

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2021

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HOUSE BILL 899

Short Title: North Carolina Work and Save. (Public)

Sponsors: Representatives Hardister, Hanig, Warren, and Harris (Primary Sponsors).  
*For a complete list of sponsors, refer to the North Carolina General Assembly web site.*

Referred to: Commerce, if favorable, Appropriations, if favorable, Rules, Calendar, and Operations of the House

May 10, 2021

1 A BILL TO BE ENTITLED  
2 AN ACT TO CREATE THE SMALL BUSINESS RETIREMENT SAVINGS PROGRAM AND  
3 TO APPROPRIATE FUNDS.

4 Whereas, the General Assembly finds that too many North Carolina citizens have no  
5 or inadequate savings for retirement, and an estimated 1.7 million North Carolina working  
6 families, including employees, independent contractors, and the self-employed, have no access  
7 to an employer-sponsored retirement plan or program or any other easy way to save at work; and

8 Whereas, it is the policy of the State to assist the North Carolina private-sector  
9 workforce, including in particular moderate- and lower-income working households, to  
10 voluntarily save for retirement, including by facilitating saving in individual retirement accounts  
11 (IRAs) as well as by encouraging employers to adopt retirement savings and other retirement  
12 plans for employees in the State; and

13 Whereas, more adequate, portable, low-cost, and consumer-protective retirement  
14 saving by North Carolina households will enhance their retirement security and ultimately reduce  
15 the pressure on State public assistance programs for retirees and other elderly citizens and the  
16 potential burden on North Carolina taxpayers to finance such programs; and

17 Whereas, the General Assembly intends to establish a North Carolina Work and Save  
18 Program that will use the services of competent and qualified private-sector entities selected by  
19 the North Carolina Small Business Retirement Savings Program Board to administer the Program  
20 and manage the funds on behalf of the Program participants; and

21 Whereas, the North Carolina 529 College Savings Program has demonstrated the  
22 feasibility of a public-private partnership that outsources investment and administration to assist  
23 private citizens of the State to save on a voluntary and cost-efficient basis; Now, therefore,  
24 The General Assembly of North Carolina enacts:

25 **SECTION 1.** Article 10 of Chapter 143B of the General Statutes is amended by  
26 adding a new Part to read:

27 "Part 2L. North Carolina Small Business Retirement Savings Program.

28 "§ 143B-437.105. Title.

29 This Part shall be known as the "North Carolina Small Business Retirement Program"  
30 or "North Carolina Work and Save."

31 "§ 143B-437.106. Definitions.

32 The following definitions apply in this Part:

- 33 (1) Administrative Fund. – The North Carolina Small Business Retirement  
34 Savings Administrative Fund established in G.S. 143B-427.115.



