

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025

FILED SENATE  
Feb 17, 2025  
S.B. 110  
PRINCIPAL CLERK

S

D

SENATE BILL DRS15047-MCa-71

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

Sponsors: Senators Hanig, Moffitt, and Adcock (Primary Sponsors).

Referred to:

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 6 of Chapter 147 of the General Statutes is amended by  
26 designating G.S. 147-65 through G.S. 147-86.6 as Part 1 with the heading "General Provisions,  
27 Powers, and Duties; Investment; and Funds."

28 **SECTION 2.** Article 6 of Chapter 147 of the General Statutes is amended by adding  
29 a new Part to read:

30 "Part 2. North Carolina Small Business Retirement Savings Program.

31 "§ 147-86.7A. Title.

32 This Part shall be known as the "North Carolina Small Business Retirement Savings  
33 Program" or "North Carolina Work and Save."

34 "§ 147-86.7B. Definitions.

35 The following definitions apply in this Part:



\* D R S 1 5 0 4 7 - M C A - 7 1 \*

- 1           (1)   Administrative Fund. – The North Carolina Small Business Retirement  
2           Savings Administrative Fund established in G.S. 147-86.7V.  
3           (2)   Board. – The North Carolina Small Business Retirement Savings Program  
4           Board.  
5           (3)   Covered employee. – An individual who is employed by a covered employer,  
6           who has wages or other compensation that is allocable to the State, and who  
7           is at least 18 years of age. A covered employee does not include any of the  
8           following:  
9           a.    Any employee covered under the federal Railway Labor Act (45  
10           U.S.C. § 151).  
11           b.   Any employee on whose behalf an employer makes contributions to a  
12           Taft-Hartley multiemployer pension trust fund.  
13           c.   Any individual who is an employee of the federal government, the  
14           State or any other state, any county or municipal corporation, or any  
15           of the State's, any other state's, or the federal government's units or  
16           instrumentalities.  
17           (4)   Covered employer. – A person or entity engaged in a business, industry,  
18           profession, trade, or other enterprise in the State, whether for-profit or not for  
19           profit, excluding the federal government, the State, any county, any  
20           municipality, or any political subdivision of the State, and provided that  
21           covered employer does not include an employer that maintains a specified  
22           tax-favored retirement plan for its employees or has done so effective in form  
23           and operation at any time within the current or two preceding calendar years.  
24           If an employer does not maintain a specified tax-favored retirement plan for a  
25           portion of a calendar year ending on or after the effective date of this Part and  
26           adopts such a plan effective for the remainder of that calendar year, the  
27           employer is exempt from covered employer status for that remainder of the  
28           year.  
29           (4a)   Department. – The Department of State Treasurer.  
30           (5)   ERISA. – The Employee Retirement Income Security Act of 1974, as  
31           amended (29 U.S.C. § 1001 et seq.).  
32           (6)   Internal Revenue Code. – The Internal Revenue Code of 1986, as amended  
33           (Title 26 of the United States Code).  
34           (7)   IRA. – A traditional or Roth individual retirement account or individual  
35           retirement annuity.  
36           (8)   Participant. – An individual who is contributing to an IRA under the Program  
37           or has an IRA account balance under the Program.  
38           (9)   Participating employer. – A covered employer that provides for covered  
39           employees a payroll deduction IRA provided for by this Part.  
40           (10)   Payroll deduction IRA arrangement or payroll deduction IRA. – An  
41           arrangement by which an employer allows employees to contribute to an IRA  
42           by means of payroll deduction.  
43           (11)   Program or North Carolina Work and Save Program. – The Small Business  
44           Retirement Savings Program established by this Part.  
45           (12)   Roth IRA. – A Roth individual retirement account or individual retirement  
46           annuity under section 408A of the Internal Revenue Code.  
47           (13)   Specified tax-favored retirement plan. – A retirement plan that is tax-qualified  
48           under or is described in and satisfies the requirements of subsection 401(a),  
49           401(k), 403(a), 403(b), 408(k) (Simplified Employee Pension), or 408(p)  
50           (SIMPLE-IRA) of the Internal Revenue Code.

