



Connecticut Retirement Security Authority

2021 Annual Report

Stump Year, January 1, 2021 through June 30, 2021

[Approved by the CRSA Board of Directors for Submittal on December 17, 2021]

PROGRAM BACKGROUND & ADMINISTRATION

ABOUT THE CRSA

The Connecticut Retirement Security Authority (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.

The Authority 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.

FISCAL YEAR CHANGE AND TRUNCATED REPORTING PERIOD, 2021

The CRSA previously had a fiscal year based on the calendar year, from January 1 to December 31, and its last report (2020) reflected expenses, incomes, and activities from January 1, 2020 to December 31, 2020. However, at its regular meeting in August 2021, the Board elected to adopt the State’s fiscal year, which begins July 1 and ends June 30.

The adoptions of the new fiscal year subsequently created a change in this annual report’s reportable time period. Therefore, this report covers a **truncated fiscal year** covering the time period between January 1, 2021 and June 30, 2021, because the time period between July 2020 and December 2020 has already been covered in the previous annual report.

Moving forward, future annual reports will reflect activities between the July 1 to June 30 time frame.

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 June 30, 2021, 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, Vice Chairman
- **Keisha Palmer**, appointee of the Majority Leader of the House of Representatives
- **Richard Iovanne**, 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*

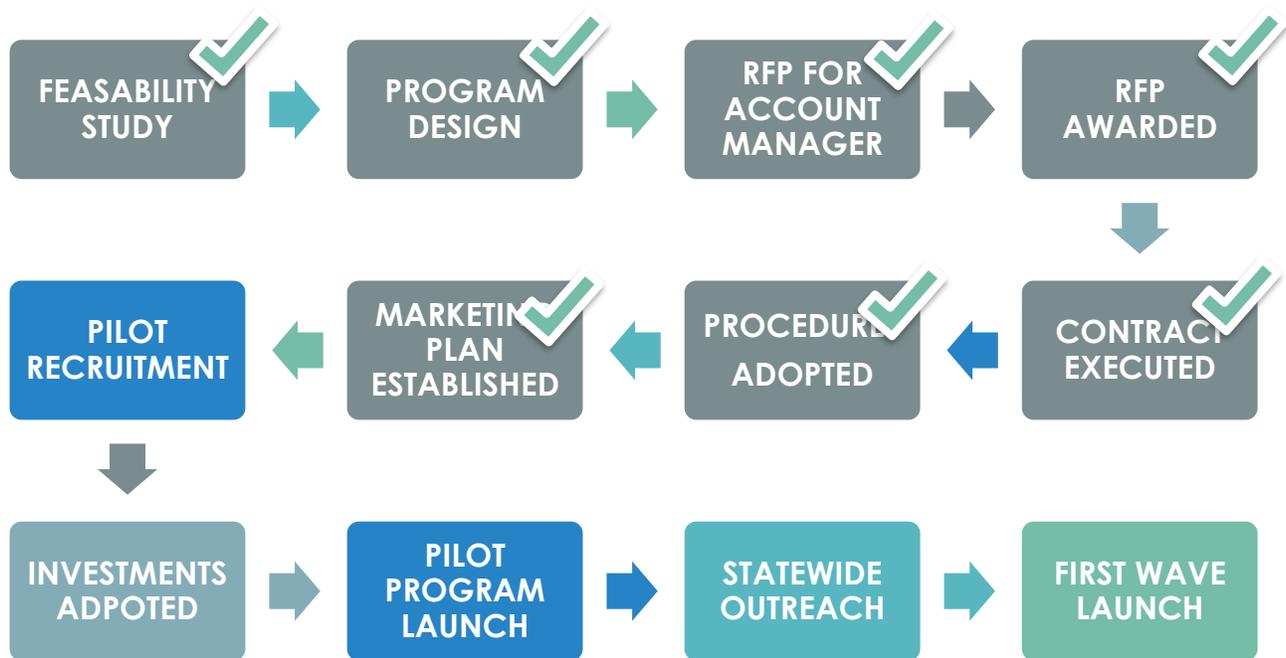
BOARD MEETINGS

The Board held monthly meetings throughout the year as well as numerous subcommittee meetings. Agendas and meeting minutes can be found on the Board’s website at <https://osc.ct.gov/crsa/>.