- 1           (2)   Board. – The North Carolina Small Business Retirement Savings Program  
2           Board.
- 3           (3)   Covered employee. – An individual who is employed by a covered employer,  
4           who has wages or other compensation that is allocable to the State, and who  
5           is at least 18 years of age. A covered employee does not include any of the  
6           following:
- 7           a.     Any employee covered under the federal Railway Labor Act (45  
8           U.S.C. § 151).
- 9           b.     Any employee on whose behalf an employer makes contributions to a  
10           Taft-Hartley multiemployer pension trust fund.
- 11           c.     Any individual who is an employee of the federal government, the  
12           State or any other state, any country or municipal corporation, or any  
13           of the State's, any other state's, or the federal government's units or  
14           instrumentalities.
- 15           (4)   Covered employer. – A person or entity engaged in a business, industry,  
16           profession, trade, or other enterprise in the State, whether for profit or not for  
17           profit, excluding the federal government, the State, any county, any  
18           municipality, or any political subdivision of the State, and provided that  
19           covered employer does not include an employer that maintains a specified  
20           tax-favored retirement plan for its employees or has done so effective in form  
21           and operation at any time within the current or two preceding calendar years.  
22           If an employer does not maintain a specified tax-favored retirement plan for a  
23           portion of a calendar year ending on or after the effective date of this Article  
24           and adopts such a plan effective for the remainder of that calendar year, the  
25           employer is exempt from covered employer status for that remainder of the  
26           year.
- 27           (4a)   Department. – The North Carolina Department of Commerce.
- 28           (5)   ERISA. – The Employee Retirement Income Security Act of 1974, as  
29           amended (29 U.S.C. § 1001 et seq.).
- 30           (6)   Internal Revenue Code. – The Internal Revenue Code of 1986, as amended  
31           (Title 26 of the United States Code).
- 32           (7)   IRA. – A traditional or Roth individual retirement account or individual  
33           retirement annuity.
- 34           (8)   Participant. – An individual who is contributing to an IRA under the Program  
35           or has an IRA account balance under the Program.
- 36           (9)   Participating employer. – A covered employer that provides for covered  
37           employees a payroll deduction IRA provided for by this Article.
- 38           (10)   Payroll deduction IRA arrangement or payroll deduction IRA. – An  
39           arrangement by which an employer allows employees to contribute to an IRA  
40           by means of payroll deduction.
- 41           (11)   Program or North Carolina Work and Save Program. – The Small Business  
42           Retirement Savings Program established by this Article.
- 43           (12)   Roth IRA. – A Roth individual retirement account or individual retirement  
44           annuity under section 408A of the Internal Revenue Code.
- 45           (13)   Specified tax-favored retirement plan. – A retirement plan that is tax-qualified  
46           under or is described in and satisfies the requirements of subsection 401(a),  
47           401(k), 403(a), 403(b), 408(k) (Simplified Employee Pension), or 408(p)  
48           (SIMPLE-IRA) of the Internal Revenue Code.
- 49           (14)   Total fees and expenses. – All fees, costs, and expenses, including, but not  
50           limited, to administrative expenses, investment expenses, investment advice  
51           expenses, accounting costs, actuarial costs, legal costs, marketing expenses,

1 education expenses, trading costs, insurance annuitization costs, and other  
2 miscellaneous costs.

3 (15) Traditional IRA. – A traditional individual retirement account or traditional  
4 individual retirement annuity under section 408(a) or (b) of the Internal  
5 Revenue Code.

6 (16) Trust. – The trust in which the assets of the Program are held. Where  
7 applicable, except as may be otherwise specified, references throughout this  
8 Article to the Program generally are intended to refer also to the Trust  
9 including the assets, facilities, costs and expenses, receipts, expenditures,  
10 activities, operations, administration, or management.

11 **§ 143B-437.107. Establishment of Board.**

12 (a) The North Carolina Small Business Retirement Savings Board is established for  
13 administrative purposes in the Department of Commerce, but the Board shall exercise its powers  
14 and duties independently of the Department. The Department shall provide administrative  
15 support for the Board in carrying out its duties pursuant to this Article.

16 (b) The Board shall consist of 12 members.

17 (1) Ten voting members shall be appointed as follows:

18 a. The State Treasurer shall appoint a member who has a favorable  
19 reputation for skill, knowledge, and experience in retirement  
20 investment products or retirement plan designs.

21 b. Five members appointed by the Governor as follows:

22 1. One member who has a favorable reputation for skill,  
23 knowledge, and experience in retirement investment products  
24 or retirement plan designs.

25 2. One member who has a favorable reputation for skill,  
26 knowledge, and experience relating to small business or  
27 covered employers.

28 3. One member from the Office of State Budget and Management  
29 or other designee knowledgeable about fiscal impacts.

30 4. One member who is an employee of the Department of  
31 Commerce.

32 5. One member of the public.

33 c. Two members appointed by the General Assembly upon the  
34 recommendation of the Speaker of the House of Representatives as  
35 follows:

36 1. One member who is a retired individual or an individual who  
37 represents persons retired to be a representative of the interests  
38 of retirees.

39 2. One member who has a favorable reputation for skill,  
40 knowledge, and experience in the interests of employers in  
41 retirement saving.

42 d. Two members appointed by the General Assembly upon the  
43 recommendation of the President Pro Tempore of the Senate as  
44 follows:

45 1. One member who is a representative of an association  
46 representing employees or who has a favorable reputation for  
47 skill, knowledge, and experience in the interests of employees  
48 in retirement saving.

