



Connecticut Retirement Security Authority Board of Directors

Organizational Meeting
August 17, 2017, 2:00-4:00 pm
LOB Room 1B

MINUTES

Members Present

DOL Commissioner Scott Jackson, Chair
Christine Shaw (for Treasurer Denise Nappier), Chief Compliance Officer, Office of the State Treasurer
State Comptroller Kevin Lembo
Manisha Srivastava (designee for OPM Secretary Benjamin Barnes)
Banking Commissioner Jorge Perez
Thomas Sennett
Keisha Palmer
Thaddeus Gray
Peter Eder
Ed Zelinsky
John Sayour
Joseph Fazzino
William Kosturko

Members Absent

None

Special Guests

Lisa Massena, Executive Director OregonSaves (via Skype)
Sarah Gill, Sr. Legislative Representative, AARP

Other Participants

Genevieve Ballinger, Esq., Office of the State Comptroller
Cesar Garcia, Department of Banking
Carolyn Treiss, Department of Labor

I. Welcome and Introductions

Commissioner Jackson called the meeting to order at 2:02 pm. He welcomed members and guests and invited members to introduce themselves.

II. Swearing In

Attorney Ballinger administered the oath pursuant to C.G.S. 1-25.

III. Introductory Remarks

Commissioner Jackson gave a brief overview of the charge of the board and stressed that the board is not a state agency and is limited by statute in its sources of funding. Commissioner Jackson stressed his hope that the board would operate by consensus. He indicated that for the time being, until a more permanent repository was created, all documents relating to the board would be housed at the Department of Labor.

Commissioner Jackson acknowledged Mr. Sayour and Mr. Kosturko, who served on the predecessor Connecticut Retirement Security Board and invited them to offer perspective on the work of that board. Mr. Sayour reported that the mission of the prior board was to submit evidence based recommendations for the creation of this type of program. The board had a feasibility study done which found that a 6% default contribution rate and auto-enrollment were essential components to feasibility. The study also found that the program could be self-sustaining within two years and initial costs could be repaid within 3-5 years.

Mr. Kosturko stressed that the State of Connecticut made a decision that this is a worthwhile program and this board is charged with its implementation. Mr. Kosturko expressed his hope the board can organize as quickly as possible and get an Executive Director on board.

IV. Presentations

National Landscape (*Sarah Gill, Sr. Legislative Representative, AARP*)

Commissioner Jackson noted that the board is not alone in this work, that there are efforts going on across the country. In order to understand the national environment Commissioner Jackson invited two speakers to present on efforts across the country. Commissioner Jackson introduced Sarah Gill, Senior Legislative Representative from AARP.

Ms. Gill presented on some of the progress in other states across the country, specifically California, Illinois and Maryland. Key takeaways from other states are 1) to hire an executive director as soon as possible, 2) build trust with key stakeholders, especially employers, 3) develop a project timeline with realistic deadlines and 4) take advantage of the work of other states.

The Oregon Experience (*Lisa Massena, Executive Director, OregonSaves*)

Ms. Massena presented on Oregon's program and the process for how they got from legislation to implementation. Program characteristics:

- Auto enrollment with opt out
- 5% standard savings rate escalating by 1% per year up to 10%
- First \$1000 invested in Capital Preservation; over \$1000 to Target Retirement Fund (age based)
- Roth IRA (traditional IRA may be elected beginning in 2019)

Ms. Massena reported that the program rollout will be phased and began on July 1, 2017 with 10-11 employers and to date reaction has been positive from employers.

Mr. Kosturko was interested to know if the three fund options (target retirement, capital preservation and growth funds) were all offered by a single investment manager. Ms. Massena stated at State Street manages all three.

Ms. Massena noted that Oregon decided to set participant costs at 1% of assets or less at all times. With regard to program startup costs, Oregon's program has a loan from the Oregon general fund (\$1 million in each of two years to be repaid when program breaks even) with the provider assuming the costs up front until the break-even point.

Commissioner Jackson noted that our timelines are set in statute and are aggressive. Ms. Massena expressed her belief that is more important to get it right rather than quickly. She suggested setting deadlines aggressively but realistically with the understanding they may need to move. She said that Connecticut should plan on an 18-20 month process.

V. Organizational Discussion

Commissioner Jackson noted that there is funding left over from the precursor CRSB that is available to use and should be enough to kick start the program.

Commissioner Jackson stressed the need to take a very close look at deadlines required in the statute and the flexibility in statute to defer if necessary.

Commissioner Jackson stated that he intended to create subcommittees of the board. His initial thoughts are to create the following committees:

- Personnel and Contractual Support
- Budget/Finance/Audit
- Investment and Program Design
- Education and Outreach
- Governance and Bylaws

Commissioner Jackson requested that board members consider which subcommittees they wished to serve on and to email him at least one choice. He also welcomed members' thoughts on additional subcommittees.

Commissioner Jackson reminded members that the board is subject to the Freedom of Information Act and Ms. Shaw noted that members may also be subject to state ethics rules as well as rules related to elections and campaign contributions.

Mr. Sayour noted that if the board intended to defer the January 1, 2018 implementation date, that it needed to be communicated to the public, especially employers, as soon as possible as many are making business decisions based upon that date.

VI. Other Business

There was no other business.

VII. Next meeting

Commissioner Jackson proposed Monday, September 18 for the next meeting with time and location TBD.

VIII. Adjournment

The meeting was adjourned at 3:50 pm.