

## ***Statement***

### ***Insurance Association of Connecticut***

Aging Committee

February 26, 2013

#### **SB 885, An Act Establishing A Task Force To Evaluate The Utility Of Creating A Public Retirement Plan**

The Insurance Association of Connecticut (IAC) would like to express the following concerns with SB 885, An Act Establishing A Task Force To Evaluate The Utility Of Creating A Public Retirement Plan. SB 885 would “study the need for a public retirement plan”. Such a study would seem to be of little, if any, utility.

The retirement plan market in Connecticut is fully functional and highly competitive, to the public's benefit. Life insurers participating in that market have a proven ability to provide a wide range of retirement plan products and services for Connecticut employers and their employees. Insurers have established thousands of employer-sponsored retirement plans in this state, and are actively competing for more business. There is no evidence that a state-run plan can be administered in a way that is less costly than what is currently available in the private marketplace.

What is clear is that any such state plan would be subject to the same myriad of complex administrative requirements, set by federal law, as are private plans, and the costs associated with them. Various ERISA standards and filing requirements would have to be maintained by the state-run plan. The state would be subject to potential liability as a plan fiduciary, as it could be sued for claimed fiduciary breaches. Establishing such a plan would also require the state to fund large start-up costs.

We would respectfully submit that, rather than the state establishing a retirement plan for private sector employees in direct competition with the state's life insurance industry and retirement services marketplace, the public would be better served by the state seeking ways to improve awareness of the wide variety of retirement plan options currently available, and to encourage greater participation in that creative, competitive marketplace.