



STATE OF CONNECTICUT

RETIREMENT SECURITY BOARD

CO-CHAIRS: STATE COMPTROLLER KEVIN LEMBO & STATE TREASURER DENISE L. NAPIER

FOR IMMEDIATE RELEASE

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CRSB SUBMITS IMPLEMENTATION PLAN FOR PUBLIC RETIREMENT PROGRAM FOR PRIVATE-SECTOR EMPLOYEES

HARTFORD – The Connecticut Retirement Security Board (CRSB) today submitted an implementation plan in the form of legislation that would establish a state-run retirement savings program for private-sector employees in Connecticut.

The legislation follows more than a year of market research, public hearings and meetings, as well as broad input from employers, potential plan participants, representatives of the financial sector and other stakeholders.

The legislature established the CRSB in 2014 – co-chaired by State Comptroller Kevin Lembo and State Treasurer Denise L. Nappier – to submit evidence-based recommendations on the creation of a retirement savings program for private-sector workers in Connecticut currently without access to workplace savings.

As directed by the legislature, the board completed a feasibility study earlier this year that concluded a public retirement program for private-sector employees is financially feasible under a range of market scenarios and plan designs.

The plan submitted today would create a new quasi-public entity responsible for implementing the program through contracts with private-sector providers.

The proposed program would not be mandatory for businesses that currently already offer a 401K plan or other workplace-based retirement savings option to all employees; it would not require that participating employers contribute to the program (only that they provide a payroll deduction mechanism for employees to contribute); and employee participation in the savings would be voluntary (they would be automatically enrolled, but can opt out if they prefer).

“There is an entire generation of employees, many of them lifelong hard-working middle class people, who are headed to retirement financially unequipped, in part due to lack of access to a workplace-based retirement savings option,” Lembo said. “I strongly believe that a private-sector solution should be the first answer to this challenge – but the market is currently failing to reach nearly half of our workforce. This plan – following substantial market research and broad input from the public, academics and business community – provides a solid framework to address Connecticut’s growing retirement gap. The goal is not to compete or replace the private market, but to fulfill a significant unmet need in the market that must be answered for the sake of those families and our entire state economy.”

The program could serve almost 600,000 Connecticut residents who currently have no access to workplace-based retirement savings. According to Connecticut-specific data from the Schwartz Center for Economic



Policy Analysis at The New School, between 2000 and 2010, employers offering a retirement plan declined from 66 percent to 59 percent. In other words, four out of 10 workers residing in Connecticut do not have access to a retirement plan at work.

The legislation also provides that:

- The quasi-public entity – or “authority” – would be empowered to delay the implementation date, in whole or in part, or for particular categories of employers, as it deems necessary to minimize any disruption or burden on employers.
- This entity would be subject to significant transparency provisions, including requirements that it provide the state comptroller with checkbook-level financial data to be included on the state’s OpenCheckbook website.
- The authority would have educational, outreach and administrative oversight, but not enforcement powers.
- The authority would be governed by a board with defined fiduciary responsibilities. The fiduciary responsibilities are intended to replicate the duties under the Employee Retirement Income Security Act of 1974, which have been described as the highest duty under the law.
- Employers’ compliance with the requirements of the program would be enforceable either through a private right of action or by the state Labor Commissioner.
- There would be additional safeguards in place to, among other things, ensure that contributions to the program are transmitted timely and safely.

The CRSB additionally recommends requiring that the private-sector provider contracted for recordkeeping and/or investment management take on any start-up costs to be repaid through the administrative fees of the program.

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