

Legislative History for Connecticut Act

SA 14-17

HB5527

House	4445-4450	6
Senate	3398-3404	7
Labor	1338, (1340), 1341, 1862- 1902, 1912-1920, 1925- 2021, 2025-2028, 2031- <u>2033</u>	157
		170

H – 1193

**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
2014**

**VOL.57
PART 13
4098 – 4450**

pat/gbr/cd
HOUSE OF REPRESENTATIVES

348
May 1, 2014

SPEAKER SHARKEY:

The bill as amended passes.

Will the Clerk please call Calendar 188.

THE CLERK:

188, on page 7, favorable report of the joint standing committee on Labor and Public Employees, Substitute House Bill 5527, AN ACT CONCERNING A DOMESTIC WORKERS BILL OF RIGHTS.

SPEAKER SHARKEY:

The distinguished chairman of the Labor Committee, Representative Tercyak, you have the floor, sir.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. I move for acceptance of the joint committee's favorable report and passage of the bill.

SPEAKER SHARKEY:

The question is on acceptance of the joint committee's favorable report and passage of the bill.

Will you remark, sir?

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. The Clerk has an amendment, LCO 4246. I would ask the Clerk to

pat/gbr/cd
HOUSE OF REPRESENTATIVES

349
May 1, 2014

please call the amendment and that I be granted leave
of the Chamber to summarize.

SPEAKER SHARKEY:

Will the Clerk please call LCO 4246, which will
be designated House Amendment "A".

THE CLERK:

House Amendment "A", LCO 4246 introduced by
Representative Tercyak et al.

SPEAKER SHARKEY:

The gentleman seeks leave of the Chamber to
summarize. Is there objection? Seeing none, you may
proceed with summarization, sir.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. Some may
recall that with your encouragement, many Committees
scheduled off-campus hearings this year. We held a
hearing in Bridgeport because from Bridgeport we got
information about domestic workers. They talked about
working conditions, how other states were improving
things.

We had a long hearing. We heard a lot of
testimony and we still weren't sure what's going on.
We continued the hearing here in Hartford on another

pat/gbr/cd
HOUSE OF REPRESENTATIVES

350
May 1, 2014

day and we still don't know what should be the right answer.

We're being thoughtful about this. We'll keep on meeting and the amendment, which will now, affects the bill. It will establish a task force to look into the lot of domestic workers and make suggestions.

And that's it. I move adoption.

SPEAKER SHARKEY:

Thank you, sir. The question before the Chamber is adoption of House Amendment "A". Will you remark? Will you remark?

If not, let me try your minds. All those in favor of House "A" please signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER SHARKEY:

Those opposed, nay? The ayes have it. The amendment is adopted.

Would you care to remark on the bill as amended?

Representative Smith.

REP. SMITH (108th):

Thank you, Mr. Speaker. This is a task force, just so the Chamber is aware of this, so we can study

pat/gbr/cd
HOUSE OF REPRESENTATIVES

351
May 1, 2014

the issue of domestic workers. I urge my colleagues to support it. Thank you.

SPEAKER SHARKEY:

Thank you, sir.

Would you care to remark further on the bill as amended?

Representative Ayala.

REP. AYALA (128th):

Thank you, Mr. Speaker. Good evening.

SPEAKER SHARKEY:

Good evening, madam.

REP. AYALA (128th):

I actually just wanted to say that I first had the opportunity to speak to some of the individuals that hopefully this task force will help. They seem to be very upset that they do not have rights and many of them actually come from The Hollow in Bridgeport and I can identify with them, because it's not the first time that I hear that they're a bit outraged with being taken advantage of.

So I believe that this is a great measure in order to study exactly how many other people in the state are affected by this, not just these individuals that have come up and voice their opinions.

I believe that just maybe a small portion of people affected by this and --

SPEAKER SHARKEY:

If you may pause for just a moment, madam. I know the hour is late and we're having a little bit of fun here, but we do have members who wish to speak on the bill, so please show her the respect that she's due and take your conversations either at a lower level or outside the Chamber.

Please proceed, madam.

REP. AYALA (128th):

In closing, I urge my colleagues to support this bill. Thank you.

SPEAKER SHARKEY:

Thank you, madam.

Would you care to remark further on the bill as amended? Would you care to remark further on the bill as amended?

If not, staff and guests to the well of the House. Members take your seats. The machine will be opened.

THE CLERK:

The House of Representatives is voting by roll.

The House of Representatives is voting by roll. Will members please return to the chamber immediately.

SPEAKER SHARKEY:

Have all the members voted? Have all the members voted? Will members please check the board to make sure your vote is properly cast.

If all the members have voted, the machine will be locked and the Clerk will take a tally.

Will the Clerk please announce the tally.

THE CLERK:

House Bill 5527 as amended by House "A".

Total number voting	142
Necessary for passage	72
Those voting Yea	114
Those voting Nay	28
Those absent and not voting	9

SPEAKER SHARKEY:

The bill as amended passes.

Will the Clerk please call Calendar 22.

THE CLERK:

On page 32, House Calendar 22, favorable report of the joint standing committee on Environment,

**S - 679
CONNECTICUT
GENERAL ASSEMBLY
SENATE**

**PROCEEDINGS
2014**

**VETO
SESSION**

**VOL. 57
PART 11
3246 – 3508**

pat/gbr
SENATE

213
May 7, 2014

that require action by the House of Representatives be immediately transmitted to the House.

THE CHAIR:

So ordered.

SENATOR LOONEY:

Thank you, Madam President. Also want to add to the Go list an item on Calendar Page 15, Calendar 528, House Bill 5450.

THE CHAIR:

Mr. Clerk.

THE CLERK:

On Page 24, Calendar 553, Substitute for House Bill Number 5527 AN ACT CONCERNING THE TASK FORCE ON DOMESTIC WORKERS. Favorable Report of the Committee on Labor and Public Employees. We have amendments.

THE CHAIR:

Senator Holder-Winfield. Senator Holder-Winfield.

SENATOR HOLDER-WINFIELD:

Thank you, Madam President. Madam President, I move acceptance of the Joint Committee's Favorable Report and passage of the bill in concurrence with the House.

THE CHAIR:

Motion is on acceptance and passage. Will you remark, sir?

SENATOR HOLDER-WINFIELD:

Yes, thank you, Madam President. Actually, Madam President, there is an amendment to the bill. It's LCO 4502. I would ask that it be called and I be granted leave of the Chamber to summarize.

THE CHAIR:

pat/gbr
SENATE

214
May 7, 2014

Mr. Clerk. Would you please look at the number again, Senator. Is that the correct number?

SENATOR HOLDER-WINFIELD:

Yes, Madam President.

THE CHAIR:

Well, we're going to have to stand at ease. The Clerk doesn't have it in his possession yet. Just stand at ease for a moment.

(Chamber at ease.)

Senator, it's as amended by the House. Would you recall the bill again as amended?

Senator Holder-Winfield, do you want to call it as amended by the House. It is not the right, the same, amendment, House Amendment. So if I'm correct, it is 4246. Is that the bill that is amended by the House? On LCO?

The Senate is going to stand at ease.

(Chamber at ease.)

The Senate will come back to order. Senator Holder-Winfield.

SENATOR HOLDER-WINFIELD:

So Madam President, let me just be clear. I move the acceptance of the Joint Committee's Favorable Report and passage of the bill in concurrence with the House.

THE CHAIR:

The motion is on acceptance and passage. Will you remark?

SENATOR HOLDER-WINFIELD:

Yes, Madam President. What this bill does, it establishes a task force on the domestic workers in

pat/gbr
SENATE

215
May 7, 2014

the State of Connecticut to look at the issue that, when we did for instance, Senate Bill 371, I brought up about what has happened over the history of the State of Connecticut where domestic workers have been involved and sometimes cut out of our laws.

The bill was amended in the House to fix a slight mistake allowing for appointment to the task force from the leadership of the House and the Senate, and I would urge this Chamber to pass Senate Bill 5527.

THE CHAIR:

Will you remark? Will you remark? Senator Markley.

SENATOR MARKLEY:

Thank you, Madam President. I rise in support of this bill. We heard very compelling testimony in Bridgeport about the problems faced by domestic workers. There was a sweeping piece of legislation in front of us at that point. I think it has wisely been trimmed back to a task force. They can come up with recommendations that we can consider next Session, and I will support the bill. Thank you.

THE CHAIR:

Thank you. Will you remark? Will you remark?
Senator Fasano.

SENATOR FASANO:

Thank you, Madam President. Madam President, some time ago there was a bill that dealt with the retirement system in the State of Connecticut, and I would like the Clerk to call LCO 5655.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO Number 5655, Senate "A", offered by Senator Fasano.

pat/gbr
SENATE

216
May 7, 2014

THE CHAIR:

Senator Fasano.

SENATOR FASANO:

Thank you, Madam President. I move the Amendment and request permission to summarize.

THE CHAIR:

The motion is on adoption. Will you remark, sir?

SENATOR FASANO:

Thank you, Madam President. Madam President, we may recall a year ago there was a bill passed that allows people who work in a state retirement system and they have a MERS pension plan that if they retire either by age or by disability and then rehire with another town system that has a MERS system, but they do not participate in that MERS plan, that they would be able to continue with the disability payments that they had before.

So let me clarify it a little bit better. So if you are a worker and you have a MERS plan and you have a disability and you leave that town, you get your disability payments. Then you're rehired by that town or another town but do not participate in that MERS system, you should be able to continue to receive your disability.

There are a number of occasions in which the state has allowed people to do it. So a year ago, we said let's codify what's happening as a matter of practice. So there was a bill that was put out. It went unanimous in this Chamber. I think there was one vote, maybe no votes, I can't recall in the House, and anyway, a substantial majority in the House, total majority or unanimous in the Senate, and then the Governor vetoed the bill.

It was an understanding the reason why the veto was there is that this would add to municipal costs. It's clear that it does not add to municipal costs and the rationale is therefore flawed.

pat/gbr
SENATE

217
May 7, 2014

Madam President, this should have no problem due to the fact it's already been approved by this Chamber unanimously. It's already been approved by all but one vote in the House. This is what's going on today. This is how it's working today. So there's no reason why we shouldn't do this. It would move very quickly from the House because it has already been unanimously proposed.

Madam President, I move this Amendment based upon fairness. I move this Amendment because that's what we're doing as a matter of practice and we should codify so we're fair to everybody.

Madam President, I look forward to this Amendment moving forward.

THE CHAIR:

Will you remark? Will you remark? Senator Holder-Winfield.

SENATOR HOLDER-WINFIELD:

Yes, thank you, Madam President. While I agree with everything that Senator Fasano said, I would have to rise in opposition to the Amendment. Unfortunately, looking at the hour, I think it may or may not get through the House and I think the underlying bill is policy that we all want to see done.

Since this bill is here for final action, I would ask the Chamber to reject the Amendment, unfortunately.

THE CHAIR:

Will you remark? Senator Osten.

SENATOR OSTEN:

Thank you very much, Madam President. I think that we have time to get this back down to the House but for a vote and I would urge my colleagues to vote for this Amendment. I thought the bill was a good bill last year and I think it's a good bill now, a good

pat/gbr
SENATE

218
May 7, 2014

Amendment to this bill and I would urge people to vote for this Amendment.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Thank you, Madam President. I agree with Senator Fasano and Senator Osten. There's both time and this is the right policy.

You know, right now we've just gone through a brief history where people have been treated disparately under the current rules and regulations and that's just patently unfair.

We're trying to, as Senator Fasano said, get some fairness here. Thank you, Madam President.

THE CHAIR:

Will you remark? Will you remark? Senator Holder-Winfield. A Roll Call Vote has been asked for by Senator Fasano. Will you remark? If not, Mr. Clerk, will you please call for a Roll Call Vote and the machine will be opened.

THE CLERK:

Immediate Roll Call has been ordered in the Senate.
Roll Call on Senate Amendment Schedule "A" has been ordered in the Senate.

THE CHAIR:

If all members have voted, all members have voted, the machine will be closed. Mr. Clerk, will you please call the tally.

THE CLERK:

On House Bill Number 5527. I'm sorry. House, Senate Amendment Schedule "A" for House Bill 5527.

Total number voting

36

pat/gbr
SENATE

219
May 7, 2014

Necessary for adoption	19
Those voting Yea	15
Those voting Nay	21
Those absent and not voting	0

THE CHAIR:

The Amendment fails. Will you remark further? Will you remark further? If not, Mr. Clerk, will you call for a Roll Call Vote. The machine will be opened.

THE CLERK:

Immediate Roll Call has been ordered in the Senate.
Immediate Roll Call has been ordered in the Senate.

THE CHAIR:

Senator Duff, would you like to vote, sir? Thank you. If all members have voted, all members have voted, the machine will be closed. Mr. Clerk, will you please call a tally.

THE CLERK:

On House Bill 5527.

Total number voting	36
Necessary for adoption	19
Those voting Yea	36
Those voting Nay	0
Those absent and not voting	0

THE CHAIR:

The Bill passes. Senator Looney.

SENATOR LOONEY:

Thank you, Madam President. Madam President, if the Clerk would call as the next item, Calendar 55, Page 24, Calendar 555, House Bill 5389 from the Committee on Public Safety and Security, to be followed, Madam President, by Calendar Page 15, Calendar 468, House Bill 5450 and Calendar Page 12, Calendar 434, House Bill 5355. Thank you, Madam President.

**JOINT
STANDING
COMMITTEE
HEARINGS**

**LABOR AND
PUBLIC
EMPLOYEES
PART 3
1048 – 1548**

2014

001338

282

March 11, 2014

hac/gbr LABOR AND PUBLIC EMPLOYEES
COMMITTEE

2:00 P.M.

REP. MINER: Thank you.

MAGGIE DRAG: I just want to add to that -- that our solution that Tom will be presenting, that will satisfy both the consumers, the recipients of the care, and also, you know, the care providers.

So we'll be happy to present those solutions.

REP. TERCYAK: Thank you very much. Okay.

MAGGIE DRAG: Thank you.

REP. TERCYAK: Yeah. John Shulansky. Welcome, sir. Begin when you're --

HB5453
HB5527

JOHN SHULANSKY: Good evening, gentlemen. Thank you very much for your time this evening.

My name is John Shulansky and I am a partner and owner of EldersChoice of Connecticut. We are registered with the Department of Consumer Protection as a Homemaker Companion Agency and were classified as a Registry, and we're also registered with the Department of Labor as an Employer Fee Paid Employment Agency, because that's technically what we are more than anything else.

EldersChoice refers trained individuals to provide extended live-in non-medical care support at home for the frail elderly and adults with chronic illnesses.

I appear before you today to speak in opposition of House Bill 5313. The principal impacts of this bill are threefold.

One, they reduce consumer choice. Two, they

I think most importantly, you've heard testimony today about the Fair Labor Standards Act.

What I am to emphasize is the United States Department of Labor has spent since 2008 investing changes to the Fair Labor Standards Act.

When they promulgated their original draft proposals, it took them 18 months to accept comments. They receive 50,000 comments and finally issued the final regulations in the fall of 2013 to be -- to become law in January of 2015. That gives you an idea of the scope and extent of these regulations, which are over 350 pages long.

The short answer is that if an individual is a direct care worker, and that means working directly for the family, they are exempt under certain conditions from the Fair Labor Standards Act, and that is the only way an individual is exempt, if they are a direct care worker.

There will be no other exemptions going forward after January 1. And the U.S. Department of Labor has identified that there is a specific need. As Maggie mentioned in the Florida Statutes, other states have identified the same issue.

There are good best practices that we need to consider here. I also want to comment briefly on 5453, which establishes timekeeping roles and the calculation of sleep time.

Again, this is not a bad bill, but it is not in harmony with the FLSA regulations, and I want

285

March 11, 2014

hac/gbr LABOR AND PUBLIC EMPLOYEES
COMMITTEE

2:00 P.M.

to encourage that the state try to avoid having different regulations from the federal regulations.

Most of us are small businesses and it's very hard for us to advise consumers on being compliant with both the federal law and the state law when they may be in conflict.

You actually have bills before you to -- before this Committee, for example we'll hear about this in Bridgeport on Thursday, 5527 has a different set of sleep rules. It says seven hours, not five hours, not six hours, not eight hours.

So we've got a lot of different proposals here. What's most important is that there is a way for us to address this collaboratively with the Department of Aging, with the Department of Social Services, with the Department of Labor, the Department of Consumer Protection.

And we need to consider this -- the need for a comprehensive solution here.

I'll be glad to answer your questions.

REP. TERCYAK: Thank you.

Anyone have any questions?

Okay. Thank you very much.

Tom, want to wrap it up? And we're looking for an answer here.

THOMAS FALIK: Okay.

Well, my name is Tom Falik and I am here representing the Connecticut Association of

HB 5313

leave to many of our healthcare coworkers, including physician's assistants, registered nurses, occupational, physical, and respiratory therapists, health aides, the hospital cafeteria food servers and cooks, but not to imaging technologists.

I hope you understand the commitment to quality care that imaging professionals make to our patients and employers.

The resolution of this inadvertent omission will provide equitable and appropriate compensation for their continued high level of service to the ill and injured in our state.

Thank you for your consideration in this issue and if you have any questions, I'll be more than happy to try to answer them.

KATHLEEN WOMELSDORF: Okay: Good evening.

REP. TERCYAK: Thank you.

KATHLEEN WOMELSDORF: Chairman Tercyak, members of the Labor and Public Employees Committee.

I want to thank you for hearing my concerns regarding Senate Bill Number 242.

My name is Kathleen Womelsdorf and I am a resident of Wallingford, Connecticut.

I'm asking that you that you pass Senate Bill 242 as I truly believe it will resolve an oversight to a piece of legislation that has already been enacted.

The bill that I am referring to was Senate Bill 913, Public Act 11-52.

This bill provides paid sick leave to employees who do not already receive this benefit from their employers. This bill became effective in January of 2012.

The oversight I am referring to is that while this bill covers many employees in the service industry and almost all in the healthcare field of similar occupations, it neglects to cover diagnostic imaging professionals.

It is my understanding that medical imaging technologists were inadvertently left off of the list of healthcare professionals that this law provides sick-leave benefits to.

I have worked for over 25 years in the cardiac catheterization laboratory at Yale New Haven Hospital. I work side by side with many healthcare providers.

The most effective way I can think of to convey to you how I believe that radiologic technologists should be covered in this piece of legislation is to describe my situation.

After the birth of my three children, I changed my hours from 40 hours a week to 16 scheduled hours a week. I take on-call shifts, holidays, nights, and weekends.

When I'm on call, at any given time I can get activated for an emergency at night or on the weekends.

When I do get beeped in, or activated, I rush in to the hospital to meet the EMTs, paramedics, ER nurses and ER techs, all bringing a critically ill patient to our lab.

My counterparts to the team are -- in the lab

are two nurses. A respiratory therapist will come and connect the patient to a ventilator.

It occurred to me that every person in that room with the exception of me is covered by the old bill as it stands.

As a radiologic technologist, if my children are sick or if I am ill, I do not receive the same sick leave benefit as the other members on the team.

I'm only asking that you pass Senate Bill 242 to resolve this situation.

I believe all the people on the team that I am honored to be a part of provide an equal level of service and should be afforded the same rights and benefits.

Diagnostic imaging professionals, including radiologic technologists, should be covered under this important piece of legislation.

I want to thank you for your time and ask that you vote in favor of Senate Bill 242.

Thank you.

REP. TERCYAK: Thank you very much. Well done both of you.

Any questions?

Representative -- wow.

A VOICE: So right there, we got it.

KATHLEEN WOMELSDORF: Thank you.

REP. TERCYAK: Not for nothing, but boy do we smile on people when you can get two in under the

309

March 11, 2014

hac/gbr LABOR AND PUBLIC EMPLOYEES
COMMITTEE

2:00 P.M.

three minutes. Thank you very much.

KATHLEEN WOMELSDORF: Thank you.

WILLIAM HENNESSEY: Thank you.

REP. TERCYAK: Next up, Kevin Lynch, followed by Mike Riley, Chris Syrek, and then Pat McCabe.

Is Kevin Lynch here? Once, twice. No. Come on up, Mike, to be followed by Chris Syrek, Pat McCabe, and then Jen -- and then a bunch of folks about 5454, Jen Jennings, Scott Basso, Eric Deramo, and Jeff Leon.

Mr. Riley, welcome. Thank you for your patience.

MICHAEL RILEY: Thank you, Mr. Chairman, and thank you for your patience. It's been a long day and I'm not going to take three minutes.

SB243

We wrote to the Committee earlier this session asking for the Committee to raise a bill about a matter of some importance to a few people, that being truckers who have an employee with a commercial driver's license who wind up with a DUI in their automobile.

Current law says if you get a DUI in a truck and you're a CDL driver, you are out of that truck and you are not eligible for unemployment compensation benefits.

If you get a DUI in a passenger car, you're a CDL owner, you're out of the truck for a year, you're still eligible for unemployment benefits because the offense was not in the course of employment.

The problem that we would like to solve by the only bill that we've asked the Legislature to raise this year would not charge back the employer for the experience that laying off this one driver had.

Currently, the driver's eligible. The company's experience is affected by that claim.

There are other situations where no -- no charge back arrangements are made. Seems to me this is a company that is doing what the law requires them to do. He doesn't want to lose this driver and I think it's the right thing to do.

REP. TERCYAK: Thank you very much. You answered my first question by saying that, yes, there are already situations under the law where should somebody end up unemployed, it's not a chargeback to their -- to the employer, but is borne by all employers.

MICHAEL RILEY: Yes.

REP. TERCYAK: You didn't mention that recent court -- well, since last term, a court decision affecting this situation. Could you please, if you know (inaudible).

MICHAEL RILEY: Yes. There was -- it was actually a member of my board of directors, had a driver in this situation. And the -- the law is somewhat ambiguous if you -- if you come at it from where we sit.

He challenged the award. He -- the -- the award was confirmed. He appealed the award. He went to an appellate superior court. Then, he went to an appellate court and he took it all the way to the Supreme Court.

311
hac/gbr

LABOR AND PUBLIC EMPLOYEES
COMMITTEE

March 11, 2014
2:00 P.M.

His contention was this guy lost his job under circumstances exactly the same as he would have lost it if he was driving a truck and so I don't think he should be eligible to receive unemployment benefits.

The Supreme Court, on a four to two vote, agreed that this driver is still eligible to receive unemployment compensation benefits. The guy who loses his CDL because he was DUIed in a car.

So that issue is not on the table at this stage of the game.

All we're asking is to be fair to that employer and not make him bear an additional burden of losing what might have been a very good employee because of a -- something stupid.

And we have submitted language that we believe will achieve our objective and we've filed all that electronically.

REP. TERCYAK: Thank you very much. Let me just check with our attorney who's here. Lee, are we up to -- have I asked the right questions here to make it clear what we're talking about? Thank you very much.

MICHAEL RILEY: We didn't -- and we didn't -- we -- we don't have a bill. We're suggesting that there was amendment.

REP. TERCYAK: It was a bill that already does -- does address this and --

MICHAEL RILEY: Yes.

REP. TERCYAK: -- this would be very appropriate to

be -- should we decide that this is the way we want to go and I personally am sympathetic to it, that that bill would be the perfect vehicle for this -- for this change.

Thank you very much. Thank you for your patience.

MICHAEL RILEY: Thank you very much. Thanks.

REP. TERCYAK: I'm sorry. I'm sorry. Mike, sit back down. Representative Miner has --

REP. MINER: I want him to get his full nickel's worth.

So -- so your -- your proposal, or the concept, really deals with one set of circumstances, not on an ongoing basis?

MICHAEL RILEY: Right. Well, what we want to do is take care of this inequity that occurs where the employer has -- has, you know, a burden to bear through no fault of his own. He's doing what the law requires him to do.

We are not addressing this year the big issue, which is whether or not this is the way it should go.

There were -- there were significant legal arguments, pretty sophisticated stuff, about under what circumstances someone would be disqualified from unemployment compensation benefits because of a DUI that results in them losing their CDL.

But we -- we could not win that battle. So we would like to at least straighten this part of it out and we can talk about the rest of it another time.

REP. MINER: And so again, I -- I don't mean to be thick. So this affects one individual and one company?

MICHAEL RILEY: No. This -- this happens, rarely, but it happens.

REP. MINER: So --

MICHAEL RILEY: And it's very frustrating for a company that has a CDL driver to lose them and then get nailed with an increase in his assessment. This fixes that and only that.

But it's not one company. It's not one drier.

REP. MINER: And -- and so, in terms of the change in policy here with regard to decrim on marijuana, that -- that arrest still carries the same penalty in terms of a CDL?

MICHAEL RILEY: There -- the federal law prevails on CDL drivers and any CDL driver that tests positive for marijuana is disqualified from driving a truck.

REP. MINER: And -- and --

MICHAEL RILEY: It doesn't matter what states do, what -- who legalizes what, whether or not it's for medicinal purposes. Marijuana is a banned substance for someone driving a large truck and that has not changed by any states' actions with regard to legalization or other things.

REP. MINER: And -- but in terms of a DUI conviction, it's only a DUI, or is it a -- or is it a -- is it -- is the infraction for marijuana considered to be sufficient to lose your CDL license?

MICHAEL RILEY: Yeah. It's -- it's driving under the influence of alcohol or drugs.

REP. MINER: But no. But I'm asking you about a non-DUI charge that would be just the possession, whatever it is. It's --

MICHAEL RILEY: An arrest?

REP. MINER: Yeah.

MICHAEL RILEY: For -- no. That would not disqualify somebody from driving a vehicle. But if he was found in a random drug test to be over the tolerances, he's out of the truck.

REP. MINER: Okay. So I'm just -- as I'm thinking about this, the window is -- is closed a bit more than that population would create. I mean, you're not asking for those individuals.

MICHAEL RILEY: No.

REP. MINER: Thank you.

MICHAEL RILEY: Well -- well, no. I -- I -- let me think about that for one second, because this has been --

REP. MINER: You can think about it tonight and it won't change my mind between tonight and tomorrow. How's that?

MICHAEL RILEY: You know what? I don't want to think about it right now.

REP. MINER: You're my kind of guy.

REP. TERCYAK: Thank you very much.

