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Financial Services Institute Member

November 19, 2014

Dear Connecticut Retirement Security Board Members,

I attended the meeting hosted by Central Connecticut University on November 19, 2014 and thought that my public comments would be better written to the committee for the record than stated orally at the meeting.

Being in the financial services industry trenches as a FINRA registered financial advisor and licensed insurance professional domiciled in CT, I have experience in dealing with all levels of the income strata of Connecticut citizens. The persons in the lower income strata are under served by our industry and need our help.

If you divide the 800,000 folks that have no retirement savings by the 100,000 licensed professionals, you need to have the existing financial services infrastructure take on 8 clients each to solve the problem of professional involvement. The focus of this committee should be how to incentivize the public needing help to get an advisor and incentivizing the existing advisors to fulfill that role. It appears that the endeavor being undertaken is of a competing nature and not of a complementary role. Viewing every person that we deal with as a slice of life, each with a story and individual needs, we would love to be able to mentor people in this group, but need support to do so effectively.

Fees are important to the discussion, as this is how this industry operates and how professionals get paid for the services that they provide. Tuition is the fee paid for educators to perform their services and they're sure that they feel that they are worth every dime of what they earn. We feel the same way about the fees that we earn in our profession. Our services go way beyond collecting a fee for managing assets as you can well imagine the scope of issues that we help our clients through on a daily basis. It is the fact that we have fee income, that is spread out incrementally over a large base, that allows us to spend the multiple hours where and when needed for our clients, our continuing education and complying with the regulatory requirements of our profession.

What we earn, feeds into the state coffers as licensing and registration fees in addition to the taxes that we pay for ourselves and on behalf of our employees. The state of CT in no way shape or form should jeopardize the revenue source that financial services professionals provide to it by competing with us in this endeavor. The state of CT also does not need to take on yet another financial obligation that is unknown in scope and is wrought with unintended consequences. What is the

infrastructure going to cost before the first retirement account dollar is put to work and what is the cost per account moving forward going to look like?

The biggest problem to long-term retirement savings for the underserved population is lack of discretionary income to do so. Individuals and families that are above the federal poverty level by 400% and even higher, struggle daily to meet their basic needs of food, shelter, health insurance and transportation. I recently had a single client making over \$80,000 tell me that because of their increased cost of medical insurance premiums and utilization costs, that their retirement savings plan was derailed and they were no longer on target moving forward to meet their goals. Being educated and in a profession with a valuable skill set, they are in a position to make adjustments to their income and expenses to get back on track.

Most underserved people don't have that capacity to make the adjustments to squeeze out funds to even get started. The American dream under attack, the middle class is losing its financial footing, local jobs that support families have been lost to international business arrangements, to states with more business friendly environments, government take overs and technology. Just ask your local health insurance agent how their government has impacted their business and job satisfaction. Increasing numbers of people retiring into poverty is a manifestation of societal ills that have been created by structural changes in our society. There is diminished local money velocity when our dollars leave our borders to corporate tax havens and foreign government treasuries and stay there. There is limited banking capacity to support local business when state and local tax revenues are deposited into Wall Street domiciled institutions.

There are incentives for the lower income wage earners to save for their retirement such as the Federal Savers Credit, which very few people are even aware of. The State of CT could make a finite financial commitment by providing the same type of incentive, but with a string attached as a claw back if the funds are withdrawn prematurely or terms are not followed. The place for this discussion to begin is when the income taxes are being prepared. Sign up in 2015 for a retirement savings account and get the credit for 2014 directly deposited into your established account with a minimum forward funding commitment to satisfy.

Create a program that provides incentive for financial advisors to meet with the underserved citizens of the state. The work is essentially pro-bono, but giving a tax deduction for taking on the underserved citizens is enough incentive to create some traction in the right direction and get the discussion started. Think of it as a charitable contribution to a social problem. Creating an awareness program that utilizes the existing resources available in Connecticut is a winning proposition for everyone.

Sincerely,

Thomas E. Brown

