



CONNECTICUT RETIREMENT SECURITY PROGRAM BOARD OF DIRECTORS MEETING

FRIDAY, JUNE 20, 2025

DRAFT

Board Meeting Board Members in Attendance: Sean Scanlon; Jon Wu; Edward Zelinsky; Ryan Leichsenring; Sean Thomas; Thomas Sennett; Cesar Garcia; Melissa Pescetelli; Manisha Srivastava; Alex Knopp;

Others in Attendance: Jessica Muirhead, OSC; Lisa Kidder, OSC; Lily Smith, OSC; Jensy Mejia Bustamante, OSC; Madi Csejka, OSC; Andrea Feirstein, AKF Consulting; Vanessa Vargas, Segal Marco Advisors; Michael Smolinsky, BNY Mellon Advisors; Andrew Armstrong, BNY Mellon Advisors; Erin Whitman, Vestwell State Savings; Matthew Golden, Vestwell State Savings; Michael Terdeman, Vestwell State Savings; Marc Fitch, Yankee Institute; Brian Williams, Northshire Consulting; Grace Sullivan; Amber DeLeo, Vestwell State Savings; Kim Olson, Pew Trust; Angela Antonelli, Georgetown University CRI;

1. CALL TO ORDER
 - a. A quorum was declared and the meeting called to order at 10:02 AM.
2. MEETING MINUTES
 - a. Sean Thomas made a motion to approve the minutes of March 21, 2025, seconded by Thomas Sennett. There was no further discussion and the motion passed unanimously by voice vote.
3. PUBLIC COMMENT
 - a. There was no public comment.
4. CHAIR'S REPORT
 - a. Comptroller Scanlon commented on the passage of Senate Bill 1221 in May and noted that during this meeting there would be discussions of recommended technical changes to the MyCTSavings program.

- b. Comptroller Scanlon also reported the partnership between Connecticut and Rhode Island continued to move forward and was finalizing the interstate agreement.

5. CRSP STATUTE CHANGES

- a. Jessica Muirhead gave a brief overview of Senate Bill 1221 which was passed through the state legislative chambers in May and subsequently signed into law by the Governor as Public Act 25-30.
 - i. PCAs. Certain Personal Care Assistants (PCAs) will become eligible to enroll in the program under the Act on July 1, 2026. PCAs who are employed by certain Medicaid and Medicare patients managed through the state but hired by the person receiving care will be automatically enrolled into the program through the state's fiscal intermediary, which handles payroll on behalf of the patient. Previous statute language excluded these PCAs from being able to be automatically enrolled into MyCTSavings, and do not have access to a private plan due to how they are hired directly by the patient. An estimated 8,000 to 12,000 PCAs will be automatically added into the program next year as a result of this change.
 - ii. Program features to follow federal standards. The law also changed certain program features to follow federal standards for private sector retirement programs as established by the Secure 2.0 Act of 2022. The program's default contribution rate may be established within a range of 3% to 10% for eligible employees enrolled after July 1, 2025. The program may also implement an automatic escalation feature, wherein savers automatically increase their contribution rate by 1% annually to a maximum of between 10%-15%, unless they opt out of automatic escalation. Ms. Muirhead noted these provisions would be discussed further in the next agenda item.
 - iii. Program compliance. Previous statute only allowed for the Comptroller or the Department of Labor to bring a civil suit against an employer as a measure of compliance with the law. Public Act 25-30 removed this provision and replaced it with language that allows the program to implement modest fees for non-compliant businesses.
 - iv. Saver's Match accounts. In future tax years the current Saver's Credit is slated to be replaced by a new Saver's Match per the Secure 2.0 Act of 2022. The Saver's Match provides federal matching dollars for certain low to moderate income savers who contributed into qualifying retirement accounts. Qualifying savers will receive a federal dollar match into their retirement accounts, however Roth

Individual Retirement Accounts, the default account type used in MyCTSA Savings, cannot receive those dollars by law. Public Act 25-30 allows the program to open an appropriate savings vehicle on behalf of participants who claim the match in order to receive those federal matching dollars.

1. Alex Knopp asked if the program had a plan to contact the PCAs to inform them of their eligibility and invite them to the program. Ms. Muirhead responded that the program will work with all the agencies including the public service programs, OPM and the fiscal intermediary to automatically enroll eligible PCAs. The participants receiving care will not manage PCA enrollment.
2. Mr. Thomas inquired about the time frame of when these changes will be implemented other than the Savers Match. Ms. Muirhead replied that in terms of compliance, the program infrastructure will take time to implement and is not likely to be implemented until 2026. Changes to the default rate would be implemented per the law effective as of July 1st 2025. Auto escalation will be implemented annually once per year at the end of the year.
3. Comptroller Scanlon added that the program will give ample awareness and communications before implementing the changes making sure that the public, consumers, and savers understands the upcoming changes. Comptroller Scanlon also indicated that the increased default rate will only effect new saver accounts and not already existing saver accounts.