49 2. One member who has a favorable reputation for skill,  
50 knowledge, and experience in retirement investment products  
51 or retirement plan designs.

1           (2)     In addition to the 10 voting members, the President Pro Tempore of the Senate  
2                     and the Speaker of the House of Representatives shall each appoint one  
3                     nonvoting advisory member.

4           (c)     All initial appointments shall be made no later than October 1, 2021. Of the initial  
5                     appointments made by the Governor, the General Assembly upon the recommendation of the  
6                     President Pro Tempore of the Senate, and the General Assembly upon the recommendation of  
7                     the Speaker of the House of Representatives, one each shall be appointed for four-year terms to  
8                     begin October 1, 2021, and one each shall be appointed for two-year terms to begin on October  
9                     1, 2021. Of the remaining appointments by the Governor, two shall be for a term of one year to  
10                    begin on October 1, 2021. The initial appointment by the State Treasurer shall be for a term of  
11                    three years to begin on October 1, 2021. All successors shall be appointed for four-year terms.  
12                    All members of the Board shall serve at the pleasure of the appointing authority.

13           (d)     Members of the Board shall serve without compensation and shall receive per diem,  
14                     subsistence, and travel allowances as provided in G.S. 138-5 and G.S. 138-6 as applicable.

15           (e)     The Governor shall convene the first meeting of the Board no later than October 15,  
16                     2021. A majority of the voting members of the Board constitutes a quorum. The first order of  
17                     business before the Board shall be to elect a chair from among the Board's membership. A  
18                     vacancy in the membership of the Board shall not impair the right of a quorum to exercise the  
19                     powers and duties of the Board.

20     **"§ 143B-437.108. Powers and duties of the Board.**

21           (a)     The Board shall have the following powers and duties, subject to its authority and  
22                     fiduciary duty:

23           (1)     Design, develop, implement, maintain, govern, and promulgate rules with  
24                     respect to a payroll deduction retirement savings program for covered  
25                     employers that do not provide a retirement program and, to that end, may  
26                     conduct market, legal, and feasibility analyses.

27           (2)     Elect a chair and other officers it deems necessary.

28           (3)     Meet as necessary to perform its duties.

29           (4)     Appoint an executive director, who shall be the chief administrative officer of  
30                     the Board.

31           (5)     Retain trustees, recordkeepers, investment managers, investment advisors,  
32                     and other administrative, professional, expert advisors and service providers,  
33                     none of whom shall be members of the Board and all of whom shall serve at  
34                     the pleasure of the Board, and determine their duties and compensation. The  
35                     Board may authorize the executive director and other officials to oversee  
36                     requests for proposals or other public competitions and enter into contracts on  
37                     behalf of the Board and conduct any business necessary for the efficient  
38                     operation of the Board.

39           (6)     Cause the Program, Trust, and arrangements and accounts established under  
40                     the Program to be designed, established, and operated:

41           a.     In accordance with best practices for retirement saving vehicles.

42           b.     To encourage participation, saving, sound investment practices, and  
43                     appropriate selection of investment options, including any default  
44                     investments.

45           c.     To maximize simplicity and ease of administration for covered  
46                     employers.

47           d.     To arrange for collective, common, and pooled investment of assets of  
48                     the Program and Trust, including investments in conjunction with  
49                     other funds with which these assets are permitted by law to be  
50                     collectively invested, with a view to achieving economies of scale and