315

March 11, 2014

hac/gbr LABOR AND PUBLIC EMPLOYEES
COMMITTEE

2:00 P.M.

MICHAEL RILEY: Thank you.

REP. TERCYAK: And we understand your concern that, for something off the job where the employer has no choice, it would be nice if it wasn't held against the employer as if they had laid the person off. Thank you very much.

Chris Syrek, followed by Pat McCabe.

Welcome, sir. Thank you for your patience. Please begin when you're ready.

CHRIS SYREK: Thank you, Chairman Tercyak and the Committee for giving me a few minutes to speak about online prevailing wage this evening.

My name is Chris Syrek. I'm the vice-president of Associated Builders and Contractors of Connecticut. CT ABC is a Statewide trade association of almost 200 members that represents merit shop contractors.

CT ABC would like to voice our support for Senate Bill 318, AN ACT CONCERNING ELECTRONIC PREVAILING WAGE NOTICES.

Lelah Campo, our chapter president, testified in support of this proposal at your October 29 hearing, your offsite hearing in New Britain, and she would like to thank Senator Osten, Representative Tercyak, and the Committee for your leadership in raising this bill.

Prevailing wage reporting can be a time consuming process for contractors. The data must be entered electronically, printed, copied for company record keeping purposes, packaged and mailed.

Allowing for electronic submission would

streamline this process for the contractor by eliminating the need to print, copy, and package and mail the forms.

This would cut down on the administrative aspects of their business.

Online prevailing wage reporting would also cut down on cost and waste. Printing multiple copies, packaging them, and mailing the forms can be expensive for contractors, especially contractors that have large numbers of employees on jobs for extended periods of time.

To be able to file the forms online directly would provide a significant cost savings over the course of -- of time. Online filing could also have a positive effect on the timeliness of reporting.

By making the process easier to complete, and reducing the administrative burden, contractors would be able to file these reports in a timely manner.

Over the years, general contractors and construction managers accumulate thousands of boxes of this prevailing wage data that must be stored.

This data must also be protected as it does contain sensitive identity information of their employees.

In addition, this would give the Department of Labor the ability to access prevailing wage forms from their office, rather than having to perform onsite visits.

Prevailing wage forms are stored at the prime contractor's office, and the state incurs costs

to view these forms for errors or for violations.

This could drastically increase the effectiveness of the state's reviewing of prevailing wage compliance.

In conclusion, online prevailing wage reporting is a concept whose time has definitely come.

It would have a positive effect on the construction industry and the contractors' ability to do business in the state of Connecticut.

We fully support this bill and offer Connecticut ABC's support as a resource during this legislative process.

We thank you very much for your time tonight and I'm happy to answer any questions.

REP. TERCYAK: Thank you very much. Just to make perfectly clear, the paperwork now has to be mailed in? It's not like there's a drop spot, you can't hand deliver it to the office. Is that correct?

CHRIS SYREK: To my knowledge, you have to mail the forms. Correct.

REP. TERCYAK: That's what I understand, too. Thank you very much. Are there any other questions?

Thank you very much. You were very clear. We appreciate your coming here and giving us your opinion. Thank you.

CHRIS SYREK: Thank you.

REP. TERCYAK: Okay. Pat McCabe, followed by Tom

Swam, Matthew Brokman, and Cameron Champlain.

SB249 PATRICK MCCABE: Good evening members of the Committee, Mr. Chairman from the great city of New Britain, my boyhood home.

Thank you for your service here this evening.

I am testifying on behalf of the Securities -- I'm Patrick McCabe testifying on behalf of the Securities Industry Financial Markets Association.

Kim (inaudible) who testified last year on a similar bill could not be here today. She wanted to be. So she has submitted extensive testimony to you.

I'm not going to certainly read all of that. I'm going to try and -- and give you the high points and -- and hopefully move this along.

Just so -- just so you know, SIFMA represents the securities firms, banks, asset managers, many of whom have a presence in Connecticut.

Many of our members provide various services to -- to retirement plans, including advisory services, investment opportunities, and plan record keeping.

The industry agrees, as I think most people did here today, that there is a savings challenge in this country.

Individuals need to save more for retirement. They need to better understand the benefits of compounding interest, diversification, not accessing retirement saving accounts for other purposes.

Additional education is part of this process, with age-appropriate programs for children and adults, and really stress the need for additional education.

SIFMA however believes that 249 is a step in the wrong direction. It would burden the state with additional cost and liability to develop, establish, and administer a new program.

A number of people have testified to various aspects of that earlier this evening.

Just a snapshot of -- of the industry. 22,000 people in the securities industry in Connecticut, 110,000 people in the state employed in the finance and insurance industries.

The products that this industry provides currently to residents in Connecticut, 401(k)s, 403(b)s, 401(a)s, 457 plans, simple SEP, and traditional Roth IRAs.

There's a tremendous number of products out there and we believe that citizens can have access to them. Just betting them to those products.

Something you probably didn't know, small businesses can also take advantage of Costco online opportunities. I didn't know that till recently. I -- I'd direct you to a website and you'll see low cost plans available for small businesses actually through Costco.

Final point. As you know, the President announced his myRA proposal.

The RFP was issued by Treasury on February 27 and the plan should be up and running by year's

end.

Why should the state take on the cost and liability when this alternative targeting the same client base is in the works?

And we really stress that myRA program.

And (inaudible). Wait for California to answer those really hard and expensive questions. The -- the ERISA question, the Department of Labor question. It's going to take probably until 2015.

In the meantime, people can -- can begin to access the myRA account soon and see where it goes from there.

I really appreciate your time this evening.

REP. TERCYAK: Thank you very much. Thank you for waiting to talk with us.

Any questions?

Thank you very much. Appreciate your time.

Let's see. Next up is Tom Swam. Heck with him. Matthew Brokman? Come on up. To be followed by Cameron Champlain.

And then, if there's anybody else who would like to testify and hasn't signed up yet, please do let us know.

SB249
HB5345
HB5451
SB242

MATTHEW BROKMAN: Plenty of time.

Apologies for taking the last -- one of the last three minutes, but being recently married, I've learned I've got to get the last word in whenever I can.

321

March 11, 2014

hac/gbr LABOR AND PUBLIC EMPLOYEES
COMMITTEE

2:00 P.M.

So with that said, I'm here tonight on behalf of AFSCME Council 4, the union of 32,000 public and private employee members across the State of Connecticut.

I have submitted written testimony, so I do just want to keep my comments brief, particularly on Senate Bill 249 in response to some of the concerns that have been raised this evening.

First of all, the majority of our members, the vast majority of our members, have defined benefit pensions.

These pensions keep them out of poverty, they keep them from relying on public assistance for elderly nutrition, housing, healthcare.

However, as workers are increasingly moved from DB pensions to more risky retirement savings plans, like 401(k)s or dropped from retirement plans altogether, we are bound to see the benefits of these pensions disappear.

In fact, in Connecticut, we are just now beginning to see this shift. Over the past eight years, according to data compiled by OFA, state assistance to low income elderly has actually gone up by over \$20 million.

It's just state money. That does not include federal money or municipal services.

Senate Bill 249 is a first step towards rebuilding that three-legged stool, the retirement security that the President has talked so much about -- President Roosevelt talked so much about.

Attached with my testimony is a study that was

conducted by economists at the new school at Schwartz Center For Economic Policy Analysis that documents the trend of a decrease in the employer sponsorship of retirement plans here in Connecticut.

We've heard a lot of testimony today that there's a healthy marketplace for retirement plan.

We would argue that the 74,000 workers in the State of Connecticut that don't have retirement plans would probably beg to differ with that idea.

Further, if good or better plans are currently available on the private market, great. Let's make those -- let's make sure these workers, these 74,000 of them, have access to those plans, which is what this bill is intended to do. Education we've heard is a big part of how we make sure that happens.

Yes, that's why it's in the bill. In fact, part of the obligation of his board that is created is to inform the general public about the need for financial education and for saving for retirement.

One point in particular that we've heard a lot this evening is that this would not be self-sustaining or wouldn't -- or would create liability for the state. However, the bill explicitly states the opposite of that.

And the irony of this concern is that the section of the bill that the opponents cite for proof that this is going to create a liability or that this is going to not be self-sustaining is actually the section of the bill that says this must be self-sustaining, this must not create liability in order for us to move

forward with the plan. So I just don't understand that -- that concern.

Briefly, just want to mention our support for three other bills in your agenda, House Bill 5345, AN ACT CONCERNING WORKFORCE INVESTMENT BOARDS.

These are boards that are funded through federal funds, majority -- we represent folks who work in the employment services department of the Department of Labor. These are folks who help people who are unemployed to find jobs, help employers find workers who are good for their jobs, help veterans find jobs that are applicable to -- to the work that they've done for overseas.

So we did a study of how these WIBs interact with the state and with the state DOL. We've heard -- because we've heard a lot from our members.

We had a -- an extensive Freedom of Information Act request and what we found is going to be a report that's included actually with my testimony on how these boards are actually not meeting the standards that we'd expect them to do.

They are -- are not bringing people into high paying jobs that we'd want them to be providing them into. They're resulting in inefficiencies. We could have duplication of services.

And so, we feel that this bill will help us in resolving some of those issues.

Also support, real briefly, House Bill 5451, regarding healthcare pooling. Working along

with municipalities on trying to make sure that they just request the information from the Comptroller. This bill takes the politics out of that.

Senate Bill 242 concerning sick leave for teachers' assistants, representing a lot of teaching assistants across the State of Connecticut. These are folks who come into contact with kids. We want to make sure they have that time off to be healthy.

REP. TERCYAK: Thank you very much. Are there any questions? Yes, please.

SB249

SENATOR MARKLEY: You know, one of the things we just heard about from the opponents of the bill is the idea that there's -- that there's insurance that would be purchased by the state to insure against loss in the marketplace, I guess.

Is that correct? It seems to me that -- I can't imagine who would give such a policy.

Is that correct? Are such policies available? Is that an intrinsic part of this proposal?

MATTHEW BROKMAN: So there's a section of the bill -
- I don't unfortunately have a copy of it with me. Pam?

But there's a section of the bill that allows the Treasurer to have the option to procure insurance should she feel -- should the Treasurer deem it necessary to do so to protect the assets of the fund.

That's a decision that the Treasurer and the Board can -- and make. That's -- it gives them that authority to do so.

The treasurer also, by pooling the assets in the fund -- so if I'm out there right now and I've got a 401(k), I, as an individual, am taking on the risk of saying how much of my money am I putting into this mutual fund versus that mutual fund versus this individual stock.

What the Treasurer is able to do is say I've got a lot more assets in this pool and so I can better hedge that risk by better investing certain strategies that I think -- maybe it's housing, maybe it's less liquid. But, hey.

Or I could do it through other -- through other means and making sure that we're keeping the risk minimal.

SENATOR MARKLEY: You know, I don't believe there's any way to keep the risk minimal. If the market goes down, it doesn't matter fund you have it in.

But let me ask you this. Let's say that we don't have insurance and the market goes down and the assets are diminished. Does the state then have any liability?

MATTHEW BROKMAN: No. The bill explicitly states that the state would not have liability.

SENATOR MARKLEY: Okay. Thank you very much.

MATTHEW BROKMAN: Yeah. It's -- it's line 255, by the way. That's what (inaudible).

REP. TERCYAK: Great. Thank you very much. No other questions? Thank you for waiting.

MATTHEW BROKMAN: Thank you.

REP. TERCYAK: Cameron Champlain is the last person signed up.

CAMERON CHAMPLAIN: You always save the best for last.

REP. TERCYAK: It's like a policy. Yes. Thank you.

CAMERON CHAMPLAIN: Yeah. Last.

Representative Tercyak, Senator Markley,
Representative Miner, thank you for being here to listen to this.

I'm here -- I'm here -- I represent Plumbers and Pipe Fitters Local 777.

We want to go on record being opposed to H.B. 5454, which is the apprentice ratio change.

In 2008, the former senator that was the co-chair on general law put a committee together. He appointed me as a chairman on the union side, Lelah Campo from ABC on the non-union side.

We each appointed three people to look into this ratio, because it's been going on -- well, I -- I got it in my testimony that I hope you have in front of you, from -- I started her in 1986 and right up till 2008, it was on your -- somebody's agenda almost every year.

He said, you know, I'm sick of hearing all this, you know, going back and forth. Let's do a study and find out.

We did the study. Took us about a year and a half. And in the 2010 session, there was a bill passed for the present ratio of apprentices, and that bill was Public Act 10-

27.

I must emphasize that the entire committee, union and non-union, agreed that this ratio was the best solution for the industry to ensure that we have properly trained apprentices and therefore the best trained journeymen in the future.

Remember, one of Connecticut's greatest assets is its highly trained workforce.

I've got other -- you know, the rest of my testimony is there, but for the sake of the hour, if there's any questions, I'll answer the questions. But I think you get my point.

REP. TERCYAK: Yes. We do get your point. Are there any questions? Representative Miner, please.

REP. MINER: Thank you, Mr. Chairman. I missed the date at which you said you got together to --

CAMERON CHAMPLAIN: We -- this was in actually 2008 that Senator Colapietro appointed two of us and told us to get a committee and we met until -- it was about a year and a half. It was in December of 2009.

We met with Senator Colapietro in that session in 2010 was when the -- the bill went through, which is Public Act 10-27.

So it's only been four years and now somebody wants to change it. I don't think they did a study. I mean, we -- we -- it's in my testimony.

I mean, we went through -- we got information from the Labor Department. We got information

from the tech schools. We got any information we thought was pertinent. We compiled it.

And like I said, it was both sides. It was four people union, four people non-union that did this study. And that's what we came up with after a year and a half.

You can't just say, well, I think we should do this or I think we -- let's have something to back it up if we have to change.

REP. MINER: There -- there was some testimony given earlier in the day, back when I was a younger man, and that seemed to indicate that there -- that there was a pool of apprentices out there who could benefit from this opportunity.

It really seems to me, you know, I've looked at the math. It's a small number of people that might be able to be employed in each workplace.

I guess I'm -- I'm curious as to why this is a bad idea.

CAMERON CHAMPLAIN: Well --

REP. MINER: I mean, I get the notion that there is some argument about supervision. Let's just say I'm not persuaded by that.

Is there -- are there significant openings within organized labor where they could consume these individuals in terms of immediately employ them so that organized labor wouldn't necessarily have the same problem in terms of the numbers?

CAMERON CHAMPLAIN: Right now, in all -- in -- in -- and I can only speak for the plumbers and pipe fitters, but we have apprentices that are not

working right now. There's just not that much work out there on our side.

And I understand that -- the testimony I heard was that there's going to be a lot of work for installing gas -- you know, there's supposed to be a -- a big push on the gas.

Well, I don't want an apprentice in my house putting in -- if he's with a journeyman, that's a different story, one-on-one.

But here's the thing. This study is -- it took into, you know, the long-term effects of having more apprentices.

And we feel that this guarantees that they're going to be trained right and they will have a future because, as you all know, these people that are -- are entering in apprenticeship, they don't just want a job, they want a career.

So this ensures that, yes, in the future, they'll be apprentices coming up. They're going to be journeymen.

If you had a one-to-one ratio like some people have said they'd like, in -- if you figure -- if you figure the maths of -- if you -- math, I'm sorry.

If you had 100 journeyman and you had one-to-one ratio with 100, you know, one-to-one, how long is it going to take before the market is flooded, you have so many journeymen?

These new ones coming through are going to either push the old ones out or not have a job.

So yes. We took a lot of things into consideration and one thing that is still in

effect is ratio relief, which is in my testimony.

If you're a contractor, and say we do get a glut of work for short-term, and that happens, you can apply for apprentice ratio relief and if you have no violations and if you have more than a 50 percent completion rate, you can get ratio relief.

And I don't know if there's more involved in -- in that exactly, but those are the most important things.

And I'm -- I'm being told right now, from a person in the Labor Department, they said 90 percent of the people that have asked for ratio relief has received some portion of it, whether they got the whole thing or part of it, I'm not sure.

But the other thing is I think there's -- of the top of my head, I think I heard this. 1,500 employers that have apprentice programs and out of that, 96 percent of them have never asked for ratio relief. So we're talking about 4 percent that have -- saying they have a problem.

So I -- alls I can tell you is we -- we did a -- a -- an in-depth study. So.

REP. MINER: And -- and I -- I understand you did an in-depth study. I think the State of Connecticut still suffers from a recession, certainly in the building trades.

And so, I guess I would offer to you that I don't read anything in the bill that would require any business to pick up more apprentices than they want.

I think it provides an opportunity for people to avail themselves of that kind of an education, an on-the-job training, which you and I have talked about a lot.

CAMERON CHAMPLAIN: Yes.

REP. MINER: You know, I -- we had -- I think it was the community college folks here, it might have been a week and a half ago, and a gentleman came up and we were talking about the amount of money we spent on education, in some cases, for people that never even make much use of that education.

And he said, you know, the place we could probably put young people to work is in the trades.

And when I saw this bill, I thought to myself, you know, that kind of actually struck the same chord that the gentleman struck with me that night, is good luck trying to find a plumber or a pipe fitter or an electrician or whatever many times.

And so, you know, what's the harm of putting more people in the field?

So I, you know, I -- I get the fact that you have a different opinion, but I'd ask you to look at it again.

CAMERON CHAMPLAIN: Oh, you know, if somebody wants to have another -- another committee put together, that's up to -- but I -- I don't think we should just say, okay, we're going to do this.

Because the other thing is, and I -- I -- as

you know, Representative Miner, I respect your opinion. We've had many discussions.

But think about this. How many of them contractors that are right now, and as you said, there's still a recession. There's not a lot of work.

If they -- right now, they can have two apprentices to the first two journeymen in their shop. So now, they can go to five, so that would be three more.

Who -- who do you think is going to get laid off to make room for these three? Journeymen. There are going to be more journeymen out of work. My opinion.

REP. TERCYAK: Thank you very much. Are there any other questions? No? Seeing none, we've reached the end of our list of people signed up to speak.

Would anybody else like to speak? Would anybody else like to speak?

Are you kidding?

A VOICE: Oh, come on, Matt.

REP. TERCYAK: You think this is going to make us sympathetic? If I were you.

Really quickly. What do you have to say?

MATTHEW HALLISEY: Well, Cameron say you save the best for last. So thank you, Cameron.

REP. TERCYAK: Well, he's wrong. We save the last for last.

MATTHEW HALLISEY: Matthew Hallisey on behalf of the Home Care Association of America Connecticut Chapter.

You called Ken Gern earlier. He's not here. He sends his regards. He had to leave.

He is the president of the organization.

I just want to point out that we're here in support of House Bill 5313, AN ACT CONCERNING HOMEMAKE SERVICES AND HOMEMAKER COMPANION AGENCIES.

The bill -- the testimony -- written testimony has been submitted. It -- it is up online on the homepage for the -- the bill.

And simply put, the bill designates homemaker companion agencies registries and homemaker home health agencies as the employer of individuals providing homemaker and companion services to consumers for the purposes of unemployment compensation, wages, and workers' compensation.

The bill, we believe it protects consumers and -- and workers. It generates revenue for the state. It's consistent with other -- with state policy and other state programs.

And the bill does not -- is not an attempt, as you may have heard earlier today, or in written testimony, an attempt to kill any other business model.

It's not an attempt to put anyone out of business. It's simply a measure designed to level the playing field.

We have submitted a proposed amendment to the

001390

334

March 11, 2014

hac/gbr LABOR AND PUBLIC EMPLOYEES
COMMITTEE

2:00 P.M.

Committee. It's at the end of the bill.

I could go through that if you'd like, but I know the hour is late.

I really appreciate your consideration and we also want to thank you for raising the bill very much on behalf of the -- the chapter -- the Connecticut chapter.

Again, I'd be happy to take any questions to the extent I can answer them and thank you for the consideration and we appreciate your support.

REP. TERCYAK: Thank you very much. Any questions?

Okay. Thank you very much. Is there anybody else who would like to speak? Is there anybody else who would like to speak? For the third time, anybody else who would like to speak with the Committee?

Hearing nobody, this meeting is adjourned.

Thank you.

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Testimony of Eric W. Gjede
 Assistant Counsel, CBIA
 Before the Committee on Labor and Public Employees
 Hartford, CT
 March 11, 2014

Testifying in opposition (as written) to SB 242: AAC Sick Leave For Teachers Assistants and Radiologic Technologists

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.

We urge the committee to modify SB 242 to give employers more flexibility in how they administer paid sick leave and correct inconsistencies within the bill.

After passage, ambiguities in the paid sick leave law forced the labor department to spend two years touring the state to explain the law to the business community. While conducting these presentations, it became clear to both the state's labor department and business community that clarifications to the law were needed. Many indicated that the administrative burden to comply with the law could be lessened if some flexibility was added for businesses.

We urge the committee to adopt the language attached to this testimony. The attached language provides businesses with a little flexibility in how they administer the law. It should be noted that this additional language would not take away the benefit from a single person currently entitled to it under law.

Here's how these additional changes would help businesses:

1. It provides businesses the flexibility to administer paid sick leave on the same calendar or fiscal year that they administer other-employee benefits.
2. Manufacturers were never supposed to be subject to the paid sick leave law. Removing the word "establishment" fixes a legal loophole that could result in manufacturers with more than one facility being subject to the law.
3. Allows businesses to report the number of employees using the same method as FMLA. This would prevent businesses that never had more than 49 employees at a given moment during a three month period from having to report former employees – thereby becoming subject to the mandate as a result of the natural fluctuation in the workforce.

These simple fixes to paid sick leave will resolve legal ambiguities and help make the law work better for both employees and employers.



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AN ACT CREATING PARITY BETWEEN PAID SICK LEAVE BENEFITS AND OTHER EMPLOYER-PROVIDED BENEFITS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 31-57r of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2015*):

As used in this section and sections 31-57s to 31-57w, inclusive, as amended by this act:

- (1) "Child" means a biological, adopted or foster child, stepchild, legal ward of a service worker, or a child of a service worker standing in loco parentis, who is (A) under eighteen years of age; or (B) eighteen years of age or older and incapable of self-care because of a mental or physical disability;
- (2) "Day or temporary worker" means an individual who performs work for another on (A) a per diem basis, or (B) an occasional or irregular basis for only the time required to complete such work, whether such individual is paid by the person for whom such work is performed or by an employment agency or temporary help service, as defined in section 31-129;
- (3) "Employee" means an individual engaged in service to an employer in the business of the employer;
- (4) "Employer" means any person, firm, business, educational institution, nonprofit agency, corporation, limited liability company or other entity that employs fifty or more individuals in the state, [in any one quarter in the previous year,] which shall be determined [on January first, annually. Such determination shall be made based upon the wage information submitted to the Labor Commissioner by the employer pursuant to subsection (j) of section 31-225a] based on the employer's payroll for the week containing October first, annually. "Employer" does not include: (A) Any business [establishment classified in] that is primarily engaged in activities that would be included in sector 31, 32 or 33 in the North American Industrial Classification System, or (B) any nationally chartered organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, that provides all of the following services: Recreation, child care and education;
- (5) "Family violence" has the same meaning as provided in section 46b-38a;



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(6) "Retaliatory personnel action" means any termination, suspension, constructive discharge, demotion, unfavorable reassignment, refusal to promote, disciplinary action or other adverse employment action taken by an employer against an employee or a service worker;

(7) "Service worker" means an employee primarily engaged in an occupation with one of the following broad or detailed occupation code numbers and titles, as defined by the federal Bureau of Labor Statistics Standard Occupational Classification system or any successor system: (A) 11-9050 Food Service Managers; (B) 11-9110 Medical and Health Services Managers; (C) 21-1020 Social Workers; (D) 21-1093 Social and Human Service Assistants; (E) 21-1094 Community Health Workers; (F) 21-1099 Community and Social Service Specialists, All Other; (G) 25-4020 Librarians; (H) 29-1050 Pharmacists; (I) 29-1070 Physician Assistants; (J) 29-1120 Therapists; (K) 29-1140 Registered Nurses; (L) 29-1150 Nurse Anesthetists; (M) 29-1160 Nurse Midwives; (N) 29-1170 Nurse Practitioners; (O) 29-2020 Dental Hygienists; (P) 29-2040 Emergency Medical Technicians and Paramedics; (Q) 29-2050 Health Practitioner Support Technologists and Technicians; (R) 29-2060 Licensed Practical and Licensed Vocational Nurses; (S) 31-1011 Home Health Aides; (T) 31-1012 Nursing Aides, Orderlies and Attendants; (U) 31-1013 Psychiatric Aides; (V) 31-9091 Dental Assistants; (W) 31-9092 Medical Assistants; (X) 33-9032 Security Guards; (Y) 33-9091 Crossing Guards; (Z) 35-1010 Supervisors of Food Preparation and Serving Workers; (AA) 35-2010 Cooks; (BB) 35-2020 Food Preparation Workers; (CC) 35-3010 Bartenders; (DD) 35-3020 Fast Food and Counter Workers; (EE) 35-3030 Waiters and Waitresses; (FF) 35-3040 Food Servers, Nonrestaurant; (GG) 35-9010 Dining Room and Cafeteria Attendants and Bartender Helpers; (HH) 35-9020 Dishwashers; (II) 35-9030 Hosts and Hostesses, Restaurant, Lounge and Coffee Shop; (JJ) 35-9090 Miscellaneous Food Preparation and Serving Related Workers; (KK) 37-2011 Janitors and Cleaners, Except Maids and Housekeeping Cleaners; (LL) 37-2019 Building Cleaning Workers, All Other; (MM) 39-3030 Ushers, Lobby Attendants and Ticket Takers; (NN) 39-5010 Barbers, Hairdressers, Hairstylists and Cosmetologists; (OO) 39-6010 Baggage Porters, Bellhops and Concierges; (PP) 39-9010 Child Care Workers; (QQ) 39-9021 Personal Care Aides; (RR) 41-1010 First-Line Supervisors of Sales Workers; (SS) 41-2011 Cashiers; (TT) 41-2021 Counter and Rental Clerks; (UU) 41-2030 Retail Salespersons; (VV) 43-3070 Tellers; (WW) 43-4080 Hotel, Motel and Resort Desk Clerks; (XX) 43-4170 Receptionists and Information Clerks; (YY) 43-5020 Couriers and Messengers; (ZZ) 43-6010 Secretaries and Administrative Assistants; (AAA) 43-9010 Computer Operators; (BBB) 43-9020 Data Entry and Information Processing Workers; (CCC) 43-9030 Desktop Publishers; (DDD) 43-9040 Insurance Claims and Policy Processing Clerks; (EEE) 43-9050 Mail Clerks and Mail Machine Operators, Except Postal Service; (FFF) 43-9060 Office Clerks, General; (GGG) 43-9070 Office Machine Operators, Except Computer; (HHH) 43-9080 Proofreaders and Copy Markers; (III) 43-9110 Statistical Assistants; (JJJ) 43-9190 Miscellaneous Office and Administrative Support Workers; (KKK) 51-3010 Bakers; (LLL) 51-3020 Butchers and Other Meat,



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Poultry and Fish Processing Workers; (MMM) 51-3090 Miscellaneous Food Processing Workers; (NNN) 53-3010 Ambulance Drivers and Attendants, Except Emergency Medical Technicians; (OOO) 53-3020 Bus Drivers; or (PPP) 53-3040 Taxi Drivers and Chauffeurs, and is (i) paid on an hourly basis, or (ii) not exempt from the minimum wage and overtime compensation requirements of the Fair Labor Standards Act of 1938 and the regulations promulgated thereunder, as amended from time to time. "Service worker" does not include day or temporary workers;

(8) "Sexual assault" means any act that constitutes a violation of section 53a-70, 53a-70a, 53a-70b, 53a-71, 53a-72a, 53a-72b or 53a-73a; [and]

(9) "Spouse" means a husband or wife, as the case may be; [.] and

(10) "Year" means any three-hundred-sixty-five-day period used by an employer to calculate employee benefits.

