy00MjlkLWEyZTYtMDk0MDQ5ZDUzNTJh%40thread.v2/0?context=%7b%22Tid%22%3a%2220b4933b-baad-433c-9c02-70edcc7559c6%22%2c%22Oid%22%3a%22df07d0d2-40a9-41d5-99b6-62215acbe0a9%22%7d](https://teams.microsoft.com/l/meetup-join/19%3ameeting_MDRiOTBmNTUtNDEzNy00MjlkLWEyZTYtMDk0MDQ5ZDUzNTJh%40thread.v2/0?context=%7b%22Tid%22%3a%2220b4933b-baad-433c-9c02-70edcc7559c6%22%2c%22Oid%22%3a%22df07d0d2-40a9-41d5-99b6-62215acbe0a9%22%7d) Phone: +1 802-828-7667,,894247809# United States, Montpelier

---

Date:

Time: AM

Street Address:

Zip Code:

URL for Virtual:

---

Date:

Time: AM

Street Address:

Zip Code:

URL for Virtual:

---

Date:

Time: AM

Street Address:

Zip Code:

URL for Virtual:

---

15. DEADLINE FOR COMMENT (NO EARLIER THAN 7 DAYS FOLLOWING LAST HEARING): 08/23/2024

**16. KEYWORDS** (PLEASE PROVIDE AT LEAST 3 KEYWORDS OR PHRASES TO AID IN THE SEARCHABILITY OF THE RULE NOTICE ONLINE).

Retirement

Vermont Saves

VT Saves

IRA

## Adopting Page

### Instructions:

This form must accompany each filing made during the rulemaking process:

Note: To satisfy the requirement for an annotated text, an agency must submit the entire rule in annotated form with proposed and final proposed filings. Filing an annotated paragraph or page of a larger rule is not sufficient. Annotation must clearly show the changes to the rule.

When possible, the agency shall file the annotated text, using the appropriate page or pages from the Code of Vermont Rules as a basis for the annotated version. New rules need not be accompanied by an annotated text.

---

1. TITLE OF RULE FILING:

**Vermont Saves Program Rule**

2. ADOPTING AGENCY:

Office of the State Treasurer

3. TYPE OF FILING (*PLEASE CHOOSE THE TYPE OF FILING FROM THE DROPDOWN MENU BASED ON THE DEFINITIONS PROVIDED BELOW*):

- **AMENDMENT** - Any change to an already existing rule, even if it is a complete rewrite of the rule, it is considered an amendment if the rule is replaced with other text.
- **NEW RULE** - A rule that did not previously exist even under a different name.
- **REPEAL** - The removal of a rule in its entirety, without replacing it with other text.

This filing is **A NEW RULE** .

4. LAST ADOPTED (*PLEASE PROVIDE THE SOS LOG#, TITLE AND EFFECTIVE DATE OF THE LAST ADOPTION FOR THE EXISTING RULE*):

## Economic Impact Analysis

### **Instructions:**

In completing the economic impact analysis, an agency analyzes and evaluates the anticipated costs and benefits to be expected from adoption of the rule; estimates the costs and benefits for each category of people enterprises and government entities affected by the rule; compares alternatives to adopting the rule; and explains their analysis concluding that rulemaking is the most appropriate method of achieving the regulatory purpose. If no impacts are anticipated, please specify “No impact anticipated” in the field.

Rules affecting or regulating schools or school districts must include cost implications to local school districts and taxpayers in the impact statement, a clear statement of associated costs, and consideration of alternatives to the rule to reduce or ameliorate costs to local school districts while still achieving the objectives of the rule (see 3 V.S.A. § 832b for details).

Rules affecting small businesses (excluding impacts incidental to the purchase and payment of goods and services by the State or an agency thereof), must include ways that a business can reduce the cost or burden of compliance or an explanation of why the agency determines that such evaluation isn’t appropriate, and an evaluation of creative, innovative or flexible methods of compliance that would not significantly impair the effectiveness of the rule or increase the risk to the health, safety, or welfare of the public or those affected by the rule.

