News from:
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COMPTROLLER LEMBO APPLAUDS LABOR COMMITTEE VOTE THAT ADVANCES RETIREMENT SECURITY PROGRAM TO SERVE NEARLY 600,000 WORKERS WITHOUT WORKPLACE SAVINGS

Comptroller Kevin Lembo commended the General Assembly's Labor and Public Employees Committee for voting in favor of a financially self-sustaining retirement savings program that would serve nearly 600,000 private-sector workers in Connecticut who currently have no access to workplace-based retirement savings.

Lembo, as co-chair of the Connecticut Retirement Security Board (CRSB) that studied and drafted the proposal, says this action follows substantial market research and broad input from the public, academics and business community.

Today's vote also follows a public hearing by the Labor and Public Employees Committee earlier this week where supportive testimony was submitted by business owners, representatives of the financial services industry and many others, Lembo said.

"Today's vote recognizes that there is an entire generation of employees, many of them lifelong hardworking 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 am grateful to the Labor and Public Employees Committee for acting to address retirement security – which is a very serious issue, not only for those individuals and families who are financially forced to delay retirement indefinitely, but for our entire state and economy.

"I would like to especially thank state Senate President Pro Tempore Martin M. Looney and state House Majority Leader Joe Aresimowicz for their leadership, committee co-chairs Rep. Peter Tercyak and Sen. Edwin A. Gomes, and the members of the CRSB for their work on this issue.

"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. Implementation of this program will actually push many businesses out into the private market. In fact, in the market feasibility study survey of Connecticut employers, approximately half of the employers said that – should the program be implemented – they would go out into the private market."

An Act Creating the Connecticut Retirement Security Program, H.B. 5591, would create a new quasi-public entity responsible for implementing a retirement savings 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 savings option to its 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 would be strictly voluntary (they would be automatically enrolled, but can opt out if they prefer).

"The goal is not to compete with 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," Lembo said.

The Connecticut Retirement Security Board (CRSB), co-chaired by Lembo and state Treasurer Denise L. Nappier, was established by the legislature in 2014 to submit evidence-based recommendations on the creation of a retirement program for private-sector workers in Connecticut currently without access to workplace savings.

The CRSB released a comprehensive feasibility study that shows the program would be feasible, would cover its costs and be self-sustaining likely by the end of year two, and would be able to repay its start-up expenses likely by year five.

"The program is designed to operate with a minimal burden on employers, to achieve a low-cost retirement vehicle for Connecticut employees not covered by an employer's plan, operate without liability for the state and without commingling with other state assets, and without requiring appropriations to support the program," Lembo said. "The program's governing body would be an independent quasi-public entity, disconnected from the state's revenue and appropriations processes, and operating with a maximum level of transparency."

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