Sec. 2. Section 31-57s of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2015*):

(a) Each employer shall provide paid sick leave annually to each of such employer's service workers in the state. Such paid sick leave shall accrue (1) beginning January 1, 2012, or for a service worker hired after said date, beginning on the service worker's date of employment, (2) at a rate of one hour of paid sick leave for each forty hours worked by a service worker, and (3) in one-hour increments up to a maximum of forty hours per [calendar] year. Each service worker shall be entitled to carry over up to forty unused accrued hours of paid sick leave from the current [calendar] year to the following [calendar] year, but no service worker shall be entitled to use more than the maximum number of accrued hours, as described in subdivision (3) of this subsection, in any year.

(b) A service worker shall be entitled to the use of accrued paid sick leave upon the completion of the service worker's six-hundred-eightieth hour of employment from January 1, 2012, if the service worker was hired prior to January 1, 2012, or if hired after January 1, 2012, upon the completion of the service worker's six-hundred-eightieth hour of employment from the date of hire, unless the employer agrees to an earlier date. A service worker shall not be entitled to the use of accrued paid sick leave if such service worker did not work an average of ten or more hours [a] per week for the employer in the most recent complete [calendar] quarter.

(c) An employer shall be deemed to be in compliance with this section if the employer offers any other paid leave, or combination of other paid leave that (1) may be used for the purposes of section 31-57t, as amended by this act, and (2) is accrued in total at a rate equal to or greater than the rate described in subsections (a) and (b) of this section.



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For the purposes of this subsection, "other paid leave" may include, but not be limited to, paid vacation, personal days or paid time off.

(d) Each employer shall pay each service worker for paid sick leave at a pay rate equal to the greater of either (1) the normal hourly wage for that service worker, or (2) the minimum fair wage rate under section 31-58 in effect for the pay period during which the employee used paid sick leave. For any service worker whose hourly wage varies depending on the work performed by the service worker, the "normal hourly wage" shall mean the average hourly wage of the service worker in the pay period prior to the one in which the service worker used paid sick leave.

(e) Notwithstanding the provisions of this section and sections 31-57t to 31-57w, inclusive, as amended by this act, and upon the mutual consent of the service worker and employer, a service worker who chooses to work additional hours or shifts during the same or following pay period, in lieu of hours or shifts missed, shall not use accrued paid sick leave.

Sec. 3. Subsection (b) of section 31-57t of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2015*):

(b) If a service worker's need to use paid sick leave is foreseeable, an employer may require advance notice, not to exceed seven days prior to the date such leave is to begin, of the intention to use such leave. If a service worker's need for such leave is not foreseeable, an employer may require a service worker to give notice of such intention as soon as practicable. For paid sick leave of three or more consecutive days, an employer may require reasonable documentation that such leave is being taken for [the purpose] one of the purposes permitted under subsection (a) of this section. If such leave is permitted under subdivision (1) or (2) of subsection (a) of this section, documentation signed by a health care provider who is treating the service worker or the service worker's child or spouse indicating the need for the number of days of such leave shall be considered reasonable documentation. If such leave is permitted under subdivision (3) of subsection (a) of this section, a court record or documentation signed by a service worker or volunteer working for a victim services organization, an attorney, a police officer or other counselor involved with the service worker shall be considered reasonable documentation.

Good afternoon Chairman Tercyak, Chairman Holder-Winfield, and members of the Labor and Public Employees Committee

My name is William Hennessy and I am a Radiologic Technologist. I am the former President and current Chairman of the Board of the Connecticut Society of Radiologic Technologists, and previously the Department Chair and Director of the Diagnostic Imaging Program at Quinnipiac University.

First, I would like to thank you for the opportunity to address this committee regarding Senate Bill 242, "An Act Concerning Sick Leave for Teacher Assistants and Radiologic Technologists".

I am requesting that you pass Senate Bill 242 to resolve an oversight to legislation enacted 2 years ago I am referring to Senate Bill 913, Public Act 11-52, a bill mandating employers provide paid sick time to employees.

The Connecticut Society of Radiologic Technologists represents over 4000 registered technologists in the state from general radiographers, to Computed Tomography, MRI, Ultrasonographers, Nuclear Medicine and Interventional Technologists

The U.S. Bureau of Labor Statistics Standard Occupational Classification numbers includes 29-2030 through 2035 Diagnostic Related Technologists and Technicians. It is my hope that our omission was just an oversight

There is a large population of imaging technologists that are directly affected by the omission of our profession from this bill

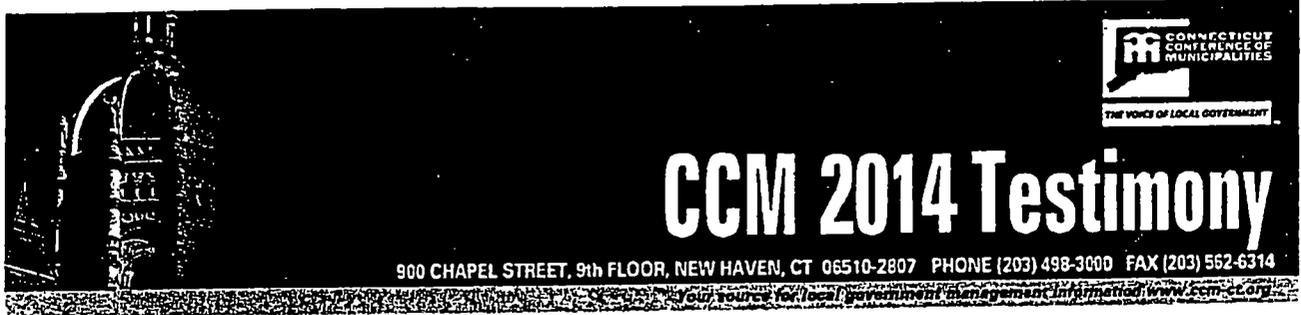
You are all familiar with the impacts in family economic dynamics and the ongoing federal and state budget cuts and reductions in procedure reimbursements has had on the medical imaging community.

Many technologists are currently employed only in part time or per diem positions. Often, they are working at multiple imaging centers to make ends meet and they receive no benefits. The bill as currently worded provides paid sick leave to many of our healthcare co-workers including Physician's Assistants, Registered Nurses, Occupational, Physical and Respiratory therapists, health aides, the hospital cafeteria food servers and cooks, but not to imaging technologists.

I hope you understand the commitment to quality care that imaging professionals make to our patients and employers. The resolution of this inadvertent omission will provide equitable and appropriate compensation for their continued high level of service to the ill and injured in our state.

Thank you for your consideration of this important issue.

William F. Hennessy, MHS, RT(R)(M)(QM)(ARRT); OAP(C)
Connecticut Society of Radiologic Technologists



LABOR & PUBLIC EMPLOYEES COMMITTEE

March 11, 2014

The Connecticut Conference of Municipalities (CCM) is Connecticut's statewide association of towns and cities and the voice of local government - your partners in governing Connecticut. Our members represent over 92% of Connecticut's population. We appreciate the opportunity to testify on bills of interest to towns and cities.

Senate Bill 242 "An Act Concerning Sick Leave for Teacher Assistants and Radiologic Technologists"

SB 242 would expand the paid sick leave mandate enacted a few years ago, to include among others, "teacher assistants" has those employees eligible for such mandated benefits.

Although the intent of this proposal has merit, CCM has concerns with SB 242 as a proposed, new unfunded state mandate on towns and cities that could impose a negative impact on local administrative and fiscal resources.

Good intentions can have unintended consequences – as could be the case with SB 242. CCM therefore, urges the Committee to (1) obtain a detailed fiscal analysis on the impact SB 242 would have on our communities – particularly on local budgets, and (2) hold SB 242 until further analysis is conducted.

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If you have any questions, please contact Robert Labanara, State Relations Manager for CCM, at rlabanara@ccm-ct.org.



Testimony of the Connecticut AFL-CIO

Before the Labor and Public Employees Committee

March 11th, 2014

Senator Holder-Winfield, Representative Tercyak and members of the Labor and Public Employees Committee,

We submit this testimony on behalf of the 900 affiliated local unions who represent 200,000 working men and women from every city and town in our great state in support of:

S.B. No. 242 An Act Concerning Sick Leave For Teacher Assistants and Radiological Technologists

These two groups of workers were inadvertently omitted in previously passed legislation. We support inclusion of these groups due to their exposure to the public, which increases their odds of becoming sick as well

We appreciate the committee having this public hearing.

Respectfully Submitted,

Todd G. Berch

Field Director



Testimony of
Shellye M. Davis

President, Hartford Federation of Paraprofessionals
Jurisdictional Vice President for Paraprofessionals & School Related Personnel, AFT
Connecticut

Labor & Public Employees Committee Public Hearing
March 11, 2014

**SB 242 AN ACT CONCERNING SICK LEAVE FOR TEACHER ASSISTANTS AND
RADIOLOGIC TECHNOLOGISTS**

Good afternoon Senator Holder-Winfield, Representative Tercyak and members of the Labor & Public Employees Committee. My name is Shellye Davis and I am a paraprofessional in the Hartford school district. I am also the President of the Hartford Federation of Paraprofessionals and the Jurisdictional Vice President for Paraprofessionals and School Related Personnel at AFT Connecticut, a diverse union of nearly 29,000 members. Thank you for the opportunity to speak to you today in opposition to SB 242, An Act Concerning Sick Leave for Teacher Assistants and Radiologic Technologists.

One of the main ideas behind paid sick leave is that it provides a public good for all of society by allowing an employee to recover from an illness without having to make a decision between their job, bills, and their budget or choosing their health, and the health of their coworkers. One week of missed work for a teacher assistant can have a significant impact on their family's budget.

Contagious illnesses spread quickly when people are in confined spaces and when people work in close proximity to one another. In our education system, paraprofessionals and teacher assistants can spend their entire day in one classroom of more than 30 students. By ensuring that our paraprofessionals and teacher assistants have access to paid sick leave we can help to stop other faculty, staff, and students from losing valuable classroom time due to the spread of contagious illnesses.

Please Support Senate Bill 242.

Thank you



Testimony of

Greg Kotecki, Field Representative

AFT Connecticut, AFL-CIO

Labor & Public Employees Committee

March 11, 2014

**SB 242 AN ACT CONCERNING SICK LEAVE FOR TEACHER ASSISTANTS AND
RADIOLOGIC TECHNOLOGISTS**

Good afternoon Senator Holder-Winfield, Representative Tercyak and members of the Labor & Public Employees Committee. My name is Greg Kotecki and I am a field representative at AFT Connecticut, a diverse state federation of unions representing nearly 29,000 public and private sector employees including state employees, nurses, healthcare workers, teachers and other school personnel. I am here today to testify in favor of SB 242 AN ACT CONCERNING SICK LEAVE FOR TEACHER ASSISTANTS AND RADIOLOGIC TECHNOLOGISTS

As an individual who represents both Radiologic Techs and Teacher Assistants I can speak first hand, on the importance to include these positions under the current sick leave law. With the teacher assistant's inadvertent omission some years ago concerning coverage under the State's Family and Medical Leave Act, it appears that a similar inadvertent omission has again occurred regarding coverage concerning sick leave for these groups of employees. Sick Leave coverage/usage is essential to teacher assistants due to daily exposure to sick students. This is also a group that generally receives low wages and cannot afford to take a day off when sick. The sick leave that some teacher assistants have, may only be used if they are sick, meaning if their child or spouse becomes ill, then their ability to use their sick time is usually restricted.

As a representative of Healthcare employees, including Radiologic Technologists throughout the state, I can also testify to the inequity that currently exists regarding the fact that most of the Technologists' colleagues including such positions as RN's, Physician Assistants, Therapists, Pharmacists, Nurse Anesthetists, Nurse Midwives, Nurse and Health Practitioners, EMT's, Paramedics, Support Technologists and Technicians in general, already enjoy coverage under the current sick leave law. Much like the Teacher Assistant oversight, I believe that the framers of the current law did not specifically seek to exempt this type of Technologists and that it was just an inadvertent oversight.

Regarding any of the concerns first raised when the existing law went in effect, clearly the law has worked for the betterment of all of the covered workers throughout the State of Connecticut and we, as a State should be proud of the fact that, we are and remain the first and only State in

this Country to have paid sick leave. Any concerns that the law was perceived to be bad for business or that the State's economy has somehow suffered have not been demonstrated.

Again I ask for your support for Senate Bill No.242 titled An Act concerning sick leave for Teacher Assistants and Radiologic Technologists.

Bianca, Pam

From: licia <liciaann@sbcglobal.net>
Sent: Tuesday, March 04, 2014 7:39 PM
To: LABTestimony
Subject: bill 242

As a regular paraprofessional (teacher's assistant) at a nearby high school, I urge the legislature to pass bill 242 to include teacher assistants (29-9041) within the CT Public Act 11-52 (sick leave act for service workers).

PA 11-52 originally included 68 service positions such as bus drivers, mail clerks, crossing guards, security guards and child care workers. Educational paraprofessionals also perform a vital service to our community, namely our children. On a daily basis I interact with teachers and assist them with helping their students achieve academic success. I am proud of the service paraprofessionals provide to the educational community and believe we should be included in the sick leave act. As of today, I receive no pay for days not worked due to illness despite the fact that I have been employed since 2006 as a paraprofessional.

This is the definition of my job as told to me by my Human Resources representative:

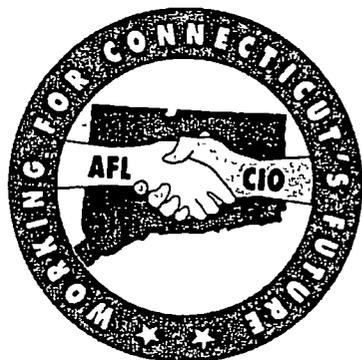
25-9041 Teacher Assistants

Perform duties that are instructional in nature and/or deliver direct services to students or parents. Serve in a position for which a teacher has ultimate responsibility for the design and implementation of educational programs and services. Excludes "Graduate Teaching Assistants" (25-1191).

It is clear from the definition that we do in fact provide a service and therefore should be included in PA 11-52. Thank you for your consideration.

Licia Nasto Kaswer
Avon, CT

There is no testimony for page 1412. The next page is 1413.



Testimony of the Connecticut AFL-CIO

Before the Labor and Public Employees Committee

March 11th, 2014

Senator Holder-Winfield, Representative Tercyak and members of the Labor and Public Employees Committee,

We submit this testimony on behalf of the 900 affiliated local unions who represent 200,000 working men and women from every city and town in our great state in opposition to:

S.B. No. 243 An Act Concerning Eligibility For Unemployment Benefits

We oppose increasing the minimum base period for unemployment compensation qualification.

We understand the sensitivity of this issue, and we are keenly aware of the danger that DUI imposes, however, often times those who fail these drugs and alcohol tests have more going on in their lives, and the alcohol and drug abuse is a symptom of a larger problem, called addiction. Unemployment benefits are as much about supporting a family during a difficult time as they are supporting an individual. We hope this committee focuses on the potential negative impact a young child or spouse could sustain if this bill were to become law.

We oppose the formation of a task force to determine if an individual receiving unemployment benefits has made a reasonable effort to obtain work. The answer to this question is overwhelming yes. Mothers and fathers want nothing more than to provide for their families. The majority of people that find themselves collecting unemployment are continually looking forward to another job, not another unemployment check.

We thank the committee for holding this public hearing.

Respectfully Submitted,

Todd G. Berch

Field Director



Greater Hartford Legal Aid

Testimony of Attorney Susan Garten
 Greater Hartford Legal Aid, Inc.
 In Opposition to HB 243 and HB 320
 In Support of SB 317 and HB 5452

I am a managing attorney at Greater Hartford Legal Aid, Inc. I am submitting this testimony on behalf of the state's legal services programs. We often represent low-income workers, who depend on unemployment compensation ("UC") to pay for basic necessities for their families.

HB 243 is a kitchen-sink of a bill concerning the unemployment compensation system. Section 2 is the most objectionable part of the bill. It would, once again, expand the circumstances under which an employee's absence from work would be considered disqualifying wilful misconduct. A worker who is absent without either good cause or notice to the employer for three separate instances within a twelve-month period is disqualified from receiving UC benefits Conn. Gen. Stat. §31-236(a)(16)

Section 2 of HB 243 would harshly penalize a worker with a second consecutive day of absence without proper notice. In my experience, this happens if the employee or the employee's child has a medical emergency and asks a family member to notify the employer that the employee will be absent for a couple of days, but the family member doesn't call or calls but doesn't know the proper call-in protocol. Then the worker doesn't call in the second day, because they assume that the call-in by the family member the first day was sufficient. Under the proposed bill, these workers can be fired and disqualified from receiving unemployment benefits if they have been absent without good cause or proper notice one other day within the past year.

This is too drastic. Employees' rights in this area were already significantly cut back in 2004 when the law counting all consecutive days of absence as one day was changed to the current version.

We also oppose HB 320, which would remove the ability of Department of Labor UC staff to waive the repayment of overpayments. This is only for claimants who received benefits "in error," not because of fraud. It is important to preserve unemployed workers' ability to present evidence to the UC claims examiners that "repayment or recoupment of such sum would defeat the purpose of the benefits or be against equity and good conscience and should be waived." Conn. Gen. Stat. §31-273(a)(1). Bureaucratic error, claimant mistake, tragic financial and health circumstances should not be ignored by a system that is meant to be the financial lifeblood of individuals and families struggling without work.

Finally, we support SB 317, AAC Employee Privacy, and HB 5452, AAC Community Service and Unemployment Benefits.

Greater Hartford Legal Aid, Inc.

999 Asylum Avenue, 3rd Floor, Hartford, CT 06105-2465 • Tel 860 541 5000 • Fax 860 541 5050 • www.ghla.org



CT2017



Testimony of Eric W. Gjede
 Assistant Counsel, CBIA
 Before the Committee on Labor and Public Employees
 Hartford, CT
 March 11, 2014

Testifying in support of SB 243: AAC Eligibility For Unemployment Benefits

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 supports SB 243. This bill will make minor, commonsense modifications that will help preserve the unemployment compensation trust fund for claimants. The bill makes the following changes:

1. Section 1 changes an employee's base period for initially qualifying for unemployment compensation with a new employer from \$500 to \$2,000. Increasing this threshold allows employers to test a new employee to see if they are a good fit without becoming part of that employee's base period for benefit calculation purposes. Although wages have continued to increase over time, this earnings threshold has remained constant for the last 24 years. We ask that you increase this threshold.
2. Section 2 makes ineligible for unemployment benefits any CDL driver that was discharged from employment for losing their commercial driver's license as a result of drunk driving while off duty. An employer should not have to pay unemployment benefits to an individual who loses the license necessary to perform the only job for which they were hired. The business community believes this is a common-sense reform, and will help preserve the unemployment compensation trust fund for future deserving claimants.
3. Section 2 also changes the definition of willful misconduct. Under current law, an individual can be a no call/no show to his or her job three "instances" in a twelve month period before becoming disqualified from receiving unemployment benefits. The problem is, as illustrated by the chart below, the labor department has defined "instance" as being one day or two consecutive days. The result is that an individual can be a no call/no show 5 or 6 days in a 12 month period before they can be terminated for misconduct – which is costly to the employer. The business community requests that you change one instance to mean one day.



CT2017



From RCSA 31-236-26d:

(f) **Consecutive days - Separate Instances.** Where an absence without good cause for absence from work or without notice continued for two or more consecutive days, the Administrator shall rely upon the following table to determine the number of separate instances of absence under this section.

<u>Consecutive Days</u>	<u>Instances of Absence</u>
2	1
3	2
4	2
5	3
6	3

4. Section 3 creates a task force to study the criteria used to determine the sufficiency of an unemployment benefit claimant's reasonable effort to obtain work and the methods by which the labor department verifies said claimant's efforts to obtain work. The labor department has been doing a great job of cracking down on fraudulent receipt of benefits, but in most cases, this occurs after thousands of dollars have been paid to the recipient. The business community suggests business, labor and labor department officials come together to examine the processes used to verify work search efforts. This will help prevent fraud BEFORE it happens.

Thank you for raising this bill. If passed, this legislation would help to preserve our unemployment compensation trust fund for claimants, as well as result in cost savings for businesses





STATE OF CONNECTICUT
 OFFICE OF THE STATE COMPTROLLER
 55 ELM STREET
 HARTFORD, CONNECTICUT
 06106-1775

Kevin Lembo
 State Comptroller

Martha Carlson
 Deputy Comptroller

Written Testimony
 Comptroller Kevin Lembo
 March 11, 2014

Concerning
SB 249 An Act Promoting Retirement Savings

Senator Holder-Winfield, Representative Tercyak, Senator Markley, Representative Smith, and Members of the Committee.

Thank you for the opportunity to provide testimony on Senate Bill 249, An Act Promoting Retirement Savings.

The nationwide gap between what Americans will need to retire – and what they actually have – is an astonishing \$6.6 trillion, according to the Center for Retirement Research at Boston College. That same Center also reports a significant increase in the percentage of American workers aged 30 and older who are “at risk” to have insufficient assets for retirement when they reach 65: today that number is 53%; in 2001, 38%; and in 1983, 31%.

Here in Connecticut, AARP reports Social Security is the only source of income for one out of four Connecticut residents aged 65 and over. Beyond Social Security, about 60 percent of U.S. workers have less than \$25,000 in savings and investments, according to a recent survey by the Employee Benefit Research Institute. Women are particularly vulnerable to falling into poverty in their older years as Social Security is almost the only source of income for 40% of older women in Connecticut.

According to a 2013 study by the Schwartz Center for Economic Policy Analysis at the New School in New York, half of Connecticut's workers are not participating in an employer sponsored plan. Further, the Current Population Survey reports Connecticut saw a 7% point decline in employer sponsorship of retirement plans between 2000 and 2010.

A public retirement plan, that is carefully studied and accurately designed, has the potential to begin to reverse the broader trend of eroding retirement savings options for residents of the state of Connecticut. By pooling the investments of all participants, the plan would work much like pension plans do today. In general, public pension plans

outperform 401(k) plans and individual retirement accounts because they are able to pool workers of a variety of ages, diversify the portfolio over longer periods of time, use the most talented professional manager that are not available for retail accounts and leverage lower fees. Some estimates show that the costs for public pensions are over 45 percent lower than those of individual 401(k) plans.

This bill requires significant administrative responsibilities of my office, which will require an additional appropriation to satisfy them.

With the state's aging population on the rise, it would be in the best interest of our state to pro-actively provide options to enable families to save for retirement, and encourage the development of a new retirement savings option that is secure, portable, and efficient.

Thank you for your consideration of this important effort.



Connecticut Working Families Organization
 30 Arbor Street, Hartford, CT 06106
 connecticutworkingfamilies.org
 (860) 523-1699

SB242

March 11, 2014

Testimony IN FAVOR of SB 249 AA Promoting Retirement Savings and SB 242 AA Concerning Sick Leave for Teacher Assistants and Radiologic Technologists, and HB 5451 AAC Health Care Pooling
 Submitted by Lindsay Farrell, Connecticut Director

Representative Tercyak, Senator Holder-Winfield, and distinguished members of the Labor Committee, thank you for holding a hearing on this bill today.

Working Families would like to support a couple bills today

First, SB 249 for more retirement security.

As corporations and Wall Street have attacked our retirement system over the past several decades, fewer and fewer workers have the resources and the tools to save enough for their retirement. Retirees used to be able to rely on Social Security benefits, personal savings, and a defined benefit retirement plan through their employer. Today, workers cannot save because wages have been stagnant against the cost of living, and more and more employers drop their pension plans in favor of risky, expensive 401(k) plans, or nothing at all. The bottom line is that a majority of workers are at risk to be unable to afford retirement.

The lack of retirement security for our workforce is an impending economic catastrophe

- When older workers who are of retirement age do not retire, or go back to work, because they cannot afford to retire or remain retired, that crowd younger workers out of the job market, leading to higher unemployment
- Seniors who rely on social assistance programs because they do not have enough to support themselves places another burden on our strapped state budgets
- Seniors living in poverty are not contributing to local consumer spending, which is a drag on local businesses

Furthermore, this crisis is simply unjust. After a lifetime of work, no one should worry about retirement, but the current system denies working- and middle-class workers dignity in favor of the wealthiest Americans. According to the Urban-Brookings Tax Policy Center, the wealthiest 3% of individuals receive 20% of tax subsidies for retirement savings. And half of all tax-deferred retirement savings goes to the top 10%. We need to help the folks who are not in the top income brackets save for retirement too.