- 1           (14) Total fees and expenses. – All fees, costs, and expenses, including, but not  
2 limited to, administrative expenses, investment expenses, investment advice  
3 expenses, accounting costs, actuarial costs, legal costs, marketing expenses,  
4 education expenses, trading costs, insurance annuitization costs, and other  
5 miscellaneous costs.
- 6           (15) Traditional IRA. – A traditional individual retirement account or traditional  
7 individual retirement annuity under subsection 408(a) or (b) of the Internal  
8 Revenue Code.
- 9           (16) Trust. – The trust in which the assets of the Program are held. Where  
10 applicable, except as may be otherwise specified, references throughout this  
11 Part to the Program generally are intended to refer also to the Trust, including  
12 the assets, facilities, costs and expenses, receipts, expenditures, activities,  
13 operations, administration, or management.

14 **"§ 147-86.7C. Establishment of Board.**

15           (a) The North Carolina Small Business Retirement Savings Board is established for  
16 administrative purposes in the Department of State Treasurer, but the Board shall exercise its  
17 powers and duties independently of the Department. The Department shall provide  
18 administrative support for the Board in carrying out its duties pursuant to this Part.

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

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

- 21           a. The State Treasurer shall appoint a member who has a favorable  
22 reputation for skill, knowledge, and experience in retirement  
23 investment products or retirement plan designs.
- 24           b. Five members appointed by the Governor as follows:
- 25           1. One member who has a favorable reputation for skill,  
26 knowledge, and experience in retirement investment products  
27 or retirement plan designs.
- 28           2. One member who has a favorable reputation for skill,  
29 knowledge, and experience relating to small business or  
30 covered employers.
- 31           3. One member from the Office of State Budget and Management  
32 or other designee knowledgeable about fiscal impacts.
- 33           4. One member who is an employee of the Department of State  
34 Treasurer.
- 35           5. One member of the public.
- 36           c. Two members appointed by the General Assembly upon the  
37 recommendation of the Speaker of the House of Representatives as  
38 follows:
- 39           1. One member who is a retired individual or an individual who  
40 represents persons retired to be a representative of the interests  
41 of retirees.
- 42           2. One member who has a favorable reputation for skill,  
43 knowledge, and experience in the interests of employers in  
44 retirement saving.
- 45           d. Two members appointed by the General Assembly upon the  
46 recommendation of the President Pro Tempore of the Senate as  
47 follows:
- 48           1. One member who is a representative of an association  
49 representing employees or who has a favorable reputation for  
50 skill, knowledge, and experience in the interests of employees  
51 in retirement saving.

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

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

7                   (c)     All initial appointments shall be made no later than October 1, 2025. Of the initial  
8                                     five appointments made by the Governor, two shall be appointed for four-year terms, two shall  
9                                     be appointed for two-year terms, and one shall be appointed for a one-year term, with all terms  
10                                    to begin on October 1, 2025. Of the initial two appointments made by the General Assembly  
11                                    upon the recommendation of the President Pro Tempore of the Senate, one shall be appointed for  
12                                    a four-year term and one shall be appointed for a two-year term, with both terms to begin on  
13                                    October 1, 2025. Of the initial two appointments made by the General Assembly upon the  
14                                    recommendation of the Speaker of the House of Representatives, one shall be appointed for a  
15                                    four-year term and one shall be appointed for a two-year term, with both terms to begin on  
16                                    October 1, 2025. The initial appointment by the State Treasurer shall be for a term of three years  
17                                    to begin on October 1, 2025. All successors shall be appointed for four-year terms. All members  
18                                    of the Board shall serve at the pleasure of the appointing authority.

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

21                   (e)     The Governor shall convene the first meeting of the Board no later than October 15,  
22                                     2025. A majority of the voting members of the Board constitutes a quorum. The first order of  
23                                     business before the Board shall be to elect a chair from among the Board's membership. A  
24                                     vacancy in the membership of the Board shall not impair the right of a quorum to exercise the  
25                                     powers and duties of the Board.

26     **"§ 147-86.7D. Powers and duties of the Board.**

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

29                                   (1)     Design, develop, implement, maintain, govern, and promulgate rules with  
30   respect to a payroll deduction retirement savings program for covered  
31   employers and, to that end, may conduct market, legal, and feasibility  
32   analyses.

33                                   (2)     Select a chair and other officers it deems necessary.

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

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

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

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

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

48   b.     To encourage participation, saving, sound investment practices, and  
49   appropriate selection of investment options, including any default  
50   investments.

