



Connecticut Retirement Security Authority

FY 2022 Annual Report

July 1, 2021 through June 30, 2022

PROGRAM BACKGROUND & ADMINISTRATION

ABOUT THE CRSA

The Connecticut Retirement Security Authority (the “CRSA”) was a quasi-public state agency tasked with launching the Connecticut Retirement Security Program (the “Program”), as 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.

NOTE ON REPORTING PERIOD FOR FISCAL YEAR 2022

As codified by Public Act 22-118, as of July 1st, 2022, the Connecticut Retirement Security Authority’s Board was converted into an Advisory Board. It dissolved the quasi-public government organization and made the Office of the State Comptroller the successor agency to the former board.

BOARD OF DIRECTORS

The CRSA was governed by the Connecticut Retirement Security Authority Board of Directors (the “Board”). The Board consisted of fifteen individuals, thirteen of which were appointed and served during the reporting period. The CRSA had no independently hired staff during the reporting period.

During the reporting period of July 1, 2021 to June 30, 2022, the Board members were:

- **Natalie Braswell**, State Comptroller and Chair of the Board
- **Christine Shaw** (July 2021 - December 2021) and **David Radcliffe** (beginning January 2022), Designee of the State Treasurer
- **Manisha Srivastava**, Designee of the Secretary of the Office of Policy and Management
- **Cesar Garcia**, Designee of the Department of Banking Commissioner
- **Patrick Flaherty**, Designee of the Department of Labor Commissioner
- **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
- **Antonietta Boucher**, appointee of the Minority Leader of the Senate (*resigned April 2022*)
- **Joseph Fazzino**, appointee of the Governor
- **Douglas McIntosh, Jr.**, *appointee of the Governor*
- **Vacant**, *appointee of the Governor*
- **Vacant**, *appointee of the Governor*

BOARD MEETINGS

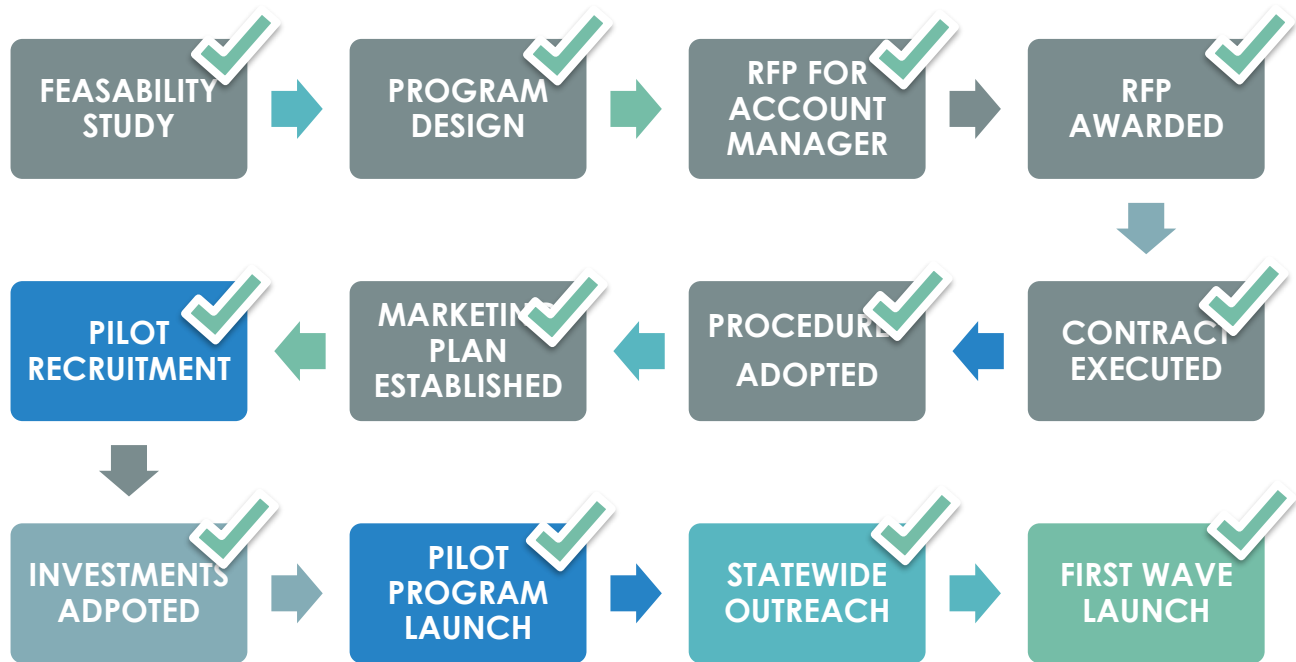
The Board held monthly meetings throughout the year as well as subcommittee meetings. Agendas and meeting minutes can be found on the Board’s website at <https://osc.ct.gov/crsa/>.