SB 249 is a good step toward solving this problem. By allowing workers to save automatically, without the fees and risk of private plans, we open the system up to everyone to be able to contribute to their own security. And government really can be the solution to this problem in a way the private markets have utterly failed. An analysis by the Center for American Progress found that a typical private sector worker with a 401(k) would save an additional \$750 per year if they were enrolled in the federal Thrift Savings Plan – the 401(k) program for federal employees. Similarly, when she was the Comptroller, Lt. Governor Nancy Wyman estimated that the

state's defined contribution program had 50% lower administrative fees than what the average investor pays. Contrary to myth, public investments perform well -- Connecticut had a rate of return on its combined investment funds of 20.75% for the FY ending June 30, 2011, it had 12.88% the year before.

For decades Wall Street has convinced Americans to privatize their retirement and open it up as a new source of giant profit for banks and the investment community. This hasn't worked, and we have learned painful lessons in the past several years about just how risky it is to trust Wall Street with our economic stability. Let's reverse this trend by setting up a publicly-run retirement savings plan that will give security to our workers, relief to our small businesses, and dignity to our future seniors. Please pass SB 249.

Further expand SB242

In 2011, Connecticut made history by passing the nation's first statewide paid sick time guarantee. Over 200,000 workers had access to paid sick days to use when they were sick, when a family member is, to seek medical treatment, or to deal with an incident of family violence or sexual assault.

Since its passage, employment in the affected hospitality and health care industries has increased in Connecticut since the law went into effect in January 2012,¹ even as other industries have fluctuated back and forth.

More importantly, working people and their families can rely upon this protection now, and thousands are no longer forced to make the choice between their job, and their health and the health of their family.

When the legislation was being debated years ago, detractors claimed that passing a paid sick time requirement here would crush Connecticut's economy. Not only has that not been the case, but the policy has been passed in many other jurisdictions since then -- Seattle, Portland OR, New York City, Jersey City, Newark -- and it has been expanded in Washington DC. All of these other policies have a lower threshold for coverage, the Seattle ordinance, and soon the New York City ordinance will cover employers with 5 or more employees, San Francisco, Portland and Washington DC's ordinances cover all employees. In the New Jersey cities the smallest firms covered at 10, no other paid sick days policy applies only to service workers.

We are proud of Connecticut's paid sick days law, and we all should be. This law has provided real protection to workers who need it very desperately to take care of themselves and their families without facing the loss of wages or a job. As we've done before, we have shown that Connecticut can be a leader in developing policies that support families and help them succeed in today's economy. This law has been a success -- the only detractor is that it should cover more workers.

We hope that the law will not be expanded to just a few additional job classifications, such practice has proved flawed by the need for this very legislation. Instead lets eliminate the job classification requirement from the law and include all workers at the eligible employers.

Support HB 5451

This removes the politics from municipal health care cost debates by ensuring that every city and town receives accurate information about their potential savings through cooperative health care agreements. Let's not let ideology get in the way of allowing towns to make an informed assessment about what is best for their budgets.

¹ <http://www1.ctdol.state.ct.us/lmi/sectors/leisure.asp>
<http://www1.ctdol.state.ct.us/lmi/sectors/educational.asp>

THE CHAMBER OF COMMERCE, INC.
W I N D H A M R E G I O N



March 6, 2014

To: The Labor and Public Employees Committee:

My name is Diane Nadeau and I am the President and CEO of The Chamber of Commerce, Inc, Windham Region, covering fifteen communities, businesses, nonprofits and their employees in Eastern Connecticut.

I am writing to express my organization's opposition to SB 249 which requires many Connecticut businesses that are not offering their employees access to a retirement plan to facilitate worker's participation in a new state-government-run retirement plan. This bill is absolutely unnecessary and inappropriately interferes with our State's financial services industry's growth and success.

At CT Business Day March 5, 2014, there was one thing that the Governor and house and senate leaders could agree upon and that was there are several business sectors in the state that are ranked high and are doing well. The financial services sector was one such area that everyone was proud of. Why would we risk their continued growth? There are numerous opportunities for employees to find and create a retirement plan that fits their budget and lifestyle plans. If we push people into a state-run plan we are removing them from the free market and this will negatively affect every single financial services business in the state. This puts over 100,000 jobs at risk in that industry.

In addition, the bill adds administrative burdens and costs on employers including payroll deductions, enrollment procedures and information, and payment transfers. How can anyone reasonably support a plan where they promise guaranteed rates of return while acknowledging that the program's expenses required to facilitate the program may exceed the administrative cost allowances? We need to be practical. We need to stop creating state run programs that do not operate as effectively, efficiently and as profitably as their equivalent private sector programs, especially ones that will not improve the growth of the state's economy as well as create potential liability for the state's taxpayers.

Regional Leaders

AT&T, CL&P, First Niagara Bank, Liberty Bank, Logistics Consulting,
People's United Bank, Savings Institute Bank & Trust, WILL, Golden Acorn Studios

The Chamber of Commerce, Inc, Windham Region
1010 Main Street, PO Box 43, Willimantic, CT 06226 860.423.6389 Fax 860.423.8235
www.WindhamChamber.com info@WindhamChamber.com

THE CHAMBER OF COMMERCE, INC.
W I N D H A M R E G I O N



Connecticut and our legislators need to encourage businesses to work here and grow, not discourage them with unnecessary and imprudent mandates. We all need to work at making our businesses successful and strong.

The Chamber, our leadership, the 350 business owners we represent and their employees all urge you to oppose SB 249 because it is the right thing to do and because it will be harmful to the State's financial services industries, Connecticut businesses and our economy.

Respectfully,

Diane Nadeau, President and CEO
The Chamber of Commerce, Inc., Windham Region

Regional Leaders

AT&T, CL&P, First Niagara Bank, Liberty Bank, Logistics Consulting,
People's United Bank, Savings Institute Bank & Trust, WILL, Golden Acorn Studios

The Chamber of Commerce, Inc, Windham Region
1010 Main Street, PO Box 43, Willimantic, CT 06226 860.423.6389 Fax 860.423.8235
www.WindhamChamber.com Info@WindhamChamber.com

U.S. Department of Labor

Employee Benefits Security Administration
Washington, D.C. 20210

APRIL 27, 2012

SB249

The Honorable Dannel P. Malloy
Governor of Connecticut
State Capitol
210 Capitol Avenue
Hartford, CT 06106

2012-01A
ERISA SEC.
3(32) & 4(b)(1)

Dear Governor Malloy:

This is in response to your request for an advisory opinion under the Employee Retirement Income Security Act (ERISA), concerning the governmental plan status of a group health plan established by the State of Connecticut for state employees, retirees, and their families (hereafter State Plan). You request the Department's view as to whether participation in the State Plan by certain private, nonprofit employers under the "Connecticut Healthcare Partnership" provisions in Connecticut Public Act 11-58 (Public Act) would adversely affect the status of the State Plan as a "governmental plan" under section 3(32) of Title I of ERISA. You have enclosed for our consideration the relevant portions of the Public Act and a Fiscal Analysis of the impact of the provisions on the State Plan.

The State Plan is a self-insured group health care benefits plan established under subsection (m) of Section 5-259 of the Connecticut General Statutes. Public Act 11-58 requires the State to offer coverage under the State Plan to employees and retirees of nonstate public employers, beginning on January 1, 2012, and certain nonprofit employers on January 1, 2013. Section 1 (3)(A) of the Public Act defines the term "nonprofit employer" as:

(A) a nonprofit corporation, organized under 26 USC 501, as amended from time to time, that (i) has a purchase of service contract, as defined in section 4-70b of the general statutes,¹ or (ii) receives fifty per cent or more of its gross annual revenue from grants or funding from the state, the federal government or a municipality or any combination thereof . . .²

Under Section 2(g)(1) of the Public Act, the Comptroller has the authority to cancel coverage to any nonprofit employer, and to discontinue accepting applications for

¹ Connecticut General Statutes Section 4-70b (1) defines a "purchase of service contract" as a "contract between a state agency and a private provider organization for the purpose of obtaining direct health and human services for agency clients."

² Under Section 1(3)(B) of the Public Act, the definition of "nonprofit employer" includes tax-exempt organizations under Internal Revenue Code section 501(c)(5) (labor, agricultural, or horticultural organizations). You have not requested an opinion as to whether these employers could be considered governmental agencies or instrumentalities for purposes of section 3(32) of ERISA.

- 2 -

coverage from nonprofit employers if the coverage would adversely affect the State Plan's status as a governmental plan under section 3(32) of ERISA.

Section 4(b)(1) of ERISA provides that Title I of ERISA does not apply to an employee benefit plan that is a "governmental plan" as defined in ERISA section 3(32). Section 3(32) of ERISA defines the term "governmental plan," in pertinent part, as "a plan established or maintained for its employees by the Government of the United States, by the government of any State or political subdivision thereof, or by any agency or instrumentality of any of the foregoing "

We assume for purposes of this opinion that the State Plan, as currently constituted, is a governmental plan within the meaning of ERISA section 3(32). You request an advisory opinion as to whether participation in the State Plan by nonprofit employers described in Section 1(3)(A) of the Public Act would adversely affect the governmental plan status of the State Plan.³ Specifically, you asked whether the nonprofit employers described in Section 1(3)(A) of the Public Act could be considered governmental "agencies or instrumentalities" within the meaning of ERISA section 3(32) because Section 1(3)(A) of the Public Act defines "nonprofit employer" as an employer with a "purchase service agreement" with a State entity, or an employer which receives 50% or more of its revenue from local, state, or federal funding or grants. You also inquire as to the application of the Department's position that a plan may retain its status as a governmental plan under ERISA section 3(32) even if a *de minimis* number of private employees are permitted to participate. Although you are not able to estimate the total number of employees of private nonprofit employers that would ultimately enroll in the State Plan, your letter states that approximately 175,000 employees would be eligible to enroll. The estimated number of State employees and retirees currently in the State Plan is approximately 100,000.

Although your request relates to a group health plan, the issues presented by your request implicate not only the provisions of Title I of ERISA, but also the parallel "governmental plan" definitions in section 414(d) of the Internal Revenue Code (Code) and section 4021(b)(2) of Title IV of ERISA. The Department, accordingly, coordinates its "governmental plan" determinations with the Internal Revenue Service (IRS) of the Department of the Treasury and the Pension Benefit Guaranty Corporation (PBGC). On November 8, 2011, the IRS published two advance notices of proposed rulemaking (ANPRMs) concerning the definition of the term "governmental plan" under Code

³ Although not the subject of your request, we note that Section 2 of the Public Act also provides eligibility in the State Plan for "nonstate public employers," beginning on January 1, 2012. Section 1(5) defines a nonstate public employer as a "municipality or other political subdivision of the state, including a board of education, quasi-public agency or public library." This letter does not address whether all the employers described in this section would necessarily be governmental agencies or instrumentalities under section 3(32) of ERISA.

section 414(d). In light of the pending IRS project in this area, nothing herein should be construed to apply under section 414(d) of the Code.

A governmental plan within the meaning of ERISA section 3(32) must be established or maintained for its employees by a governmental entity. In that regard, the Department has previously concluded that private sector contractors, including nonprofit or tax-exempt organizations, are not governmental agencies or instrumentalities for purposes of section 3(32) of ERISA merely because they perform public service functions under governmental direction and control pursuant to contracts with governmental entities. See Advisory Opinion 97-05A (nonprofit organization that provides social services under contract to county agencies is not a governmental agency or instrumentality). See also Advisory Opinion 95-27A (ambulance service whose sole connection to government is the receipt of governmental operating subsidy is not governmental agency or instrumentality). Thus, under our existing advisory opinion guidance, the Department would not treat the private nonprofit employers described in Section 1(3)(A) of the Public Act as governmental agencies or instrumentalities within the meaning of section 3(32) of ERISA solely because they operate under a contract with a state agency for the purpose of providing direct health and human services to the public, or receive 50% or more of their gross annual revenue from federal, state or local grants or funding.

With respect to your request regarding participation by a *de minimis* number of private sector employees in a governmental plan, the Department addresses this issue based on our existing advisory opinion guidance.⁴ In 2005, the Department issued Advisory Opinion 2005-07A, which assumed that nonprofit organizations that contract with federal, state and local governments to provide health services to the public are not themselves governmental agencies or instrumentalities and concluded that a *de minimis* number of the organizations' employees could participate in a State Health Plan without affecting that plan's status as governmental under ERISA section 3(32). The Department did not establish a specific number of employees or percentage threshold that would constitute more than a *de minimis* number for this purpose. None of our advisory opinions, however, have suggested that the substantial level of private sector participation described in your letter would be permissible in a plan claiming the governmental plan status exemption from ERISA. See, e.g., Advisory Opinion 99-07A (participation by approximately 300 private sector employees in the "Employees' Retirement System of the City of Milwaukee" that covered approximately 25,221 public employee participants is *de minimis*). Rather, and again based on existing guidance, the Department would view the participation of private nonprofit employers in the Connecticut State Plan described in your letter as more than *de minimis*, and, therefore,

⁴ In the ANPRM relating to the general definition of the term "governmental plan" under section 414(d) of the Code, the Department of Treasury and IRS request comments on "existing practices under which a small number of private employees participate in a plan that would otherwise constitute a governmental plan under section 414(d)." Comments on the ANPRM will be forwarded to the Department and the PBGC.

- 4 -

such participation would adversely affect the status of the State Plan as governmental under ERISA section 3(32).

This letter constitutes an advisory opinion under ERISA Procedure 76-1, and is issued subject to the provisions of that procedure, including section 10 thereof relating to the effect of advisory opinions. This letter relates solely to the application of section 3(32) of Title I of ERISA, and should not be read as expressing any opinion as to the applicability of other laws to the above described arrangement, including any provision of Title IV of ERISA or of the Internal Revenue Code.

Sincerely,

Susan Elizabeth Rees
Chief, Division of Coverage, Reporting and Disclosure
Office of Regulations and Interpretations

cc: Andrew McDonald, General Counsel to the Governor

A Look At CT's Pension Obligations

by Christine Stuart | Aug 12, 2013 12:52pm [Google](#)

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Posted to: [Economics](#), [Election 2014](#), [State Budget](#), [State Capitol](#)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - PUC (b)	Unfunded AAL (UAAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll [(b-a)/c]
6/30/2007	\$9,584,870	\$17,888,085	\$8,303,215	53.6%	\$3,310,351	250.8%
6/30/2008	9,990,247	19,243,373	9,253,126	51.9	3,497,445	264.8
6/30/2010	9,349,805	21,054,197	11,704,392	44.4	3,293,668	355.2
6/30/2011	10,122,765	21,126,725	11,003,960	47.9	3,210,668	342.7
6/30/2012	9,744,888	23,018,752	13,273,864	42.3	3,354,682	396.7

[Click to enlarge](#)

Pension liabilities for the State Employees' Retirement System according to the actuary's report.

A recent report determined that just 17 states have funded more than 80 percent of their projected pension liability, but Connecticut still holds the distinction of having one of the highest unfunded pension liabilities in the nation.

The most recent actuarial valuation of the pension funds showed that as of June 30, 2012, the State Employees' Retirement System was funded at 42.3 percent and the Teachers' Retirement Fund was funded at 55.24 percent.

That means the State Employees' Retirement System had \$9.7 billion worth of assets, which is enough to cover 42.3 percent of the \$23 billion in liabilities. The Teachers' Retirement Fund did slightly better because in 2008 the General Assembly agreed to put \$2 billion on the state credit card to help make payments to the fund. That means the teachers' fund had \$13.7 billion in assets, which is enough to cover 55.24 percent of its \$24.9 billion in liabilities. Experts say an 80 percent funding level is considered healthy. :

The next actuarial valuation of Connecticut's funds isn't expected to be completed until after the November 2014 election, which isn't unusual because the valuation of the pension funds is conducted every other year.

The good news for the state is in the rebounding investment market.

The anticipated annual rate of return for the State Employees' Retirement System was recently lowered to 8 percent and the rate of return for the Teachers' Retirement Fund is 8.5 percent, but the two funds, which are combined with four other small funds, returned 11.49 percent.

Connecticut Treasurer Denise Nappier attributed the high rate of return to the strong equity gains with domestic and international developed markets returning a preliminary 21.2 and 22.6 percent. Those investments helped add \$2.8 billion of market value to the pension assets. The fund finished the year ending June 30, 2013, at \$25.9 billion, up from \$24 billion the previous year — an increase of \$1.9 billion.

Last year, the pension plans took a dive ending with a negative 0.9 percent rate of return. During fiscal year 2010, Connecticut Retirement Plans and Trust Fund assets declined from \$25.5 billion to \$24 billion. So the fund has grown past where it was before it lost value 2010.

But investments aside, Gov. Dannel P. Malloy's administration has been making an effort to shore up the pension funds after decades of neglect by two Republican administrations, contributing money beyond the actuarially required contribution to fully fund it by 2032.

As recently as 2010, former Gov. M. Jodi Rell's administration got the labor unions to agree to delay a \$100 million pension payment. In the late 1990s, former Gov. John G. Rowland's administration made smaller annual payments to the pension fund. Those shortfalls led to what could be described as a balloon mortgage payment that's come due under the Malloy administration.

Going forward, this means the state will have to contribute more and more money to its pension fund, which means there's less funding for state programs. It's a reality that Rell's administration acknowledged when it handed off the baton to the Malloy administration in 2010.

Earlier this year, Malloy tried to exempt the pension payments from the spending cap. The General Assembly didn't go along with the idea of exempting any spending from the cap, but it decided to "net appropriate" the extra Medicaid money it receives from the federal government to implement the Affordable Care Act.

The 2014-15 budget approved two months ago by the General Assembly effectively removes about \$2.9 billion in 2014 and \$3.5 billion in 2015 out from under the cap.

But the Malloy administration isn't worried the new accounting method will impact its ability to continue to make the necessary pension contributions, while continuing to fund necessary government programs.

"Our current budget is balanced and under the spending cap," Andrew Doba, Malloy's spokesman, said Monday.

Later this week Connecticut lawmakers in attendance at the National Conference of State Legislatures in Atlanta will be treated to several panel discussions on the topic.

Tags: Pension obligations, unfunded pension liabilities, SERS, TRS, retirement, actuarially required contribution, Connecticut, dh

Testimony of Tom Swan, Executive Director, CT Citizen Action Group (CAG)

March 11, 2014

Before the Labor and Public Employees Committee

In Support of 249, 5451 and opposed to 5345

Good Afternoon, Representative Tercyak, Senator Holder-Winfield and other members of the Labor and Public Employees Committee; my name is Tom Swan and I am testifying on behalf of over 20,000 member families of CCAG: CT Citizen Action Group. I want to thank you for having the hearing today and for continuing to propose common sense policy solutions for building a stronger middle class and fighting poverty.

SB 249

CCAG strongly supports SB 249 AAC Retirement Security. The recent downturn in the economy and the collapse of the stock market due to the housing bubble shows the inadequacy of relying on defined contribution retirement plans. The attack on defined benefit plans has been driven by the finance community responsible for the downturn. Since private employers are stepping back from their longstanding compact with their workers and their retirement security it is appropriate for the state to provide a stable mechanism to help people plan for their long term financial security. This is a great step in that direction.

HB 5451

CCAG also strongly supports HB 5451 AAC Health Care Pooling legislation. The changes in the state employee health care plan that was negotiated with the state employee unions has not only saved the state money, but has helped to drive changes in the health care system that emphasizes wellness over treatment. It is a great start in delivery system reform. This bill only requires towns to provide data to the comptroller so they can be more informed shoppers when buying their employees' health insurance. This is necessary to a great deal of misinformation on the state plan that towns have been provided and giving local towns something to compare their costs with will only help towns save money whether they join the state plan or not.

HB 5345

CCAG opposes HB 5345 AAC Cooperative Health Care Arrangements. We have a variety of concerns with the exemptions to existing laws in the bill and the regulatory role for the Health Care Advocate to name a couple. If Doctors want to band together to bargain more effectively we would support that and encourage them to take advantage of their existing rights under labor law by forming a union instead of asking for such special treatment.

Thank you for your consideration.

**I.T. DEALERS SUPPLY, INC.**

WHOLESALE BUILDING MATERIALS

122 Route 32 • North Franklin, CT 06254
Tel. (860) 887-2531 • Fax (860) 887-6859
www.itdealers.com

To: The Labor and Public Employees Committee:

My name is Carolyn Hafner, Sec. Treas. for I.T. Dealers Supply, Inc.
Wholesale Building Material in No. Franklin, Ct.

I am writing to express my opposition to SB 249, which requires many Connecticut businesses that are not offering their employees access to a retirement plan to facilitate workers participation in a new, state-government-run retirement plan. This bill is simply unnecessary – among other things, it will add to employers' administration 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 have had a 401k retirement plan here at I. T. Dealers when the economy was doing well but had to cancel it when the housing industry tanked. The administration charges alone, not to mention the enormous risk put on us by all the regulations attached to the plan through government mandates, forced us to cancel it. We are already working hard to comply with other new government mandates, such as for health care and paid sick leave.

We urge you to oppose SB 249 because it will benefit everyone involved. Please do not require Ct employers to be burdened with mandatory 401k administrations as you have the health care problem.

Thank you,

A handwritten signature in cursive script, appearing to read 'Carolyn Hafner', is written over a horizontal line. Below the line, the name 'Carolyn Hafner' is printed in a standard font.

Carolyn Hafner

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Thompson Brands LLC

80 South Vine Street • Meriden, CT 06451

March 5, 2014

Members of the Labor and Public Employees Committee
State of Connecticut
Room 3800, Legislative Office Building
Hartford, CT 06106

Dear Committee Members:

RE: OPPOSITION TO SB 249

On behalf of Thompson Brands LLC, a 135 year old confectionary manufacturer located in Meriden, Connecticut, I am writing to express my opposition to SB 249, which requires many Connecticut businesses that are not offering their employees access to a retirement plan to facilitate workers' participation in a new, state-government-run retirement plan. 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.

This is simply a topic that local businesses need to be allowed to address on their own. There are already many programs in place to help people save for retirement. For example, companies can offer a 401(k) by joining existing plans through organizations such as the Connecticut Business and Industries Association, or individuals can opt to open a personal IRA or a Roth. As it is, businesses are already struggling to comply with other new government mandates such as the new healthcare law and paid sick leave.

I urge you to oppose SB 249 because it will be harmful to our state's financial services industry, Thompson Brands and its employees, and Connecticut's economy.

Thank you.

Very truly yours,


Mary Filippone
HR Manager

Ph: 203.235.2541 • Fax: 203.630.2492

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SAYBROOK
POINT
INN & SPA

March 6, 2014

Re: Opposition to SB 249

To: The labor and Public Employees Committee

My name is Stephen Tagliatela a co-owner of Saybrook Point Inn, LLC (Old Saybrook), Franklin Construction, LLC (New Haven) and North Haven Health & Racquet, LLC.

I request that you oppose SB 249 requiring CT businesses to facilitate workers' participation in a state-run retirement plan.

Employees have many retirement vehicles available through existing commercial institutions. Employers already have costly administrative burdens and do not need another.

Please oppose SB 249 for the benefit of businesses and employment in Connecticut

Respectfully,

Stephen Tagliatela



Two Bridge Street Old Saybrook, CT 06475 (800) 243-0212 (860) 395-2000 Facsimile (860) 388-1501
www.saybrook.com e-mail: info@saybrook.com





R-D Mfg. Inc.

6 Colton Road

East Lyme, CT 06333
(860) 739-3986
Fax (860) 739-8385

March 3, 2014

Dear Labor Committee

I am writing regarding the State-Run retirement Program Mandate bill # SB 249

As I understand this bill, I would strongly oppose it. No state should have a state run retirement program. We as a nation all ready have one, it's called Social Security. To put a program like this in place would just put Connecticut further behind in attracting and retaining business. We need to attract companies to Connecticut because it's a good place to do business not because we have to bribe them to come.

Please oppose this bill

Respectfully yours,

Lou Tashash
President
R-D Mfg. Inc

Contract Manufacturing
Fabrication



AQUARION
Water Company

Stewards of the Environment™

Charles V. Firlotte
President & Chief Executive Officer

203 336 7628 phone
203 336 5639 fax

cirlotte@aquarionwater.com

March 10, 2014

To: The Labor and Public Employees Committee.

My name is Charles V. Firlotte and I am the CEO of Aquarion Water Company of Connecticut.

I am writing to express my opposition to SB 249, which requires many Connecticut businesses that are not offering their employees access to a retirement plan to facilitate workers' participation in a new, state-government-run retirement plan. This bill is simply unnecessary, because among other things, it will add to employers' administrative burdens and costs.

While Aquarion offers its employees an attractive 401k plan, many of its customers are small businesses that do not have the financial and administrative wherewithal to establish and administer payroll deductions that would be mandated by SB 249. Connecticut already places many mandates on its businesses. SB 249 would add administrative burdens and is unnecessary, particularly where there are so many alternatives to the state mandated retirement plan, such as individual IRAs.

We urge you to oppose SB 249 because it will be harmful to our state's businesses, employees, and Connecticut's economy.

Thank you.

Charles V. Firlotte

Catherine Ernsky

President of The Ernsky Group, LLC & Connecticut State President for the National Association of Insurance and Financial Advisors

March 11, 2014

Members of the Labor Committee

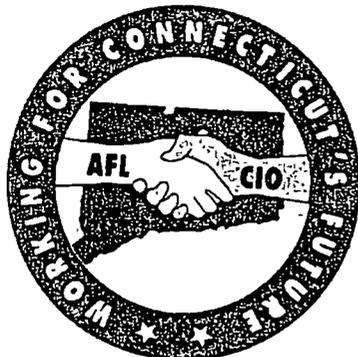
Thank you for this opportunity to provide testimony on behalf of the National Association of Insurance and Financial advisors but also as a Financial representative myself regarding revised bill SB249, An Act Promoting Retirement Savings, which would create a retirement plan for low income, private-sector workers who do not currently have access to an employer-sponsored retirement plan.