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

- 1 consistent with the purposes set forth in this Part and to maximize outreach to  
2 covered employers and covered employees:
- 3 a. Services of private and public financial institutions, depositories,  
4 consultants, actuaries, counsel, auditors, investment advisors,  
5 investment administrators, investment management firms, other  
6 investment firms, third-party administrators, other professionals and  
7 service providers, and State public retirement systems.
- 8 b. Research, technical, financial, administrative, and other services.
- 9 c. Services of other State agencies to assist the Board in the exercise of  
10 its powers and duties.
- 11 (14) The Board may enter into an intergovernmental agreement or memorandum  
12 of understanding with the State and any agency of the State to receive  
13 outreach, technical assistance, enforcement and compliance services,  
14 collection or dissemination of information pertinent to the Program subject to  
15 such obligations of confidentiality as may be agreed to or required by law, or  
16 other services or assistance. The State and any agencies of the State that enter  
17 into such agreements or memoranda of understanding shall collaborate to  
18 provide the outreach, assistance, information, and compliance or other  
19 services or assistance to the Board. The memoranda of understanding may  
20 cover the sharing of costs incurred in gathering and disseminating information  
21 and the reimbursement of costs for any enforcement activities or assistance.
- 22 (15) Make and enter into contracts, agreements, memoranda of understanding,  
23 arrangements, partnerships, or other arrangements to collaborate, cooperate,  
24 coordinate, contract, or combine resources, investments, or administrative  
25 functions with other governmental entities, including other states or their  
26 agencies or instrumentalities that maintain or are establishing retirement  
27 savings programs compatible with the Program, including collective,  
28 common, or pooled investments with other funds of other states' programs  
29 with which the assets of the Program and Trust are permitted by law to be  
30 collectively invested, to the extent necessary or desirable for the effective and  
31 efficient design, administration, and implementation of the Program  
32 consistent with the purposes set forth in this Part, including the purpose of  
33 achieving economies of scale and other efficiencies designed to minimize  
34 costs for the Program.
- 35 (16) Develop and implement an education and outreach plan to gain input and  
36 disseminate information regarding the North Carolina Work and Save  
37 Program and retirement savings and financial literacy in general.
- 38 (17) Establish procedures for the timely and fair resolution of participant and other  
39 disputes related to accounts or Program operation.
- 40 (18) Evaluate the need for, and procure if and as deemed necessary, pooled private  
41 insurance against any and all loss in connection with the property, assets, or  
42 activities of the Program.
- 43 (19) Borrow from the State, any unit of federal, State, or local government, or any  
44 other person, firm, partnership, corporation, or other entity working capital  
45 funds and other funds as may be necessary for this purpose, provided that such  
46 funds are borrowed in the name of the Program and Board only and that any  
47 such borrowings shall be payable solely from the revenues of the Program.
- 48 (20) Enter into long-term procurement contracts with one or more financial  
49 providers that provide a fee structure that would assist the Program in avoiding  
50 or minimizing the need to borrow or to rely upon general assets of the State.

1       (b) In addition to the applicable prohibitions contained in Article 4 of Chapter 138A of  
2 the General Statutes, a Board member, executive director, and other staff of the Board shall not  
3 do any of the following:

- 4           (1) Directly or indirectly have any interest in the making of any investment under  
5 the Program or in gains or profits accruing from any such investment.
- 6           (2) Borrow any Program-related funds or deposits or use any such funds or  
7 deposits in any manner, for himself or herself or as an agent or partner of  
8 others.
- 9           (3) Become an endorser, surety, or obligor on investments made under the  
10 Program.

11 **"§ 147-86.7G. Standard of conduct; fiduciary duty.**

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

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

20 **"§ 147-86.7J. Requirements for the North Carolina Small Business Retirement Savings**  
21 **Program.**

22 The Program developed and established by the Board shall:

- 23           (1) Provide a process to facilitate voluntary enrollment into the Program for  
24 covered employers, covered employees, and self-employed persons.
- 25           (2) Provide that the IRA to which contributions are made will be a Roth IRA,  
26 except that the Board shall have the authority at any time to add an option for  
27 all participants to affirmatively elect to contribute to a traditional IRA as an  
28 alternative to the Roth IRA.
- 29           (3) Provide that the standard package shall be a Roth IRA with a target date fund  
30 investment, and a contribution rate that begins at five percent (5%) of salary  
31 or wages; provided, however, that the covered employee can choose to stop  
32 participation altogether, to use a traditional IRA and a different investment  
33 from among the options available, and to contribute at a higher or lower  
34 contribution rate, subject to the IRA contribution dollar limits applicable  
35 under the Internal Revenue Code.
- 36           (4) Provide on a uniform basis, if and when the Board so determines, in its  
37 discretion, for annual increases of each participant's contribution rate, by not  
38 more than one percent (1%) of salary or wages per year up to a maximum of  
39 eight percent (8%). Any such increases shall apply to participants, as  
40 determined by the Board, by default or only if initiated by affirmative  
41 participant election included as part of the standard package, in either case  
42 subject to the IRA contribution limits applicable under the Internal Revenue  
43 Code.
- 44           (5) Allow a covered employer to withhold payroll deductions from a covered  
45 employee's paycheck for the express purpose of making a covered employee  
46 contribution to the Program funds.
- 47           (6) Include a process for direct deposit of contributions into covered employee  
48 investments in the Program.
- 49           (7) Covered employers are not allowed to make employer contributions to the  
50 covered employee's accounts.

