



**Testimony of Denise L. Nappier
Treasurer of the State of Connecticut
SUBMITTED TO THE LABOR COMMITTEE
MARCH 11, 2014**

Chairman Holder-Winfield, Chairman Tercyak, and members of the Labor Committee, thank you for the opportunity to provide testimony on Senate Bill 249, *An Act Promoting Retirement Savings*.

The bill before you would establish a state-sponsored, individual retirement account program for private sector employees who work for an employer with five or more employees. Government employees and certain employees covered by a collective bargaining agreement would be excluded from participating. The retirement accounts would be offered through the Connecticut Retirement Security Trust, which would be housed in the Treasury. The bill creates an oversight board for the program, which would be within the Comptroller's Retirement Division. I would strongly recommend that as Senate Bill 249 makes its way through the legislative process, the Board composition should include individuals with actual investment experience.

The proposal before this Committee predicates the program's commencement on three conditions. First, a market feasibility study must determine that it will be self-sustaining and will not rely on the state budget. Second, the accounts must afford participants the same federal tax advantages available for existing individual retirement accounts. Third, the program cannot be deemed an employee benefit plan under the federal Employee Retirement Income Security Act ("ERISA"). These are essential conditions -- both for the State's fiscal protection and for the protection of potential participants that I support.

With that said, the establishment of a pathway for workers to accrue assets for their retirement is commendable and very necessary. Retirement security is important not only for the well-being of our citizens, but for the health of our State's economy overall. Roughly half of all full-time workers in America are without a retirement plan, and nearly 75 percent of part-time workers lack one as well; add to that the troubling fact that half of Americans have savings of less than \$10,000. These statistics points out a widespread challenge across the country that could have a devastating impact for years to come.

I believe anyone who works for 25 to 35 years, whether in the public or private sector, should be able live in dignity in their retirement years. Social security benefits, for those who will receive it, will not be enough to meet basic needs. And while the financial markets are finally on the mend, the Great Recession decimated the values of 401k plans which are only now starting to rebuild.

As State Treasurer, I encourage any effort to spur savings, and Senate Bill 249 represents one of the many approaches being considered around the country to make it easier for workers to save for their future. President Obama's MyRA proposal is one such measure, which will target millions of low- and middle-income Americans. MyRA will allow savers to invest after-tax dollars and withdraw the money in retirement tax-free. Investments will be solely in government savings bonds and backed by the U.S. government to protect workers' investments. At least a dozen other states are or have recently considered legislation to establish a portable, safe, and simple way for working families to save.

Senate Bill 249 presents an opportunity for Connecticut to be a catalyst for others by demonstrating that we can begin to address retirement issues in a meaningful way. The Treasury is prepared to assist in the process of evaluating whether the Connecticut Retirement Security Trust program will be a self-sustaining, solid option for hard working residents.

Thank you for the opportunity to comment on Senate Bill 249.