---

#### 1. TITLE OF RULE FILING:

**Vermont Saves Program Rule**

#### 2. ADOPTING AGENCY:

Office of the State Treasurer

#### 3. CATEGORY OF AFFECTED PARTIES:

*LIST CATEGORIES OF PEOPLE, ENTERPRISES, AND GOVERNMENTAL ENTITIES POTENTIALLY AFFECTED BY THE ADOPTION OF THIS RULE AND THE ESTIMATED COSTS AND BENEFITS ANTICIPATED:*

The Vermont Saves Program has the potential to improve tens of thousands of Vermonters’ financial lives, and particularly their retirement security. The Program will provide a retirement savings vehicle for many individuals who do not have access to a workplace retirement savings account. Without access to these accounts, many such individuals would rely entirely on



federal and state benefit programs in their retirement years. This Program, through its auto-enrollment feature, seeks to create retirement savings vehicles with simple, effective investment options for these Vermonters. This may in turn lessen the burden on state governmental programs in future years.

The Program only permits employee contributions, so there is no financial burden on employers. Employers are simply required to sign up all covered employees, but that is a short process, done through the Program's vendor. The Program will also benefit these employers who do not currently offer employees a retirement savings vehicle, as it could aid employee retention.

#### 4. IMPACT ON SCHOOLS:

*INDICATE ANY IMPACT THAT THE RULE WILL HAVE ON PUBLIC EDUCATION, PUBLIC SCHOOLS, LOCAL SCHOOL DISTRICTS AND/OR TAXPAYERS CLEARLY STATING ANY ASSOCIATED COSTS:*

There is no direct economic cost impact on schools as a result of these rules. Our office's hope is that increased retirement savings will eventually lead to less pressure on taxpayers as demand for publicly provided benefit programs for those of retirement age is lessened as retirement savings grow.

#### 5. ALTERNATIVES: *CONSIDERATION OF ALTERNATIVES TO THE RULE TO REDUCE OR AMELIORATE COSTS TO LOCAL SCHOOL DISTRICTS WHILE STILL ACHIEVING THE OBJECTIVE OF THE RULE.*

There is no direct cost impact to schools from these rules.

#### 6. IMPACT ON SMALL BUSINESSES:

*INDICATE ANY IMPACT THAT THE RULE WILL HAVE ON SMALL BUSINESSES (EXCLUDING IMPACTS INCIDENTAL TO THE PURCHASE AND PAYMENT OF GOODS AND SERVICES BY THE STATE OR AN AGENCY THEREOF):*

There is no direct economic cost impact of these rules on small businesses. These rules should aid small businesses, as it provides at no cost to the employer, an opportunity for their employees to have retirement savings vehicles. Aside from a short sign-up process and very modest payroll requirements, there is no ongoing administrative burden for small business

owners. Additionally, given that they are prohibited from contributing any amount of money to employee accounts, there is zero financial burden on small businesses as a result of these rules.

**7. SMALL BUSINESS COMPLIANCE: *EXPLAIN WAYS A BUSINESS CAN REDUCE THE COST/BURDEN OF COMPLIANCE OR AN EXPLANATION OF WHY THE AGENCY DETERMINES THAT SUCH EVALUATION ISN'T APPROPRIATE.***

These rules only require a short, one-time, registration process to be completed by small businesses, and simple ongoing payroll deductions. Our office is focused on outreach well in advance of implementation to make the registration process as easy as possible. Additionally, our office's vendor will be available, as will our office, to troubleshoot any concerns voiced by small businesses.

**8. COMPARISON:**

*COMPARE THE IMPACT OF THE RULE WITH THE ECONOMIC IMPACT OF OTHER ALTERNATIVES TO THE RULE, INCLUDING NO RULE ON THE SUBJECT OR A RULE HAVING SEPARATE REQUIREMENTS FOR SMALL BUSINESS:*

These rules will positively impact tens of thousands of Vermonters by providing a vehicle for retirement investments and savings. Additionally, these rules are necessary to implement the program pursuant to Act 43 of the 2023 Legislative Session, and meet the timelines set forth by the General Assembly. Our office is soliciting feedback from small business owners on our advisory board to make the administrative requirements on business owners as uncomplicated and streamlined as possible.