NAIFA and I are not in support of such a bill. While we agree in expansion of retirement plan access especially for those who do not have an employer-sponsored plan and in encouraging those who currently have access to save enough to create a more secure retirement, we strongly oppose legislation that would establish a state-run retirement plan for private-sector employees. We believe such a bill presents numerous legal, financial and practical hurdles for the state, its businesses and citizens that cannot be overcome, especially to provide an opportunity which for the most part already exists and is available for low income private-sector employees.

Currently there are thousands of agents who are able to work with individuals on retirement planning. Many, like myself, specialize in the business marketplace. It allows us to work directly with the business owner in creating retirement plans for their companies but in addition offer personal planning to both the executives and their employees, regardless of their job title or wages earned. This personalized approach allows us to tailor each retirement solution to the individual's needs and goals.

Rather than creating legislation such as SB 249 I would recommend that the state of Connecticut partner the public and private-sector. They could create a marketing initiative highlighting the importance of saving for retirement and partner with agents and companies to maximize your outreach. In addition the state could embrace the new federal MyRa program. When saving for a truly secure retirement it is not just a matter of offering a formal retirement plan to clients but it's about educating them about the importance of saving and how to choose the right path for them in order to reach their goals. The state could offer several options and programs to help individuals save for retirement and it would only be successful with a strong educational component. This would enable the state of Connecticut to be at the forefront of helping low income private-sector workers so they could understand the value of saving today so they may benefit tomorrow.

This is a good place for the state to continue its efforts. This is how NAIFA CT, its agents, its clients and your constituents will see you succeed in making a difference. Thank you for your time today.



Testimony of the Connecticut AFL-CIO

Before the Labor and Public Employees Committee

March 11th, 2014

Senator Holder-Winfield, Representative Tercyak and members of the Labor and Public Employees Committee,

We submit this testimony on behalf of the 900 affiliated local unions who represent 200,000 working men and women from every city and town in our great state in support of:

S.B. No. 249 An Act Promoting Retirement Savings

The mission of the AFL-CIO is to improve the lives of working families, to bring economic justice to the workplace and social justice to our nation. We lend a voice for all working people, union or not, to advocate for retirement security. Many of our affiliates through collective bargaining strive for retirement security by negotiating a defined benefit plan, defined contribution plan, or a combination of both. This bill, if passed, provides an avenue for workers that have no access to an employer sponsored retirement plan a low cost alternative for retirement savings.

In 2014 when 1 in 4 retirees in our state are living in poverty we need to do something and do it fast. The "greatest generation" is sadly demonstrating the end result of corporate America's assault on retirees. Workers who spend their entire adult lives being productive members of society should never be left empty handed when it comes to retirement security.

This bill is an incredible statement to our next generation of workers that here in Connecticut we offer another option for a secure retirement. This is a good bill and we will work to see that it becomes law.

We appreciate the committee having this public hearing.

Respectfully Submitted,

Todd G. Berch

Field Director



Testimony of Win Heimer, Executive Vice President
Connecticut Alliance for Retired Americans

In support of SB249 An Act Promoting Retirement Savings

Labor and Public Employees Committee
Connecticut General Assembly
Tuesday, March 11, 2014

Senator Holder-Winfield, Representative Tercyak and members of the Labor and Public Employees Committee. Thank you for this opportunity.

My name is Win Heimer. I am a resident of West Hartford and the executive vice president of the Connecticut Alliance for Retired Americans. The Alliance is the state affiliate of the national Alliance for Retired Americans and comprises 50,000 members in Connecticut. I am also proud to be a member of CSEA SEIU Local 2001 and AFT Connecticut Local 4200R.

I come before you in support of Senate Bill:249 – An Act Promoting Retirement Savings.

The Connecticut Alliance believes that all our residents deserve to live out their retirement years in dignity and in a manner that helps them attain financial security. This bill can help assure that.

According to a recent CNN report, Connecticut retirees face worse conditions for their golden years than retired workers in many other developed countries -- from Canada and the United Kingdom to South Korea. The U.S. has ranked 19th in retirement security for the second year in a row, according to information from Natixis Global Asset Management that ranked 150 countries. European countries took eight of the top 10 spots lifted by strong social programs for seniors. Number 1 Switzerland, for instance, is known for its strong public and private pension system. In contrast, Connecticut workers increasingly have to save for retirement on their own or through workplace 401(k) plans. And here in our state, approximately 740,000 residents are not participating in any employer-provided retirement plan whatsoever.

We in Connecticut can do better. A version of SB 249, An Act Promoting Retirement Savings, was previously introduced by this committee and co-sponsored by Senator Looney during the last session. Let's pass the bill into law this time.

S.B. 249 directs the executive branch to set up a public retirement plan option open to all Connecticut residents and businesses. It's similar to the CHET program but with day-to-day administration falling under an independent board.

With a public option in place, employers and workers can save for retirement with a low-risk plan with very low administrative fees -- whether they're in the public or private sector.

This new portable savings plan would be attractive to employees who would see robust rates of return and greater overall savings than many plans currently on the market. Those plans often charge high administrative fees that eat away at potential savings. The retirement savings plan would also be attractive for employers -- small businesses in particular. It would not require the employer to contribute anything or become a fiduciary or take on any liability whatsoever. Businesses with more than 5 employees could choose to offer either this plan -- at no cost to them -- or another plan.

It's a good deal for workers, a good deal for employers and a good deal for Connecticut. The Connecticut Alliance for Retired Americans urges passage of Senate Bill 249.

#####



Public Hearing Testimony of
Sharon Palmer, Commissioner
Department of Labor
Labor and Public Employees Committee
March 11, 2014

Good Afternoon Senator Holder-Winfield, Representative Tercyak, Senator Markley and Representative Smith and members of the Labor and Public Employees Committee. Thank you for the opportunity to provide you with testimony regarding Senate Bill No. 249, AA Promoting Retirement Savings. My name is Sharon Palmer and I am the Commissioner of the Department of Labor.

I am here to speak in favor of the concept of this bill. Providing an opportunity to low-income private sector workers to invest in a retirement savings plan is good for all Connecticut residents. However, the administration of such a plan is a complex venture and will require oversight by those with expertise in this area. The Department of Labor has been tasked with receiving and investigating complaints by eligible employees who believe they have been aggrieved by any section of the proposed bill. The Department does not have any expertise in public retirement plans and would not be equipped to handle such complaints. Retirement savings plans and individual retirement accounts are not within the Department's jurisdiction, but would appear to be within the jurisdiction of other state agencies. This is a complex statutory scheme and Department of Labor staff does not have the specific qualifications needed to administer the complaints process of the proposed law. Assuming, however, that the Department is tasked with the enforcement of the proposed law, current staff would not be able to absorb the additional work.

Thank you for the opportunity to provide this testimony. I am available to answer any questions you may have.

CT20x17

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FUTURE FOR EVERYONE

#MoveCTUp

Testimony of Eric W. Gjede
 Assistant Counsel, CBIA
 Before the Committee on Labor and Public Employees
 Hartford, CT
 March 11, 2014

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



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Testimony in SUPPORT of SB 249 AA Promoting Retirement Savings

Submitted by Ken Floryan
Financial Services Retiree
West Hartford, CT

To the Co-Chairs Rep Tercyak and Sen Holder-Winfield, and the other members of the Committee on Labor and Public Employees

Good Afternoon, and thank you for holding a hearing on this bill and the topic of retirement security. My name is Ken Floryan. I am a recently retired investment management professional. For the past 18 years I worked for a firm that managed various insurance and investment portfolios, including group pension accounts. When I retired, I left a position in investment risk management and insurance portfolio management with Babson Capital Management L.L.C, a subsidiary of Mass Mutual Life Insurance Company.

I am fortunate. I now have a comfortable retirement income where my Social Security is supplemented through systematic contributions that my employer made into a defined contribution pension, and that I and my employer made into a 401(k). I believe that all workers should have the opportunity to provide for retirement that I have enjoyed, but my situation is not universal. I know from professional experience and from the many published studies that the current retirement system will not provide for many workers in the future, and that we need a low-cost, reliable plan available to small businesses and low- and middle-income workers.

In their 2013 Retirement Confidence Survey, the Employee Benefit Research Institute reported that 34% of today's working households have no retirement savings, neither in a 401(k) nor in an IRA. In 2013, 18% of the workforce was not offered an opportunity for retirement savings through their employer. The survey further indicates that whereas 94% of households making more than \$75,000 per year report savings for retirement, and 76% of households making between \$35,000 and \$75,000 report savings for retirement, only 24% of households making less than \$35,000 per year report savings for retirement. There is a reason for this skew.

The current retirement planning marketplace does not have effective products for the individual worker and small businessman who is not classified as a "high net worth" investor. Providers of investment services feel that the individual or small business that is not classified as "high net worth" imposes a high cost of marketing and high costs of servicing. This is to say they do not consider these customers worth their while because they cannot make a high enough margin of profit. To recover the costs of servicing individuals with average incomes or small groups, providers of investment services feel that they must impose high minimum investment amounts and high fees.

The high minimums are a barrier to entry into retirement savings for many workers and small businesses. High fees eat away at the return on investment that the small investor

would otherwise realize. Fees on 401(k)s and other individual retirement accounts, can cost the median-income two-earner household over \$150,000 in fees over a lifetime, according to a study by Demos. In the long run, the average mutual fund earns a 7 percent return, before fees, matching the average return of the overall stock market. However, the post-fee returns average only 4.5 percent, meaning that, on average, fees eat up over a third of the total returns earned by mutual funds. This, paired with the difficulty of regularly making the decision to contribute on one's own, makes it impossible for many workers to save enough for their retirement.

Another problem for small businesses and individual workers is diversification. The IRA structures made available to small investors are typically mutual funds, which lack the benefit of diversification across multiple asset classes. With small, individual contributions, the investor is unable to spread their risk across a range of low-yield, low-risk and higher-performing, higher-risk options. And then even if they can invest more, they do not have the expertise to invest a dynamically diversified and risk-controlled portfolio.

That lack of diversification means the individual IRA has higher risk exposure to significant market events such as the stock market downturn in 2007-2008. Workers retiring at that time, who had for a lifetime been counting on rising stock values to fund their retirement income, were unlucky. They could not convert their collapsed stock values into the annuity income stream that they had been counting on. In contrast, most professionally managed pension plans did not see that dramatic loss in value. That is because a professionally managed fund can diversify risk across certain asset classes such as private placement bonds, private bank loans, and commercial mortgage debt and equity, whose returns do not correlate closely with the broad stock market. Furthermore, an investment manager will hedge certain downside risks with insurance through strategies employing derivative contracts.

I support the plan created in SB 249 because it provides the advantages of a large pool and the routine necessary to enable people to contribute regularly to their retirement. This proposed legislation will grant access to the benefits of professional retirement investment management at lower fees for a segment of the public that right now does not have good retirement planning options.

The best way to save for many workers is to have a small, automatic deduction. It can often be difficult for people to set aside chunks of money into a plan when that financial demand is competing with others, so the routine of setting aside a small percent every pay period helps workers build savings into their personal budgets.

Please pass SB 249 to ensure that low- and middle-income workers, as well as small businesses have an option for affordable, secure retirement planning. Thank you.



Real Possibilities

Testimony of AARP CT
Senate Bill Number 249: An Act Promoting Retirement Savings
 Labor Committee
 March 11, 2014

Our nation and its working families face an unprecedented crisis: a vast retirement savings deficit, estimated to be as much as \$6.6 trillion, or about \$57,000 per household.¹ According to the National Institute on Retirement Security, an overwhelming majority of Americans are anxious about their retirement prospects, with some 84 percent being concerned that current economic conditions are impacting their ability to achieve a secure retirement.²

To give you an idea of how ominous the situation is, listen to these startling statistics:

- Currently, one in ten seniors in Connecticut lives in poverty.
- More than six of ten middle-class Connecticut retirees can expect to outlive their financial assets.³
- Social Security accounts for 87% of total income for low income households, and 70% of total income for middle income households of those 65 and over.⁴

It is clear that workers are not prepared for retirement, and as baby boomers continue to retire, we will see this crisis grow unless we act now.

Social Security provides an essential baseline of income for retirees. However, Social Security alone will not provide enough to pay the bills during our retirement years. The average monthly Social Security benefit is only about \$1,300. As things stand today, Social Security will likely be the main source of retirement income for most future middle-class retirees.

¹ Retirement USA. *The Retirement Income Deficit (2011)*

² National Institute on Retirement Security. *Pensions and Retirement Security-2011: A Roadmap for Policy Makers.*

³ Americans for a Secure Retirement, *Retirement Vulnerability of New Retirees in Connecticut*

⁴ Boston College Center for Retirement Research. *The National Retirement Risk Index: An update (2012)*

As this committee knows, Social Security was never supposed to be the sole source of income for retirees. It was intended to be one leg of a three-legged approach to retirement savings. Employer sponsored retirement plans and individual savings were envisioned as the other critical components.

Research shows that our nation's current plan for retirement security is inadequate. Boston College's National Retirement Risk Index estimates that 53 percent of households are at risk of having an insecure retirement, meaning that they run the risk of being unable to afford food, medicine, or utilities.⁵

Following the Great Recession, retirement savings rates remain inadequate. According to the National Institute on Retirement Security, the typical working-age household has only \$3,000 in retirement assets, while near-retirement households only have \$12,000.⁶ What is even more alarming is that these are the people who are ahead of the game because they are actually planning ahead and saving.

Three out of five families headed by a person 65 or older have no money in retirement savings accounts.⁷

Lest you think this isn't a problem locally, in Connecticut 605,956 workers do not even have access to a retirement plan.⁸ Planning for retirement is an even greater burden for economically disadvantaged groups, people of color, young people, and part time employees because they have the lowest access rates to employer-sponsored retirement plans.

If nothing is done now the state budget will be saddled with a growing burden in the future as older adults are forced to rely more and more on public safety net programs.

There are some simple steps that we can take to avert this crisis. For instance, we know that when offered the opportunity at work to save for retirement; seven out of ten people choose to participate.⁹ One of the biggest predictors of whether an individual will save money toward a secure retirement is whether or not they have access to an employer-sponsored retirement savings plan.

AARP is taking a state-centered approach to filling the retirement savings gap. Connecticut is not alone in considering a state facilitated retirement plan. We have worked with nearly a dozen state legislatures in consideration of a wide array of approaches to this crisis, involving: Auto IRA, Secure Choice, and other savings models.

⁵ *Ibid.*

⁶ NIRS. *Facts from NIRS Research on Pensions and Retirement Security*. (2013)

⁷ AARP's Public Policy Institute. *The New Reality: Important Facts about America's Seniors* (2011).

⁸ AARP Public Policy Institute tabulation of the U.S. Census Bureau's Current Population Survey, March Supplement (2011 - 2013)

⁹ Pension Rights Center. *How Much is Saved in 401(k)s*.

Many of you may have some concerns about taking on retirement security. Common questions that we have encountered include:

Won't this cost the state a lot of money? This plan, and those considered by other states, is self-sustaining, paid for through participant fees. Furthermore, Connecticut can't afford *not* to take action. If older adults do not have enough money for secure retirement, they will more heavily rely on Medicaid, which is the most expensive program in the state. Connecticut spent millions of dollars for Medicaid services to residents over age 65. These are dollars that the state can spend on other essential services like education and public safety. By helping people plan for self-sufficiency in retirement, the state will ultimately save money.

Won't the state incur new unfunded liabilities by creating a state run retirement savings plan? Emphatically the answer to this question is no. States enacting legislation on this topic are looking at defined contribution plans, which don't create liabilities to the state. Startup costs can be borne by the participants of the plan.

Why don't people just invest on their own? Is this legislation really needed? With a majority of workers relying on Social Security for their retirement income, we know the retirement system is not working for a large portion of the population today. These folks are not courted by the industry due to small account balances and lack of access. Many are under or un-banked. We need to remove the barriers to retirement planning and financing, as well as add incentives like access to pre-tax plans, and make it easy and cost-effective to save for retirement.

Rebuilding the promise of financial security in retirement must include modern, expanded options. We need to explore new models for private sector retirement plans that allow workers to set aside wages through an easily accessible, safe, pre-tax, cost-efficient retirement savings vehicle.

AARP believes that we all have a right to live with self-reliance and dignity in retirement. If you have any questions, I'd be happy to answer them now, or you can contact AARP directly. Thank you again for the opportunity to speak with you today.

From: Bryan Bonin <bryan_r_bonina@sbcglobal.net>
Subject: Support Retirement for All
Date: March 3, 2014 5 09 50 PM EST

Sb 249

Everyone deserves a secure retirement

We are facing a retirement crisis! Less than half of Connecticut workers have an employer sponsored retirement plan like a 401(k)

53% of American workers 30 and older are "at risk" to have insufficient assets for retirement when they reach the age of 65

Many corporations, even those that are very profitable, are no longer offering sponsored retirement plans

Employers that do offer plans are contributing less and less to retirement savings.

Stagnant wages mean workers are less and less able to afford the high contribution limits and expensive fees of private retirement savings plans

Without a retirement savings account, many workers will be left with only Social Security to survive on

That is why we need a public, state-run retirement savings plan every single worker can access

By pooling resources into a single trust fund, workers in the state will benefit from a higher return on their investment

A public retirement savings plan would not incur the high fees Wall Street charges to manage retirement funds

Everyone should be able to afford to retire with dignity.

Thank you for considering these key points

Bryan Bonin

06010

From: Donna <sunny19682@comcast.net>
Subject: Re: Fix it now!
Date: March 3, 2014 5:13:49 PM EST

SB249

I will be one of those unable to retire at this point. After being laid off in 2004, I went back to school and got a teaching degree and still have not (10 years later) obtained a full time teaching position. I work for what amounts to just over minimum wage when spread out over 40 hours/52 weeks and at age 45, I know I won't be able to retire as I have very little in savings for 20 years of working.

All I want is a full time job and apparently I'm too old and overqualified!

Donna Lorello

From: doro**th**Y lo**ve**tt bu**ck**ley <doro**th**ylo**ve**ttbu**ck**ley@gmail.com>
Subject: Support Retirement for All!
Date: March 3, 2014 5:12.09 PM EST

Everyone deserves a secure retirement. Although many today have to work all their lives, many others of us enjoy the freedom of retirement because of pensions and social security benefits. If we are to be a country that not only claims to be just but is in fact just, we need a public, state-run retirements savings plan every single worker can access.

doro**th**Y lo**ve**tt bu**ck**ley

06105

249

To Senator Osten, Representative Tercyak, and the distinguished members of the labor committee:

I am writing in support of Senate Bill 249, the 'Retirement for All' bill. Everyone deserves the right to retire with dignity. But too often workers don't have access to pensions or savings plans. This plan would give everyone the chance to put money away and have a secure retirement.

My name is Mary Ann Pomanski, and I myself didn't have access to a pension plan or retirement savings account. I worked at the BIC pen factory for more than 20 years. While on the job, I injured my back. Because of that injury, I receive a small disability payment in addition to social security. If I hadn't been injured, I might still be working today. As it is, my husband and I are just getting by.

I urge the Labor Committee to pass the 'Retirement for All' bill so that people like me, who worked hard their whole lives, can save for retirement. It shouldn't be a gamble, and it we shouldn't have to work in to our old age.

Testimony in support of SB 249, supporting a creation of a retirement security plan from Jack Jones.

March 11th, 2014

To Co-Chairs Rep. Tercyak and Sen. Holder-Winfield and the members of the Labor Committee:

My name is John Jones and I'm a resident of Milford. I retired in 2004 from Stamford Hospital. I only get \$375 per month from them for my retirement, despite years and years of service. Even though I was a loyal employee and was promoted to management, they fought me on providing me my retirement plan. Like most employers these days, Stamford Hospital is cutting back on providing retirement benefits to its employees.

As a Vietnam veteran, I receive disability benefits and some social security. I can cobble together a decent living with this, but only because of my disability checks. I never thought having PTSD would be a good thing, but it's the only way I've been able to afford to retire. You shouldn't have to serve in a war and be injured just to be able to pay your bills when you're older. Without my disability, I would make way less than \$2,000 per month, which is not enough to support yourself in any town in Connecticut.

That's why I'm supporting SB 249. Employers are not doing enough to help their employees secure a stable retirement. We need a plan that allows individuals to save for their retirement- without the risks and fees that come with a 401k plan. This bill would help future families like mine, who would otherwise be struggling to make ends meet on only their measly retirement benefits.

Please support SB 249.

Thank you.

John Jones
Milford

From: Herb Greenebaum <herbygee22@gmail.com>
Subject: Support Retirement for All!
Date: March 3, 2014 5:12:39 PM EST

249

Everyone deserves a secure retirement. I have worked for more than 40 years, and while I have diligently put away retirement accounts, I do not believe they'll sustain me for my lifetime. You can say I should have done more, but my best efforts are enough. And I am in a better position than millions of Americans. The extraordinary cost of health care and the high cost of living makes retirement an unattainable dream.

Herb Greenebaum

06484

249

To the members of the labor committee:

My name is Shirley Grant and I am a retired nurse. I worked at Milford Hospital in the Intensive Care Unit for 42 years. I retired in 2000. Today I am surviving on social security and small payments from Milford Hospital's retirement plan. My husband wasn't able to save for retirement in any program, or receive social security, because he was a self-employed locksmith supporting our two children.

When I retired, I stipulated that if anything should happen to me, my husband should be the beneficiary of my retirement plan payments. That decision meant that when, just a year after I retired, he fell ill and passed away, the amount I receive from that retirement plan is reduced.

My situation underscores the need for a simple, public retirement plan that doesn't charge fees or complicated mechanisms that an average worker can't understand. The 'retirement for all' plan would ensure that workers like my husband, who where self-employed, have a way to save for retirement. Thank you for your time.

Bianca, Pam

From: steve wolfe <wolfest59@yahoo.com>
Sent: Wednesday, March 12, 2014 10:15 PM
To: LABTestimony
Subject: State run plan is a terrible idea

249

Dear committee, all employees in the USA can already contribute to an IRA, and do NOT need a new state retirement plan. Have you not heard of the IRA? Perhaps not, as that's the only possible explanation for why you would be supporting this bill. Companies such as Vanguard and T Rowe Price already offer these services! You do NOT need to duplicate what's already offered in the private sector!

I run a consulting business, and have set up my own retirement plan WITHOUT ANY HELP FROM THE STATE OF CT! How did I do this? I picked up the telephone and called Vanguard, and they did all the work! Am I smarter than the average taxpayer? I never thought that I was, but perhaps I am. No matter how hard you try, the State CANNOT protect people from their own mistakes.

Congratulations on making CT the least business friendly state in the USA

Sincerely,

Steve Wolfe
94 Prudence Drive
Stamford, CT 06907

Bianca, Pam

From: kmblync@sbcglobal.net
Sent: Tuesday, March 04, 2014 11:14 AM
To: LABTestimony
Cc: Kevin Lynch
Subject: RB No 249

To: Committee on Labor and Public Employees

From: Kevin M. Lynch

Date: March 4th, 2014

Subject: RB No.249

I write respectfully to support passage of RB No.249, An Act Promoting Retirement Savings.

To me, what looms ahead for our nation is a truly tragic situation: hundreds of thousands--if not millions -- of senior, retired Americans living in penury. They are innocent victims in their 40's,

50's and 60's who became disenfranchised from the American economic enterprise by the Great Recession which began in 2008. They lost their jobs and many also their homes and since have lived off what they expected to be their retirement savings. And, yes, a large number have returned to the workforce, but at positions paying far less than the ones they were forced to leave. Thus they are facing later years devoid of their long-planned and carefully nurtured financial nest egg.

But these older Americans are not the only ones who would benefit from RB No. 249 -- in deed, because of their advanced ages they would contribute (and benefit) less than younger workers, who need this bill just as badly as their elders. Too many younger Connecticut workers are employed by concerns which have eliminated pensions. For them, this bill would provide suitable retirement security.

It can of course be argued that these workers could create their own accounts without government assistance; and this is true. But please remember the targeted population of this bill: " low-income private sector workers." I hope that I will not seem patronizing to suggest that often low-income workers are also among the least-knowledgeable about the complexities of the American financial system. For many such workers, this bill would be a godsend.



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Middlesex County Chamber of Commerce
Legislative Committee

Labor and Public Employees Committee
Room 3800, Legislative Office Building
Hartford, CT 06106

Testimony on S.B. No. 249 An Act Promoting Retirement Savings

Members of the Labor and Public Employees Committee:

The Middlesex County Chamber of Commerce is opposed to S.B. No. 249- An Act Promoting Retirement Savings.

The Middlesex Chamber is a dynamic business organization with over 2,350 members that employ over 50,000 people. The Chamber believes that if this bill became law, the State of Connecticut would be in direct competition with private businesses that administer retirement products for a living every day. Employers would have to take the time and incur the cost to properly administer their employee's participation or non-participation in the public retirement plan, another difficult mandate for Connecticut businesses to endure.

The Middlesex County Chamber of Commerce urges rejection of S B. 249.

Thank you for the opportunity to submit testimony on this important issue.

393 Main Street, Middletown, CT 06457-3309 • 860-347-6924 • Fax 860-346-1043
<http://www.middlesexchamber.com> • Email: info@middlesexchamber.com

Awards: Governor's Laurel Award for Responsible Social Involvement, President's White House Citation for Private Sector Initiatives
U.S. Department of Labor LIFT America Award, Connecticut Small Business Advocate Award, Vision 2000 Excellence Award
NAACP Business Award

GEMCO
MANUFACTURING CO, INC

March 10, 2014

To: The Labor and Public Employees Committee as well as my Representatives Whit Betts, Frank Nicastro, Christopher Wright, Joseph Aresimowicz, Rob Sampson, David Zoni, Al Adinolfi and Senators Jason Welch and Joseph Markley

My name is Mark DiVenere and I am President and Owner of Gemco Mfg. Co. Inc. a third generation, seventy one year old, manufacturer of precision metal stampings and wire forms. Gemco currently employs twenty eight dedicated and skilled individuals who are the foundation of our success. We are currently located at 555 West Queen Street, Southington, CT 06489

I am writing to express my opposition to SB 249, An Act Promoting Retirement Savings, which requires many Connecticut businesses that are not offering their employees access to a retirement plan to participate in a new, state-government-run retirement plan.

