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## **Labor and Public Employees Committee Testimony**

**By Stan Sorkin, President**

**Connecticut Food Association**

**March 11, 2014**

### **Testimony in Opposition to SB No. 249: An Act Promoting Retirement Savings**

Good afternoon, Chairman Tercyak, Chairman Osten and Members of the Labor and Public Employees Committee. My name is Stan Sorkin, President of the Connecticut Food Association. I am testifying on behalf of the members of the Connecticut Food Association in opposition to SB No. 249.

The Connecticut Food Association is the state trade association that conducts programs in public affairs, food safety, research, education and industry relations on behalf of its 240 member companies—food retailers, wholesalers, distributors, and service providers in the state of Connecticut. CFA's members in Connecticut operate approximately 300 retail food stores and 200 pharmacies. CFA's retail membership is composed of multi-store chains, regional firms, and single store independent supermarkets employing over 30,000 associates. The majority of CFA members are family-owned supermarkets. Our work force is composed of union and non-union employees with 70% of our employees part-time. Many of these part-time employees are students 18 years of age and under. Our goal is to create a growth oriented economic climate that makes Connecticut competitive with surrounding states.

This bill is simply unnecessary—among other things, it will add to employers' administrative burdens and costs, our employees already have access to a wide variety of retirement planning products, and it could create a vast new liability for state taxpayers.

**We are opposed to SB No. 249 for the following reasons:**

- **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. The

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average grocery store has is a 1.0 to 1.5 % bottom line. We cannot afford the additional mandated costs of implementing and maintaining the record keeping associated with the requirements of the bill in addition to the expenses incurred from increases in the minimum wage, workers compensation, and unemployment insurance and paid sick leave. We are a high turnover employer which only amplifies the administrative costs.

- **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. Why are we mandating taking purchasing power out of a wage earner's pocket during these tough economic times?
- **Employees currently have the ability to save for retirement through IRA's and the proposed MyRA federal program.**
- **Creates a potential liability for state taxpayers by *promising* a guaranteed rate of return for plan participants.** In volatile markets, no one logically would make such a commitment.
- **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. This does not make economic sense.
- **Establishes a state-administered retirement program** in direct competition with the state's financial services sector—businesses employing over 100,000 Connecticut residents.

We urge you to vote NO on SB No. 249