2022 PROGRAM ACTIVITIES

OVERVIEW

Building on the foundational work from the previous year, the CRSA made significant progress in FY2022, most notably bringing the program to launch in April of 2022. In the summer and fall of 2021, the Program prepared for outreach and marketing, finalized its investment portfolio and other portfolio mix options for savers, and finalized the schedule for the roll-out of the program. In late 2021, the program piloted its systems and received feedback from pilot

employers, and in April of 2022 launched the program to the public, beginning the first wave of employer enrollment from April to June of 2022.



Policy Adoptions and Investment Portfolio Development

In July through September of 2021, the CRSA Board reviewed and adopted the investment portfolio and the Investment Policy Statement for the Program. A customized portfolio was prepared by the contracted investment firm, Lockwood Advisors, LLC, which was further reviewed by investment advisor Segal Marco and the Program Design and Investment subcommittee. The investment portfolio was then finally approved by the Board in September 2021. The Board also adopted an investment policy statement, a grievance policy, and established the program’s wave schedule, which outlined the timeline of the program’s launch, at the September 2021 meeting.

Pilot Program

To test the financial technology systems and sign-up process, the CRSA worked with its contracted program administrator, Sunday and the Bank of New York Mellon, and external partners such as the AARP, to recruit businesses into a pilot program. The program and its partners reached out to industry and business communities and chambers of commerce, and by October of 2021 began training and observation of the pilot businesses through the initial

sign-up process. The Program received feedback from the pilot businesses on the process and made improvements to the system before opening the program to the general public.

Data Acquisition and Marketing Outreach Plan

In preparation for the statewide launch, the CRSA entered into an agreement with the Comptroller's office to provide data management services to the CRSA, enabling the program to contact employers affected by the statutory mandate.

Additionally, the CRSA developed a variety of materials for outreach and education to employers and employees, including:

- A series of email and paper communications explaining the program to employers, to be sent at intervals ahead of program deadlines;
- An informational website for employers and employees at www.myCTsavings.com;
- Digital and paper marketing materials: informational fliers, videos, FAQs for savers and employers;
- A digital, earned and paid marketing campaign;
- Webinars and video-on-demand how-to videos for employers;
- Translated materials for Spanish-speaking employers and employees

Statewide Launch

After the successful conclusion of the pilot, the program opened to the public on April 1st, 2022. Employers were contacted to announce the program, which included general information about the program, a description of the employer's obligations, an outline of the future wave schedule for sign-up, and an invitation to enroll early. The program simultaneously launched an outreach campaign of social and paid media advertisements to increase public awareness.

The first wave of enrollment for the largest employers, those with one hundred (100) or more employees, also opened on April 1st, 2022, with subsequent program communications sent to affected employers throughout the spring and early summer, informing them of their obligations and options before the deadline on June 30th, 2022.

FY2022 FINANCIAL ACTIVITIES

FISCAL YEAR NARRATIVE SUMMARY

July 1, 2021 - June 30, 2022

Line of Credit, First Disbursement.

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 on this line of credit was requested in August 2020 to pay the CRSA's expenses that had been incurred since January of 2020. The line of credit was approved by the Office of Policy and Management in May 2021 and a term sheet was subsequently executed with the Office of the State Treasurer on July 20, 2021, which released the funds to the CRSA for payment of its outstanding invoices.

