CONNECTICUT RETIREMENT SECURITY PROGRAM BOARD OF DIRECTORS MEETING

FRIDAY, SEPTEMBER 19, 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; Grant Livingston; Bing Carbone; Sherry Coelho; Patrick Flaherty; Kevin Alvarez;

Others in Attendance: Jessica Muirhead, OSC; Lisa Kidder, OSC; Lily Smith, OSC; Madison Sztaba, OSC; Yamuna Menon, 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; Brian Williams, Northshire Consulting; Amber DeLeo, Vestwell State Savings; Angela Antonelli, Georgetown University CRI; Addison Spencer, Davis Harman; John Scott, Pew Trusts; Kian Rafia, Vestwell State Savings;

1. CALL TO ORDER
    a. A quorum was declared and the meeting called to order at 10:02 AM.

2. SWEARING IN OF NEW BOARD MEMBER
    a. Yamuna Menon administered the oath to new board member Grant Livingston. Mr. Livingston introduced himself to the board, noting 25 years of experience in the retirement sector and his enthusiasm for the program.

3. MEETING MINUTES
    a. Alex Knopp made a motion to approve the minutes of June 20, 2025, seconded by Thomas Sennett. Manisha Srivastava questioned section 5.2 that the 1% auto escalation will continue until 10% or 15% is reached. Jessica Muirhead clarified the law allows for an escalation up to 15%. She noted that the Board previously recommended to set the maximum at 10% on June 20, 2025, board meeting and the meeting minutes will be reviewed to ensure the decision is accurately reflected.

b. There was no further discussion and the motion passed by voice vote, with two abstentions from Patrick Flaherty and Kevin Alvarez.

4. PUBLIC COMMENT
    a. There was no public comment.

5. CHAIR'S REPORT
    a. Comptroller Scanlon reported the final agreements with the partnership with Rhode Island were executed.
    b. The Comptroller also highlighted the Retirement Summit which took place on September 17, 2025, that focused on the growing collaboration among states and expanding retirement initiatives.
    c. Ms. Muirhead noted that the RI program's funded accounts will count toward the program's fee thresholds, and once these thresholds are met collectively, fees will decrease for all participants.

6. INVESTMENT POLICY STATEMENT
    a. Comptroller Scanlon asked Vanessa Vargas of Segal Marco Advisors to review the recommended changes to the IPS. Ms. Vargas gave a brief overview of the changes, noting changes in names and titles. There were no changes of substance to the investment strategy. The first change reflected legislation and the multi-state alliance partnership. There was expansion of language to clarify options within the MyCTSavings Plan, noting that most are passive investments, although an active asset class may be used in limited cases per recommendation of BNY advisors. More clarifying language edits were added to the investment options evaluations. Finally, the appendix was updated to reflect current benchmark names.
    b. Jon Wu asked Ms. Vargas to elaborate on the benchmark changes. Ms. Vargas clarified that the benchmark was not changed; only the name was updated.
    c. Mr. Sennett made a motion to recommend to the Comptroller to approve the proposed changes to the Investment Policy Statement, as drafted by Segal Marco. The motion was seconded by Sherry Coelho. With no further discussion, the motion passed unanimously by voice vote.

7. SECOND QUARTER INVESTMENT REPORTS
    a. Andrew Armstrong from BNY Mellon Advisors gave an overview of the market performance from the end of the second quarter and upcoming market views. Mr. Armstrong explained that the positioning and outlook of the investments rebounded from the decline in Quarter 1 to positive numbers in Quarter 2. Mr. Armstrong remarked there are still market

concerns regarding tariffs, global uncertainty and inflation. Inflation was currently at 2.7%, above the Federal Reserve's target of 2.0%. The Federal Reserve cut interest rates in September and would be expected to cut rates again either in October or November. Mr. Armstrong noted BNYMA had a neutral outlook on interest rates relative to market expectations. There was limited concern about near-term policy changes. Mr. Armstrong highlighted additional risk from ongoing tensions between the President and Federal Reserve, and the potential negative impact to markets that could occur.

   i. Mr. Wu inquired about recent Federal Reserve projections noting an expected final rate of 3.6% on interest rates. Mr. Armstrong confirmed this outlook explaining that the market anticipates one or two additional cuts to interest rates, with BNYM's baseline projections reflecting two total cuts including the one already implemented. Mr. Armstrong emphasized that a 50 basis point drop is not expected, and future adjustments are likely to follow the Federal Reserve's established pace of smaller, well-communicated cuts.

