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**HOUSE BILL NO. 176**

Offered January 14, 2026

Prefiled January 6, 2026

*A BILL to amend and reenact §§ 2.2-2744, 2.2-2746, 2.2-2747, 2.2-2748, and 2.2-2751 of the Code of Virginia, relating to state-facilitated IRA savings program.*

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Committee Referral Pending

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 2.2-2744, 2.2-2746, 2.2-2747, 2.2-2748, and 2.2-2751 of the Code of Virginia are amended and reenacted as follows:**

**§ 2.2-2744. Definitions.**

As used in this chapter, unless the context requires a different meaning:

"Board" means the governing board of the Commonwealth Savers Plan.

"Committee" means the Program Advisory Committee established pursuant to § 2.2-2746.

"Eligible employee" means any individual who is (i) 18 years of age or older, (ii) currently employed at least 30 hours a week, and (iii) receiving wages.

"Eligible employer" means a nongovernmental business, industry, trade, profession, or other enterprise in the Commonwealth, whether conducted on a for-profit or nonprofit basis, that employed 25 five or more eligible employees, as reported to the Virginia Employment Commission pursuant to 16VAC5-32-20, or any successor regulation, for the quarter period ending December 31 and the preceding three quarters of the preceding calendar year and has been operating for at least two years prior to Program implementation the Program's open enrollment period for that calendar year. "Eligible employer" does not include an employer that sponsors, maintains, or contributes to an automatic enrollment payroll deduction IRA or a qualified employer-sponsored retirement plan in compliance with federal law for its employees, including plans qualified under § 401(a), 401(k), 403(a), 403(b), 408(k), or 408(p) of the Internal Revenue Code. An employer shall become an eligible employer at any time if it meets the eligibility requirements under this chapter.

"Fee" means any investment management charges, administrative charges, investment advice charges, trading fees, marketing and sales fees, revenue sharing, broker fees, and other costs necessary to run the Program.

"Individual retirement account" or "IRA" means a Roth or traditional individual retirement account or annuity under § 408 or 408A of the Internal Revenue Code.

"Participating employee" means any eligible employee who is enrolled in the Program.

"Participating employer" means an employer that facilitates a payroll deposit retirement savings agreement pursuant to this chapter for its eligible employees.

"Participating individual" means any individual who enrolls in the Program independent of an employment relationship with an eligible employer, is at least 18 years of age, maintains an account in the Program, and is not a participating employee.

"Payroll deposit retirement savings agreement" means an arrangement by which an employer allows employees to remit payroll deduction contributions to the Program.

"Plan" means the Commonwealth Savers Plan.

"Program" means the state-facilitated IRA savings program established in this chapter and administered by the Plan.

"Program Trust" means the Program trust fund established by § 2.2-2752.

"Wages" means any compensation, as such term is defined in § 219(f)(1) of the Internal Revenue Code, that is paid to an eligible employee by his employer during the calendar year.

**§ 2.2-2746. Program Advisory Committee; membership; qualifications; duties.**

A. In order to assist the Board in fulfilling its duties under § 23.1-704 and this chapter and to assist the Plan's chief executive officer in directing, managing, and administering the Program, the Board shall appoint the Program Advisory Committee to provide sophisticated, objective, and prudent administrative and investment advice program administration, advice, design, and direction, as requested by the Board. The Committee may develop Program recommendations for the Board and perform such other duties as the Board may delegate to the Committee.

B. The Board shall develop requirements, procedures, and guidelines regarding Committee membership.

C. Members of the Committee shall demonstrate extensive experience in one or more of the following areas: retirement plan administration, design, retirement plan and investments, domestic or international

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equity or fixed-income securities, cash management, alternative investments, institutional real estate investments, or managed futures.

D. Members of the Committee shall serve at the pleasure of the Board and may be removed by a majority vote of the Board.

E. Members of the Committee shall receive no compensation but shall be reimbursed for actual expenses incurred in the performance of their duties.

F. The recommendations of the Committee shall not be binding upon the Board.

G. The disclosure requirements of subsection B of § 2.2-3114 shall apply to each member of the Committee who is not also a Board member.

H. The Board may appoint such other advisory committees as it deems necessary and shall set the qualifications for members of any such advisory committee by resolution.

**§ 2.2-2747. Powers and duties of the Board.**

The Board shall:

1. Administer the Program authorized by this chapter;  
2. Invest moneys in the Program in any instruments, obligations, securities, or property deemed appropriate by the Board;

3. Develop requirements, procedures, and guidelines for the Program, including:

a. Eligibility requirements for employers and employees, in accordance with this chapter;  
b. Procedures for enrollment, *reenrollment*, and disenrollment of participating employees;  
c. Selecting whether to offer Roth IRAs, traditional IRAs, or both, and if both, which type of IRA shall be the default IRA;

d. Default contribution rates;

e. Default annual escalation rates;

f. Selecting one or more investment funds in which Program participants may elect to invest their savings, *including a lifetime income option*, and a default investment fund for participants who do not make an affirmative investment election;

g. Minimum and maximum contribution levels in accordance with applicable limits established by the Internal Revenue Code;

h. A fee structure;

i. Procedures for noncompliance with this chapter, including development of enforcement mechanisms and penalties not to exceed \$200 per eligible employee annually;

j. Education and outreach campaigns to eligible employers and eligible employees; ~~and~~

k. Procedures for enrollment, *reenrollment*, and disenrollment of participating individuals;

*l. Resources, tools, and incentives to promote greater financial education and literacy for Program participants consistent with the purposes of this chapter; and*

*m. Procedures for receiving and crediting federal matching contributions to an IRA or qualified retirement savings account for eligible Program participants in accordance with the requirements established by federal law.*

