



STATE OF CONNECTICUT

RETIREMENT SECURITY BOARD

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

Connecticut Retirement Security Board

Meeting Minutes

Wednesday, April 1, 2015

9:00 A.M.

55 Elm Street, Hartford, 7th Floor Treasurer's Conference Room

Members Present:

Hon. Kevin Lembo, State Comptroller, Co-Chair

Hon. Denise Nappier, State Treasurer, Co-Chair

Thomas Barnes

Ken Floryan

George Kasper

William Kosturko

Sal Luciano

Brendan Maher

Jamie Mills

James Russell

John Sayour

Members Absent:

Michael Callahan

Sharon Palmer

Special Guest:

Sarah Mysiewicz Gill, AARP Senior Legislative Representative

Other Participants:

Genevieve N. Ballinger, Research Analyst, Office of the State Comptroller

The Meeting of the Retirement Security Board was called to order at 9:09 a.m.

A. Call to Order

Comptroller Lembo called the meeting to order at 9:09 a.m.



B. Adoption of Meeting Minutes

A motion was made by Ken Floryan to adopt the Meeting Minutes of March 4, 2015. Jamie Mills seconded the motion. The minutes were adopted unanimously at 9:12 a.m.

C. Board Fiduciary Responsibilities

Genevieve N. Ballinger briefed the Board on the fiduciary duties under ERISA that the Board would need to follow if they chose to become the fiduciary of the plan. The Department of Labor states that it prefers that some entity take on the fiduciary responsibilities, although it hasn't made any formal statement yet. The responsibilities include (1) acting solely in the interest of plan participants and their beneficiaries and with the exclusive purpose of providing benefits to them; (2) Carrying out their duties prudently; (3) Following the plan documents (unless inconsistent with ERISA); (4) Diversifying plan investments; and (5) Paying only reasonable plan expenses. Acting as the sole fiduciary of the plan and taking on these responsibilities also comes with potential liability. Fiduciaries can limit their potential liability in certain situations. As an additional protection for plans, those who handle plan funds or other plan property generally must be covered by a fidelity bond.

There was discussion amongst the board members regarding fiduciary obligations. Brendan Maher pointed out that it was important to distinguish between traditional ERISA fiduciary responsibilities and nontraditional fiduciary responsibilities under state regulation. He stated that the Board needs to be very clear on what the fiduciary duties will be. Treasurer Nappier suggested that the Board use the fiduciary duty of the Treasurer as a vehicle for the Board's fiduciary responsibility. Mr. Maher agreed that there may be a Connecticut law that they could use as a framework. This is a decision for the general assembly.

D. Presentation on Other States and National Developments

Sarah Mysiewicz Gill from AARP presented to the Board on other state retirement initiatives. She commended Connecticut for the work that they are doing and pointed out the importance of saving for retirement. She stated that 1 out of 2 people cannot afford the basics when they retire. Ideally, people should be saving 80% of their working income. Since the recession and the burst of the dot com era there has been a significant drop in retirement savings. She also showed the Board slides breaking out retirement savings statistics by race and age. She pointed out that payroll and auto-enrollment increases the amount of people that participate in a retirement savings plan significantly. Ms. Mysiewicz Gill also presented that some states have also talked about having a Roth option as well as some education component. She believes that as a result from the increased push from states to form retirement plans that the Department of Labor is becoming more fluid in their responses; she cited California and Illinois which have both been in conversations with DOL.

The Board asked questions about her presentation. The Board raised concerns about how likely it was that their work would facilitate employees reaching the goal of achieving 80% of retirement savings.



E. Approval of the Market Feasibility Study Contracts

The contracts with Boston College and Mercer Investment Consulting, Inc. have not been finalized. The Board received the Statement of Work from each organization which provides an outline of the services that will be provided. The scope of work comes directly from the RFP. Comptroller Lembo asked if the Board would be comfortable having the Comptroller and the Treasurer approve and execute the finalized contracts.

A motion was made by Sal Luciano to authorize the Comptroller and Treasurer to approve and execute the contracts. Mr. Maher seconded the motion. The motion passed unanimously at 9:30 a.m.

Comptroller Lembo asked the Board if they wanted to create a subcommittee to provide contractor guidance. Mr. Floryan, Mr. Maher, Ms. Mills volunteered. It was agreed that the subcommittee would include a representative from the Treasurer's office and a representative from the Comptroller's office. John Sayour also indicated his willingness to serve on the subcommittee as did William Kosturko, however they will join later due to prior commitments.

F. Fundraising Update

Comptroller Lembo shared with the Board that the Arnold Foundation donated \$250,000 for the market feasibility study. Treasurer Nappier shared that the Treasury has received \$30,500 with another potential \$50,000 coming over the next few months. The Treasurer's office has \$80,000 in actual contracts and pledges. Some potential donors have indicated that they have internal policies that do not allow them to give money directly to state governments. Comptroller Lembo shared that a request was made in the state budget for extra funds for the study but it was rejected.

G. New Business

Comptroller Lembo shared plans for upcoming meetings. During the May meeting the vendors will present and during the June or July meeting Professor Stein will present. The staff is also looking to get a representative from Massachusetts and Illinois to speak to the Board about their plans.

Ms. Mills suggested that during the meeting when Professor Stein presents we move the meeting to the Legislative Office Building to have the meeting covered by CTN and to have a larger audience.

G. Public Comment

Mark Goldberg, Gateway Financial, Glastonbury, CT

Mr. Goldberg suggested that the Board and the private sector work together and form a team. He stated that the private and public sector both want to achieve the same objective and help



employees obtain adequate retirement savings. However, he does not feel that retirement savings can be legislated without the help of the private sector. He feels that the Board has not articulated what they are looking for. He pointed out that Ms. Mysiewicz Gill stressed the importance of the private sector educating employers and employees.

H. Adjournment

A motion was made by Sal Luciano to adjourn Ms. Mills seconded the motion. The meeting adjourned at 10:38 AM.