



STATE OF CONNECTICUT

RETIREMENT SECURITY BOARD

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

Connecticut Retirement Security Board

Meeting Minutes

Wednesday, February 4, 2015

9:00 AM

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

Michael Callahan

Ken Floryan

George Kasper

William Kosturko

Sal Luciano

Brendan Maher

Sharon Palmer

James Russell

John Sayour

Members Absent:

Jamie Mills

Special Guests:

Brian Graff, CEO of ASPPA

Roberta J. Ufford, Groom Law Group

Other Participants:

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



The Meeting of the Retirement Security Board was called to order at 9:15 a.m.

A. Call to Order

1. Comptroller Kevin Lembo called the meeting to order
2. Comptroller Lembo mentioned the RFP process and the vendor selection committee consisting of George Kasper, Jamie Mills and John Sayour.

B. Adoption of Meeting Minutes

A motion was made by Sal Luciano to adopt the meeting minutes of January 5, 2015. Ken Floryan seconded the motion and the minutes were unanimously adopted.

C. Update on Federal Initiatives

Genevieve N. Ballinger briefed the Board on the various proposed bills that are currently in the House and Senate as well as the President's proposals. President Obama has proposed a retirement tax reform plan that would include automatically enrolling Americans without access to a workplace retirement plan in an IRA. The plan would apply to employers with more than 10 employees who do not currently offer a retirement plan. President Obama also proposed requiring employers to allow part-time employees to contribute to the plan if they have worked for at least 500 hours per year for 3 years or more. The plan would provide tax cuts for auto-IRA adoption as well as for businesses that choose to offer employer plans or switch to auto-enrollment.

D. Update on Other States' Initiatives

Ms. Ballinger briefed the Board on the progress of California, Illinois, Maryland and Vermont. California rescinded their RFP on January 13, and then reissued it on January 22, with a new proposal deadline of February 5. Rescission allowed the vendors to fix errors and resubmit proposals. Illinois created the Illinois Secure Choice Board; we are still waiting to hear from them regarding their status. The news media has cited that Maryland's Retirement Task Force has been disbanded by their new Governor. The Vermont Public Retirement Study Committee submitted an interim report by their deadline of January 15, 2015 that identified general principles for a plan. The report requested a one- year extension for the Committee to complete its work.

John Sayour also offered that New Hampshire is beginning the process of examining a public retirement option.

Ms. Ballinger responded that several other states are looking into it too, such as Kentucky and North Dakota.



E. Overview of the Questions Received for RFP

The Board discussed the two questions that were received by the RFP.

- 1) What attributes or qualities is the State looking for in the proposer that it selects?

The Board discussed what attributes they were looking for in a proposer. The majority of the Board felt that they needed someone that they could feel comfortable with. There was some discussion about the proposer not being biased and that having experience in retirement plans would be a plus but not required. Treasurer Nappier stated that she thought a firm with an understanding of both the benefit side and the investment side would be important.

Comptroller Lembo talked about creating a score sheet to use.

- 2) For purposes of defining the market in a more cost-effective manner, would the State of CT accept applicable data from existing State or public sources in lieu of customized survey data?

The Board decided to require customized survey data to ensure the data was unbiased and relevant to the study, although existing demographic data would be accepted. The Board also discussed looking at creating two plans, one within the constraints of the statute limitations and an optimal plan.

F. Presentation on ERISA

Brian Graff made a presentation to the Board regarding ERISA and how the Board can implement a plan that is not subject to ERISA. ASPPA is in support of a state sponsored plan and they will be monitoring other states that are proposing a state sponsored plan. Mr. Graff stated that a state plan was feasible as long as the plan was developed in a way that closely adheres to the safe harbor conditions in DOL's regulation and the Interpretive Bulletin issued in 1999. Mr. Graff explained that it is important for a state run plan to provide automatic enrollment with an opt out provision. This could be done without being subject to ERISA; however, the distinction needs to be made between the employer establishing such a plan versus maintaining such a plan. Payroll deduction needs to be completely voluntary on the part of the employee. ERISA focuses on employer involvement and the employer cannot be responsible. The Board questioned if it would be possible to have an elevator clause as well as punitive measures for employers that do not comply. Mr. Graff answered that it would not be subject to ERISA; however, administratively it would make it complicated he remarked that the Board would not want employers to make discretionary decisions. Mr. Graff continued that on the federal level they impose a tax as a punitive measure; however, this is a DOL policy decision. A question also arose regarding offering various investment options. Roberta J. Ufford offered that it would not



be a problem to offer investment options as long as the employer did not choose the options and she thought it would be necessary to figure out the right number of choices. The Board also discussed hiring an independent third party administrator to come in and decide on the menu.

G. Fundraising

Comptroller Lembo stated the fundraising letters were sent to foundations and other groups with an interest in retirement plans. Comptroller Lembo and Treasurer Nappier shared with the Board that they had a conference call with the Arnold Foundation and it went well.

H. New Business

Comptroller Lembo asked the Board about a proposal to have someone from Massachusetts come and speak to the Board to find out about their ERISA-covered plan.

I. Public Comment

Mark Ferris, Madison Investment Center, Madison, CT

Mr. Ferris suggested that the Board look into the United Technology Corporation Lifetime Income Option. Since this option exists, the Board knows that the plan is feasible, so the market feasibility study is not necessary; however, he raised the question of how they were going to put such a plan in place.

J. Adjournment

The meeting adjourned at 10:51 a.m.