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

46    **"§ 147-86.7M. Rules for the North Carolina Work and Save Program.**

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

- 48          (1)   Establish the processes for enrollment and contributions to Payroll Deduction  
49          IRAs under the Program, including elections by covered employees,  
50          withholding by covered employers of employee payroll deduction  
51          contributions from wages and remittance for deposit to IRAs, and voluntary



1 enrollment and contributions by others, including self-employed individuals  
2 and independent contractors, through payroll deduction or otherwise.

3 (2) Establish the processes for withdrawals, rollovers, and direct transfers from  
4 IRAs under the Program in the interest of facilitating portability and  
5 maximization of benefits.

6 (3) Establish processes for phasing in enrollment of eligible individuals.

7 (4) Conduct outreach to individuals, employers, other stakeholders, and the public  
8 regarding the Program. Specify the contents, frequency, timing, and means of  
9 required disclosures from the Program to covered employees, participants,  
10 other individuals eligible to participate in the Program, covered employers,  
11 and other interested parties. These disclosures shall include, but need not be  
12 limited to:

13 a. The benefits associated with tax-favored retirement saving.

14 b. The potential advantages and disadvantages associated with  
15 contributing to Roth IRAs and, if applicable, traditional IRAs under  
16 the Program.

17 c. The eligibility rules for Roth IRAs and, if applicable, traditional IRAs.

18 d. That the individual and not the employer, the State, the Board, any  
19 Board member or other State official, or the Program will be solely  
20 responsible for determining whether and, if so, how much the  
21 individual is eligible to contribute on a tax-favored basis to an IRA.

22 e. The penalty for excess contributions to IRAs and the method of  
23 correcting excess contributions.

24 f. Instructions for enrolling, making elections to contribute or to decline  
25 to contribute, and making elections regarding contribution rates, type  
26 of IRA, and investments.

27 g. Instructions for implementing and for changing the elections.

28 h. The potential availability of a saver's tax credit, including the  
29 eligibility conditions for the credit and instructions on how to claim it.

30 i. That employees seeking tax, investment, or other financial advice  
31 should contact appropriate professional advisors, and that covered  
32 employers are not in a position to provide such advice and are not  
33 liable for decisions individuals make in relation to the Program.

34 j. That the payroll deduction IRAs are intended not to be  
35 employer-sponsored retirement plans and that the Program is not an  
36 employer-sponsored retirement plan.

37 k. The potential implications of account balances under the Program for  
38 the application of asset limits under certain public assistance  
39 programs.

40 l. That the account owner is solely responsible for investment  
41 performance, including market gains and losses, and that IRA  
42 accounts and rates of return are not guaranteed by any employer, the  
43 State, the Board, any Board member or State official, or the Program.

44 m. Additional information about retirement and saving and other  
45 information designed to promote financial literacy and capability  
46 which may take the form of links to, or explanations of how to obtain,  
47 such information.

48 n. How to obtain additional information about the Program.

49 **"§ 147-86.7P. Protection from liability for covered employers.**

50 (a) A covered employer or other employer is not and shall not be liable for or bear  
51 responsibility for any of the following:

- 1           (1)    An employee's decision to participate in or not to participate in the Program  
2           or a participant's specific elections under the Program.
- 3           (2)    Participants' or the Board's investment decisions.
- 4           (3)    The administration, investment, investment returns, or investment  
5           performance of the Program, including, without limitation, any interest rate or  
6           other rate of return on any contribution or account balance, provided they play  
7           no role.
- 8           (4)    The Program design or the benefits paid to participants.
- 9           (5)    Individuals' awareness of or compliance with the conditions and other  
10           provisions of the tax laws that determine which individuals are eligible to  
11           make tax-favored contributions to IRAs, in what amount, and in what time  
12           frame and manner.
- 13           (6)    Any loss, failure to realize any gain, or any other adverse consequences,  
14           including, without limitation, any adverse tax consequences or loss of  
15           favorable tax treatment, public assistance, or other benefits, incurred by any  
16           person as a result of participating in the Program.