**9. SUFFICIENCY: *DESCRIBE HOW THE ANALYSIS WAS CONDUCTED, IDENTIFYING RELEVANT INTERNAL AND/OR EXTERNAL SOURCES OF INFORMATION USED.***

This economic impact analysis provides the Office's best assessment of the economic impact of this Program based on the information available.

## Environmental Impact Analysis

### **Instructions:**

In completing the environmental impact analysis, an agency analyzes and evaluates the anticipated environmental impacts (positive or negative) to be expected from adoption of the rule; compares alternatives to adopting the rule; explains the sufficiency of the environmental impact analysis. If no impacts are anticipated, please specify “No impact anticipated” in the field.

Examples of Environmental Impacts include but are not limited to:

- Impacts on the emission of greenhouse gases
- Impacts on the discharge of pollutants to water
- Impacts on the arability of land
- Impacts on the climate
- Impacts on the flow of water
- Impacts on recreation
- Or other environmental impacts

---

1. TITLE OF RULE FILING:

**Vermont Saves Program Rule**

2. ADOPTING AGENCY:

Office of the State Treasurer

3. GREENHOUSE GAS: *EXPLAIN HOW THE RULE IMPACTS THE EMISSION OF GREENHOUSE GASES (E.G. TRANSPORTATION OF PEOPLE OR GOODS; BUILDING INFRASTRUCTURE; LAND USE AND DEVELOPMENT, WASTE GENERATION, ETC.):*  
No impact anticipated.

4. WATER: *EXPLAIN HOW THE RULE IMPACTS WATER (E.G. DISCHARGE / ELIMINATION OF POLLUTION INTO VERMONT WATERS, THE FLOW OF WATER IN THE STATE, WATER QUALITY ETC.):*  
No impact anticipated.

5. LAND: *EXPLAIN HOW THE RULE IMPACTS LAND (E.G. IMPACTS ON FORESTRY, AGRICULTURE ETC.):*  
No impact anticipated.

6. RECREATION: *EXPLAIN HOW THE RULE IMPACTS RECREATION IN THE STATE:*  
No impact anticipated.

7. **CLIMATE:** *EXPLAIN HOW THE RULE IMPACTS THE CLIMATE IN THE STATE:*

No impact anticipated.

8. **OTHER:** *EXPLAIN HOW THE RULE IMPACT OTHER ASPECTS OF VERMONT'S ENVIRONMENT:*

No impact anticipated.

9. **SUFFICIENCY:** *DESCRIBE HOW THE ANALYSIS WAS CONDUCTED, IDENTIFYING RELEVANT INTERNAL AND/OR EXTERNAL SOURCES OF INFORMATION USED.*

Retirement savings accounts have no impact on the environment. The Office of the State Treasurer recognizes that there are potential reductions in greenhouse gas emissions from reducing the use of first-class mail to notify employers of their requirement to register for the Program and notify participants about their account. However, identifying whether this rule will, in fact, impact greenhouse gas emissions depends on how many employers in the State opt to receive registration notification through first-class mail rather than online and how many participants opt to receive account information through first-class mail rather than an online portal. It will also depend on whether the energy use associated with electronic systems ultimately will use less fossil fuels and produce less carbon emissions than first-class mail. Without knowing having this data available to us, it would be speculative for the Office to attempt to calculate the impact on greenhouse gas emission from this rule. We believe, regardless of how many employers request first-class mail, the environmental impacts will be de minimis.

## Public Input Maximization Plan

### **Instructions:**

Agencies are encouraged to hold hearings as part of their strategy to maximize the involvement of the public in the development of rules. Please complete the form below by describing the agency's strategy for maximizing public input (what it did do, or will do to maximize the involvement of the public).