2021 PROGRAM ACTIVITIES

OVERVIEW

Despite the ongoing COVID-19 pandemic, which continued to profoundly impact operations across the State, the CRSA made significant progress in 2021 and is now on the cusp of pilot launch and statewide implementation of its Program. The CRSA took multiple crucial steps necessary for pilot and full program launch, including: contracting with its program administrator, BNY Mellon, crafting and adopting operational procedures and investment designs for its operations creating a marketing and outreach plan, and initiating a pilot test phase with the first volunteer business and employee participants. The Program, called “MyCTSavings,” will launch across Connecticut in early 2022 following a successful conclusion of the pilot program.



SELECTION OF PLAN ADMINISTRATOR

In February 2021, the Board finalized negotiations with Bank of New York Mellon (“BNY Mellon”), who was awarded the Plan Administration and Management Services RFP in 2020. With the assistance of its contractors AKF Consulting Group and the law firm of Pullman and Comley, the Board successfully concluded negotiations and voted to enter into a favorable contract with BNY Mellon at its February 2021 meeting. The contract was executed on February 24, 2021 and onboarding began immediately to prepare for the program’s pilot.

MARKETING AND OUTREACH

Marketing Plan

Following execution of the contract, the CRSA and BNY Mellon outlined a plan for marketing and outreach to execute ahead of the program’s pilot and full launch. The Program’s new branded name, “MyCTSAVINGS,” was selected and announced in May 2021, along with the design of brand appearance for the website, paper and digital communications, social media, and other outreach materials. The Program’s website design and contents were created, reviewed, and incorporated into the live website, now available at www.myctsavings.com.

A social media plan was additionally prepared for use in early 2022, ahead of the MyCTSAVINGS state-wide launch.

Outreach and Pilot

The CRSA also designed a pilot business outreach plan, temporary website, and materials with the assistance of BNY Mellon and vital partner AARP, to be implemented over the summer of 2021. Local business and industry groups were contacted to explain the Program’s purpose, requirements, provide implementation timelines, and begin to build relationships with the state’s business communities.

INVESTMENT PORTFOLIO AND ADDITIONAL POLICIES ADOPTED

Policies Added

The CRSA Board adopted its bylaws and initial policies in December of 2020; additional policies and procedures were added this year to reflect and describe the Program’s operational functions. In June and September of 2021, the Board adopted the following policies to define the structure of MyCTSAVINGS:

- *Notice to Qualified Employers Regarding Obligations Under the Connecticut Retirement Security Exchange*
- *Provision of Informational Materials to Employees Following Registration*
- *Initial Opt-Out Periods*
- *Investment Default*
- *Enrollment By Non-Covered Employees*
- *Identifying Exempt Employers Through Form 5500 Filings*
- *Employer Registration Deadlines and Wave Structure*

Investment Portfolio and Other Discussed Policies

With the assistance of its contracted vendors, BNY Mellon and Lockwood Advisors, Inc. (“Lockwood”), the Board adopted the Program’s selection of investment portfolios. Lockwood made a customized portfolio proposal in April 2021, which was discussed by the Board and its subcommittees. For further insight, the CRSA also contracted an independent investment advisor, Segal Marco Advisors (“Segal Marco”), to conduct a professional analysis of the proposal. The proposed portfolio included default target date funds as well as seven other investment mixes, making Connecticut a leader in participant choice: with adoption of the portfolio in later 2021, MyCTSAVINGS will have the most investment options available of all state auto-IRA programs.