Proposals like this one, along with paid sick leave and other mandates foisted upon small business owners over the past few years, confirms a growing concern of mine and other business associates that our legislators are unwilling to allow us the freedom to run our businesses without their oversight and interference.

Gemco's employees continue to have access to a 401k plan that the company implemented in January 1996. Despite the numerous challenges facing most if not all manufacturers since its inception, both from global competition and government overreach, we have never reduced or eliminated our match or contributions.

249

To Labor and Public Employees Committee: .

I am writing to express my concerns regarding the ability for working families in CT to be able to retire in the state.

Please help provide a more affordable retirement fund/program for Connecticut working families.

Oddler Fils

Wethersfield, CT



2139 Silas Deane Highway
Suite 205
Rocky Hill, CT 06067
(860) 257-8066

Raymie H. Wayne, Ph D., JD, MSW, President
Stephen A Karp, MSW, Executive Director
naswct@naswct.net

Testimony on SB 249: An Act Promoting Retirement Savings
Labor & Public Employees Committee
March 11, 2014

Submitted By: Stephen Karp, MSW

The National Association of Social Workers, CT Chapter is in support of SB 249 as part of our support for legislation that promotes economic security for the residents of Connecticut.

When I first began my career I was an outreach worker for the City of New Haven, Elderly Services Division. My clients were all low to moderate income older adults independently living in the community. Some of them were able to live with a degree of economic comfort and for others it was a daily struggle to afford food, medicine, rent, clothes, etc. The dividing line between those who were managing economically and those who were not was a private pension. Those individuals and couples with a private pension generally were managing financially, those without a pension living just on Social Security, were with rare exception struggling economically. At age 22 I learned the importance of having a pension and have made that a deciding factor in my employment options

Unfortunately, the concept of having a pension has changed over the years. Many employees with some pension program, including myself, are not in defined benefit plans that guarantee a certain level of payment for the lifetime of eligibility. Many employees if they are lucky enough to have an employer sponsored plan are in a 401 (k) that is only as good as the amount of funds that are invested in the plan. Employers are dropping defined benefit plans for a SEP or 401 (k) that does not offer a lifetime of security. Still these plans are much better than having no plan, yet less than half of Connecticut workers have any form of an employer sponsored plan. Thus as Connecticut's residents age and retire the state is facing a crisis of individuals who will not have the financial assets necessary for a secure retirement. The impact on the state's safety net and social services will be severe unless we act soon to offer a plan for those employees who lack access to an affordable employer sponsored pension plan.

Wages have stagnated in the last decade and the cost of living continues to rise faster than wages for most employees. The middle class is being squeezed tighter and tighter each year and for many people the ability to set money aside for retirement has become increasingly difficult. For those without a pension plan finding a safe investment plan without high fees is challenging. It is also difficult to know if your investments are being well placed, meanwhile simply putting savings into a bank account or certificate of deposit gives almost no return on the funds. A public retirement plan on the other hand will offer a secure way to save for retirement and offers each investor the added value of a large, pooled investment fund.

Leaving workers to retire on just Social Security and whatever funds have been saved in a bank account is a recipe for financial disaster. The economic strain that such a scenario offers will sink both the retiree and the state's social service & health care systems. The good news however is that a creative solution does exist and is being offered in SB 249. We urge its adoption by the Labor Committee and full Legislature.

March 11, 2014

Re: SB 249- An Act Promoting Retirement Savings

Members of the Labor and Public Employees Committee:

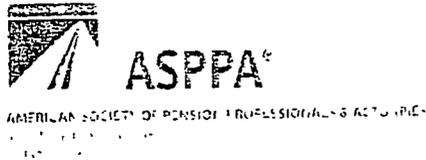
I'm asking for your support for legislation to make it easier for residents to save for retirement because everyone should be able to have a good life.

I was a self-employed accountant, which meant I had the skills to make my own pension. I put together a traditional IRA and Roth IRA so I could really enjoy life once I retired. And I was lucky- I did well in the stock market.

Being able to retire shouldn't be about having the knowledge to make your pension or do well on Wall Street. A state-administered retirement savings account will make it possible for more self-employed workers like myself to retire one day.

Sincerely,

Sariano Camilleri
Wethersfield, CT



Testimony of Brian H. Graff
on behalf of the
American Society of Pension Professionals and Actuaries.

Connecticut Joint Committee on Labor and Public Employees
Hearing on
An Act Promoting Retirement Savings (SB 249)
March 11, 2014

Thank you Co-Chairman Holder-Winfield, Co-Chairman Tercyak, Vice Chair Gerratana, Vice Chair Santiago and members of the Connecticut Joint Committee on Labor and Public Employees for the opportunity to speak with you today in strong support of SB 249, An Act Promoting Retirement Savings. My name is Brian Graff, and I serve as Executive Director and Chief Executive Officer of the American Society of Pension Professionals and Actuaries ("ASPPA")

ASPPA is an organization representing more than 16,000 retirement plan professionals nationwide. Our members provide consulting and administrative services for qualified retirement plans covering millions of American workers. Our members are retirement professionals of all disciplines, including: consultants, administrators, actuaries, accountants, attorneys, and investment professionals that are united by a common dedication to the private employer-based retirement system.

ASPPA has consistently and actively supported proposals to expand retirement plan coverage. This has included auto-enrollment payroll deduction IRA ("auto-IRA") proposals supported by the Obama Administration that would require employers to offer payroll reduction savings at work through private sector providers while encouraging employers to set up private sector qualified retirement plans, as well as similar state-based proposals such as the California Secure Choice Retirement Savings Trust Act, as enacted in 2012.

In Connecticut, ASPPA has worked closely with both Majority Leader Looney and Majority Leader Aresimowicz over the past year as they have developed their latest iteration of the proposal addressing this critical issue, and we stand ready to do what is needed to see this effort through in order to achieve this policy goal. The private employer-based retirement system works well for those who have access to it. The challenge is to expand the availability of workplace based retirement savings.

The Current Retirement System Works Well but It Is Not Perfect

Workplace based retirement plans have been successful at providing retirement benefits for tens of millions of American workers. These plans primarily benefit middle class families. Data from the Statistics of Income Division within the Internal Revenue Service ("IRS") show that almost 80% of participants in 401(k) and profit sharing plans make less than \$100,000 per year. 43% of participants make less than \$50,000.

The primary factor that determines whether or not these middle class families save for retirement is if there is a retirement plan available at the workplace. Data from the Employee Benefits Research Institute ("EBRI") shows that workers earning between \$30,000 and \$50,000 per year are fifteen times more likely to save at work than to go out and set up an IRA to save on their own. In other words, workplace payroll deduction savings works when it is available.

The Bureau of Labor Statistics ("BLS") found that 78 percent of all full time civilian workers had access to retirement benefits at work, with 83 percent of those workers participating in these arrangements. For private sector workers, BLS found the access and participation rates are 74 percent and 80 percent respectively. Availability and take up rates are substantially lower for part-time workers, so if part time workers are included, BLS found that 68 percent of civilian workers had access to retirement plans, and 80 percent of those actually participate in the offering. For the private sector only, the access and participation rates for all workers are 64 percent and 76 percent respectively.¹

Alternate research suggests these estimates are less than what is actually happening in the workplace,² but regardless of what the exact percentages may be there are tens of millions of workers across the country that do not have a workplace retirement savings plan and find it challenging to save for retirement. More than 800,000 of these workers who do not have access to a workplace retirement plan live in Connecticut. That is why it is so critical that the availability of payroll deduction retirement savings be expanded.

Automatic IRA Arrangements Will Increase Retirement Savings and Plan Coverage

These stark facts are the reason why ASPPA has long supported the concept of automatic payroll deduction IRAs at both the federal and state levels. The United States Government Accountability Office ("GAO") agrees that auto-IRAs would increase retirement savings. An August 2013 GAO report on auto-IRAs found that 36% of households across all income groups could see an increase in their retirement savings if auto-IRAs were implemented nationwide. In addition, households in the lowest earnings quartile would benefit the most, as the GAO calculated that the projected median annuity for those households could increase by 66%.

Because contribution limits for IRAs are less than for employer-sponsored 401(k) plans, auto-IRAs are expected to expand the availability of retirement savings, not replace current 401(k) plans. In fact, once employers and employees get used to payroll withholding for retirement savings through auto-IRAs, employers may be more comfortable moving up to a plan that includes employer contributions, such as a 401(k) plan, Simplified Employee Pension ("SEP") plan, or

¹ Bureau of Labor Statistics, Employee Benefits Survey: Retirement Benefits, March 2013: Retirement benefits, access, participation, and take-up rates: National Compensation Survey March 2013 available at <http://www.bls.gov/news.release/pdf/ebs2.pdf> (hereinafter "BLS Survey").

² Irena Dushi, Howard M. Iams, and Jules Lichtenstein; Assessment of Retirement Plan Coverage by Firm Size, Using W-2 Records, Social Security Bulletin (2011), available at <http://www.ssa.gov/policy/docs/ssb/v71n2/v71n2p53.pdf>.

Savings Incentive Match Plan for Employees ("SIMPLE") plan.

Background on the Automatic IRA

The concept of the auto-IRA is not new, and in the past has had bipartisan support. Auto-IRA was first detailed in a paper for the Retirement Security Project authored by David John, of the Heritage Foundation, and Mark Iwry of the Brookings Institution in 2006. Since that time proposals to codify these arrangements into law have been included in presidential budget submissions, and in both federal and state legislation.

The auto-IRA proposal, offered in legislation by former Senator Jeff Bingaman (D-NM) and Representative Richard Neal (D-MA, 1st), included a requirement that employers with 10 or more employees who do not sponsor another retirement plan offer the auto-IRA arrangement. Other proposals (Senator Baucus' Savings Competitiveness Act of 2006 and Rep. Kind's SAVE Act first offered in 2008) included a framework and incentives, but no requirement that employers offer the arrangement.

Auto-IRA Is a Good Fit for State Proposals

A number of state legislatures, including California, Connecticut, Illinois and Maryland, have considered mandating retirement plan coverage for private employers at the state level. To date, California is the only state to pass such legislation, but additional action by California's legislature will be required to make the program operational. Proposals mandating retirement plan coverage for private employers remain attractive to state legislators who recognize that failure to address the coverage gap means future retirees could be more dependent on social services, straining state resources. SB 249 addresses this coverage issue by creating a state-based auto-IRA program, similar to the California program. SB 249 requires private employers who do not otherwise offer a retirement savings plan for their employees to either establish a private plan or adopt the state-run auto-IRA arrangement. ASPPA strongly supports the auto-IRA provisions in SB 249, with a few minor amendments, because the proposed auto-IRA arrangement will address the policy objective of expanding the availability of workplace retirement savings.

Because of a desire to avoid fiduciary obligations under ERISA, it makes sense that, like California, state proposals take the form of auto-IRA for employers of a certain size, with a marketplace open to private providers, and a state-run default option. Unlike auto-IRA arrangements, a state-run qualified retirement plan would make the state subject to ERISA fiduciary liability. There are many consequences if the state chooses to go this route. The state would become a fiduciary on all plans that are covered by their program because the state would be selecting the investments and presumably serving as plan administrator. There are also other risks associated with non-compliance with federal rules under both ERISA and the Internal Revenue Code ("IRC"), such as penalties, or a loss of expected tax deductions for employers who adopt the plan if any mistake is made, and penalties if required disclosures are not completed on a timely basis. These rules are important—they are designed to protect rank and file workers. They are also complicated, time consuming to administer, and generally apply separately to each adopting employer. Although the state could contract the fulfillment of these ERISA and IRC responsibilities to an outside vendor, the state would retain ultimate legal responsibility for the plans' administration and operation.

As noted above, ASPPA would like to see some minor changes to SB 249 to make the bill language tighter and more workable. The major issue with SB 249, as currently drafted, is that the legislation insinuates multiple times that employers are able to make contributions to the state-run auto-IRA arrangement. On the other hand, the legislation makes crystal clear that the state-run auto-IRA arrangement shall not be determined to be an employee benefit plan under ERISA.

Unfortunately, the Department of Labor has already determined that IRAs with employer contributions are indeed covered under ERISA. So to remove any implication that the state-run program includes employer contributions that make the arrangement subject to ERISA, references to employer contributions throughout the bill should be deleted.

Private Sector Role is Critical

ASPPA also strongly recommends that the private sector manage and administer the auto-IRA program. The private retirement plan marketplace is extremely competitive, with an entire pension industry of record keepers, financial services companies, consulting firms, and other professional firms, already in place. There are a plethora of reasonably priced private retirement products, (like 401(k) plans, SEP plans, or SIMPLE plans), for private employers and private providers, in some cases, are already maintaining payroll deduction accounts that function exactly like the proposed auto-IRA arrangement. The number of small accounts established under an auto-IRA mandate would present special challenges. The majority of these accounts are expected to have small balances and it is critical that employee savings not be eaten up by fees. However, using collective investment and uniform administrative processes allows providers to keep fees low. Competition among private sector firms will drive innovation resulting in better services for participants. And importantly, it is private sector providers that will be encouraging employers that are offering auto-IRA to step up to a more robust arrangement that includes employer contributions.

The California program encourages private sector involvement through an online clearinghouse where employers will be able to identify private sector providers that are offering auto-IRA arrangements. ASPPA is pleased to see the Connecticut program follow this online clearinghouse approach and would encourage the state to do whatever it can to advertise and market the online clearinghouse when it becomes operational to ensure that Connecticut residents will have access to a vetted and high quality retirement savings arrangement. One option would be to require that all communications from the Connecticut Labor Commissioner to private employers about their obligations under the Connecticut program include information about the online clearinghouse for the private employers' benefit.

Conclusion

The current system is working very well for millions of working Americans. Expanding availability of workplace savings is the key to improving the system. There is no need for dramatic changes, but Connecticut could take a big step forward by adopting an auto-IRA proposal similar to the California model to make it easier for employers, particularly small businesses, to offer a workplace savings plan to their employees. To reiterate, ASPPA strongly supports SB 249 with our recommended amendments and we stand ready to work with you to ensure that the goal of expanding the availability of workplace retirement savings is met. ASPPA commends Majority Leader Looney, Majority Leader Aresimowicz, the Chairmen, the Vice-Chairs and all the members of this committee, for addressing this critical issue.

Thank you and I will be happy to discuss these issues further and answer any questions that you may have.

MECHANICAL ASSEMBLIES
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Frank **ROTH** *Company Inc.*

Serving American Industry Since 1930

March 6, 2014

To: Labor and Public Employees Committee, Senator T. Boucher & Rep G. Lavielle:

My name is Marissa Woodworth and I am the Controller and one of the shareholders of Frank Roth Co., Inc. We are a small manufacturing company located in Stratford.

I am writing to express my opposition to SB 249 which will require businesses without retirement plans to facilitate participation in a new, state-run retirement plan. I believe this bill is unnecessary at best and truly bad for both employers and employees in our state. It will increase businesses' already burdensome administrative tasks as well as add financial burden. Employees already have many private sector retirement plan options. In addition, it has the potential to create additional liability for all Connecticut taxpayers.

We are a small business employing mostly individuals with no education or training. While working at Frank Roth, they are learning skills while earning a living. It is very difficult for us to compete against overseas businesses and all of the increasing regulatory mandates make it that much more costly and time-consuming. We purchase goods and services from a large network of other local Connecticut small businesses that would also be adversely impacted by this proposed law. With the state unemployment rate so high, I would urge you to consider legislation promoting Connecticut as welcoming to business instead of this decidedly business-unfriendly bill.

Please oppose SB249 to benefit all of Connecticut- my business, other small businesses, all employees and Connecticut's economy.

Thank you.

Sincerely,



Marissa T. Woodworth, CPA
Controller



Kate Klerman
 Vice President, Chief Counsel & Deputy, State Relations

Testimony of the American Council of Life Insurers
 Before the Joint Committee on Labor & Public Employees
 Tuesday, March 11, 2014

SENATE BILL 249 – AN ACT PROMOTING RETIREMENT SAVINGS

Senator Holder-Winfield, Representative Tercyak and members of the Joint Committee on Labor & Public Employees. The American Council of Life Insurers (ACLI) appreciates the opportunity to comment on **Senate Bill 249 – An Act Promoting Retirement Savings**. ACLI is a life insurance trade association with approximately 300 member companies operating in the United States and abroad. In Connecticut, there are 228 ACLI member companies licensed to do business.

Life insurance is a key part of the state economy. Connecticut is fortunate to have a strong group of domestic life insurance companies located in the state. The life insurance industry directly employs 37,000 Connecticut residents and supports an additional 54,000 related jobs in the state. In addition, life insurers invest approximately \$80 billion in Connecticut's economy.

Life insurance companies have a distinct and knowledgeable perspective as long-time providers of retirement products that serve the needs of individuals and employers in Connecticut. ACLI respectfully opposes Senate Bill 249, which would create a state-run retirement savings plan in direct competition with our members. It is ACLI's contention that Connecticut should not be in the business of competing in the robust marketplace of retirement plan products and services already available to Connecticut employers and workers.

Senate Bill 249 would create a state-managed retirement plan for private sector workers. In essence, the state would play the role of a financial services company, putting life insurers at a competitive disadvantage. The proposal raises both practical implementation and fiscal implications.

One of the hurdles that the state will face in creating a pension plan for private sector workers is federal labor laws. The federal Department of Labor has made clear in recent opinions that a plan for private sector employees, even if offered by a Connecticut government, does not receive the ERISA "government" exemption from the Employee Retirement Income Security Act (ERISA). That exemption only applies if the plan is established for government employees. One such ruling is attached to this testimony.

ERISA provides private sector workers with important protections and imposes duties and obligations on those with authority over workplace retirement plans. Senate Bill 249 seeks to establish a plan that avoids ERISA. However, it is not clear that officials of the Connecticut or any member of the Board established to run a plan for private sector workers would be able to avoid the responsibility of ERISA. Each employer that participates in the plan would likely also be subject to ERISA.

For defined benefit pension plans, being subject to ERISA includes the obligation to pay annual insurance premiums to the Pension Benefit Guaranty Corporation (PBGC), which protects workers' pensions. Those premiums are significant.

Testimony of the American Council of Life Insurers
Before the Joint Committee on Labor & Public Employees
March 11, 2014
Page 2

Another hurdle, represented by those premiums and other ERISA-related administrative costs, is the significant expense to the state. Creation of this type of a program is not inexpensive.

- In the state of Washington, a report to the legislature in 2009 estimated the start-up cost of a state-administered 401(k) plan to be about \$3.4 million over two years, with on-going costs of about \$2 million annually. The other two options studied – private sector-administered IRA plans – were also projected to cost the state millions of dollars.

In addition, many government-run plans for state employees are dysfunctional and have become a serious drain on taxpayers. Plans in states such as California and Illinois are significantly underfunded, and have affected the financial ratings of those states. There is every reason to believe that just as in the case of pensions for state employees, government-run plans for private sector employees will promise much more than they can deliver, creating yet another liability for taxpayers.

Instead of the proposal before you today, the state should encourage additional private sector retirement plan coverage and employer awareness. The state and the private sector should work together to make employment-based retirement plans more widely available.

The market for retirement plan solutions in Connecticut is already robust and highly competitive. Many of the private sector retirement plans already available to employers in Connecticut are convenient and very affordable. They offer a high quality of service, a range of options, and are readily available to large and small employers alike. These affordable products include 401(k) plans, traditional IRAs and Simple IRAs.

In addition, President Barak Obama recently announced a retirement savings program to give working individuals (particularly individuals without access to an employer-sponsored retirement plan) the opportunity to voluntarily save for retirement by investing in a newly developed Treasury retirement savings program. Treasury is moving rapidly to implement the program and has stated that it will be available this year.

As stated above, ACLI believes that collaboration between the state and private sector on solutions to enhance retirement savings using the many existing options is preferable to the costly and harmful proposal envisioned in Senate Bill 249.

Thank you for your consideration of our position in opposition to Senate Bill 249 – An Act Promoting Retirement Savings. Please contact John Larkin at 860-430-5928 or Kate Kierman at 202-624-2463 with questions.

The American Council of Life Insurers (ACLI) is a national trade association with approximately 300 member companies operating in the United States and abroad. 228 member companies serve Connecticut consumers. ACLI advocates in federal, Connecticut, and international forums for public policy that supports the industry marketplace and the 75 million American families that rely on life insurers' products for financial and retirement security. ACLI members offer life insurance, annuities, retirement plans, long-term care and disability income insurance, and reinsurance, representing more than 90 percent of industry assets and premiums in Connecticut. Learn more at www.acli.com.



State Run Plans: Why ERISA Protections Should Apply to Private Sector Workers

Enacted in 1974, the Employee Retirement Income Security Act (ERISA) protects employee retirement accounts by ensuring protections of plan participants through a uniform federal standard of conduct on all plan sponsors and plan fiduciaries. Plans for private sector employees must fully satisfy ERISA requirements and provide employees with the protections of federal law.

Proponents argue that ERISA should not apply to a state run plan. Shouldn't private sector employees have ERISA rights and protections?

As the U.S. Department of Labor Advisory Opinion to Connecticut Governor Malloy makes clear, a plan for private sector workers would be subject to ERISA. The state, state officials, those governing the plan, and each participating employer: (1) would be required to comply with ERISA; (2) would have an ERISA fiduciary duty of care to participants and beneficiaries; and (3) would be personally liable under ERISA for actions or inactions regarding duties relating to:

- plan investments;
- costs and fees paid by the plan;
- services provided to the plan;
- transactions (prohibited or otherwise) between the plan and service providers; and
- compliance with federal filings, participant disclosures, and other ERISA requirements.

In another Advisory Opinion, the U.S. Department of Labor held that each unrelated employer in a multiple employer plan will be treated as sponsoring a single employer plan for purposes of ERISA. In addition, under the tax qualification rules including the nondiscrimination rules, non-compliance by one employer in a multiple employer plan could jeopardize the favorable tax treatment of the entire plan for all employers and all participants.

The only way to resolve these ERISA issues is with federal legislation. In fact, a number of nation-wide federal solutions are already under consideration in Congress.

The bottom line is that a state run plan for private sector workers subjects a state and its participating employers to costs, risks and potential liabilities. That's why state agencies such as the California Department of Finance, the Maine Department of Labor, the Washington Department of Retirement Systems and others have expressed concern about the feasibility and costs of similar programs. It's also why no other state has implemented such a plan. Instead of a state plan, states should encourage employers to offer a savings plan to its workers and encourage worker to take advantage of opportunities to save for retirement.

American Council of Life Insurers 101 Constitution Ave, NW, Suite 700, Washington, DC 20001-2133

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531 Main Street, Suite B - Somers, CT 06071-2009 (860) 763-3241 FAX (860) 763-3608

To: The Labor & Public Employees Committee, Tony Gulielmo, Mike Alberts, John Kissel and Penny Bacchiochi

My name is Lee Anne Madersky, a resident of Union and one of the owners, and Treasurer of several Connecticut businesses. We have been in business in Connecticut since 1986 and know from our experience how difficult it is to build a business from its inception forward.

I have read SB 249 in its entirety and am of the opinion that this bill will burden Connecticut's smallest of small businesses. I am not writing in opposition to this bill because it will serve our business interests. Our companies already participate in a 401k plan.

I am voicing my concern because it puts more pressure on small businesses. After I initially read the bill, I drove home through Somers and Stafford, noting all the businesses that were likely to be the size affected by this bill.

Service stations, florists, gift shops and other very small businesses may not have bookkeeping personnel to set up a payroll deduction provision that will have to be deposited within 14 days. Usually for the smallest businesses, it is hard to get payroll out on time, much less an additional step and the year end accounting that will also be required. The smallest of businesses usually don't have internet set up to initiate the required deposits, filings and the receipt of information to be displayed at the trust's website.

The requirement to sign everyone up and then have them opt out, and put them back on only to opt out again is time consuming yet required.

The guaranteed rate of return funded by insurance perplexes me. Why not offer safe investments with no guarantee of return and eliminate the need for the insurance?

Why is there an Organized Labor Expert appointed by the majority leader of the Senate serving on the Connecticut Retirement Security Trust Fund Board when employees covered by collective bargaining agreements are excepted from eligibility for the new plan?

Why is the plan set up as tax deferred when it is targeted to benefit the young and lower income employees? Why have tax deferred as the only choice when financial advisors suggest that for folks not close to retirement that a mix of deferred and Roth is the best choice?

Why set up a Trust, choose board members, and put a burdensome requirement on small business when every citizen can enroll in a private IRA or Roth IRA now?

How are the other Trusts the state manages doing?

Lee Anne Madersky
Treasurer
PSA Metallurgical Services, Inc.

Testimony IN FAVOR OF SB 249 AA Promoting Retirement Savings

March 11, 2014

To the Committee on Labor and Public Employees:

My name is Dorry Clay and I have been working as a professional artist my entire life. Currently, I own my own website and graphic design company.

As a small business owner (and sole employee), I have no feasible way to save for my retirement. At this point, without any new plans or changes, I am worried I'll have to continue working well into my seventies.

Like many workers, the recession hit me hard. I lost my job, and not long after that I was diagnosed with Cancer, which wiped out my savings and added new debt. I endured my treatment with cancer, and worked to establish my own business, doing the creative work that I love. But I feel the collateral damage of treatment aged me. I don't want to have to work until I am 70 or older because I can't afford to retire.

Financial pressures and growing debt have made retirement savings more pipe dream than an American dream. I shouldn't have to work until I am 70 because I can't afford to retire. Quality-of-life matters. That is why I'm supporting this plan to establish a 'retirement for all' savings plan.

Having a low-cost, easy to understand, and accessible retirement savings plan would be a big benefit for everyone across the state who is self-employed like me, as well as countless employees who aren't provided an option like this through their employers

The public retirement plan is an absolute no brainer. It gives every worker, not just those lucky enough to have 401(K)s or employers willing to contribute to a retirement savings account, the security to retire when they want to.

It is also incredibly important for small businesses and workers that are self-employed to have access to a retirement plan. Without such a plan, options for retirement savings plans are incredibly limited because of minimum contribution limits, high fees, and the amount of technical knowledge one must have to understand what investments they are making.