- 1                    other efficiencies designed to minimize costs for the Program and its  
2                    participants, to promote portability of benefits.  
3                    e.    To avoid preemption of the Program by federal law (Employee  
4                    Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et seq.).  
5                    (7)   Develop and implement an investment policy that defines the Program's  
6                    investment objectives, consistent with the objectives of the Program, and that  
7                    provides for policies and procedures consistent with those investment  
8                    objectives. The Board shall designate appropriate default investments that  
9                    include a mix of asset classes, such as target date and balanced funds. The  
10                   Board shall seek to minimize participant fees and expenses of investment and  
11                   administration. The Board shall strive to design and implement investment  
12                   options available to holders of accounts established as part of the Program and  
13                   other Program features that are intended to achieve maximum possible income  
14                   replacement balanced with an appropriate level of risk in an IRA-based  
15                   environment consistent with the investment objectives under the policy. The  
16                   investment options may encompass a range of risk and return opportunities  
17                   and allow for a rate of return commensurate with an appropriate level of risk  
18                   in view of the investment objectives under the policy. The menu of investment  
19                   options shall be determined taking into account the nature and objectives of  
20                   the Program, the desirability based on behavioral research findings of limiting  
21                   investment choices under the Program to a reasonable number, and the  
22                   extensive investment choices available to participants in the event that they  
23                   roll over to an IRA outside the Program.  
24                   (8)   Set and collect necessary fees from covered employees for application,  
25                   account, or administrative processing and accept any grants, gifts, legislative  
26                   appropriations, loans, and other moneys from the State, any unit of federal,  
27                   State, or local government, or any other person, firm, or entity to defray the  
28                   costs of administering and operating the Program.  
29                   (9)   If necessary, determine the eligibility of an employer, employee, or other  
30                   individual to participate in the Program.  
31                   (10) Adopt rules it deems necessary or advisable for the implementation of this  
32                   Article and the administration and operation of the Program.  
33                   (11) Cause expenses incurred to initiate, implement, maintain, and administer the  
34                   Program to be paid from contributions to, or investment returns or assets of,  
35                   the Program or other money collected by or for the Program or pursuant to  
36                   arrangements established under the Program to the extent permitted under  
37                   federal and State law.  
38                   (12) Invest and reinvest its funds in accordance with applicable State and federal  
39                   laws.  
40                   (13) Make and enter into competitively procured contracts, agreements,  
41                   memoranda of understanding, partnerships, or other arrangements, to  
42                   collaborate and cooperate with, and to retain, employ, and contract with or for  
43                   any of the following to the extent necessary or desirable, for the effective and  
44                   efficient design, implementation, and administration of the Program  
45                   consistent with the purposes set forth in this Article and to maximize outreach  
46                   to covered employers and covered employees:  
47                   a.    Services of private and public financial institutions, depositories,  
48                   consultants, actuaries, counsel, auditors, investment advisers,  
49                   investment administrators, investment management firms, other  
50                   investment firms, third-party administrators, other professionals and  
51                   service providers, and State public retirement systems.

- 1            b. Research, technical, financial, administrative, and other services.  
2            c. Services of other State agencies to assist the Board in the exercise of  
3            its powers and duties.
- 4            (14) The Board may enter into an intergovernmental agreement or memorandum  
5            of understanding with the State and any agency of the State to receive  
6            outreach, technical assistance, enforcement and compliance services,  
7            collection or dissemination of information pertinent to the Program subject to  
8            such obligations of confidentiality as may be agreed or required by law, or  
9            other services or assistance. The State and any agencies of the State that enter  
10           into such agreements or memoranda of understanding shall collaborate to  
11           provide the outreach, assistance, information, and compliance or other  
12           services or assistance to the Board. The memoranda of understanding may  
13           cover the sharing of costs incurred in gathering and disseminating information  
14           and the reimbursement of costs for any enforcement activities or assistance.
- 15           (15) Make and enter into contracts, agreements, memoranda of understanding,  
16           arrangements, partnerships, or other arrangements to collaborate, cooperate,  
17           coordinate, contract, or combine resources, investments, or administrative  
18           functions with other governmental entities, including other states or their  
19           agencies or instrumentalities that maintain or are establishing retirement  
20           savings programs compatible with the Program, including collective,  
21           common, or pooled investments with other funds of other states' programs  
22           with which the assets of the Program and Trust are permitted by law to be  
23           collectively invested, to the extent necessary or desirable for the effective and  
24           efficient design, administration, and implementation of the Program  
25           consistent with the purposes set forth in this Article, including the purpose of  
26           achieving economies of scale and other efficiencies designed to minimize  
27           costs for the Program.
- 28           (16) Develop and implement an education and outreach plan to gain input and  
29           disseminate information regarding the North Carolina Work and Save  
30           Program and retirement savings and financial literacy in general.
- 31           (17) Establish procedures for the timely and fair resolution of participant and other  
32           disputes related to accounts or program operation.
- 33           (18) Evaluate the need for, and procure if and as deemed necessary, pooled private  
34           insurance against any and all loss in connection with the property, assets, or  
35           activities of the Program.
- 36           (19) Borrow from the State, any unit of federal, State, or local government, or any  
37           other person, firm, partnership, corporation, or other entity working capital  
38           funds and other funds as may be necessary for this purpose, provided that such  
39           funds are borrowed in the name of the Program and Board only and that any  
40           such borrowings shall be payable solely from the revenues of the Program.
- 41           (20) Enter into long-term procurement contracts with one or more financial  
42           providers that provide a fee structure that would assist the Program in avoiding  
43           or minimizing the need to borrow or to rely upon general assets of the State.
- 44           (b) In addition to the applicable prohibitions contained in Article 4 of Chapter 138A of  
45           the General Statutes, a Board member, program administrator, and other staff of the Board shall  
46           not do any of the following:
- 47                  (1) Directly or indirectly have any interest in the making of any investment under  
48                  the Program or in gains or profits accruing from any such investment.
- 49                  (2) Borrow any Program-related funds or deposits or use any such funds or  
50                  deposits in any manner, for himself or herself or as an agent or partner of  
51                  others.