Program Materials

In anticipation of the pilot, the Program created informational packets and outreach materials for for program participants and pilot employers for recruitment of the pilot.

PILOT PROGRAM RECRUITMENT AND LAUNCH

The pilot program is intended to test the sign-up and enrollment systems with the assistance of a small selection of volunteer businesses. In order to recruit volunteers and raise awareness of the Program,

the CRSA partnered with BNY Mellon and AARP to reach out to business communities beginning in May of 2021. The pilot will officially launch in October 2021 with the beginning of orientation sessions and digital on boarding sessions with participating employers.

2021 FINANCIAL ACTIVITIES

Truncated Fiscal Year Summary, January 2021 - June 30

The Program has continued to maintain an efficient budget. In its statute the CRSA has access to up to \$1,000,000 in a line of credit from the State. The first \$250,000 disbursement of the line of credit was requested in August 2020, but was not released until July 2021, following the successful negotiations of terms with the Office of the State Treasurer. Due to the timing of the release of the line of credit, and the change in fiscal year reporting for the program, no income was reported for this report's time period, and no payments to vendors were made. However, following the release of the line of credit in July 2021, all outstanding invoices were paid.

In August 2021 the Board adopted the State's fiscal year (July 1 to June 30) as its fiscal year, along with an updated budget and ten-year repayment projection to reflect the change.

LIST OF BOND ISSUES FOR PRECEDING FISCAL YEAR:

No bonds were issued between January 1, 2021 and June 30, 2021.

LIST OF PROJECTS:

No bonds were issued between January 1, 2021 and June 30, 2021.

LIST OF OUTSIDE INDIVIDUALS AND FIRMS RECEIVING LOANS:

No loans were issued.

BONDS:

No bonds were issued between January 1, 2021 and June 30, 2021.

AFFIRMATIVE ACTION POLICY

The affirmative action policy statement is appended in Appendix A of this document.

The CRSA currently has no hired work force and therefore no report on the agency's composition.

FINANCIAL STATEMENTS: CRSA EXPENDITURES:

Stump Fiscal Year, 01/1/2021 through 06/31/2021

REVENUES

Beginning balance 1/1/2021* (111,636.76)

(*invoices pending payment from CY2020)

EXPENSES

Personnel Expenses 0.00

Invoices from Calendar Year (CY) 2021:

Legal Services (74,020.00)

General Consulting (37,282.98)

BALANCE

Ending Balance** (222,939.74)

(**all outstanding invoices were subsequently paid in new Fiscal Year, July 2021, after release of the line of credit)

THE NEXT STEPS



Planned activities for the agency during the current fiscal year (FY23)

Pilot Program

In anticipation of statewide launch, the Program will continue to recruit new pilot employers, launch its pilot, gather necessary data from the pilot volunteers, and respond to feedback from participating employers. As required, the Program will also implement such feedback into its systems and communications to ensure a smooth transition to the first wave of business sign-ups.

Statewide Launch and Communications

Upon the successful launch and close of the pilot, the Program is expected to roll out in three waves across the state over a period of about one year, beginning in early 2022. Each wave will include a tranche of eligible employers based upon numbers of employees. The CRSA will increase communication and outreach efforts ahead of full launch, implement its marketing plan and social media outreach plan, access appropriate data to be used for outreach, and issue the first notifications to businesses who fall under the Program's mandate.

The CRSA will continue to build upon fruitful relationships with state and national partners, including State department partners, the AARP, directors of other state programs, and the Georgetown Center for Retirement Initiatives. They have been invaluable resources and have provided critical insights in a new and quickly growing sector of public policy. In 2021, several more states and cities have passed auto-IRA or other retirement savings program legislation, including Maine, New York State, New York City, and Virginia, bringing the total number of public entities with auto-IRA program laws to ten. The CRSA looks forward to the successful launch of MyCT Savings in 2022 and seeing the fulfillment of its directive to serve the 600,000 hard-working Connecticut employees who do not have access to workplace retirement plans.