Payment of Outstanding Invoices Prior to FY2022.

After the release of the \$250,000 disbursement, the CRSA paid all outstanding invoices accrued from previous fiscal years. The remaining funds from this initial disbursement were used to pay additional expenses incurred in FY2022.

Line of Credit, Second Disbursement.

Following the exhaustion of the first disbursement, the CRSA requested a second release from the line of credit in December 2021. The Office of Policy and Management approved the request in February 2022 and the term sheet was executed with the Office of the State Treasurer also in February 2022.

Program Revenues.

The Program is designed to earn the revenue to sustain itself through fees on the investment assets. The fees are established at a rate of 2 basis points on investment assets plus a two dollar (\$2) flat fee per year, per account. However, fees were waived for the first six months of the program, so no revenues were collected from participating accounts in FY2022.

Note on financial statements.

The below financial statements reflect the activities for the period on the accrual basis of accounting (i.e., when obligations are incurred, not necessarily when cash is paid).

Truncated Financial Year in FY2021.

As stated in the CRSA 2021 annual report and reflected in the financial statements below, the Board voted to change its financial year from a January-December calendar year to a July-June year in 2021. FY2021 is therefore reported as a truncated financial year, reflecting only the activity between January 1, 2021 to June 30, 2021. FY2022 is a full financial year including activity between July 1, 2021 and June 30, 2022.

LIST OF BOND ISSUES FOR PRECEDING FISCAL YEAR:

No bonds were issued.

LIST OF PROJECTS

No bonds were issued.

LIST OF OUTSIDE INDIVIDUALS AND FIRMS RECEIVING LOANS

No loans were issued.

BONDS

No bonds were issued.

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.

CRSA FINANCIAL STATEMENTS

Statement of Net Position

June 30, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 126,385	\$ -
Line of credit receivable	-	250,000
Total Assets	<u>126,385</u>	<u>250,000</u>
Liabilities and Net Position		
Liabilities		
Line of Credit Payable	455,000	250,000
Accounts payable and accrued expenses	71,498	222,940
Total Liabilities	<u>526,498</u>	<u>472,940</u>
Net Position	<u>\$ (400,113)</u>	<u>\$ (222,940)</u>

CRSA FINANCIAL STATEMENTS

Statement of Changes in Net Position

For the year ended June 30, 2022 and period from January 1, 2021 through June 30, 2021

	2022	2021
Additions		
Fees on Investment Assets	\$ -	\$ -
Total Additions	<u>-</u>	<u>-</u>
Deductions		
Legal Services	124,793	74,020
General Consulting	37,380	37,283
Investment Consulting	15,000	-
Total Deductions	<u>177,173</u>	<u>111,303</u>
Net Change in Net Position	(177,173)	(111,303)
Net Position - Beginning of the period	(222,940)	(111,637)
Net Position - End of the period	<u>\$ (400,113)</u>	<u>\$ (222,940)</u>

FUTURE ACTIVITIES FOR FY2023



Implement Final Two Enrollment Waves

Following the close of the first wave on June 30, 2022, the CRSA will focus on the launch of the final two enrollment waves. Medium-sized employers with 25-99 employees will be required to enroll by October 31, 2022 and the smallest employers with 5-24 employees will be required to enroll by March 30, 2023. Employers will be contacted beginning ninety (90) days in advance of their enrollment deadline with educational materials and instructions for sign-up.

Outreach and Marketing Plan

The program will continue to build upon industry relationships established in the past year to bring greater public awareness of the program and educate employers. This will include broad social media engagement on multiple platforms, paid advertisements for radio and television placements, press releases to news organizations, hosting webinars and seminars about the Program, and direct engagement with industry groups at meetings and trade shows.

Research

The CRSA will also engage in research and analysis of the program's data, with the assistance of research partners at the Pew Research Center, to provide valuable feedback on the program's progress and penetration into the public sphere.

Compliance

Following the close of the final enrollment wave, the Program will formulate a policy and outreach plan to continue to inform employers of statutory requirements and encourage compliance with the law.

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.