- 1           (3) Become an endorser, surety, or obligor on investments made under the  
2           Program.

3 **"§ 143B-437.109. Standard of conduct; fiduciary duty.**

4           The Board, individual members of the Board, all persons serving as staff to the Program, and  
5 any other agents appointed or engaged shall discharge their duties for the exclusive purpose of  
6 providing benefits to the Program participants and administering the Program with discharge of  
7 its duties and shall:

- 8           (1) Defray reasonable expenses in the administration of the Program.  
9           (2) Govern Program investors with the care, skill, prudence, and diligence as a  
10          prudent person acting in a like capacity would.  
11          (3) Comply with all State ethics laws and regulations.

12 **"§ 143B-437.110. Requirements for the North Carolina Small Business Retirement Savings**  
13 **Program.**

14          The Program developed and established by the Board shall:

- 15          (1) Provide a process to facilitate voluntary enrollment into the Program for  
16 covered employers, covered employees, and self-employed persons.  
17          (2) Provide that the IRA to which contributions are made will be a Roth IRA,  
18 except that the Board shall have the authority at any time to add an option for  
19 all participants to affirmatively elect to contribute to a traditional IRA as an  
20 alternative to the Roth IRA.  
21          (3) Provide that the standard package shall be a Roth IRA with a target date fund  
22 investment, and a contribution rate that begins at five percent (5%) of salary  
23 or wages, provided that the covered employee can choose to stop participation  
24 altogether, to use a traditional IRA and a different investment from among the  
25 options available, and to contribute at a higher or lower contribution rate,  
26 subject to the IRA contribution dollar limits applicable under the Internal  
27 Revenue Code; provided, however, that Program participants may choose a  
28 different investment from among those currently available in the Program.  
29          (4) Provide on a uniform basis, if and when the Board so determines, in its  
30 discretion, for annual increases of each participant's contribution rate, by not  
31 more than one percent (1%) of salary or wages per year up to a maximum of  
32 eight percent (8%). Any such increases shall apply to participants, as  
33 determined by the Board, by default or only if initiated by affirmative  
34 participant election including as part of the standard package, in either case  
35 subject to the IRA contribution limits applicable under the Internal Revenue  
36 Code.  
37          (5) Allow a covered employer to withhold payroll deductions from a covered  
38 employee's paycheck for the express purpose of making a covered employee  
39 contribution to the Program funds.  
40          (6) Include a process for direct deposit of contributions into covered employee  
41 investments in the Program.  
42          (7) Covered employers are not allowed to make employer contributions to the  
43 covered employee's accounts.  
44          (8) Allow for covered employees to make non-payroll contributions into an  
45 account in addition to the covered employer payroll deducted amounts.  
46          (9) Include an account reporting system that requires separate records and  
47 accounting for each covered employer and covered employee enrolled.  
48          (10) Include an account status notification process for covered employees to be  
49 notified about and track their investments pursuant to this Article.  
50          (11) Allow portability of benefits, including the ability to make tax-free rollovers  
51 or transfers from accounts under the Program to other non-program retirement

