



CONNECTICUT BANKERS ASSOCIATION

February 24, 2009

To: Members of the Committee on Commerce

Fr: Connecticut Bankers Association
Contacts: Tom Mongellow or Fritz Conway

Re: S.B. 971 AAC SMALL BUSINESS RETIREMENT PLANS

Position: Oppose

This bill seeks to allow the Comptroller's office to develop and offer retirement programs to small businesses throughout the state. We oppose this concept for a variety of reasons.

First, small businesses, indeed all businesses, have ready access to retirement plans. These plans are offered through banks, insurance companies, pension companies, independent agents, captive and independent brokers and broker dealers. The marketplace is saturated with service providers and a State sponsored retirement plan would not increase access to these products.

Additionally, due to all this competition in the marketplace and because these plans are totally portable, costs are always kept to a minimum. If a plan provider is too expensive, all the business has to do is shop the plan to find a less expensive solution. We seriously doubt there would be any costs savings for small business, under a State retirement plan program.

According to the sales people on the street that actually sell these plans to small businesses, it's not the cost of funding the plans that discourages businesses from using them, it's the time, cost, aggravation and liability of complying with the ERISA regulations surrounding these retirement plans. Many small business owners simply can't justify the time and expense. If a small business owner misses one of the many disclosures by just a couple of days – they can be sued. When faced with those possibilities, many businesses won't opt for a retirement plan, no matter who offers it.

The cost of this concept to the State would be high. Maryland passed a similar bill last year and their fiscal analysis reportedly came in with a five million dollar price tag. Even at half the cost, the state should not start a program that competes with the private marketplace that is completely meeting the needs of business community throughout the state.

We urge your opposition to this Bill.