



VOICE OF INDEPENDENT FINANCIAL SERVICES FIRMS
AND INDEPENDENT FINANCIAL ADVISORS

VIA ELECTRONIC MAIL

March 4, 2016

The Honorable Senator Edwin Gomes
Connecticut Senate
Legislative Office Building
Room 3800
Hartford, CT 06106

The Honorable Representative Peter Tercyak
Connecticut House
Legislative Office Building
Room 3804
Hartford, CT 06106

RE: Connecticut H.B. 5591

Dear Senator Gomes & Representative Tercyak:

Thank you for the opportunity to share our concerns regarding H.B. 5591, which creates the Connecticut Retirement Security Authority (Authority) and directs the Authority to administer a state-run retirement plan for private sector employees. The Financial Services Institute (FSI)¹ and its independent broker-dealer and financial advisor members are concerned that H.B. 5591 would disrupt the already healthy and competitive retirement plan market in Connecticut. This bill is of strong concern to FSI's Connecticut membership, as FSI currently has a significant presence of 668 independent financial advisors operating within the state.

In the U.S., approximately 201,000 registered representatives – or 64% of all practicing registered representatives – operate as self-employed independent contractors of IBD firms, rather than employees of the IBD firm. Our financial advisors provide group retirement plans to private employers and individual plans to employees who lack access to an employer provided retirement plan. These advisors work closely with clients to develop individually-tailored retirement plans that are much better suited to achieving the client's retirement goals than a "one size fits all" approach. In contrast, necessity demands that state-run retirement vehicles be managed in the best interest of the group instead of the individual participants. A state-run retirement plan for private employees will disrupt the pre-existing market of retirement plan providers already serving businesses of all sizes, including self-employed and non-profit organizations. The existing market of retirement plan providers consists of qualified independent financial advisors and is robust, healthy, and competitive.

Enrolling private employees into a state-run retirement plan will also place a heavy administrative burden on the state, and taxpayers may be forced to shoulder the costs in the

¹ The Financial Services Institute (FSI) is the only organization advocating solely on behalf of independent financial advisors and independent financial services firms. Since 2004, through advocacy, education and public awareness, FSI has successfully promoted a more responsible regulatory environment for more than 37,000 independent financial advisors, and more than 100 independent financial services firms who represent upwards of 160,000 affiliated financial advisors. We effect change through involvement in FINRA governance as well as constructive engagement in the regulatory and legislative processes, working to create a healthier regulatory environment for our members so they can provide affordable, objective advice to hard-working Main Street Americans. For more information, please visit www.financialservices.org.

event of economic difficulty. Further, employers will be saddled with the additional responsibility of ensuring their employees are enrolled in the plan and processing the necessary payroll contributions. Many small business owners do not have the time or resources for these added administrative tasks.

In addition to saddling employers with additional administrative burdens, H.B. 5591 creates a burdensome new mandate on employers who currently offer a retirement plan to their employees. Specifically, §7(4)(b) requires those employers to offer enrollment into the Connecticut Retirement Security Program to any seasonal or part-time employees that are not enrolled in plans offered to full time employees, essentially requiring the employer to offer two different retirement plans. FSI believes that this arrangement therefore unfairly favors the state-run plan.

FSI is committed to constructive engagement in the legislative process. We welcome the opportunity to work with you to help Connecticut's hard-working citizens save for retirement in a way that is both sensible and affordable. In this spirit, we have included a white paper we have developed which recommends ways state legislators can encourage retirement planning by their constituents. We hope you will find it to be a helpful resource.

Thank you for your consideration of our comments. Should you have any questions, please contact Michelle Carroll at 202-517-6464.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "D. T. Bellaire". The signature is fluid and cursive, with a large initial "D" and "T" and a stylized "Bellaire".

David T. Bellaire, Esq.
Executive Vice President & General Counsel