This form must accompany each filing made during the rulemaking process:

---

1. TITLE OF RULE FILING:

**Vermont Saves Program Rule**

2. ADOPTING AGENCY:

Office of the State Treasurer

3. PLEASE DESCRIBE THE AGENCY'S STRATEGY TO MAXIMIZE PUBLIC INVOLVEMENT IN THE DEVELOPMENT OF THE PROPOSED RULE, LISTING THE STEPS THAT HAVE BEEN OR WILL BE TAKEN TO COMPLY WITH THAT STRATEGY:

The Office of the State Treasurer will notify the public and interested stakeholders of the proposed rule and public hearing in accordance with the Vermont APA. Prior to commencing this formal rulemaking process, our Office circulated a version of the proposed rules to an advisory board of stakeholders for advice and feedback. In addition to holding a public hearing, our office will widely circulate the proposed rules to stakeholder groups when they are available for public comment. We will also post the rules to our office's website for public review. All public comments will be carefully reviewed and considered for inclusion into the proposed rules.

4. BEYOND GENERAL ADVERTISEMENTS, PLEASE LIST THE PEOPLE AND ORGANIZATIONS THAT HAVE BEEN OR WILL BE INVOLVED IN THE DEVELOPMENT OF THE PROPOSED RULE:

VT Saves Advisory Board

Vermont Chamber of Commerce

**Public Input**

Vermont Businesses for Social Responsibility

Vestwell (Office's vendor who will administer the program)

AARP

Partnership for a Dignified Retirement (Colorado, Delaware, and Maine State Treasurer Offices)

**Office of the State Treasurer  
Vermont Saves Program Rule**

**I. Definitions**

1. “Acceptable submission method” means one or more modes of document submission detailed on the Program website.
2. “Account” means an Individual Retirement Account that has been established under the Program.
3. “Act” means 2023 Acts and Resolves No. 43.
4. “Automatic escalation” means a one percent annual increase in a Covered Participant’s contribution level at the beginning of each calendar year following the Covered Participant’s Onboarding.
5. “Beneficiary” means an individual, person, or entity entitled to receive the proceeds of a Program account upon the death of a Participant.
6. “Code” means the Internal Revenue Code of 1986, as amended, and any U.S. Department of Treasury regulations, rulings, announcements, or other guidance issued thereunder.
7. “Confirmation notice” means a document sent by the Program Administrator to Covered Employees to notify them that they have been enrolled in the Program.
8. “Contribution” means monies contributed to an Account.
9. “Contribution level” has the same meaning as in 3 V.S.A. § 531(1).
10. “Covered employee” has the same meaning as in 3 V.S.A. § 531(2). A Covered Employee includes a person who meets the statutory definition and is employed for at least 500 hours or more in a calendar year.
11. “Covered employer” has the same meaning as in 3 V.S.A. § 531(3) and includes an employer who has five or more employees at any time in a calendar year.
12. “Covered participant” means a covered employee who is a Participant in the Program.
13. “Custom automatic escalation” means an automatic annual increase to a Participant's contribution rate affirmatively selected by the Participant, subject to the limitations imposed by the Program Administrator or applicable law.
14. “Custom contribution rate” means a contribution rate affirmatively selected by a Covered Participant, subject to the limitations imposed by the Program or applicable law.
15. “Default contribution rate” means five percent of a Covered Participant's wages.

16. "Default investment option" means the investment option that will receive Contributions if the Participant does not select a different investment option or options.
17. "Employee information" means the information relating to Covered Employees that a Covered Employer is required to provide to the Program Administrator to complete registration.
18. "Employee leasing company" means an employee-leasing company, a professional employment organization, an employer-of-record service, or any similar entity that provides employee-related services or workers by contract and for a fee to a Covered Employer.
19. "Employer certification" means the certification submitted by an employer to the Program Administrator certifying that said employer does not meet the definition of a Covered Employer.
20. "Employer information" means the information relating to a covered employer's business that the covered employer is required to provide to the Program Administrator as part of registration.
21. "ERISA" means the federal Employee Retirement Income Security Act of 1974 [29 U.S.C. § 1001 et seq.], as amended.
22. "Exempt" means not required to Onboard or Participate in the Program.
23. "FEIN" means the federal "Employer Identification Number" provided by the IRS.
24. "Hold and sweep period" means a period after the end of the Opt-out period during which time a Covered Participant's contributions are held in a principal preservation investment, unless the Covered Participant makes an affirmative election otherwise.
25. "IRA" has the meaning set forth in 3 V.S.A. § 531(6).
26. "IRS" means the Internal Revenue Service.
27. "Non-covered individual" means a person who is not a covered employee.
28. "Non-covered participant" means a participant who is not a covered employee.
29. "Non-payroll contribution" means a contribution that a participant remits outside of a payroll deduction contribution.
30. "Onboard" or "Onboarding" refers to the process by which Covered Employers, Covered Employees, and Participants furnish all required information to the Program Administrator in order to participate in the Program.



