



Colorado Legislative Council Staff Fiscal Note

NO FISCAL IMPACT

Drafting Number: LLS 10-0578**Date:** January 15, 2010**Prime Sponsor(s):** Sen. Newell
Rep. Bradford**Bill Status:** Senate Business, Labor and Technology
Fiscal Analyst: Clare Pramuk (303-866-2677)

TITLE: CONCERNING AUTOMATIC ENROLLMENT IN EMPLOYEE RETIREMENT PLANS.**Summary of Legislation**

This bill allows employers whose retirement plans are not subject to the Employee Retirement Income Security Act of 1974 (ERISA), to initiate automatic enrollment plans for their employees. These employers include 501(c)(3) organizations, public schools, and churches. Employees can choose not to participate in a plan, but must take action to opt out. Employers are not liable for investment decisions made on behalf of their employees if the following conditions are met:

- Employees have at least quarterly opportunities to select investments;
- Employees are given notice of investment alternatives available, how to change investments, and decisions that will be made in absence of employee direction; and
- Employees are given at least annual notice of the actual default investments made with employee contributions.

The bill is effective January 1, 2011, unless a referendum petition is filed.

Assessment

This bill is assessed at no fiscal impact. It allows employers not subject to ERISA to make payroll deductions for contributions to automatic enrollment plans and gives them the same relief from liability for default investments as is provided under the federal Pension Protection Act of 2006. It has no impact on state or local government revenues or expenditures.

Departments Contacted

Personnel and Administration