



News from:
COMPTROLLER KEVIN LEMBO

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**COMPTROLLER LEMBO TESTIFIES IN SUPPORT OF
RETIREMENT SECURITY PROGRAM; SAYS NEARLY 600,000 CT
WORKERS HAVE NO ACCESS TO WORKPLACE SAVINGS**

Comptroller Kevin Lembo testified today in support 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.

“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. “This is a problem, not only for those individuals and families who are financial forced to delay retirement indefinitely, but for our entire state and economy.

“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 all 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).

“This program – following substantial market research and broad input from the public, academics and business community – provides a solid framework to address Connecticut’s growing retirement gap for those businesses that do not wish to establish a plan through the private market. 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 is co-chair of the Connecticut Retirement Security Board (CRSB), which the legislature established 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.

“This bill would enact the key elements of that program and follows more than a year of market research, public hearings and meetings, as well as broad input from employers, potential plan participants, representatives of the financial sector and other stakeholders,” Lembo said.

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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