



Small business owners. Small business values.

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To: Connecticut Labor and Public Employees Committee

From: The Main Street Alliance

Date: March 9, 2016

Re: Support of HB 5591 AA

Senator Gomes, Representative Tercyak and members of the Labor and Public Employees Committee:

The Main Street Alliance is a national network of state-based small business coalitions that encourages small business owners to voice their concerns on pressing public policy issues critical to their business, their employees, and the communities they serve. As a network, we support HB5591 AA, a plan to provide everyone working in Connecticut with a safe, easy and effective way to save for retirement while limiting the state's liability.

We know how challenging it can be to plan for the future and save for retirement. While some small business owners have been able to weather the economic storms over the past few years, many have nearly lost everything, and have little to fall back on.

To maintain employee payrolls and continue providing goods and services to their communities Main St. businesses reinvest their profits back into the business—leaving little room for retirement savings. In Connecticut, and across the nation, business owners and individuals are facing a real problem. This bill gives the state the opportunity to address this crisis and lead the nation in finding a solution to retirement security.

More than a third of owners of businesses with 100 or fewer employees are at or near Social Security's full-benefit age of 66. Much like their employees, those business owners face serious challenges in saving for retirement.

A 2012 study by the U.S. Small Business Administration Office of Advocacy found that business owners are "significantly less likely to hold retirement assets than private sector wage and salary workers," and that "owners of smaller businesses with fewer than 25 employees are significantly less likely to invest in retirement assets and have lower amounts of retirement assets than owner of larger firms." The study also found that "financially vulnerable small business owners—those who hold a high percentage of their net worth in business assets—are less likely to invest in retirement assets than owners who are less net worth vulnerable."

The business to business outreach in Connecticut tells a similar story. Of those surveyed, 91% responded they do not offer a retirement plan to their employees, and over 42% said they do not have any retirement savings for themselves. The majority of these also added that their business assets are the bulk their retirement savings—that is to say, they've invested all they

have just to keep the doors opened, and their employees in jobs.

As you consider HB5591 AA, the member businesses of the Main Street Alliance suggest the following policy solutions:

- A voluntary, portable, flexible and easily accessible plan: Workers will be allowed to choose to participate or opt out. The plan will stay with workers from job to job, with funds deposited into an individual retirement account and not tied to a single employer.
- A pooled and professionally managed plan: A well-managed plan will improve the health of investments, reduce fees and protect the interests of Connecticut families.
- Secure and protected investments: By establishing a fund to be held in the public trust, the money Connecticut workers and business owners invest will be shielded from being used to fund other services.

For many small business owners, Social Security and Medicare form a critical source of income for their retirement years. These sources of income alone will not allow retirees to meet their basic needs—making retirement savings essential.

We're grateful for the opportunity to offer policy solutions—solutions that provides access to a portable, automatic, secure, pooled retirement option in which employees can contribute, that allow all working Connecticuturs to plan and save for their retirement.

Thank you for considering the retirement needs and concerns of small business owners.  
Regards,

A handwritten signature in black ink, appearing to read 'Amanda Ballantyne', with a long horizontal flourish extending to the right.

Amanda Ballantyne  
National Director, The Main Street Alliance