We need a public retirement option for every worker in Connecticut. Please support SB 249.
Thank you

Dorry Clay
Stonnington, CT



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**TESTIMONY OF
NATIONAL FEDERATION OF INDEPENDENT BUSINESS (NFIB)
OPPOSING
SB-249, AA PROMOTING RETIREMENT SAVINGS
BEFORE THE
LABOR & PUBLIC EMPLOYEES COMMITTEE
MARCH 11, 2014**

A non-profit, non-partisan organization founded in 1943, NFIB is Connecticut's and the nation's leading small-business association. In Connecticut, NFIB represents thousands of members and their employees. NFIB membership is scattered across the state and ranges from sophisticated high technology enterprises to "Main Street" small businesses to single-person "Mom & Pop" shops that operate in traditional ways. NFIB's mission is "To promote and protect the right of its members to own, operate, and grow their businesses." On behalf of those small- and independent- job-providers in Connecticut, I offer the following comments

NFIB/Connecticut has concerns with SB-249, and suggests rejection. This legislation creates a state-run retirement savings plan for private sector employees and guarantees a set rate of return on investment. It mandates employers with five or more employees to automatically enroll their workers into the state-run plan unless a retirement savings option is already available at the workplace. Employers that do not comply would be subject to possible violations by the Department of Labor.

While we applaud and agree with the proponents' interest in encouraging Connecticut residents to save for retirement, NFIB/Connecticut believes that SB-249 is a major step in the wrong direction. The state is already facing a massive unfunded pension liability for its public sector workers. This is simply not the time for the state to create a new plan for private sector employees, much less one which guarantees a set rate of return on investments. NFIB/Connecticut believes that a better course of action is a strong and robust focus on financial literacy for all ages and public awareness of retirement savings options. Furthermore, NFIB/Connecticut also has questions as to how the proposed legislation would interact with or supplant the recently announced federal "MyRA" program.

Small business owners feel that the employer mandate in SB-249 is highly problematic. Such a mandate is counter to purported efforts to make the state more business friendly. In addition to the administrative and record keeping burdens placed on small businesses as a result of this legislation, employers in general and small employers in particular want and need the flexibility to offer the mix of compensation and benefits that best meets the needs of their employees. Requiring employers to offer a benefit that their employees may not value is not an effective use of these employers' time and resources. While employees may, for example, prefer different benefits or additional compensation, employers would be



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forced to offer this benefit, possibly at the expense of others, or potentially face a sizeable penalty. In addition, this mandate also reduces flexibility of employees, who, unless they choose to opt-out, will have a minimum dollar amount automatically deducted from their paycheck, money that they may prefer to have in their pocket.

Despite the provisions contained in Section 12 of the bill, there is also concern about operational questions and potential liability issues the legislation raises for small employers. Small businesses are uncertain as to how they would interact with the newly created state entity (Board / Trust). This mandate could be read to require a host of educational as well as record keeping requirements for every employee at the risk of significant legal challenges by employees.

In addition, small business owners, as taxpayers, are concerned that the state would be incurring substantial costs to provide this service, as well as ongoing operational, oversight, compliance and insurance costs.

NFIB/Connecticut feels that the uncertainties, potential liability and expenses of SB-249 are unnecessary since Connecticut already has a robust and highly competitive retirement savings market. A wide variety of low-cost and easy-to-implement plans are already available for retirement savings vehicles. For example, many small business owners and individual employees tend to gravitate to IRAs because they are low-cost, straightforward and easy to administer. Furthermore, SB-249 would create a new state-run structure that would directly compete for this business with a wide range of Connecticut financial services firms, lending institutions, and other advisors, including many small businesses.

The government mandate in SB-249 is an economically dangerous imposition of additional costs and further meddling by state government into the operations of many Connecticut employers, the very employers who are being relied upon to help lead the state into economic recovery. Again, while NFIB/Connecticut is supportive of the intent of encouraging more retirement savings for our residents, shifting part of that burden onto small businesses does not make sense at this time, and NFIB would suggest a stronger focus on financial education and retirement planning awareness.

Thank you for the opportunity to comment, and NFIB urges lawmakers to take no action on SB-249.

March 11, 2014

To the Co-Chairs and members of the Labor and Public Employees Committee:

Testimony SUPPORTING SB 249: AA Supporting Retirement Savings

Submitted by Janet DePrat

To the co-chairs and individual members of the committee thank you for allowing me to speak today on the important and often confusing issue of retirement savings

My name is Janet DePrat. I'm career IT professional with what I can expect to be a sustainable, if not enjoyable retirement so close I can nearly touch it. I'd say I'm three years - give or take a year or two - away from having the opportunity to step away from the fulltime workforce and take some time to reflect on an amazing career and appreciate the opportunities that it will provide in my retirement.

My vision of retirement was not always that clear though. In fact it was downright gloomy. Worst of all, I didn't know that it was gloomy until I had no choice to look into it. Up until that point, I worked day and day out, spending more time at work then at home and cherishing those fleeting moments that my husband and I had together in between our working hours. With no children, we never thought twice about not being able to retire with a decent nest egg because we spent more time at work than we did money and we even contributed to our 401ks from time to time. But, life has a funny way of telling you to get it together sometimes.

For the money that we were making and the modest expenditures we made, I thought for sure my husband and I were set for a safe retirement. That it, until my husband died.

Once he had passed, I learned that we had some retirements saving, but no-where near quite enough to live a secure life on. Today's retirees live longer and fuller lives than ever before and the kinds of savings we had at the time just wouldn't cut it.

Working in the IT world, where my employers have tended to be large corporations, I've had the luxury mostly of having a 401 offered at most placed that I have worked since the 401ks inception. Still, has come with very little education in the way of actual retirement savings. My company now, has an intranet system set-up with an informational retirement portal, but that can only be described at best as a passive way to learn about how to properly save for your retirement. Being expected to self-teach the in's and out's of retirement savings can be a burden to an IT professional like myself, never mind men and women working in labor intense or service work industries where there's not always a computer right in front of you.

SB 249 will level the playing field. It'll get any working person who is eligible and opportunity to be as informed and retirement savings savvy as the next. Wall Street types have pointed to the 401k for so long, but the truth is, it takes a lot of time and work to learn about financial products - time and work that the average working person just does not have because their spending most of their *time working*. It's disturbingly unfair to think that safe and secure retirement should be only for those who have the luxury to spend the time to learn about financial derivatives and so on. If a man or woman works 30, 40 even 50 years in this state, they should have the opportunity to live the rest of their lives in dignity and be able to enjoy the time that they have left with us, not be hampered by thought that if only they had spent more time learning about retirement, they would have been able to retire.

My saving grace after my husbands passing was not that I instantly had more time to learn about retirement savings, although I did eventually, things were actually a lot more hectic and harder to understand after my husband passed. The truth is, once I remarried, I was lucky enough to meet a man who understood retirement savings. I'll say it once again; I consider myself very lucky for meeting such a wonderful, knowledgeable and loving man, but I wholeheartedly disagree with anyone who thinks that saving for your retirement should be a matter of luck. If not for my luck, I may not be looking at the days to come as cheerily as I do know; worse, I could be totally oblivious as I once was and not know what to expect until it was too late.

SB 249 takes the luck and the need to get a second job on Wall Street just to understand finances out of retirement saving equation and puts the dignity, respect and the feeling that you're getting what you deserve after a long and hard-worked career back in it. Supporting SB 249 is support for a dignified retirement for every hard working person, not just for some.

Thank you

-Janet DePrat

March 11, 2014

**To the Co-Chairs and members of the Labor and Public Employees Committee: Testimony
SUPPORTING SB 249: AA Supporting Retirement Savings**

Submitted by Orzie Henderson

To the co-chairs and members of the Labor and Public Employees Committee thank you for allowing me the opportunity to speak about why a bill like SB 249 could one day change the lives of so many men and women right here in the state of Connecticut.

I'll start off by saying, something that it is really a hard pill to swallow: it's over for me already. For the last forty plus years I've been employed off and on, labored hard and done all that I could possibly do, to keep my head above water, a roof over my head and food on my plate. It wasn't always easy - actually, it was never easy - working for a living without having the luxury of a decent salary meant that there was never enough to go around; Never enough to loan out to family; Never enough to save. Thinking back on my working years, I can honestly say that through it all, I made due, but day-to-day life was sometimes just too much to bear.

So now that my best years have gone by, and now that I've done all the work I can, do I'm left with the legacy of the life that I lived while working. Social security keeps me a float. Food stamps help put food in my belly. And when I'm sick Medicaid picks up the bill. I'm sick more these days. I eat less. And living off just about \$200.00 a week in my retirement isn't much of a living at all. I know that in my working years I could of done more, I could have may different choices; but honestly what were my options?

I've never heard of a bill like SB 249. Back when I was still working, pensions and a little later 401ks were the retirement options everyone was talking about. Most of my friends and family thought the only way to get a good job and retire with some respect was by joining the Army or working for the state. Otherwise, for the rest of us, it was do what you can with what you have and hope that it lasts.

No one is knocking on the door of the average, everyday man, to talk about how to save for your retirement. When you're struggling just to get by, no banker, investment broker or financial expert takes the time to walk you through the steps needed to retire. They don't waste there time with folks like me, I guess because there's no money to be made off us.

But SB 249 is different. SB 249 as I understand it will give every eligible man or woman working and living in Connecticut the opportunity to live in peace and with dignity in their later years. SB 249 is not reserved just for those who understand investments, or people who work in specialized jobs. SB 249 is designed so that people - all people can respectfully live their lives.

I started off by saying it, and I'll say it again: it's over for me. If SB 249 passes today, I'm already so far past my best working years and ability to tuck a way a dollar or two here or there, that I'm afraid that it would not have any real, direct impact on my own retirement. But the truth is, if it passes today and makes it to the Governor's desk to be signed after going through the process, then someone just like me will have the opportunity to look back on their working years with pride and step into their golden years on solid ground.

To the co-chairs and members of this committee please support SB 249, I speak from experience when I say that this bill can and will change lives.

-Orzie Henderson

March 11, 2014

To the Co-Chairs and members of the Labor and Public Employees Committee:

Testimony SUPPORTING SB 249: AA Supporting Retirement Savings

Submitted by Stacey Mowchan

Representative Tercyak, Senator Holder-Winfield and all of the distinguished members of the Connecticut Labor and Public Employees Committee, I thank you for allowing me to submit testimony today in support of a bill about retirement security.

My name is Stacey Mowchan. I am a mother of three and my husband Patrick and I started out with a vision and mission of doing everything that we can to provide for our little family. Our goal was to provide without fail and work to leave our kids free of burden once we were in our advanced years. Then things changed.

Nearly six years ago, my husband untimely and unfortunately passed away. Our hopes and dreams were taken with him, and the feeling that I had of being whole, of having a partner to help me navigate this life for us and our children were shattered. Before his passing, we discussed and worked towards putting away what we can for our later years. As a teacher and Patrick as a postal worker, we both had pensions and 401ks, but honestly not as much as we would have wanted for savings.

On the long road to retirement, things change. A life and family that add one point seemed so secure, can be turned on its head and tested to its limits. In losing my husband, we lost the linchpin and glue of our family identification in so many different ways, with one of the most poignant ways being our family security.

Providing and making mortgage for a three-child home with two incomes was no easy feat; doing it with one is downright hard. My kids want to do everything under the sun as my husband and I always have encouraged. Being able to afford the kind of lifestyle that allows a child education and experience outside the classroom does not come easy, not on a teacher's salary; being able to afford those things plus save for retirement is nothing less than a struggle.

That's why I support SB 249. Anyway that the burden can be eased on working parents, whether they're in a two partner household, widowed like me or single for other reasons, is a burden taken off the shoulders of those children down the line. I'm blessed to have three children who love me dearly and I am sure will do all that can once I reach retirement to take care of me the best way they can. But there's one thing that the members and leadership of this committee knows, just as well as my children and I do - life changes. All anyone can really ask for is safety and security in his or her later years, that's all most of us want. We know that there are no guarantees in life, but anything that can help us shore up for those days when we're working and earning less than we had at anytime in our adult lives, we - the men and women who work here in this state - are willing to do it. The sense of security you get in knowing that your children aren't burden, and in fact you can even help them out from time-to-time is the peace of mind that hard working men and women deserve.

For parents and families like mine, I'm asking each of the members of this committee to think of my family, your family and the family of every working-man and woman in the state of Connecticut who wants to provide for themselves and their children when the bill comes up for a vote. Please think of the twists and the turns that life takes throughout life that can leave you without what you thought was

guaranteed at one time. Then think of the security you would want for yourselves as well as your sons and daughters in our later years. I have no doubt that with clear hearts and clear minds, putting common sense and decency ahead of politics, that each of you will vote in favor of SB 249 when it comes your way.

I thank you for your time, and I urge you once more on behalf of my family and families like mine to support SB 249.

Thank you

-Stacey Mowchan



March 7, 2014

The Honorable Gary A. Holder-Winfield
 The Honorable Peter A. Tercyak
 Connecticut General Assembly
 Labor and Public Employees Committee
 Room 3800, Legislative Office Building
 Hartford, CT 06106

RE: SB 249 – An Act Promoting Retirement Savings

Dear Chairmen Holder-Winfield and Tercyak,

On behalf of the Securities Industry and Financial Markets Association (SIFMA)¹, I am writing to express our concerns with SB 249, An Act Promoting Retirement Savings. SIFMA represents the shared interests of hundreds of securities firms, banks and asset managers, many of whom have a presence in Connecticut. Many of our members provide various services to retirement plans, including advisory services, investment opportunities and plan recordkeeping.

We agree there is a savings challenge in this country. Individuals need to save more for retirement and need to better understand the benefits of compounding interest, diversification, and not accessing retirement savings accounts for other purposes. Additional education is part of this process, with age appropriate programs for children and adults. Enhanced federal and state programs and incentives encouraging more employers to offer these plans and more employees to utilize them would be helpful, and SIFMA would be happy to work with the State on such efforts.

We, however, believe SB 249 is a step in the wrong direction. It would burden the State with additional costs and liability to develop, establish and administer a new program. Such a program would directly compete with the private market, which today provides a wide variety of individual retirement account options for employees who are ready to contribute a percentage of their annual compensation towards retirement.

Current Provider Market in Connecticut

One of the underlying premises for this proposal is that Connecticut businesses and private employers do not currently have access to reasonably priced retirement savings plans. This simply is

¹ The Securities Industry and Financial Markets Association (SIFMA) brings together the shared interests of hundreds of securities firms, banks and asset managers. SIFMA's mission is to support a strong financial industry, investor opportunity, capital formation, job creation and economic growth, while building trust and confidence in the financial markets. SIFMA has offices in New York and in Washington, D.C. For more information, visit <http://www.sifma.org>.

New York | Washington

120 Broadway, 35th Floor | New York, NY 10271-0080 | P 212 313 1200 | F 212 313 1301

www.sifma.org

not true. The market for retirement savings alternatives in Connecticut is robust and highly competitive, with a wide range of products and services offered by a variety of Connecticut providers, including brokers, mutual fund complexes, insurance companies, banks and credit unions. Even Costco has an online 401(k) plan available for small businesses.

There are currently 22,300 individuals in Connecticut working in the securities industry and a total of 110,800 people in the State employed in the broader category of finance and insurance industries. These industries provide numerous fairly priced retirement savings options. These options include 401(k), 403(b), 401(a), and 457(b) plans as well as SIMPLE, SEP and traditional and Roth IRAs. Indeed, last week, ThinkAdvisor rated Connecticut as the #1 state for 401(k)s in the country based on the concentration of strong plans, with plans measured on their design, management and performance.² Moreover, in instances where an employer does not provide a plan, IRAs are readily available at most financial institutions in Connecticut

In addition, President Obama recently announced³ "MyRA" ("My Retirement Account"), a program to be offered through employers via a Roth IRA account, backed by the U.S. government much like a savings bond, and portable at any time to a private sector retirement account. SIFMA supports the creation of the MyRA savings bond as a tool to promote retirement savings. The program is developing quickly, with an RFP⁴ issued by Treasury on Feb. 27

SIFMA would recommend that the State help increase coverage by focusing its efforts on educating both businesses and individuals about the various options that exist, including the MyRA program. We would be happy to work with the State on such efforts. Furthermore, there is a vast array of free and readily available educational tools through government websites such as the federal Department of Labor, which offers a "Retirement Savings Toolkit,"⁵ and other private websites such as www.chooserosave.org. Websites such as these cut through the complexity and help businesses and individuals make informed decisions about their retirement options. There is no reason for the State to enter into direct competition with Connecticut financial services companies who are employing tens of thousands of workers in the State and who are already providing these services at no direct cost to the State

SIFMA would also suggest that, before establishing a new program, the State should review the many different existing product offerings to determine if there is a gap in availability and consider what factors - other than access - may be preventing workers from taking advantage of existing options

No Other State Runs a Plan for Non-Public Workers

Another misconception is that this is a low risk proposition as there are already similar programs operating in other states. This also is not true. California did pass legislation in 2012⁶ creating a Secure Choice Retirement Savings Investment Board to explore the issue. The State Treasurer's

² <http://www.thinkadvisor.com/2014/03/05/top-10-best-states-for-401k-plans?ref=nav>

³ <http://www.whitehouse.gov/the-press-office/2014/01/29/fact-sheet-opportunity-all-securing-dignified-retirement-all-americans>

⁴ http://www.treasurydirect.gov/ready/savegrow/start_saving/RetirementSavingsSolicitation.pdf

⁵ <http://www.dol.gov/ebsa/publications/FIToolkit.html>

⁶ http://www.leginfo.ca.gov/pub/11-12/bill/sen/sb_1201-1250/sb_1234_bill_20120928_chaptered.pdf

website⁷ makes quite clear that the Board must conduct a privately or federally funded market analysis and feasibility study “to determine whether the legal and practical conditions for implementation can be met” The program cannot proceed unless the Board concludes, based on the analysis, that the program will be self-sustaining⁸ That feasibility analysis has not yet begun.

The yet to be constructed California plan also cannot be implemented “if it is determined that the program is an employee benefit plan under the federal Employee Retirement Income Security Act”⁹ The Board must obtain from the federal Department of Labor an Advisory Opinion that ERISA does not apply. ERISA applicability would result in substantial additional costs and liability for both the state and participating employers, something the legislature was not interested in pursuing. We believe, as further described below, that DOL will determine that ERISA applies

The California plan also cannot be implemented unless and until the IRS finds that the program qualifies for the same “favorable federal income tax treatment ordinarily accorded to IRAs under the Internal Revenue Code¹⁰” The Board must get this Determination Letter ruling before moving forward.

Even after these hurdles are cleared, the Board must still go back to the legislature for approval before implementing any plan All of this suggests a fairly lengthy and expensive process States considering following California’s lead may want to await the outcome in California before moving forward

With respect to other jurisdictions, six states, including Connecticut, had similar legislation introduced in 2013 but none was enacted or passed their house of origin.¹¹ Thus far in 2014, no state has enacted such a proposal Maine expressly rejected it, the Indiana and Washington bills died in fiscal committees, and the Arizona bill was double referred and was not heard by either committee by the relevant committee deadline

ERISA Applicability and Liability

We are also concerned about the conflicts that would undoubtedly arise between federal regulations governing retirement plans and laws enacted by individual states – in effect, what the Employee Retirement Income Security Act (ERISA) was designed to address in 1974. Different states would most likely have different rules governing operation, accumulation and distributions, which we feel could result in employee and employer confusion on how the state versus federal or another state’s plans and programs operate. We are concerned that employees who save for retirement in a state plan will not have the same rights and protections that are provided under the federal regime. For example, a state based retirement plan may not provide spousal protections (which are provided under ERISA). Another example is that the state benefit may not be portable to a different state should the employee relocate outside the state sponsoring the program.

⁷ <http://www.treasurer.ca.gov/scib/>

⁸ See page 17, Section 100042

⁹ See page 17, Section 100043

¹⁰ See page 17, Section 100043

¹¹ Oregon decided to conduct a retirement savings study, for which the state has created a task force Massachusetts passed a much narrower voluntary bill in 2012 targeted at small not-for-profits, this has not yet been implemented

It is for these good reasons, among others, that ERISA was created. While ERISA does mean additional costs for anyone operating an ERISA plan, it also means additional protections for participants and a uniform set of rules and requirements governing them.

Part of the costs, in our view, relate to the federal regulations vendors already face in the retirement space. We believe ERISA would appropriately apply in the case of a state sponsored plan run for private employees and would create substantial ERISA compliance costs and financial liability for the state. The Department of Labor issued an Advisory Opinion in 2012 to Connecticut Governor Malloy which is of relevance. Advisory Opinion 2012-01A was issued in response to the Connecticut legislature's attempt to provide health insurance coverage for certain private sector workers who had a contract with the state. DOL advised that private sector employers are not governmental agencies or instrumentalities and that therefore a provision exempting governmental plans from ERISA did not apply. The analysis for coverage of private sector employees in a pension benefit plan should be comparable. We believe ERISA would apply to the plan envisioned under SB 249, all of the requirements and costs associated with ERISA plans should therefore also apply.

There is additional guidance from the Department of Labor that would be applicable as well. There is a safe harbor for certain payroll deduction arrangements; however, there are several requirements that must be met. These requirements include limited involvement from the employer. SB 249 includes a provision permitting employer contributions; employer contributions would clearly trigger ERISA applicability. SB 249 is also drafted as a multiple employer plan, which would subject the program to ERISA and subject each participating employer to ERISA's fiduciary provisions.

Once ERISA application is clear, then the State would be liable for complying with it. These liability concerns include liability for a breach of fiduciary duty under ERISA, which entails:

- Liability for failure to file the necessary IRS forms and accounting mistakes,
- Liability for any complications of complying with annual non-discrimination testing;
- Liability for a breach of fiduciary duty under ERISA, which includes liability for paying unreasonable plan expenses and monitoring all the investment options offered or utilized within the plan and making timely adjustments as determined necessary, and
- Liability for ensuring that no prohibited transactions are occurring, including monitoring for conflicts between a plan and a party in interest.

Positive Steps Moving Forward

SIFMA would like to work with state policymakers to expand retirement plan coverage. We believe that education about the options and incentives that currently exist for small and non-profit employers, as well as the new MyRA program expected by the end of 2014, would help increase coverage.

For example, some small employers may be unfamiliar with the ability to offer a low cost IRA based retirement program while others may be unaware of existing federal incentives to start a new plan. There are educational programs at the federal level on these topics that could be replicated at the

state level at minimal cost in time and money. This could entail partnerships between small employer groups, various providers and the State. SIFMA would be happy to work with the State on such efforts.

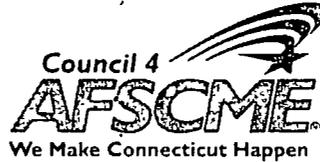
Thank you for your consideration. Please feel free to contact me at 212-313-1311 or SIFMA's lobbyist, Patrick McCabe at 860-293-2581 should you have any questions.

Sincerely,



Kim Chamberlain
Managing Director and Associate General Counsel
State Government Affairs

Cc: Members of the Labor and Public Employees Committee



Council 4 AFSCME
Testimony before the Labor and Public Employees Committee of the
Connecticut General Assembly
March 11, 2014

Senator Holder-Winfield, Representative Tercyak and members of the Labor Committee. My name is Matthew Brokman and I'm a representative of Council 4 AFSCME. Our union represents 32,000 workers across Connecticut.

I'm here to testify in support of SB 249: An Act Promoting Retirement Savings.

First, we'd like to thank Majority Leader Martin Looney and Majority Leader Joe Aresimowicz for the continued attention they have brought to this issue. And thank the committee for raising this bill again.

Retirement security was built on the three-legged stool: Social Security, Defined-Benefit Pension, and Personal Savings. And our economy was built around the idea that after a lifetime of work, you would have enough assets to maintain your quality of living during your golden years.

The vast majority of our union membership in Connecticut is fortunate enough to have defined-benefit pensions, largely because we're there to fight for them at the bargaining table. Those pensions ensure that after a long work career, workers have the ability to live in dignity, to enjoy family, to deal with unexpected expenses.

In terms of policy, defined-benefit pensions are one of the best anti-poverty tools. According to the National Institute on Retirement Security, among the current nationwide retiree population, we've seen:

- 4.7 million fewer poor and near-poor households
- 460,000 fewer households that experienced a food insecurity hardship
- 500,000 fewer households that experienced a shelter hardship
- 510,000 fewer households that experienced a health care hardship

In 2010, governments spent about \$7.9 billion dollars less on public assistance to older households because of their defined-benefit pension income.

However, as workers are increasingly moved from defined-benefit pensions to more risky retirement savings plans like a 401(k) or dropped from employer-sponsored retirement plans altogether, we are about to see these benefits of pensions disappear, meaning more elderly at risk of being in poverty and increasing public assistance costs.

In fact, we are first beginning to see the effects of that shift here in Connecticut- over the past 8 years, according to data compiled by OFA, state assistance to low-income elderly has gone up by over \$20 million. That number does not include federal funds or municipal services.

The Center for Retirement Research at Boston College estimates that 53% of American workers 30 and older are “at risk” to have insufficient assets for retirement when they reach 65. In 1983, only 31% were at risk. Furthermore, the Center also estimates that our “retirement income deficit” is \$6.6 trillion – that’s the difference from what workers needed to save in order to retire comfortably and what they actually managed to save.

Part of the problem is lack of access to low-cost retirement plans. A 2013 study from The New School’s Schwartz Center for Economic Policy Analysis (SCEPA) documents a downward trend in both employer sponsorship of retirement plans and employee participation rates in Connecticut from 1998 to 2012, making it increasingly difficult for workers to prepare for retirement.

In 2010, 50% of Connecticut’s workers – 740,000 residents – were not participating in an employer-provided retirement plan. The lack of access to retirement plans is falling for workers in almost all demographic and economic categories, including those nearing retirement and young workers, as well as those with middle and high income levels. The decline in employer sponsorship affects low wage workers – as coverage declined from 46% to 31% over a ten year period. The study is attached to my testimony.

According the Commission on Aging, a disproportionate share of older residents is living just above the poverty line but without sufficient resources for economic self-sufficiency. This is likely because Social Security, which is supposed to keep retirees above the poverty-line, was meant as only one leg of a three-legged stool, with pensions and savings forming the other two.

Passing SB 249 would go a long way toward rebuilding that stool.

