

**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 3 V.S.A. chapter 18.
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. “Client company” has the same meaning as in 21 V.S.A. §1031(3).
7. “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.
8. “Confirmation notice” means a document sent by the Program administrator to Covered employees to notify them that they have been enrolled in the Program.
9. “Contribution” means monies contributed to an Account.
10. “Contribution level” has the same meaning as in 3 V.S.A. § 531(1).
11. “Covered employee” means a “covered employee,” as that term is defined in 3 V.S.A. § 531(2). A covered employee includes a part-time, seasonal, or temporary employee.
12. “Covered employer” means a ‘covered employer,’ as that term is defined in 3 V.S.A. § 531(3), that employs two or more employees at any time during a calendar year.
13. “Covered participant” means a Covered employee who is a Participant in the Program.
14. “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.

15. “Custom contribution rate” means a Contribution rate affirmatively selected by a Covered participant, subject to the limitations imposed by the Program or applicable law.
16. “Default contribution rate” means five percent of a Covered participant’s wages
17. “Default investment option” means the investment option that will receive Contributions if the Participant does not select a different investment option or options.
18. “Employee information” means the information relating to Covered employees that a Covered employer is required to provide to the Program administrator to complete registration.
19. “Employee leasing company” has the same meaning as in 21 V.S.A. § 1031(5).
20. “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.
21. “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.
22. “ERISA” means the federal Employee Retirement Income Security Act of 1974 [29 U.S.C. § 1001 et seq.], as amended.
23. “Exempt” means not required to Onboard or Participate in the Program.
24. “FEIN” means the federal “Employer Identification Number” provided by the IRS.
25. “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.
26. “IRA” has the meaning set forth in 3 V.S.A. § 531(6).
27. “IRS” means the Internal Revenue Service.
28. “Non-covered individual” means a person who is not a Covered employee.
29. “Non-covered participant” means a participant who is not a Covered employee.
30. “Non-payroll contribution” means a contribution that a Participant remits outside of a payroll deduction contribution.

31. “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.
32. “Opt-out” means a covered employee affirmatively declines the option of being automatically enrolled into the Program.
33. “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.
34. “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.
35. “Participate” means to have an account open with the Program.
36. “Participating employer” means a Covered employer that is remitting Covered participant contributions.
37. “Payroll deduction contribution” means a Contribution made by a Covered participant via a payroll deduction IRA arrangement with a Participating employer.
38. “Principal preservation investment” means a money market fund or other conservative, highly liquid investment offered as an investment option in the Program.
39. “Program” means the VT Saves Program established under 3 V.S.A. chapter 18.
40. “Program administrator” means the third-party entity procured by the State Treasurer to provide recordkeeping and related services for the Program.
41. “Program information” means the document or documents provided by the Program administrator to participants that details the investment options and other Program features.
42. “Register” or “Registration” means the process for Covered employers to submit registration information, including Employee and Employer information, to the Program administrator.
43. “Registration date” means the deadline established by the State Treasurer for a Covered employer to either register or submit an Employer certification.
44. “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.

45. “Roth IRA” has the same meaning as in 3 V.S.A. § 531(10).
46. “Specified tax-favored retirement plan” has the same meaning as in 3 V.S.A. § 531(11).
47. “Treasurer” means the Treasurer of the State of Vermont or one or more authorized employees thereof.
48. “Traditional IRA” has the same meaning as in 3 V.S.A. § 531(12).
49. “Wages” has the same meaning as in 3 V.S.A. § 531(16).
50. “Work-site employee” means an employee who is leased to a Client company by an Employee leasing company pursuant to an agreement described in 21 V.S.A. § 1031(4).

## **II. Employer Requirements**

1. Notice of Registration
  - a. As directed by the Treasurer, the Program administrator shall send Registration notices to Covered employers.
    - i. The Program administrator shall use all reasonable efforts to locate publicly available information to determine if a business entity is a Covered employer. The Program Administrator shall only send a Registration notice to a business entity that the Program administrator determines is a Covered employer.
  - 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 an 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 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.

- d. An employer that offers a Specified tax-favored retirement plan and that does not receive a Registration notice is not required to take any action with respect to the Program.

4. Additional Employer Provisions

- a. A business entity that offers a Specified tax-favored retirement plan to any of its employees shall not Register with the Program, even if the plan is not offered to all employees.
- 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 adopted 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 under which unemployment insurance contributions for work-site employees are paid, as indicated by the FEIN that appears in the Vermont Department of Labor's records, shall be the entity that is treated as the employer of the work-site employee for

purposes of the Program and shall be 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 Client company.
- c. Nothing in this rule prohibits a party in a relationship between a Client company 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.
- 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.
- 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 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 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 and Covered participants with at least 60 days' notice prior to the cessation of Payroll deduction contributions and provide Covered Participants with information describing how to contact the Program administrator.
- b. 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. 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 adopted 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 adopted 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 adopted 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 adopted 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.