- 1 accounts or to tax-qualified plans that accept such rollovers or transfers  
2 provided any rollover is initiated by the employee.
- 3 (12) Establish rules and procedures governing the distribution of funds from the  
4 Program, including such distributions as may be permitted or required by the  
5 Program and any applicable provisions of tax laws, with the objectives of  
6 maximizing financial security in retirement, helping to protect spousal rights,  
7 and assisting participants with the challenges of decumulation of savings. The  
8 Board shall have the authority, in its discretion, to provide for one or more  
9 reasonably priced distribution options to provide a source of fixed retirement  
10 income, including income for life or for the participant's life expectancy (or  
11 for joint lives and life expectancies, as applicable).
- 12 (13) Pool accounts as necessary under the Program for optimum investment  
13 opportunity and return on investment outcomes.
- 14 (14) Be professionally managed.
- 15 (15) Provide a report on the status of each Program participant's account to each  
16 Program participant at least annually.
- 17 (16) Provide that each program participant owns the contributions to and earnings  
18 on amounts contributed to the participant's account under this Article and that  
19 the State, the Board, and covered employers have no proprietary interest,  
20 whether legal or equitable, in those contributions or earnings.
- 21 (17) Keep total fees and expenses as low as practicable and in any event each year  
22 not in excess of 100 basis points of the total assets of the Program, except that  
23 this limit shall not apply during a start-up period of three years beginning with  
24 the initial implementation of the Program.
- 25 (18) Be designed and implemented in a manner consistent with federal law,  
26 including favorable federal tax treatment, to the extent that it applies and  
27 consistent with the Program not being preempted by ERISA.
- 28 (19) Ensure that the North Carolina Small Business Retirement Savings Program  
29 is designed to be financially self-sustaining over time.
- 30 (20) Provide that, if a covered employer fails to transmit a payroll deduction  
31 contribution to the Program on the earliest date the amount withheld from the  
32 covered employee's compensation can reasonably be segregated from the  
33 covered employer's assets, but not later than the fifteenth day of the month  
34 following the month in which the covered employee's contribution amounts  
35 are withheld from his or her paycheck, the failure to remit such contributions  
36 on a timely basis shall be subject to the same sanctions as employer  
37 misappropriation of employee wage withholdings and to penalties.

38 **"§ 143B-437.111. Rules for the North Carolina Work and Save Program.**

39 The Board shall adopt rules to implement the Program that:

- 40 (1) Establish the processes for enrollment and contributions to Payroll Deduction  
41 IRAs under the Program, including elections by covered employees,  
42 withholding by covered employers of employee payroll deduction  
43 contributions from wages and remittance for deposit to IRAs, and voluntary  
44 enrollment and contributions by others, including self-employed individuals  
45 and independent contractors, through payroll deduction or otherwise.
- 46 (2) Establish the processes for withdrawals, rollovers, and direct transfers from  
47 IRAs under the Program in the interest of facilitating portability and  
48 maximization of benefits.
- 49 (3) Establish processes for phasing in enrollment of eligible individuals.
- 50 (4) Conduct outreach to individuals, employers, other stakeholders, and the public  
51 regarding the Program. Specify the contents, frequency, timing, and means of



1 required disclosures from the Program to covered employees, participants,  
2 other individuals eligible to participate in the Program, covered employers,  
3 and other interested parties. These disclosures shall include, but need not be  
4 limited to:

- 5 a. The benefits associated with tax-favored retirement saving.  
6 b. The potential advantages and disadvantages associated with  
7 contributing to Roth IRAs and, if applicable, traditional IRAs under  
8 the Program.  
9 c. The eligibility rules for Roth IRAs and, if applicable, traditional IRAs.  
10 d. That the individual and not the employer, the State, the Board, any  
11 Board member or other State official, or the Program will be solely  
12 responsible for determining whether and, if so, how much the  
13 individual is eligible to contribute on a tax-favored basis to an IRA.  
14 e. The penalty for excess contributions to IRAs and the method of  
15 correcting excess contributions.  
16 f. Instructions for enrolling, making elections to contribute or to decline  
17 to contribute, and making elections regarding contribution rates, type  
18 of IRA, and investments.  
19 g. Instructions for implementing and for changing the elections.  
20 h. The potential availability of a saver's tax credit, including the  
21 eligibility conditions for the credit and instructions on how to claim it.  
22 i. That employees seeking tax, investment, or other financial advice  
23 should contact appropriate professional advisors, and that Covered  
24 Employers are not in a position to provide such advice and are not  
25 liable for decisions individuals make in relation to the Program.  
26 j. That the Payroll Deduction IRAs are intended not to be  
27 employer-sponsored retirement plans and that the Program is not an  
28 employer-sponsored retirement plan.  
29 k. The potential implications of account balances under the Program for  
30 the application of asset limits under certain public assistance  
31 programs.  
32 l. That the account owner is solely responsible for investment  
33 performance, including market gains and losses, and that IRA  
34 accounts and rates of return are not guaranteed by any employer, the  
35 State, the Board, any Board member or State official, or the Program.  
36 m. Additional information about retirement and saving and other  
37 information designed to promote financial literacy and capability  
38 which may take the form of links to, or explanations of how to obtain,  
39 such information.  
40 n. How to obtain additional information about the Program.

41 **"§ 143B-427.112. Protection from liability for covered employers.**

42 A covered employer or other employer is not and shall not be liable for or bear responsibility  
43 for all of the following:

- 44 (1) An employee's decision to participate in or not to participate in the Program  
45 or a participant's specific elections under the Program.  
46 (2) Participants' or the Board's investment decisions.  
47 (3) The administration, investment, investment returns, or investment  
48 performance of the Program, including, without limitation, any interest rate or  
49 other rate of return on any contribution or account balance, provided they play  
50 no role.  
51 (4) The Program design or the benefits paid to participants.

1           (5) Individuals' awareness of or compliance with the conditions and other  
2 provisions of the tax laws that determine which individuals are eligible to  
3 make tax-favored contributions to IRAs, in what amount, and in what time  
4 frame and manner.

5           (6) Any loss, failure to realize any gain, or any other adverse consequences,  
6 including, without limitation, any adverse tax consequences or loss of  
7 favorable tax treatment, public assistance, or other benefits, incurred by any  
8 person as a result of participating in the Program.

9           (7) No covered employer or other employer shall be, or shall be considered to be,  
10 a fiduciary in relation to the Program or Trust or any other arrangement under  
11 the Program.

12 **"§ 143B-427.113. Protection from liability for the State.**

13 The State has no duty or liability to any party for the payment of any retirement savings  
14 benefits accrued by any individual under the Program. The State, the Board, each member of the  
15 Board, and the Program shall have:

16           (1) No responsibility for compliance by individuals with the conditions and other  
17 provisions of the Internal Revenue Code that determine which individuals are  
18 eligible to make tax-favored contributions to IRAs, in what amount, and in  
19 what time frame and manner.

20           (2) No duty, responsibility, or liability to any party for the payment of any benefits  
21 under the Program, regardless of whether sufficient funds are available under  
22 the Program to pay such benefits.

23           (3) Do not and shall not guarantee any interest rate or other rate of return on or  
24 investment performance of any contribution or account balance.

25           (4) Are not and shall not be liable or responsible for any loss, deficiency, failure  
26 to realize any gain, or any other adverse consequences, incurred by any person  
27 as a result of participating in the Program.

28 **"§ 143B-427.114. Confidentiality of participant and account information.**

29 Individual account information relating to accounts under the Program and relating to  
30 individual participants, including, but not limited to, names, addresses, telephone numbers, email  
31 addresses, personal identification information, investments, contributions, and earnings is  
32 confidential, is not a public record as defined in G.S. 132-1, and may not be disclosed except as  
33 follows:

34           (1) To the extent necessary to administer the Program in a manner consistent with  
35 this Article the tax laws of this State, and Internal Revenue Code; or

36           (2) Unless the individual who provides the information or is the subject of the  
37 information expressly agrees in writing to the disclosure of the information.