31. "Opt-out" means a covered employee affirmatively declines the option of being automatically enrolled into the Program.
32. "Opt-out period" means the period of time following the provision of Program Information to a Covered Employee during which a Covered Employee may opt out of automatic enrollment into the Program.
33. "Participant" means an individual for whom an account is held under the Program, whether they are a "non-covered" or "covered" Participant as defined in this rule.
34. "Participate" means to have an account open with the Program.
35. "Participating employer" means a Covered Employer that is remitting Covered Participant contributions.
36. "Payroll deduction contribution" means a Contribution made by a Covered Participant via a payroll deduction IRA arrangement with a Participating Employer.
37. "Principal preservation investment" means a money market fund or other conservative, highly liquid investment offered as an investment option in the Program.
38. "Program" means the VT Saves Program established under 3 V.S.A. chapter 18.
39. "Program administrator" means the third-party entity procured by the State Treasurer to provide recordkeeping and related services for the Program.
40. "Program information" means the document or documents provided by the Program Administrator to participants that details the investment options and other Program features.
41. "Register" or "Registration" means the process for Covered Employers to submit registration information, including Employee and Employer Information, to the Program Administrator.
42. "Registration date" means the deadline established by the State Treasurer for a covered employer to either register or submit an employer certification.
43. "Registration notice" means the written notice or notices, which may be sent electronically, provided to certain employers directing the employers to either register or submit an employer certification by the Registration Date.
44. "Roth IRA" has the same meaning as in 3 V.S.A. § 531(10).
45. "Specified tax-favored retirement plan" has the same meaning as in 3 V.S.A. § 531(11).

46. “Treasurer” means the Treasurer of the State of Vermont or one or more authorized employees thereof.
47. “Traditional IRA” has the same meaning as in 3 V.S.A. § 531(12).
48. “Wages” has the same meaning as in 3 V.S.A. § 531(16).
49. “Work-site employee” means a Covered Employee contracted through an Employee-Leasing Company.
50. “Work-site employer” means any person, business, or other entity that procures the services of an Employee Leasing Company under a contract, and which retains direction and control of the Covered Employees specified in the contract regarding responsibilities not specified in the contract pertaining to the business of the work-site employer.

## **II. Employer Requirements**

1. Notice of Registration
  - a. As directed by the Treasurer, the Program Administrator shall send Registration notices to Covered employers.
  - b. The Registration notices shall direct Covered employers to either Register with the Program (see § 2) or submit an Employer certification of exempt status (see § 3) by the Registration date.
  - c. The Registration notices shall include instructions acceptable to the Treasurer.
  - d. The Registration date shall be at least 30 days after the date of the first Registration notice.
2. Employer Registration Requirements
  - a. A Covered employer shall Register with the Program by submitting all necessary Registration information, including both Employer information and Employee information, via an acceptable submission method on or before the Registration date.
  - b. Employer information shall include:
    - i. Employer name and assumed business name, if any.
    - ii. FEIN.
    - iii. Employer mailing address.
    - iv. Name, telephone number, and email address of an individual designated by the employer to serve as the point of contact.
    - v. Any additional information required by the Program administrator.
  - c. Employee information shall include:
    - i. Full legal name.
    - ii. Social security number or individual taxpayer identification number.
    - iii. Date of birth.
    - iv. Street address.
    - v. Email address, if available.

