

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 SB 249 An Act Promoting Retirement Savings

Good afternoon Senator Holder-Winfield, Representative Tercyak, Senator Markley, Representative Smith 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 SB 249. This bill would:

- **Establishes a state-administered retirement program** in direct competition with the state's financial services sector—*businesses employing over 100,000 Connecticut residents*
- **Increases the cost of doing business by placing administrative mandates on employers** – including facilitating employee payroll deductions, hosting open enrollment periods, and transferring payments to plan administrators
- **Creates a potential liability for state taxpayers by promising a guaranteed rate of return** for plan participants
- **Acknowledges the program will not be self-sustaining on launch date**, and that expenses necessary to run the program may exceed the administrative cost allowance
- **Automatically opts employees into the program**—who will see an immediate 2%-5% reduction in their wages. Employees that opt out must do so in writing every two years.

While we agree with the premise that people should be saving more for retirement, the solution put forward in this bill is a misreading of the problem. This bill is a “supply” answer to a “demand” problem. There is no shortage of easily accessible IRA plans available to any Connecticut resident who walks through the door of their local bank. Adding a state-run plan, which puts the burden of facilitation on our state's businesses, does not solve the lack of demand. This proposal could, however, create financial and legal liabilities for Connecticut taxpayers.

No other state currently has a plan like the one proposed in this bill. The business community asks that you not set us apart from the rest of the country for the wrong reason.

Please take no further action on SB 249.