6. RECOMMENDED CHANGES TO PROGRAM FEATURES

a. Standard Contribution Rate

- i. Ms. Muirhead presented the recommended changes to the standard contribution rate as allowed by Public Act 25-30. The Board was asked consider and recommend to increase the uniform default contribution rate from 3% to 5%, in line with other state automatic-IRA program standards. Mr. Knopp made a motion to recommend to the Comptroller that the program adopt a 5% default contribution rate as permitted by federal statute, seconded by Jon Wu.
- ii. Manisha Srivastava asked for confirmation that participants can still customize and choose their own contribution rate. Ms. Muirhead confirmed that was correct.
- iii. Mr. Thomas commented that since the passage of the Secure 2.0 Act of 2022, most new private sector plans implemented auto-enrollment at either 5 or 6%, so a 5% contribution rate would put the program in line with the private sector.

- iv. The motion passed unanimously by voice vote.

b. Automatic Escalation

- i. Mr. Sennett made a motion to recommend to the Comptroller that the program adopts the auto escalation as permitted by statute, seconded by Ms. Srivastava.
- ii. Ms. Muirhead asked the board to consider and recommend to implement auto escalation to follow the standards of the Secure 2.0 Act of 2022, as permitted by Public Act 25-30, for a 1% increase in contribution rate for participating savers annually to a maximum cap of 10%. Automatic escalation was also a standard feature in most other state automatic-IRA programs. Savers who are enrolled into automatic escalation may opt-out of the annual increases at any time.
- iii. Comptroller Scanlon added that plenty of notice and communications will be given to the participants to let them know of the change and giving them time to respond to the automatic escalation changes.
- iv. Mr. Sennett asked if the date of increase is tied to the individuals' initial participation date or a calendar date. Ms. Muirhead explained automatic escalation will happen uniformly once per year for everyone who is enrolled in the automatic escalation. Comptroller Scanlon indicated that the one date for everyone will be easier to get the message out to the public.
- v. Ms. Srivastava asked how participants will receive notifications. Erin Whitman from Vestwell answered that the program will send a notice in the beginning of December to let the participant know that the contribution rate will increase by 1% the first week of January. Savers can either opt out by calling the customer service line or logging into their account online.
- vi. The motion passed unanimously by voice vote.

7. FIRST QUARTER INVESTMENT

- a. Andrew Armstrong from BNY Mellon Advisors gave an overview of the market performance from the end of the first quarter and a brief update from the end of May. Mr. Armstrong explained that the positioning and outlook of the investments was currently risk averse due to tariff risks to growth and inflation. Quarter 1 showed contraction of the economy which was concerning and attributed to tariffs. BNYMA was also concerned about the effect of tariffs on inflation. Mr. Armstrong noted that although inflation had not yet materialized it was still a concern for outlook. Federal policy on interest rates was neutral; federal interest rates were not changing and

BNYMA broadly agreed with that decision. Mr. Armstrong walked through various prediction scenarios and decision trees based on whether effective tariff rate increases would be steep and permanent, including BNYMA's probability predictions of various outcomes. BNYMA will continue to monitor but believe the most likely scenario is unfavorable market stagnation or slowdown at this time, however, Mr. Armstrong noted that delays to tariff policies have improved their original predictions for stagnation from 50% likely to 30% likely.

- i. Mr. Wu inquired if there was an expectation for Quarter 2. Mr. Armstrong explained that the numbers fluctuate and is hard to predict, but BNYMA would predict a small positive return in growth, noting that while tariffs have been announced, there have been rollbacks on implementation.
 - ii. Ms. Srivastava asked what fiscal policies would lead to the slowdown scenario. Mr. Armstrong explained that the slowdown scenario would be most affected by Federal cuts and inflation. Federal short term interest rates are currently high and could be cut to spur growth if economic slowdown continues. However, tariffs and Federal interest rate cuts could accelerate inflation.
- b. Vanessa Vargas from Segal Marco Advisors provided an overview of the first quarter and monthly May flash report from Segal Marco Advisors. Ms. Vargas presented the year-to-date status of asset classes, noting that all except Small Cap were positive. Ms. Vargas explained that the portfolios were meeting the benchmarks or were one percentage point ahead on a year-to-date basis.

8. PROGRAM UPDATES

- a. Updates on Program Progress
 - i. Ms. Whitman of Vestwell State Savings gave a presentation on the status of the MyCTSAvings program, which included the progress of the program, plans for the upcoming annual wave, webinars, target communications, and program enhancements including language translations and payroll integrations.
 - ii. Mr. Wu asked if Polish was included with the language translations. Erin confirmed Polish is one of the 8 languages that will be implemented shortly.

9. ADJOURNMENT

- a. Ms. Srivastava made a motion to adjourn, seconded by Mr. Sennett. The motion passed by unanimous voice vote. The meeting adjourned at 10:53 AM.