- vi. Phone number, if available.
      - vii. Any additional information required by the Program administrator.
    - d. A Covered employer shall submit Employee information for all Covered employees no later than 120 days after the date of employment.
    - e. After initial Registration, a Covered employer shall have a continuing obligation to:
      - i. Promptly provide the Program administrator with any new or updated Employee or Employer information.
      - ii. Promptly Register new or otherwise unregistered Covered employees.
      - iii. Promptly provide the Program administrator with any additional information needed to administer the Program.
    - f. Upon the submission and review of all necessary Registration information, the Program administrator shall send a Confirmation notice to the Covered employer and send the Program information to each Covered employee. In the event that the Program administrator does not have a functioning email address for the Covered employee, the Program administrator shall send the Confirmation notice by first class mail.
- 3. Process to Certify Exempt Status
  - a. If a Covered employer receives a Registration notice and believes that it is not a Covered employer, an authorized representative of the employer may complete and submit an Employer certification on the Program website, attesting that the employer is exempt.
  - b. After an Covered employer submits a satisfactory and complete Employer certification, the Program administrator shall promptly provide the employer with a confirmation of the employer's exempt status. A confirmation of exempt status will remain in effect until the employer meets the criteria of a Covered employer.
  - c. If an employer certification is found to be inaccurate or incomplete, or does not meet Program exemption standards, the Program administrator shall, as directed by the Treasurer, notify the employer of any necessary corrective action and the deadline by which the corrective action must be taken. Employers that previously received confirmation of employer exemption may be required to recertify exempt status not more than one time per calendar year, as directed by the Treasurer.
- 4. Additional Employer Provisions
  - a. Business entities that offer a Specified tax-favored retirement plan shall not Register with the Program.
  - b. Covered employers shall not:
    - i. Prohibit, restrict, or discourage employee participation in the Program.
    - ii. Provide Participants or Beneficiaries financial advice or direction regarding investment choices, contribution rates, automatic escalation, or any other decision concerning the Program.

- iii. Remit any Payroll deduction contributions for any Covered employee who opted out of the Program, unless and until the Covered employee subsequently affirmatively elects to enroll in the Program.
      - iv. Exercise any authority, control, or responsibility regarding the Program, other than those duties prescribed in statute or these rules promulgated thereunder.
      - v. Make a contribution to a Participant's account.
    - c. Covered employers may contact the Program administrator for technical assistance in completing Registration or other Program requirements.
  - 5. Withholding and Remitting Payroll Deduction Contributions by Participating Employer
    - a. Participating employers shall be responsible for withholding and remitting Payroll deduction contributions for Covered participants.
    - b. Participating employers shall not remit Payroll deduction contributions until the end of the Opt-out period.
    - c. Participating employers shall remit all Payroll deduction contributions withheld from wages to the Program administrator as soon as administratively practicable, and in no event later than 14 days from the close of the payroll period in which the wages were earned.
    - d. Amounts withheld by the Participating employer for Payroll deduction contributions shall not exceed the amount of the Covered participant's wages remaining after any payroll deductions required by law or other deductions that have higher legal precedence, including a court or administrative order.
  - 6. Multi-Party Employment Relationships
    - a. If a business utilizes an Employee leasing company, the entity that pays unemployment insurance premiums for Covered employees, as indicated by the FEIN that appears in the Vermont Department of Labor's records, shall be the entity that is responsible for either certifying exempt status or Registration in accordance with this regulation.
    - b. Any wages paid to a Work-site employee by an Employee leasing company shall be treated as wages received from the Work-site employer.
    - c. Nothing in this regulation prohibits a party in a relationship between a business and an Employee leasing company from assisting another party in the relationship to comply with this rule.

### **III. Covered Employees, Covered Participants, and Non-Covered Participants**

- 7. Right to Opt-Out
  - a. Covered employees who have been registered with the Program have the right to Opt-out of auto-enrollment during the initial Opt-out period. No account shall be established if a Covered employee opts out during the Opt-out period.