17       (b)    No covered employer or other employer shall be, or shall be considered to be, a  
18       fiduciary in relation to the Program or Trust or any other arrangement under the Program.

19       **"§ 147-86.7R. Protection from liability for the State.**

20       The State has no duty or liability to any party for the payment of any retirement savings  
21       benefits accrued by any individual under the Program. The State, the Board, each member of the  
22       Board, and the Program:

- 23           (1)    Shall have no responsibility for compliance by individuals with the conditions  
24           and other provisions of the Internal Revenue Code that determine which  
25           individuals are eligible to make tax-favored contributions to IRAs, in what  
26           amount, and in what time frame and manner.
- 27           (2)    Shall have no duty, responsibility, or liability to any party for the payment of  
28           any benefits under the Program, regardless of whether sufficient funds are  
29           available under the Program to pay such benefits.
- 30           (3)    Do not and shall not guarantee any interest rate or other rate of return on or  
31           investment performance of any contribution or account balance.
- 32           (4)    Shall have no liability or responsibility for any loss, deficiency, failure to  
33           realize any gain, or any other adverse consequences incurred by any person as  
34           a result of participating in the Program.

35       **"§ 147-86.7T. Confidentiality of participant and account information.**

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

- 41           (1)    To the extent necessary to administer the Program in a manner consistent with  
42           this Part, the tax laws of this State, and the Internal Revenue Code; or
- 43           (2)    To the extent that the individual who provides the information or is the subject  
44           of the information expressly agrees in writing to the disclosure of the  
45           information.

46       **"§ 147-86.7V. Funding of Program.**

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

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

- 1           (2)   Moneys transferred to the Administrative Fund from the federal government,  
2           other State agencies, or local governments.
- 3           (3)   Moneys from the payment of application, account, administrative, or other  
4           fees and the payment of other moneys due the Board.
- 5           (4)   Any gifts, donations, or grants made to the State for deposit in the  
6           Administrative Fund.
- 7           (5)   Earnings on moneys in the Administrative Fund.

8 **"§ 147-86.7X. Annual report.**

9           (a)   The Board shall cause an accurate account of all of the Program's, Trust's, and Board's  
10 activities, operations, receipts, and expenditures to be maintained. By October 1 of each year, the  
11 Board shall submit to the Governor and the Joint Legislative Commission on Governmental  
12 Operations a report detailing the activities, operations, receipts, and expenditures of the Program  
13 and Board during the preceding calendar year. The report shall also include projected activities  
14 of the Program for the current calendar year and any necessary statutory recommendations and  
15 appropriations.

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

24 **"§ 147-86.7Z. Implementation.**

25          (a)   The Board shall establish the Program so that individuals can begin contributing  
26 under the Program not later than July 1, 2027.

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

- 30           (1)   That a portion or aspect of the Program is preempted by ERISA, in which  
31 event the Board shall not implement that portion or aspect of the Program but  
32 shall proceed to implement the remainder of the Program to the extent  
33 practicable; or
- 34           (2)   That some but not all of the payroll deduction IRA arrangements or other  
35 arrangements under the Program are or would be employee benefit plans  
36 under ERISA, in which event the Board shall proceed to implement the  
37 Program with respect to the other arrangements under the Program to the  
38 extent practicable."

39           **SECTION 3.** There is appropriated from the General Fund to the Department of  
40 State Treasurer the sum of four hundred thousand dollars (\$400,000) in nonrecurring funds for  
41 the 2025-2026 fiscal year and the sum of six hundred thousand dollars (\$600,000) in nonrecurring  
42 funds for the 2026-2027 fiscal year. The Department shall allocate the funds to the North Carolina  
43 Small Business Retirement Savings Program Board (Board) to be used for the following:

- 44           (1)   To enable or facilitate the start-up and continuing operation, maintenance,  
45 administration, and management of the North Carolina Small Business  
46 Retirement Savings Program (Program) until the Program accumulates  
47 sufficient balances and can generate sufficient funding through fees assessed  
48 on Program accounts for the Program to become financially self-sustaining.
- 49           (2)   To hire an individual to serve as the initial executive director pursuant to  
50 G.S. 147-86.7D(a)(4). The position shall be filled on a time-limited basis, and  
51 the individual filling the position shall not be considered a State employee.

1

**SECTION 4.** This act becomes effective July 1, 2025.