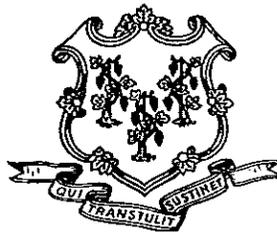


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Good afternoon Senator Osten, Representative Tercyak and members of the Labor and Public Employees Committee. I am here to testify in support of SB 54, AN ACT ESTABLISHING A RETIREMENT SAVINGS PLAN FOR LOW-INCOME PRIVATE SECTOR WORKERS.

As our citizens approach retirement far too many of them rely solely on Social Security as retirement income. In truth, while Social Security has lifted many senior citizens out of abject poverty, it does not in fact provide a decent living for those with no other source of retirement income. This problem will become one of extraordinary urgency as more and more children of the baby boom reach retirement age. According to a 2012 op-ed in the Hartford Courant the percentage of private sector Connecticut employees whose employers offer a retirement plan has fallen from 68% in 2001 to 58% in 2012.

In order to address this looming crisis, California enacted the California Retirement Investment Savings Plan which will create a supplemental retirement savings plan for private sector workers who do not have access to retirement plans through their employer.

The California plan consists of voluntary contributions from employees which will be deposited into a professionally-managed retirement fund. All workers will be provided the chance to enroll in a retirement savings program which unlike in employer-sponsored retirement plans such as 401(k)s, employers would not bear any fiduciary responsibility and would not be required to pay administrative fees. The program is designed to be self-sustaining and extremely low-risk due to the modest rate of return (likely tied to the 30-year Treasury-bond rate) and long investment horizon. In addition, the state would have zero-liability due to the requirement that the Board secure private underwriting and reinsurance to protect the returns earned by program participants.

Many Connecticut citizens whose employers do not offer retirement plans are moderate income workers who are most in need of income beyond Social Security. I believe that Connecticut would be well served by creating a program similar to that in California to address retirement security. In addition, most workers of moderate income do not have the option of setting aside significant amounts in personal retirement savings since their earnings and ordinary expenses barely balance. If we wait, we will be forced to address a retirement security crisis; the outcome will be better if we make a plan now. Thank you for hearing this important legislation.