- b. The Treasurer shall set the Opt-out period for Covered employees, which shall be not less than 30 calendar days from the date on which the Covered employee receives notice of (i) their right to Opt-out and (ii) the Opt-out period.
  - c. Covered employees who Opt-out may subsequently elect to Participate at any time.
  - d. If the Covered employee does not Opt-out during the Opt-out period, the Program administrator shall send a Confirmation notice to the Covered employee indicating that the Covered employee has been automatically enrolled in the Program, and that an IRA account has been opened in the Covered employee's name.
  - e. A Covered participant may at any time elect to stop making Contributions, or cease participation in the Program, subject to the submission of any necessary information or forms required by the Program administrator and applicable law.
8. Non-Covered Participants
- a. Non-covered individuals may Participate in the Program by completing a self-enrollment process, approved by the Treasurer, as long as they meet the requirements to open an IRA and provide all Registration information as may be required by the Program administrator.
  - b. The Program administrator shall provide Program information to Non-covered individuals as soon as administratively possible after all required Registration information has been received.

#### **IV. Accounts**

9. Account Opening and Closure
- a. Participants shall have not more than one user account on the Program administrator's platform. This holds true even if a Participant makes Payroll deduction contributions through multiple employers.
  - b. If a Covered employee is automatically enrolled into the Program, the Program administrator shall open a Roth IRA for the Covered employee, and any Contributions made by the Covered participant shall be made to the Roth IRA until the Covered participant elects otherwise.
  - c. A Participant may affirmatively elect to open and make contributions to a Traditional IRA instead of a Roth IRA.
  - d. The Program administrator shall inform Participants of the process to open a Traditional IRA instead of a Roth IRA, and how to make Contributions to a Traditional IRA. In doing so the Program administrator may direct Participants to IRS information describing the differences between Traditional and Roth IRAs.
  - e. A Participant may close an account at any time.
10. Default Investment and Custom Investment Options
- a. Participants may direct their contribution to any single investment option or combination of investment options offered by the Program.

- b. During the Hold-and-sweep period, the Covered participant's Payroll deduction contributions will be directed into the Principal preservation investment, unless the Covered participant has made an affirmative election to invest in a non-default investment option or to cease making Contributions.
- c. After the Hold-and-sweep period, the Program administrator shall direct Payroll deduction contributions into the Default investment option unless the Participant has affirmatively elected a custom investment option or to cease making contributions.
- d. The Treasurer shall set the Hold-and-sweep period for Covered participants, which shall be not less than 30 calendar days from the date on which the Covered participants are automatically enrolled into the Program.

#### 11. Contributions

- a. It shall be the responsibility of the Participant to determine:
  - i. whether they are eligible to make Contributions to an account under the Code and other applicable law;
  - ii. whether the amount of their Contributions to an account complies with the contribution limits established under the Code; and
  - iii. whether their Contributions are deductible.

#### 12. Default Contribution Rate and Custom Contribution Rate

- a. The Default contribution rate shall be five percent of a covered participant's wages.
- b. A Covered participant may select a Custom contribution rate at any time.
- c. The Program administrator shall provide Covered participants with instructions on how to elect a Custom contribution rate.
- d. The Program administrator may limit participants to selecting Contribution rates that are whole-number percentages. The Program administrator may allow Covered participants to select flat-dollar Payroll deduction contributions instead of percentages.

#### 13. Non-Payroll Contributions

- a. Any Participant may choose to make Non-payroll contributions to their account.
- b. The Program administrator may set an acceptable minimum initial Non-payroll contributions and a minimum recurring Non-payroll contribution for Non-covered participants.
- c. The Program administrator shall establish acceptable methods and procedures for making Non-payroll contributions.