Acknowledgement

Finally, the CRSA also wishes to acknowledge the indispensable contributions of Comptroller Kevin Lembo and thank him for his service to the Board, where he has served as Chairman since March of 2020. Comptroller Lembo was an early and vocal supporter of the Program from its inception and has been essential in ushering it to this final juncture.

CONNECTICUT RETIREMENT SECURITY AUTHORITY

Policy: EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION

The Connecticut Retirement Security Authority (“Authority”) is an equal employment opportunity and affirmative action employer, dedicated to the policy of nondiscrimination in employment on any basis prohibited by law. The Authority is committed to providing equal employment and advancement opportunities without consideration of race; color; religious creed; age; sex; sexual orientation; gender identity or expression; marital status; national origin; ancestry; veteran status; present or past history of mental disability, intellectual disability, learning disability, physical disability, including, but not limited to, blindness; genetic information or other legally protected status. Additionally, the Authority will take affirmative action to ensure workplace equality, avoid all forms of discrimination, and develop a workforce that is representative of all segments of the population.

The Authority will use affirmative action measures at all stages of the employment process. With regard to recruitment and hiring, the Authority will notify recruiters, consultants, prospective candidates, and employees that “The Connecticut Retirement Security Authority is an ‘Affirmative Action/Equal Employment Opportunity Employer’” and will broadly disseminate this policy by posting it on its website, bulletin boards, and other locations accessible to employees and potential candidates for employment. The Authority will attempt through recruitment efforts to increase the number of highly qualified female and minority applicants who apply for each vacancy with the ultimate goal that the Authority’s workforce will mirror the diversity of the labor pool. Additionally, the Authority will attempt to reach a greater number of Hispanic, African-American, Asian/Pacific Islander and Native American potential applicants by contacting organizations and educational institutions that promote the interests of such individuals. The Authority also recognizes the hiring difficulties which are sometimes encountered by the physically disabled and older persons and will undertake measures to achieve the full and fair utilization of such persons in its work force.

The Authority is committed to equal opportunities for its employees in all of its employment practices, including, but not limited to, compensation, benefits, training, promotions and discipline. Consistent with its commitment to equal opportunity, the Authority expects all employees to adhere to its policy of nondiscrimination. The Authority is equally committed to ensuring nondiscrimination in all of its programs and initiatives.

Employees should bring any complaints regarding discrimination or any other violation of this policy to the immediate attention of the Executive Director who is the designated Equal Employment Opportunity (EEO) / Affirmative Action Officer. If a complaint involves the Executive Director, the employee should contact the Chairperson of the Authority’s Board of Directors. Alternatively, employees may submit discrimination complaints to their supervisor. The Executive Director may appoint a designee to serve as the EEO/Affirmative Action Officer after notice to the Board. Complaints brought under this policy will be promptly investigated. Any employee who violates this policy, or knowingly retaliates against an employee reporting or complaining of a violation of this policy, shall be subject to immediate disciplinary action, up to and including discharge.

The Authority is committed to ensuring that all contractors who do business with it also provide equal opportunities in employment. The participation of minority business enterprises who meet the qualifications established by applicable regulations will also be encouraged.

The EEO/Affirmative Action Officer shall monitor compliance with this policy, including but not limited to, maintaining data regarding the hiring and promotion of women and minorities, and shall regularly report on these matters to the Board of Directors. All managers shall be responsible for administering and complying with this policy within their respective departments. The Executive Director and the Board of Directors will provide any necessary guidance in carrying out this policy and any changes or modifications which may be necessary. In accordance with Connecticut General Statutes § 1-123, the Board of Directors' annual report to the Governor and Auditors of Public Accounts will include this affirmative action policy statement, a description of the Authority's work force by race, sex and occupation, and a description of affirmative action efforts.