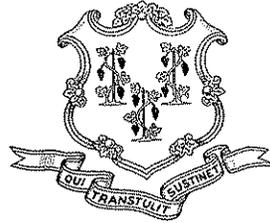


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State of Connecticut
SENATOR DONALD E. WILLIAMS, JR.
Twenty-ninth District
President Pro Tempore

Testimony of Senator Donald E. Williams, Jr.
Senate President Pro Tempore

On

SB 1, AAC *Economic Security For Connecticut Families*
Appropriations Committee
Friday, March 20, 2009

Senator Harp, Representative Geragosian, and the Members of the Appropriations Committee:

Thank you for this opportunity to testify in support of SB 1, AAC *Economic Security For Connecticut Families*.

Financial security is on the minds of all Connecticut families, and we are mindful of that in everything we consider this legislative session. This includes, of course, retirement security. The current economic crisis has focused the nation's attention on the precarious state of individuals' retirement savings accounts. Social Security will not be adequate to maintain a reasonable standard of living for most households during retirement. Further, most have not been able to save enough through private pensions or individual saving to fill in the hole left by Social Security, particularly as the availability of corporate defined benefit plans has declined rapidly. In this uncertain climate, people need all possible tools to provide for themselves in their retirement years. For this reason, I ask that you consider the attached language for SB 1.

The proposed language would enable the Office of the State Comptroller to offer retirement plan options to small businesses employing fewer than 100 employees, employees of non-profit organizations, and self-employed individuals. If enacted, Connecticut would become the first and only state in the nation to offer affordable retirement savings options to the private sector.

The vast majority of small businesses are currently unable to offer retirement savings options to their workers. Small businesses cannot achieve the economies of scale that would make retirement savings programs viable options for their employees. The result is that the majority of these employees don't have access to certain retirement savings options.

The State Comptroller's office currently administers a 401(a) defined contribution plan, an IRC section 457 deferred compensation plan, and a 403(b) retirement savings plan for state employees. The private sector retirement options proposed in this bill would extend the Comptroller's authority to the administration of plans for non-government employees. The start up costs to the state would be minimal and gradually recouped through administrative fees in the same way that plans on the market are funded. The administrative fees could be repaid to the General Fund over the course of the first few years. The net cost to the state would therefore be zero.

You may hear testimony today that Connecticut workers should not have these retirement savings options because they could hurt business. To the contrary, our proposal would *help* Connecticut's small businesses by giving them a significant advantage in attracting and retaining skilled workers – making Connecticut a more attractive place to live, work and do business.

What's more, the programs envisioned in this bill would primarily target individuals and families who are not currently participating in a plan; that is, this is an underserved population that needs – and deserves – affordable retirement options.

I make these comments on behalf of the hard working people of Connecticut who are trying to make ends meet during the largest economic crisis this state has seen in decades. The cost of daily expenses is rising, while wages are remaining stagnant and increasing numbers of state residents are losing their jobs. Families don't have powerful lobbyists to protect their interests: instead they rely on us to fight for them by supporting bills like Senate Bill 1.

I look forward to working with you to assure that the working people of Connecticut have the benefit of this important and innovative initiative.

Thank you for your time.

AN ACT CONCERNING ECONOMIC SECURITY FOR CONNECTICUT FAMILIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (*Effective from passage*) (a) As used in this section, "small employer" means a business with one hundred or fewer employees.

(b) The Comptroller shall establish a tax-qualified defined contribution retirement program to provide retirement investment plans, including, but not limited to, those created under Section 401 of the Internal Revenue Code, of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended to self-employed individuals, small employers and organizations qualifying as tax-exempt pursuant to Section 501(c)(3) of said Internal Revenue Code. In administering such plan, the Comptroller shall seek to minimize costs by helping small employers and individuals purchase retirement savings plans, arrangements and investments through economies of scale, standardization and other measures.

(c) In carrying out the provisions of this section, the Comptroller shall contract with a third-party administrator for the management of such plan or plans and shall recover from program assets expenses incurred to initiate, operate and administer the program established pursuant to subsection (a) of this section.