

**Statement**

**of**

**Hartford Financial Services Group, Inc.**

Commerce Committee

February 24, 2009

**SB 971, AN ACT CONCERNING SMALL BUSINESS RETIREMENT  
PLANS**

The Hartford Financial Services Group, Inc. (The Hartford) opposes SB 971, *An Act Concerning Small Business Retirement Plans*, which would permit the State Comptroller to establish a defined contribution retirement program for self-employed persons, small employers and Section 501(c)(3) tax-exempt organizations.

The Hartford is the fourth largest employer in the State and our retirement plans business is one of our fastest growing businesses. The Hartford has nearly \$40B in retirement plan assets under management. One of our key initiatives has been to target the smaller end of the market for defined contribution plans.

We have had some recent success in the emerging (2-10 employees) and micro (< 99 employees) employer markets. For some time, we have been very successful in the small employer market (< 500 employees).

Over the last year or so, as part of a concerted effort to reach small business employers, The Hartford added nearly 2,000 new plans in the emerging and micro markets. We hope to build on that success in 2009.

The Hartford has invested heavily in developing a large "wholesaling" network of about 450 representatives who provide education and information to small business employers through over 60,000 financial advisers nationwide. This outreach is just part of our strategy to develop opportunities for employees in small businesses to save for retirement through 401(k) plans. We also have worked to create turnkey approaches to plan design, implementation and administration, in order to reduce complexity and lower costs.

Just last year, The Hartford improved its co-fiduciary investment selection and monitoring service by simplifying it and increasing the number of investment options covered by the service. We also eliminated the fee charged for the service. This means that plan sponsors have true co-fiduciary protection at no additional cost to the plan.

We are concerned that the State has not adequately considered many of the legal issues associated with this proposal, nor has there been an accurate characterization of the potential cost savings for sponsors or the required financial commitment of the State to develop, implement and administer the program.

We also do not believe that it is appropriate for the State to be in direct competition with Connecticut businesses that already market 401(k) plans to small businesses, effectively placing these 401(k) providers in a decidedly unfair competitive disadvantage.

Today's 401(k) marketplace provides for robust competition, offering small business employers many different options that they can choose for their employees. Financial service providers continue to develop new ways to reach small business employers and make the customizable design and implementation of 401(k) plans as efficient and cost-effective as possible. A

state sponsored plan would effectively displace private sector providers, limiting choice and innovation.

The Hartford respectfully submits that there is no need for SB 971, and urges its rejection. While we do not believe that this bill is the right approach, The Hartford remains committed to working collaboratively with the State to find solutions to help improve savings opportunities for employees of small businesses.