4. Enter into all contractual agreements, including contracts for legal, financial, program management, and consulting services necessary to develop and administer the Program;

5. Procure insurance as determined appropriate by the Board (i) against any loss in connection with the Program's property, assets, or activities and (ii) indemnifying Board and Committee members from personal loss, accountability, or liability arising from any action or inaction as a Board or Committee member;

6. Adopt ~~regulations~~ *policies* and procedures and perform any act or function consistent with the purposes of this chapter;

7. Explore and, as appropriate, establish incentives to encourage participation in the Program by eligible employers and eligible employees, including ~~a grant program to incentivize compliance with the Program and to defray the costs of small businesses~~ *initiatives that incentivize compliance with the Program or defray any costs incurred by an eligible employer to facilitate Program participation;*

8. Assess the feasibility of multistate or regional agreements to administer the Program through shared administrative and operational resources and enter into those agreements if deemed beneficial to the Program;

9. Establish procedures for receiving and providing data relevant to Program administration. This shall include information collected from other state agencies, including the Department of Labor and Industry, the Department of Taxation, and the Virginia Employment Commission, as appropriate;

10. Accept any funds appropriated to the Program and any gifts, donations, grants, bequests, and other funds received on its behalf, including any funds made available for use in facilitating education and outreach initiatives for the Program; ~~and~~

11. Design and operate the Program in a manner that will cause it not to be an employee benefit plan within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974; *and*

12. *Explore and, as appropriate, establish requirements for which Program participants may elect to defer contributions at a level deemed appropriate by the Board to a short-term emergency savings mechanism that provides additional flexibility and access to savings.*

**§ 2.2-2748. Cooperation of other agencies.**

All agencies, *departments, and commissions* of the Commonwealth shall cooperate as requested by the Plan in the performance of its duties under this chapter, including, unless otherwise prohibited, the sharing of relevant data, *technical assistance, and compliance and enforcement mechanisms* as the parties shall mutually agree.

**§ 2.2-2751. Program enrollment; participating employer liability and status under the Program.**

A. 1. Any employer that is not an eligible employer may facilitate the participation of its ~~eligible~~ employees in the Program. However, such employer shall take all steps necessary to ensure that such facilitation does not constitute an employee benefit plan regulated under Title I of the Employee Retirement Income Security Act (ERISA).

2. Any ~~eligible~~ employee whose employer does not facilitate his participation in the Program pursuant to subdivision 1 or any self-employed individual may participate in the Program under terms and conditions prescribed by the Board.

3. No ~~eligible~~ employee ~~or self-employed individual~~ shall be permitted to participate in the Program unless such individual has Virginia taxable income, as defined in Article 2 (§ 58.1-320 et seq.) of Chapter 3 of Title 58.1.

B. The Program shall be established and enrollment of eligible employers shall begin on July 1, 2023, or as soon thereafter as practicable. The Board shall establish an implementation timeline under which eligible employers shall enroll their eligible employees in the Program.

C. The Board shall develop a Program rollout timeline, including deadlines for the enrollment of eligible employers. The Board may alter the rollout timeline in its discretion, though in all instances any alterations of established rollout dates shall include reasonable notice to affected eligible employers.

D. Participation in the Program shall be mandatory for eligible employers. Eligible employers shall enroll in the Program in accordance with the timeline established by the Plan. Eligible employers shall facilitate a payroll deposit retirement savings agreement pursuant to this chapter for their eligible employees.

E. *Eligible employers that withhold a contribution from a participating employee's wages in connection with the Program shall remit such contribution on the earliest date the amount withheld from the eligible employee's compensation can be transmitted, but not later than 10 business days following the date upon which the eligible employee's contribution amount was withheld from the employee's paycheck.*

F. *An eligible employer who withholds wages but fails to submit contributions to the Program in accordance with the payroll deposit retirement savings agreement and in the time and manner specified may be subject to a violation of federal and state labor laws and incur penalties thereof.*

G. Each eligible employee of an eligible employer shall be enrolled in the Program unless the employee elects not to participate in the Program in a manner prescribed by the Board.

~~F. H.~~ A ~~participating employee~~ Program participant may also terminate his participation in the Program at any time in a manner prescribed by the Board.

~~G. I.~~ Participating employers shall not have any liability for a participating employee's decision to participate in or opt out of the Program or for the investment decisions of participating employees whose assets are deposited in the Program.

~~H. J.~~ Participating employers shall not be a fiduciary, or considered to be a fiduciary, over the Program. The Program is a state-administered program, not an employer-sponsored program. If the Program is subsequently found to be preempted by any federal law or regulation, participating employers shall not be liable as Program sponsors. A participating employer shall not bear responsibility for the administration, investment, or investment performance of the Program. A participating employer shall not be liable with regard to investment returns, Program design, and benefits paid to Program participants.

~~I. K.~~ A participating employer shall not have civil liability, and no cause of action shall arise against a participating employer, for acting pursuant to this chapter.

~~J. L.~~ The Board shall develop and provide to participating employees and participating individuals Program summaries and other information concerning participation in the Program, including information on Program investments and fees, and the consequences of contributing to an IRA, and a statement that the Program is not an employer-sponsored retirement plan, as required by applicable law and as otherwise determined by the Board.

~~K. M.~~ Participating employers shall retain the option at all times to set up any type of employer retirement plan, including plans qualified under § 401(a), *401(k)*, 403(a), 403(b), 408(k), or 408(p), of the Internal Revenue Code, in which event such employer shall no longer be considered an eligible employer and shall cease facilitating contributions to the Program in accordance with such procedures as shall be established by the Board.

~~L. N.~~ No employer shall be permitted to contribute to the Program or to endorse or otherwise promote the Program.

~~M. O.~~ The Program shall be exempt from the provisions of subsection C of § 40.1-29.