



State of Connecticut

HOUSE OF REPRESENTATIVES STATE CAPITOL

REPRESENTATIVE RICHARD A. SMITH
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MEMBER
LABOR AND PUBLIC EMPLOYEES COMMITTEE

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HIGHER EDUCATION AND EMPLOYMENT
ADVANCEMENT COMMITTEE

November 1, 2014

Re: CRSB Request for Public Comment

To the members of the Connecticut Retirement Security Board:

I'm writing in response to the Connecticut Retirement Security Board's request for written public comment on a state run retirement program for private sector employees and a mandate on Connecticut businesses which would require them to automatically enroll their employees if they do not offer a retirement plan of their own. As Ranking Member of the Labor Committee, I have had the opportunity to sit in on Public Hearings and listen first hand to the business community on the negative impact such a policy would have on small businesses. In addition, the policy raises serious constitutional ERISA issues that must first be resolved before any such policy be considered.

From a practical standpoint, there are numerous private sector companies that offer retirement plans and State government should not be competing with the private sector retirement savings business. Our state is already in the public pension business and its record there has been abysmal, with massive unfunded liabilities to public sector workers in the *billions* of dollars. There is absolutely no evidence to suggest that the state will do any better managing retirement savings for private sector workers.

The plan the CRSB proposes is the wrong solution. While there is some evidence that the decline in retirement savings may be the result of employers no longer offering retirement plans, there is also abundant evidence that retirement savings typically declines during lean economic times. Folks may very well need all their financial resources during those times to pay their bills and provide basic needs. And, of course, no amount of employer-sponsored retirement helps a person who is unemployed. The best thing our state government can do to address this problem is to concentrate on creating a job-friendly environment rather than put another mandate on employers.

If there is an actual problem in this area, it's lack of education, not the availability of options. We need to do a better job of educating folks about what retirement savings options are available and not create a whole new government bureaucracy which we cannot afford.

For all the foregoing reasons, I urge that the Board reject the proposal.

A handwritten signature in cursive script that reads "Richard A. Smith".

Representative Richard A. Smith
State Representative, 108th District