#### 14. Automatic Escalation

- a. Contributions of Covered participants who have participated in the Program for at least six months shall be subject to Default automatic escalation, except as provided in this section.
- b. Under Default automatic escalation, a Covered participant's Contribution rate will automatically increase by not less than one percent of the Covered participant's wages at the beginning of each calendar year following the Covered participant's onboarding, up to a maximum of eight percent of the Covered participant's wages.
- c. The Program administrator may offer Participants the option of Custom automatic escalation (e.g. by a different percentage or dollar amount per year). If the Program administrator offers this function, the Program administrator shall establish acceptable limits and procedures pertaining to Custom automatic escalation.
- d. On at least an annual basis, the Program administrator shall notify Covered participants of any pending Automatic escalation sufficiently in advance to allow them to Opt-out of Automatic escalation, select a Custom automatic escalation (if offered), revert to Default automatic escalation, or affirmatively change a Contribution rate.

#### 15. Termination of Participating Employer Status Through Program Exemption

- a. Participating employers who will begin offering a Specified tax-favored retirement plan must provide the Program administrator with at least 60 days' notice prior to the cessation of Payroll deduction contributions.
- b. Participating employers that have become exempt must notify Covered participants at least 30 days before Payroll deduction contributions cease and provide them with information describing how to contact the Program administrator.
- c. Unless Covered participants elect otherwise, accounts will remain in the Program after the Participating employer certifies its exemption.

#### 16. Termination of Employment

- a. If a Participant ceases to be a Covered employee by termination or other means, the account will remain open, unless they affirmatively elect to close the account, and they may continue to make Contributions to the account.

#### 17. Portability

- a. A Participant's account may receive rollovers and transfers from other retirement savings vehicles in accordance with the Code and other applicable law.
- b. A Participant or Beneficiary may roll over or transfer all or a portion of an account to a different retirement savings vehicle in accordance with the Code. The Participant must commence the process by notifying the Program administrator and providing any information required to effectuate the rollover or transfer.

#### 18. Withdrawals

- a. A Participant may withdraw all or a portion of funds from their account at any time by submitting a completed request to the Program administrator, in a form established by the Program administrator and permitted by the IRS.
- b. The Program shall not assess any penalty for withdrawals. Withdrawals shall be subject to any applicable state and federal income tax obligations and may be subject to penalties under the Code.

#### 19. Abandoned Accounts

- a. Abandoned Accounts. An account that remains inactive for a dormancy period prescribed under applicable law may be deemed abandoned and paid or delivered under Title 27 of the Vermont Statutes Annotated or other applicable law.

### **V. Compliance**

#### 20. Authority

- a. The Treasurer has authority to ensure compliance with and enforce the Act and all rules promulgated under the Act.

#### 21. Complaints

- a. A Covered employee with a complaint concerning a Covered employer's conduct relating to the Act or any rules promulgated thereunder may submit the complaint to the Treasurer in writing, by phone, by email, or through any other means permitted by the Treasurer.
- b. All complaints concerning a Covered employer's compliance with this chapter received by any other State of Vermont agency shall be referred to the Treasurer.
- c. The Treasurer shall maintain on the Program's website instructions and information relating to the submission of a complaint, including an email address, phone number, and other relevant contact information.
- d. All complaints shall be held and treated as confidential to the extent permitted by applicable law.
- e. The Treasurer shall promptly review, investigate, and attempt to resolve informally all complaints submitted under this Section.

#### 22. Enforcement

- a. If the Treasurer determines that a Covered employer is not in compliance with the Act or any rules promulgated thereunder, they shall issue or cause to be issued, a notice to the Covered employer outlining the nature and extent of the alleged noncompliance, providing instructions for compliance, and specifying the potential administrative penalties for noncompliance.
- b. If a Covered employer to which an enforcement notice is issued does not come into compliance within 90 days of the date the notice was issued, the Treasurer may impose administrative penalties against a Covered employer that fails to



comply with the Act, or any rules promulgated thereunder, which penalties shall not exceed those established in 3 V.S.A. § 535.

- c. A Covered employer shall have a right to appeal a final order imposing a penalty within 30 days of the day the notice of the decision was mailed to the Covered employer.

**23. Compliance Monitoring**

- a. The Treasurer shall, with or without a complaint, monitor the status of Covered employers' compliance with this chapter, including through review of available data and documents.

**VI. Severability**

24. If any provision of this rule is found to be invalid, the other provisions of this rule shall remain in full force and effect.