38 **"§ 143B-427.115. Funding of Program.**

39 The North Carolina Small Business Retirement Savings Administrative Fund is established,  
40 to be held in trust separate and distinct from the General Fund. Interest earned by the  
41 Administrative Fund shall be credited to the Administrative Fund. Moneys in the Administrative  
42 Fund are continuously appropriated to the Board. The Administrative Fund consists of:

43           (1) Moneys appropriated to the Administrative Fund by the General Assembly.

44           (2) Moneys transferred to the Administrative Fund from the federal government,  
45 other State agencies, or local governments.

46           (3) Moneys from the payment of application, account, administrative, or other  
47 fees and the payment of other moneys due the Board.

48           (4) Any gifts, donations, or grants made to the State for deposit in the  
49 Administrative Fund.

50           (5) Earnings on moneys in the Administrative Fund.

51 **"§ 143B-427.116. Annual report.**

1       (a)     The Board shall cause an accurate account of all of the Program's, Trust's, and Board's  
2 activities, operations, receipts, and expenditures to be maintained. By October 1 of each year, the  
3 Board shall submit to the Governor and the Joint Legislative Commission of Governmental  
4 Operations a report, detailing the activities, operations, receipts, and expenditures of the Program  
5 and Board during the preceding calendar year. The report shall also include projected activities  
6 of the Program for the current calendar year and any necessary statutory recommendations and  
7 appropriations.

8       (b)     Each year, a full audit of the books and accounts of the Board pertaining to those  
9 activities, operations, receipts and expenditures, personnel, services, or facilities shall be  
10 conducted by a certified public accountant and shall include, but not be limited to, direct and  
11 indirect costs attributable to the use of outside consultants, independent contractors, and any other  
12 persons who are not State employees for the administration of the Program. For the purposes of  
13 the audit, the auditors shall have access to the properties and records of the Program and Board  
14 and may prescribe methods of accounting and the rendering of periodic reports in relation to  
15 projects undertaken by the Program.

16 **"§ 143B-427.117. Implementation.**

17       (a)     The Board shall establish the Program so that individuals can begin contributing  
18 under the Program not later than July 1, 2023.

19       (b)     The Board shall not implement the Program if and to the extent the Board determines  
20 that the Program is preempted by ERISA. Accordingly, the Board shall implement the Program  
21 in a severable fashion to the extent practicable if and to the extent that the Board determines:

22           (1)     That a portion or aspect of the Program is preempted by ERISA, the Board  
23 shall not implement that portion or aspect of the Program but shall proceed to  
24 implement the remainder of the Program to the extent practicable; or

25           (2)     That some but not all of the Payroll Deduction IRA Arrangements or other  
26 arrangements under the Program are or would be employee benefit plans  
27 under ERISA, the Board shall proceed to implement the Program with respect  
28 to the other arrangements under the Program to the extent practicable."

29       **SECTION 2.** There is appropriated from the General Fund to the Department of  
30 Commerce the sum of four hundred thousand dollars (\$400,000) in nonrecurring funds for the  
31 2021-2022 fiscal year and the sum of six hundred thousand dollars (\$600,000) in nonrecurring  
32 funds for the 2022-2023 fiscal year. The Department shall allocate the funds to the North Carolina  
33 Small Business Retirement Savings Program Board (Board) to be used for the following:

34           (1)     To enable or facilitate the start-up and continuing operation, maintenance,  
35 administration, and management of the North Carolina Small Business  
36 Retirement Savings Program (Program) until the Program accumulates  
37 sufficient balances and can generate sufficient funding through fees assessed  
38 on Program accounts for the Program to become financially self-sustaining.

39           (2)     To hire an individual to serve as the initial executive director pursuant to  
40 G.S. 143B-437.108(a)(4). The position shall be filled on a time-limited basis,  
41 and the individual filling the position shall not be considered a State employee.

42       **SECTION 3.** This act becomes effective July 1, 2021.