

Testimony of Eric W. Gjede
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Before the Committee on Labor and Public Employees
Hartford, CT
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**Testifying in Opposition to PSB-54 An Act Establishing A Retirement Savings Plan For Low-Income
Private Sector Workers**

Good Afternoon Senator Osten, Representative Tercyak, and members of the Labor and Public Employees Committee. My name is Eric Gjede and I am assistant counsel at the Connecticut Business and Industry Association (CBIA) which represents more than 10,000 large and small companies throughout the state of Connecticut.

CBIA is opposed to PSB-54 because the state's creation of a defined benefit plan for certain private sector workers would be costly and expose the state to unnecessary liability. Establishing a state-administered retirement plan for private sector workers would necessarily require the hiring of additional state employees to manage the plan. Additionally, any retirement plan for private sector workers would require compliance with ERISA, which imposes significant fiduciary duties on the plan's operator.

The State Employment Retirement System (SERS), the defined benefit retirement program managed by the state on behalf of its employees, is currently funded at 48% of its obligations. While we understand the proposal in PSB-54 would be funded by the participating employees themselves, the business community would suggest there are a number of private sector options, such as Individual Retirement Accounts (IRAs) that could provide a safer option for these employees to invest in their retirement.

We urge the committee to reject PSB-54.