



December 30, 2020

The Honorable Ned Lamont
Governor of Connecticut
State Capitol
210 Capitol Ave
Hartford, CT 06106

Dear Governor Lamont:

The Connecticut Retirement Security Authority (the “CRSA”) is submitting this annual report detailing its activities, receipts, expenditures and projected activities to the Governor, the Office of Auditors of Public Accounts, and the joint standing committees of the General Assembly having cognizance of matters relating to labor and finance, revenue and bonding, as required by law.

The CRSA is a quasi-public state agency tasked with launching a Connecticut Retirement Security Program (the “Program”). The CRSA was established by Connecticut General Statutes §§31-417 through 31-429. The Program is an automatic enrollment retirement savings program for Connecticut workers who do not have access to a qualified employer-sponsored plan.

Board of Directors

The CRSA is governed by the Connecticut Retirement Security Authority Board of Directors (the “Board”). The Board consists of fourteen individuals, ten of which have been appointed and are currently serving. The CRSA currently has no independently hired staff.

As of December 2020, the current Board members are:

- **Kevin Lembo**, Comptroller and Chairman
- **Shawn T. Wooden**, Treasurer
- **Melissa McCaw**, Secretary of the Office of Policy and Management
- **Jorge Perez**, Commissioner, Department of Banking
- **Kurt Westby**, Commissioner, Department of Labor
- **Thomas Sennett**, appointee of the Speaker of the House of Representatives
- **Keisha Palmer**, appointee of the Majority Leader of the House of Representatives
- **Vacant**, appointee of the Minority Leader of the House of Representatives
- **Alex Knopp**, Esq., appointee of the President *Pro Tempore* of the Senate
- **Edward Zelinsky**, appointee of the Majority Leader of the Senate, exp. 2024
- **Vacant**, appointee of the Minority Leader of the Senate
- **Joseph Fazzino**, appointee of the Governor
- **Vacant**, appointee of the Governor
- **Douglas McIntosh, Jr.**, appointee of the Governor
- **Vacant**, appointee of the Governor

The Board held monthly meetings throughout the year. Agendas and meeting minutes can be found on the Board’s website at osc.ct.gov/crsa.

Overview of Program Activities in 2020

Despite the COVID-19 pandemic, which profoundly impacted public operations across the State, the CRSA has made significant progress in 2020. The Program is now prepared to launch in early 2021 following the execution of the contract with its plan administrator.

Selection of Plan Administrator

In February 2020, the Board reviewed the responses to its RFP for Plan Administration and Management Services with the assistance of AKF Consulting Group. Following this review, the Board authorized the Chairman to enter into negotiations with the finalist. Negotiations were conducted, and the Board awarded the RFP to BNY Mellon in April 2020. A term sheet favorable to the Program was agreed to and authorized by the Board in August 2020. Final negotiations are in progress as of December 2020 and the contract is expected to be ready for the approval of the Board in January 2021. Once the contract is signed and awarded to BNY Mellon, the firm and its subcontractors are prepared to assist with the creation of the Program through a marketing plan, data management, and setting up systems for onboarding employers, employees, and account management.

Board Governance

Governor Lamont appointed Comptroller Kevin Lembo as Chairman in March 2020. In October 2020, the following governance documents were reviewed by the Governance and Bylaws subcommittee, edited, and presented to the Board for approval in December:

- Bylaws;
- Hiring and Promotion; Discipline and Termination;
- Equal Employment Opportunity and Affirmative Action;
- Compensation and Benefits;
- Adoption of Annual Budget and Plan of Operations; and
- Resolution to Authorize Executive Director as Authorized Signer (for transactions up to and including \$2,500);
- Disclosure of Third Party Fees by Persons or Entities Providing Investment Services;
- Making Modifications to the Program;
- Using Surplus Funds;
- Ethics

Overview of Financial Activities in 2020

In August 2020, the Budget Subcommittee presented a budget of expenses and projected revenues to the Board over the next ten years. The budget included \$250,000 in expenses in calendar year 2020 and \$210,000 in calendar year 2021. The revenue projections for the Program assumed two scenarios: a base case with a participant opt-out rate of 30%, and a reduced case with a participant opt-out rate of 50%. According to the Georgetown University Center for Retirement Initiatives, the opt-out rates for current programs as of fall 2020 averaged 33.5% for existing programs in other states.

The Board further authorized the Chairman to make a written request of \$250,000 from the Program's line of credit from the OPM Secretary as the final step to launching the program. Chairman Lembo made this request on August 24th, 2020.

Summary of CRSA Revenues and Expenditures in 2020
Calendar Year, 01/1/2020 through 12/02/2020

REVENUES

Beginning balance 1/1/2020	58,503.23
<i>Authorized Line of Credit (pending release)</i>	<i>250,000.00</i>

EXPENSES

Personnel Expenses	(24,228.36)
<i>(Salaries, Wages, Medical Insurance, FICA, Medicare of former Executive Director)</i>	

Invoices Paid:

Legal Services	(21,659.44)
General Consulting	(10,536.67)
Outstanding Invoices:	
AKF Consulting (General Consulting)	(77,430.00)
Pullman & Comley (Legal Representation)	(25,444.00)

PROJECTED BALANCE

Current Balance	(100,795.24)
2020 Balance after Authorized Line of Credit Release	149,204.76

Program Plans for 2021

In anticipation of Program launch, the CRSA is beginning to collect relevant data for outreach to Connecticut's eligible businesses and formulate a marketing outreach plan. State partners and supporters of the CRSA, including the AARP, directors of similar state programs, and the Georgetown Center for Retirement Initiatives continue to be invaluable resources and have provided critical insight to a successful and smooth launch.

Final negotiations with BNY Mellon are expected to be completed in January and a contract presented to the Board for approval. Following execution of the contract, BNY Mellon and the CRSA will begin preparation for a short program test phase in early 2021. A subsequent outreach plan and full program launch will be implemented with waves of sign-ups for Connecticut businesses later in 2021.

The CRSA looks forward to the successful launch of its program and the fulfillment of its directive to serve the 600,000 hard-working Connecticut employees who do not have access to workplace retirement plans.

Sincerely,



Kevin Lembo
State Comptroller
Chair of the Connecticut Retirement Security Authority

Cc: John Geragosian and Robert Kane
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