

CONNECTICUT TEACHERS' RETIREMENT BOARD

Non-Governmental Employer Participation Policy

Adopted June 22, 2022

Purpose

The purpose of this document is to set forth the policy of the Connecticut Teachers' Retirement Board ("Board") regarding the participation of non-governmental employers in the Connecticut Teachers' Retirement System ("System"). The Board intends that the System should remain a qualified governmental plan under the terms of the Internal Revenue Code of 1986, as amended ("Code") and the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). As a governmental plan, the System would remain exempt from the provisions of ERISA and subject to limited rules under Section 401(a) of the Code.

Non-Governmental Employer Participation

Under Section 414(d) of the Code, a plan qualifies as a governmental plan if it is "a plan established and maintained for its employees by the Government of the United States, by the government of any State or political subdivision thereof, or by any agency or instrumentality of any of the foregoing." Under ERISA, Section 3(32) exempts "a plan established or maintained for its employees by the government of the United States, by the government of any state or political subdivision thereof, or by any agency or instrumentality of any of the foregoing."

The Department of Labor has issued various advisory opinions under ERISA and the Internal Revenue Service has issued informal guidance under the Code indicating that the participation in a governmental plan by non-governmental employers is permissible so long as the number of non-governmental employees participating in the plan is de minimis. Courts that have reviewed the issue have generally applied similar rules. Currently, there are a de minimis number of employees participating in the System.

Policy on Participation of Non-Governmental Employers in the System

Since the System currently contains a number of non-governmental employees and the intention of the Board is to limit the number of non-governmental employees in the System to a number which is clearly de minimis, the Board adopts the following policies:

- Effective the date of this Policy, no new non-governmental employers shall be permitted to allow their employees to participate in the System
- Effective the date of this Policy, the Board must approve the participation of any new employer and its employees in the System

- Effective the date of this Policy, the Board shall take all reasonable actions to remove employers from the System that are clearly non-governmental employers