



*Written
only*

The Connecticut Association for Human Services
110 Bartholomew Avenue · Suite 4030
Hartford, Connecticut 06106
www.cahs.org

Luis Caban, President
James P. Horan, Executive Director

Testimony before the Labor Committee

**Re. SB 54, AN ACT ESTABLISHING A RETIREMENT SAVINGS PLAN FOR LOW-INCOME PRIVATE
SECTOR WORKERS**

February 26, 2013

Submitted by Liz Dupont-Diehl, Policy Director, Connecticut Association for Human Services
ldupont-diehl@cahs.org, (203) 667-5956

Good afternoon, Senator Osten and Representative Tercyak, and members of the committee. My name is Liz Dupont-Diehl and I am the Policy Director for the Connecticut Association for Human Services. CAHS seeks to end poverty and empower all families to build a secure economic future. CAHS produces research and analysis on child poverty and other issues as needed to drive advocacy, and also operates a number of programs to help people become self-sufficient, such as Volunteer Income Tax Assistance, financial capability classes and helping people connect with eligible benefits to help them access health care, meet basic needs and become self-sufficient.

We reported last month that the number of working poor families in Connecticut – that is, earning 200% or less of poverty, or \$45,622 for a family of four – rose 5% since 2007. Now, 21% of our 389,000 working families are low-income. Our report also found that 61% of low-income families have a high housing burden- paying more than 33% of their income on rent – and that the rise in low-income working families is increasingly affecting children.

So I am here to speak today in favor of SB 54 and of the state exploring and developing a way to allow low-income workers to save for their retirement .

This clearly leads to a gap in sustainable income for employees who reach retirement eligibility. Those who are left to rely only on Social Security income are less able to contribute to the local

economy. For those who are offered an employee-sponsored plan, disparities still exist. Public sector positions, for example, are less likely to get a comprehensive pension package. Also, many have 401(k) plans that are part of a risky market. A public pension option could eliminate this risk as well as spread the opportunity for retirement savings to those who are currently not offered a plan by their employer.

A universal pension would contribute to closing the income gap among retirees. Better retirement savings for everyone would mean fewer people will have to rely on public assistance programs, and that they can contribute to their economy.

The fact that rising numbers of low-income workers can't pay current bills certainly explain the fact that so few of them are saving for retirement, and we know the number of employers offering defined benefit pensions to their workers has shrunk to negligible levels. Therefore it's imperative that we study models such as the new law in California, allowing policy makers to explore the best system but making it a priority to learn more about this growing problem and take steps to address it.

We also need to ensure that wages and policies let families get by. CAHS has testified recently about the need to raise Connecticut's minimum wage, which now gives a worker \$17,160 a year ----with no vacations or time out sick. Raising the minimum wage won't do it alone. We need to ensure working families get the basics -- affordable housing and health care and jobs that pay sustaining wages. We need to retain Connecticut's EITC, raise the minimum wage, and protect the safety net.

Connecticut is heading down a dangerous road in which 21% of working families don't earn enough to provide the basics. This costs us more, in benefits; it costs us all in lost productivity, as kids grow up in poverty; it will cost us as these workers can't retire with dignity and quality of life. We need to not only address these holes in the safety net now, we need to put in place a way for all workers to save for retirement to prevent an even greater tragedy when they age in poverty.

Thank you for the opportunity to submit testimony.