b. Mr. Armstrong reviewed the 12-month outlook, noting that the base case was still an economic slowdown scenario with a 50% probability of occurring. Mr. Armstrong explained that broader macroeconomic trends were below-trend, with tariffs continuing to weigh on growth. While not a recession, conditions were expected to result in modest growth. Mr. Armstrong indicated the outlook is somewhat more negative than six to nine months ago, with the S&P 500 expected to deliver mid-single digit returns under this scenario. The second predicted scenario, with a 30% probability of occurring was "Stagnation". Under the Stagnation scenario, the effect of tariffs and the fiscal uncertainty would have a more negative impact on investments, lower growth and high inflation. The final predicted scenario was "Recovery", which was given a 20% probability of occurring. Under Recovery, growth would rebound and the market would be able to work through tariffs. Mr. Armstrong stated the program's portfolios performance was in line with expectations and consistent with predominantly passive investment strategy. Returns were generally in line with the benchmarks, with slight differences to attributable fees. Two active funds remain in the portfolio at low cost, both with a relatively low tracking error. Corporate bonds and emerging market debt outperformed their benchmarks year to date by approximately 50 basis points.

c. Ms. Vargas provided an overview of the second quarter and monthly August flash report from Segal Marco Advisors. Ms. Vargas noted that 2025 year-to-date returns were strong, with equities and fixed income both positive. Non-

U.S markets, particularly emerging economies, outperformed U.S markets, supported by a weaker U.S dollar. As of the most recent update, the S&P 500 was up by 13%, while non-US developed markets were up 24%. Corporate bonds and emerging market debt also showed solid gains. Ms. Vargas emphasized that portfolios with greater equity allocations delivered double-digit returns, while more fixed-income-heavy portfolios showed positive single-digit returns. Target-date funds, which are primary passive, tracked their benchmarks as expected.

8. MARKET UPDATE FROM AKF
    a. Andrea Feirstein from AKF Consulting gave a marketplace update presentation on state-run retirement programs. Ms. Feirstein highlighted recent industry growth and expansion of partnerships, noting increased activity since June 2024. Ms. Feirstein discussed oversight structures, pointing out Connecticut's unique position under the Comptroller as a sole trustee, and noting that two additional states have since moved to sole trustee structures. Ms. Feirstein reviewed progress in other states, including Rhode Island's upcoming launch, developments in Nevada, New York, Minnesota, and Vermont, and collaborative models with Connecticut. Ms. Feirstein also reported steady account and asset growth, with Connecticut adding about 3,000 saver accounts and over $2 million every quarter, although average contribution rates remain small, but are increasing, driven by the legislation change in the default rate and auto-escalation features.
        i. Mr. Wu asked about the Oregon program's higher average contribution rate of 7%. Ms. Feirstein explained the higher rate stemmed from the maturity of its program and early adoption of automatic escalation.
        ii. Ms. Coelho added that participants' behavior generally follows program design closely, enforcing the importance of the newly adopted program features like automatic escalation.
    b. Ms. Feirstein concluded with updates on state program fees, highlighting Connecticut's reduction in administrative costs and noting broader trends toward lower breakpoints across states, which reflected competitive improvements in program structures.
        i. Mr. Sennett asked when a state joins a partnership if the partner state adopts the same portfolio structure and provisions. Ms. Feirstein responded that when a partner state joins into the partnership it is joining as the partnership was designed and does not deviate from the portfolios, contribution or default rates. Mr. Sennett also inquired if there were other companies competing in

the industry for business with the recent request for proposals for program administrators in other states. Ms. Feirstein replied that there were two new bidders for the Illinois program's recent RFP for a program administrator, so there is additional competition in the industry.

9. PROGRAM UPDATES
    a. Ms. Muirhead provided an update on the implementation of automatic escalation and the increase in the default contribution rate from 3% to 5%, effective July 1, 2025. Ms. Muirhead reported that the default rate transition went smoothly with no major issues identified during the annual wave outreach cycle. Communications to savers would continue through December to explain the implementation of automatic escalation and options to opt-out of this process. For program compliance, Ms. Muirhead noted that compliance implementation was still being finalized, with the goal of a full rollout in 2026, supported by three communications to business owners.
    b. Erin Whitman of Vestwell State Savings gave a presentation on the status of the MyCTSavings program, which included the progress of the program, the status of the annual wave, webinars, target communications, and program enhancements including language translations and payroll integrations. Four of five employer notices have been sent to the newly eligible businesses from the annual wave, with the final notice scheduled for September 30. Ms. Whitman announced that the program had surpassed $50 million in assets, with over 34,000 savers enrolled, and over 3,000 employers submitting payroll contributions. Ms. Whitman also reported success from a paid media campaign that drove over 15,000 clicks to the website and led to over 500 employer registrations. Ms. Whitman noted continued engagement through Spanish-language outreach on Facebook and shared that RI is expected to launch in October.
    c. Lisa Kidder from the Office of the State Comptroller reported on the program's outreach efforts. Ms. Kidder gave a compliance update, explaining that the team had conducted outreach with Chambers of Commerce and industry groups across the state. Efforts include webinars with the CPA Society, meetings with local chambers, and updates to the compliance website and resources. Ms. Kidder emphasized the goal of making compliance clear and accessible to employers and noted that the broader objective remains ensuring more private sector workers gain access to retirement savings through payroll.

10. ADJOURNMENT

a. Mr. Thomas made a motion to adjourn, seconded by Ms. Srivastava. The motion passed by unanimous voice vote. The meeting adjourned at 11:03 AM.