Thank you. I’ll be happy to answer any questions.

Statement**Insurance Association of Connecticut**

Labor and Public Employees Committee

March 11, 2014

SB 249, An Act Promoting Retirement Savings

The Insurance Association of Connecticut (IAC) opposes SB 249, An Act Promoting Retirement Savings, which would establish a state-run retirement plan for certain private sector employees.

IAC agrees with what we understand to be the basic goal of SB 249, which is to seek to increase the public's participation in saving for their future retirements. However, we believe SB 249, if implemented, would actually be contrary to the best interests of the state and its citizens.

The retirement plan market in Connecticut is highly competitive. Life insurers, an integral part of this state's economy, participate fully in that market and provide a wide variety of retirement plan products and services, on both a group and individual basis. Insurers are actively and aggressively competing with the rest of the financial services industry for business every day in the private sector.

There is no shortage of retirement plan options available to businesses and individuals in this state, including numerous low-cost options which are designed to meet the needs of small employers and their employees. IAC believes the State of Connecticut should not be in the business of competing directly, and unnecessarily, with the state's life insurance industry and the tens of thousands of employees, agents and brokers that work in it.

Various other states have studied the issue of private sector retirement savings, and several have considered legislation similar to SB 249. In 2013, six other states defeated state run retirement plan legislation. Several states have already killed bills in 2014. To date, no state has implemented such a bill, and for good reason.

SB 249 would impose various mandatory administrative and recordkeeping on employers, along with corresponding costs. Those employers, and the State, could be subject to potentially significant liability as plan fiduciaries.

There is no evidence that a state-run plan can be administered in a way that is less costly than what is available in the private marketplace. In fact, SB 249 raises the possibility of redefining what is considered an "administrative cost" in order for the plan to ostensibly meet its maximum cap on plan administrative costs.

Previous studies have shown that a state will incur substantial start-up costs in developing and implementing such a plan. For example, a study in the state of Washington showed that the state, and its taxpayers, would be responsible for millions of dollars in plan costs until the plan became self-sustaining.

In addition, the State could be responsible for huge plan shortfalls if investment returns fail to cover the plan's guaranteed rate of return and ongoing administrative overhead.

California is the only state that has adopted legislation (2012) similar to SB 249. However, there was so much concern about the potential financial and legal problems that could result from the legislation that California has embarked on an extensive and expensive multi-year feasibility study that won't likely be completed until the end of 2015. In contrast, SB 249 somehow contemplates the completion of a similar study in five months.

Both the California bill and SB 249 require their respective plan boards to seek an advisory opinion from the U.S. Department of Labor that such a state run retirement plan would not be subject to the Employee Retirement Income Security Act (ERISA). Recent DOL opinions indicate that the proposed plans are not likely to receive such an opinion letter.

It should also be pointed out that President Obama, by Executive Order in January, established the "myRA" program for private sector workers. According to the U.S. Treasury, this voluntary retirement program will be operational by the end of 2014, and will allow workers to participate with an initial investment of as little as \$25. The myRA program will charge no fees and will have guaranteed rates of return backed by the U.S. Government.

IAC would respectfully submit that, rather than establishing a state-run retirement plan as contemplated by SB 249, the public and all other interested parties would be better served by the state seeking ways to improve awareness of the variety of retirement plan options currently available in the retirement services marketplace, and to encourage greater participation by individuals and businesses in that marketplace.

IAC urges rejection of SB 249.

From: Winfield Schmitt <win_daddy@yahoo.com>
Subject: Support Retirement for All!
Date: March 3, 2014 10:02:54 PM EST

SB 249

Everyone deserves a secure retirement.

We are facing a retirement crisis! Less than half of Connecticut workers have employer sponsored retirement plans like a 401(k). At least 53% of American workers age 30 and older are now at risk to have insufficient assets for retirement when they reach the age of 65. Many companies, even those who are very profitable, are no longer offering sponsored retirement plans. Employers that do offer plans are contributing less and less to retirement savings. Union membership is on the decline and stagnant wages mean workers are more than ever less able to afford the high contributions and expensive fees of private retirement plans. Without retirement savings many workers will be left with only Social Security to survive on. This is why we need a public, state-run retirement savings option that every worker can access. By pooling resources into a single trust fund, workers in Connecticut will benefit from higher returns on their investment. Also, public retirement savings plan would not incur the exorbitant fees many Wall Street firms charge to manage private funds. Everyone should be able to afford to retire with dignity!

Thank you,

Winfield Schmitt

06351

Testimony in support of SB 249: Public Retirement Savings Plan

Paul Piccirillo

March 11, 2014

To Rep. Tercyak, Sen. Holder-Winfield and members of the Labor Committee,

My name is Paul Piccirillo, I'm a resident of Milford and will be testifying in support of SB 249: an act promoting retirement savings. I am self-employed and work in the painting and wallpapering industry. I'm 47 years old and over the years, I have tried to put money away for my retirement, with varying success. Luckily, I do enjoy my job and hope to continue in the field until at least my 60s. But like everything else in life, there are no guarantees. Hopefully my decision to stay in the workforce will be a choice, and one I can make without concerns about my health or retirement future making the decision for me.

My wife has a 401k plan that we are hoping will be enough to get us by. But it's hard to predict how much there will actually be for us to live on after fees and such are taken out. I also have a life insurance policy that could be used in cases of emergency. This would be a last resort though, and is not something that I want to be using to fund my retirement or to even have to use at all during my lifetime. Our options for securing a financially independent retirement are slim and as you can see, my wife and I are doing the best we can to plan for it.

I have two daughters, ages 7 and 11 and I worry about what will happen as they get older. Our country is currently in the middle of a retirement crisis- older folks are unable to retire, younger folks are unable to find jobs and paying into social security your whole life is just not enough to cover the financial burdens during retirement. This is why we need a plan like the one SB 249 would create. As a self-employed individual, I would greatly benefit from a plan that didn't have huge fees, didn't make risky investments with my money and was handled by a secure investment board. Please support SB 249 and help families like mine, plan and save for their retirements in a responsible, secure manner.

Thank you.

- Paul Piccirillo

From: Michael Rosa <michaelrosa1999@yahoo.com>
Subject: Support Retirement for All!
Date: March 4, 2014 10:27:24 PM EST

SB249

We are facing a retirement crisis! Less than half of Connecticut workers have an employer sponsored retirement plan like a 401(k). 53% of American workers 30 and older are "at risk" to have insufficient assets for retirement when they reach the age of 65. Many corporations, even those that are very profitable, are no longer offering sponsored retirement plans.

Employers that do offer plans are contributing less and less to retirement savings. Stagnant wages mean workers are less and less able to afford the high contribution limits and expensive fees of private retirement savings plans. Without a retirement savings account, many workers will be left with only Social Security to survive on

That is why we need a public, state-run retirement savings plan every single worker can access. By pooling resources into a single trust fund, workers in the state will benefit from a higher return on their investment. A public retirement savings plan would not incur the high fees Wall Street charges to manage retirement funds.

Everyone should be able to afford to retire with dignity.

Michael Rosa

06117

Testimony in support of SB 249: An Act Promoting Retirement Savings,
submitted by Michael Bernardo of Bridgeport

March 11, 2014

Co-Chairs Rep. Tercyak and Sen. Holder-Winfield, members of the Labor
Committee:

Thank you for the opportunity to submit testimony in support of SB 249. My
name is Michael Bernardo and I am a resident of Bridgeport. I currently
work in the warehouse at Taylor Freezer and complete other odd jobs
around the company.

I've been there for almost a year now and just recently signed up for the
employer offered 401k plan. In the past couple months, I've managed to
put a little bit in, but I've got peanuts in it. I'm in school right now, getting a
certification for work and with all the expenses of every day life it's hard to
put aside any money for retirement. I know I need to start planning for it
now- I'm 27 years old- but it's just difficult to do it when I have the bills to
pay in my present life.

I do see older folks around me who are struggling to make ends meet- my
father's friends, people in my apartment building. It's frustrating to see that
people can work their whole lives and yet when they retire, they are forced
to live in poverty and rely on social assistance programs or on their
relatives. Retirement should be a reward for working hard and contributing
to society, but it honestly does not look that way anymore.

I'm glad that I have a 401k plan, but I think that there is a better option and
alternative out there. The public retirement savings plan proposed by SB
249 would be available for everyone and it would be managed without the
huge administrative costs and fees associated with private 401k plans
(which is something I'm concerned about). Everyone should be able to
retire with dignity and passing SB 249 would allow a broader range of
individuals to save, plan and actually achieve that goal.

Thank you.

From: Lucille Huelin <lahuelin@att.net>
Subject: Support Retirement for All!
Date: March 5, 2014 11:29:28 AM EST

SB249

Everyone deserves a secure retirement.
With the cost of living increasing almost everyday, on items that we all need, regardless of whether we are working or not, such as gasoline, milk, bread, electricity etc. living on a pension is very hard. If you don't have a pension it becomes an even bigger problem. A lot of us who work for a Municipality won't even get the full benefits from Social Security if we qualify for it.

Changes need to be made to help those in need and the population is aging, which means there will be a larger group of retirees than ever before.

Lucille Huelin

06513

From: Lisa-Marie Tursi <lisamarietursi@yahoo.com>

Subject: Support Retirement for All!

Date: March 4, 2014 11:46:07 AM EST

SB249

Everyone deserves a secure retirement.

As a 30-something taxpayer, I am watching my 60-something year old parents STILL have to work. They will NOT retire at 65. I will not either. I do have a 403b (fortunately) but to maintain funds to live in Connecticut (or in this country) I can't put away nearly enough to maintain this lifestyle in 30 years.

I don't know if a state-run program is the answer. I KNOW that I will NOT have Social Security by the time I'm at an age I'm "suppose" to retire, so I will need to rely on what I personally can save. But it's not an easy task. Our GOVERNMENT (state or federal), will give to others before giving to us the hard-working taxpayer. 50% of my salary contract goes to taxes, insurance & an attempt at Saving for retirement so that I can live after working... NOT FAIR! How can I take advantage of all the beauties in life when HALF of my money is going into someone else's pocket?!?! I need to get some benefit from working for so long. (it's been 20 and I'm looking at another 40 or so, if my health stays with me)

What's EVEN WORSE?!? I'm single without children. What money will I have for the kids I want to have? To plan for their future.

DO SOMETHING to make it worth living and working in this country!!!

No one seems to understand... it's like those who make decisions were born with money at their disposable and never had to work or try to save to survive...

Lisa-Marie Tursi

6518

860-416-3641

From: Linda Dalles <ldalles@snet.net>
Subject: Support Retirement for All!
Date: March 3, 2014 9:32:18 PM EST

Everyone deserves a secure retirement.

I support SB 249. I do not have a retirement savings plan because of the high cost of living. This makes me nervous as I reach closer to retirement. My parents had a pension from their employer and its time that Corporations and other entities include a pension to their employees, My parents never worried once they retired as they had a pension from the company they worked at.

I am a caregiver right now and the clients I take care of they all say Social Security is not enough. They all say you need more money when you get older to afford the necessities that you may need. They are all struggling financially.

Key points and I agree with what was provided in this petition are

- We are facing a retirement crisis! Less than half of Connecticut workers have an employer sponsored retirement plan like a 401(k).
- 53% of American workers 30 and older are "at risk" to have insufficient assets for retirement when they reach the age of 65.
- Many corporations, even those that are very profitable, are no longer offering sponsored retirement plans.
- Employers that do offer plans are contributing less and less to retirement savings.
- Stagnant wages mean workers are less and less able to afford the high contribution limits and expensive fees of private retirement savings plans.
- Without a retirement savings account, many workers will be left with only Social Security to survive on.
- That is why we need a public, state-run retirement savings plan every single worker can access.
- By pooling resources into a single trust fund, workers in the state will benefit from a higher return on their investment.
- A public retirement savings plan would not incur the high fees Wall Street charges to manage retirement funds.
- Everyone should be able to afford to retire with dignity.

Linda Dalles

06877

From: Laurence Johnson <wawrku@gmail.com>
Subject: S.B. 249
Date: March 3, 2014 6:12:48 PM EST

Please support the public retirement savings plan envisioned in this bill. I am 62 years old, and starting Social Security. I have a police pension from the town where I worked for 29 years. This is enough for me to get by, since I do not have dependents, and I was lucky enough to buy my house when housing values were low. I was also lucky enough to reinvest my 407(b) savings in stocks that recovered the substantial losses that the recession brought. But most people are not lucky enough to have most of these benefits. If they are not financially secure enough to retire, then younger folks cannot move into those jobs.

This is why, after all, the Fair Labor Standards Act was passed in the Roosevelt years; not to make workers rich with overtime pay, but to motivate employers to hire more workers. That generation provided employment for my generation. Your generation can now improve the employment outlook for the next generation by adopting this public retirement savings plan for everyone.

Laurence Johnson

06088

From: Laurel Johnson <laurel@queenoftarts.com>
Subject: Support Retirement for All!
Date: March 3, 2014 7:55:32 PM EST

SB249

Everyone deserves a secure retirement. Isn't it to everyone's advantage for the general public to have access to safe and secure retirement savings. Retirement savings accounts should be easy to start, easy to contribute and not subject to high transactions fees by Wall Street Banks. Retirement accounts shouldn't only be for the wealthy or those who work for large corporations, they should be available to all!

Laurel Johnson

06412

From: Kenny Foscue, MPH <kfosc@snet.net>
Subject: Support Retirement for All!
Date: March 3, 2014 9:59:20 PM EST

Everyone deserves a secure retirement.

I support SB 249, pass SB 249 - seems like a great idea. As someone who has a state pension, I believe all working people should have access to a decent retirement - it is only fair and good public policy that will help the economy.

Kenny Foscue, MPH

06473

From: Kathleen Kilcommons <kkilcommons@att.net>
Subject: Support Retirement for All!
Date: March 4, 2014 4:50.40 PM EST.

SB249

Everyone deserves a secure retirement. Personal Savings Accounts make little to no discernible interest. Anything run by Wall Street is unsafe. We need a public, state run, immune to privateers and monopoly Banks, (too big to jail) to produce retirement for everyone. It is right and just, and promotes the well being of all.

Kathleen Kilcommons

06611
2035037635

From: Julie Winkel <jwinkel@live.com>
Subject: Support Retirement for All!
Date: March 4, 2014 10:09:34 AM EST

SB249

As one of the millions over 50 who were laid off in the last few years and are now cobbling together a living, retirement seems a faraway dream.

Most of us - educated, capable, motivated adults - laugh about working till we fall down. But this is no laughing matter - the stress of not knowing whether we will run out of money takes a huge toll mentally and physically. And I won't even get into the health care part of the discussion...

What we do have in retirement savings earns little. Only the high rollers are pulling in the high percentages that we read about on Wall St. And then the "market corrections" devour whatever piddling percentages we get anyway, so we are barely keeping up with inflation. This is a HUGE issue and it needs to be taken seriously, or you're going to end up with millions of snarling seniors, with no power beyond the vote, on state assistance in 20 years.

Julie Winkel

06450

From: Joyce Burns <burnsj@danbury.k12.ct.us>
Subject: Support Retirement for All!
Date: March 4, 2014 10:06:39 AM EST

Everyone deserves a secure retirement. I've worked hard my entire life thinking that I will have a financially secure retirement. Now more and more of us (the disappearing middle class) will enter retirement without financial security. How shameful!

As a Legislators, your voting record speaks loudly about how you value (or not) the majority of the American people. Your vote for SR249 will demonstrate if, as a representative of the people, you preserve the right of all Americans to life liberty and the pursuit of happiness, one of which is to retire with financial security.

As a representative of the American people, it is your duty to support SR249!

Joyce Burns

06801

Marjorie Freeman

**Testimony Before the Labor and Public Employees Committee of the
Connecticut General Assembly**

March 11, 2014

Good afternoon, Senator Holder-Winfield, Representative Tercyak, Members of the Labor and Public Employees Committee. My name is Marjorie Freeman, and I am speaking today in support of SB 249: An Act Promoting Retirement Savings.

I am retired now, but I can tell you this, is not the retirement I had planned. I worked for IBM for 27 years. And I assumed during that time that I would have plenty of money for retirement. I paid into Social Security, had stock options, and even a 401(k). I thought I would have a comfortable retirement.

Now, years later, I find myself looking for senior discounts, not buying new clothing, avoiding long car trips all to save as much as I can. Social Security doesn't even cover my property taxes.

Things happen that are simply out of your control. My son has autism, and to make sure he received the care and education he needs, my husband and I had to dip into our 401(k) to pay for expenses. In addition to depleting my retirement funds, withdrawing early comes with penalties - further cutting into my savings. Then the housing bubble burst, leaving me with a large mortgage.

Strange as it is, I am one of the lucky ones having worked for the same company much of my life and having a 401(k). Today there are a lot of workers that are not as fortunate. And what's going to happen when they get to retirement age is that taxpayers will have to start pitching in to help them out. That's why it's so important that everyone have access to a secure retirement savings plan.

Thank you for your time.



Connecticut's Legislative Commission on Aging

A nonpartisan research and public policy office of the Connecticut General Assembly

Testimony of

Julia Evans Starr
Executive Director

Connecticut's Legislative Commission on Aging

Labor Committee
March 11, 2014

Senator Holder-Winfield, Representative Tercyak, Senator Markley, Representative Smith and esteemed members of the Labor Committee, my name is Julia Evans Starr and I am the Executive Director for Connecticut's Legislative Commission on Aging. I thank you for this opportunity to comment on SB 249.

Connecticut's Legislative Commission on Aging is the non-partisan, public policy office of the General Assembly devoted to preparing Connecticut for a significantly changed demographic and enhancing the lives of the present and future generations of older adults. For over twenty years, the Legislative Commission on Aging has served as an effective leader in statewide efforts to promote choice, independence and dignity for Connecticut's older adults and persons with disabilities. In doing so and as part of our charge we dedicate efforts to ensure economic security of older adults.

SB 249: An Act Promoting Retirement Savings

~ CT's Legislative Commission on Aging Supports

As you know, the population in Connecticut, across the country and around the globe is aging dramatically. Connecticut is the 7th oldest state in the nation and home to more than 1 million baby boomers. Between 2006 and 2030 our 65+ population will increase by 64% while our population age 21 to 64 years of age actually decreases. Baby boomers are an introduction of what will be a permanent state representing a remarkable shift. At the same time people are experiencing unprecedented longevity. (In illustration Connecticut is home to approximately 900 centenarians, people 100 years of age and older.)

When Social Security was enacted in 1935 the average life expectancy was 62 years of age, three years less than retirement age. Today we can expect to live 15-20 years beyond the retirement age.

Social Security has proven to be a tremendous success story resulting in only 10% older adult population living below poverty line. Without Social Security that number would be closer to 50% below the poverty line. Still, it is important to note that the average Social Security benefit is \$15,000 per year.

Further, in 2009, CT's Legislative Commission on Aging partnered with the Permanent Commission on the Status of Women and Wider Opportunities for Women, Inc. to measure the economic security of older adults in Connecticut. According to Connecticut's Elder Economic Security Index, the average Social Security benefit leaves a single female renter approximately \$12,000 below the amount needed for economic security in Connecticut.

Social security, with private pension, and personal savings had been the proverbial 3 legged stool for financial security in the "golden years". Today - Social Security is facing actuarial and policy threats, traditional pensions are disappearing from the private workforce and personal savings are low. A recent study found that 1/3 people in our country between 45 and 54 had saved nothing specifically for retirement. Additionally, data for the Long-Term Care Needs Assessment shows that 40% of people in Connecticut have saved nothing for their future long-term services and supports needs and another 20% have said they can only afford \$10,000 toward the needs. This, of course, means that most people will not be able to afford their care needs and will end up needing to utilize Medicaid.

New models rely less on defined benefit (traditional pensions) and more on defined contribution such as 401ks. Many workers now find themselves without access to any kind of workplace retirement plan. According to the Schwartz Center for Economic Policy Analysis, employer sponsored retirement plans in CT fell from 66% in 2000 to 59% in 2010 with only 50% of workers utilizing them. Downward trends are significant for workers across all age and race demographics and economic categories with low-income workers at the lowest level of opportunity.

The retirement plan contained in this bill is a forward-thinking solution to a growing problem facing older adults of today and an emerging crisis for older adults of tomorrow. This self-sustaining plan will set aside a workers own money to help build for their future thru the provision of professional money management and a guaranteed interest rate. To ensure success, much higher rates of utilization and reduce both racial and income disparities - employees' retirement contribution will be automatically deducted from their paychecks. They will, however, have an opportunity to opt-out in writing.

We appreciate that the board, known as the Connecticut Retirement Security Trust Fund Board, has a representative from the aging community on it and that the board itself has discretion to develop alternate plan designs if necessary.

We support this important piece of legislation and ask that you do the same. It represents responsible public policy given the changing demographics and financial landscape. It gives workers the tools to be able to save for their own retirement, resultantly saving the state money (for services they may otherwise be reliant on) and helping people be able to help themselves. Thank you for listening.

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Connecticut General Assembly

PCSW
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Testimony of
 Teresa C. Younger
 Executive Director

The Permanent Commission on the Status of Women
 Before the
 Labor and Public Employees Committee
 March 11, 2014

Re: S.B. 249, AA Promoting Retirement Savings

Senators Holder-Winfield and Markley, Representatives Tercyak and Smith, and members of the committee, thank you for this opportunity to provide testimony on behalf of the Permanent Commission on the Status of Women (PCSW) regarding S.B. 249, AA Promoting Retirement Savings, which would create a state-administered retirement savings plan for low-income private sector workers.

Impact on CT Women: The PCSW supports passage of S.B.249 because many women retire with insufficient income to sustain them during retirement. Twenty-five percent of women have neither retirement savings nor other savings, compared with 18% of men.¹ Elderly women represent 58% of the Connecticut's elderly population and 68% of the elderly population over the age of 85.²

Based on the Connecticut Elder Economic Security Standard Index (ESSI), 60% of women over the age of 65 lack the incomes to meet basic expenses. Older women of color are particularly at risk – 75% of Hispanic and 74% of African-American women have annual incomes that do not cover basic expenses.³

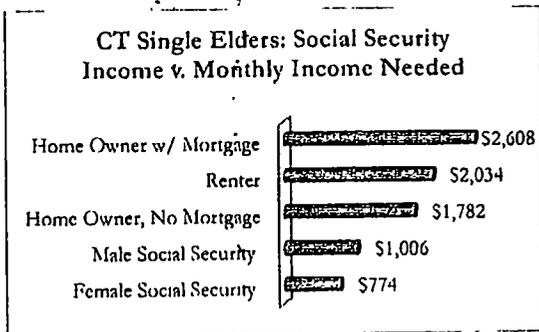
Social Security is the *only* source of income for one out of five older adults in Connecticut and virtually the only source of income for 40% of older women in Connecticut.⁴ According to the Social Security Administration, the median number of years of covered earnings for women was 29 years versus 38 years for men, and the average monthly Social Security check received by women was \$774 per month versus \$1,006 for men.⁵

However, a single elder needs between \$1,700 and \$2,600 a month to cover basic expenses (housing, healthcare, transportation and food).⁶ An elderly couple receives an average monthly income of \$1780, but needs

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PCSW Testimony
 Before the Labor and Public Employees Committee
 March 11, 2014
 Page 2 of 2

between \$2,600 to \$3,500 a month to cover basic expenses."¹¹



Average Connecticut workers who save more than \$100 per month—\$118 for single workers and \$132 for couples—consistently during their careers greatly increase their ability to age in their homes and enjoy basic economic security in retirement."¹²

Accessible and affordable asset building and retirement plan options are needed to ensure that elders can retire with adequate incomes to meet basic living expenses. We look forward to working with you to address this important issue. Thank you for your consideration.

¹¹ Employee Benefit Research Institute (2009): 2008 Retirement Confidence Survey.

¹² U.S. Census Bureau (2010). American Fact Finder, 2010 Profiles of General Population and Housing Characteristics

¹³ The Gerontology Institute, University of Massachusetts Boston, and Wider Opportunities for Women (2009) The Elder Security Initiative Program: The Elder Economic Security Standard Index for Connecticut. Prepared for the Permanent Commission on the Status of Women and the Connecticut Commission on Aging.

¹⁴ The Gerontology Institute, endnote 3

¹⁵ U.S. Department of Labor (2008): Women and Retirement Savings

¹⁶ The Gerontology Institute, endnote 3

¹⁷ The Gerontology Institute, endnote 3

¹⁸ Wider Opportunities for Women (2012) The Basic Economic Security Tables™ Index (BEST) for Connecticut. Prepared for the Permanent Commission on the Status of Women

STATE OF CONNECTICUT
HOUSE OF REPRESENTATIVES



JOE ARESIMOWICZ
HOUSE MAJORITY LEADER

Good Afternoon Senator Holder-Winfield, Representative Tercyak and members of the Labor and Public Employees Committee. I am Representative Joe Aresimowicz, from the thirtieth district serving Berlin and Southington. I am here today to testify in full support of SB 249, AN ACT PROMOTING RETIREMENT SAVINGS.

Our nation and our state are currently on the brink of a retirement crisis that will not only impact retirees, but next generation workers as well. With the employee-sponsored retirement system on the decline, it is becoming far too common that our retired residents are relying solely on Social Security. While Social Security has served as the backbone of our nation's retirement system, it was never intended to be the sole source of retirement income. And with today's average benefit being just \$15,228 per year, retirees are barely receiving enough money to keep their homes heated, let alone to meet all of their daily living needs.

A major cause of this crisis is the fact that a rapidly growing number of workers are not given the option to participate in an employer-provided retirement plan. Over the past decade alone, the percentage of workers in Connecticut whose employer did not sponsor a retirement plan rose from 34 percent to 41 percent (a 7 percent increase). Younger workers have even less coverage: 43 percent of Connecticut workers between 25 and 44 were not covered by a retirement plan at work in 2010. There are approximately 740,000 Connecticut residents who are not participating in an employer-provided retirement plan ("Are Connecticut Workers Ready for Retirement," Schwartz Center for Economic Policy Analysis, Saad-Lessler, et al)

During this past off season, I worked alongside Senate Majority Leader Looney to create a round table to discuss solutions to this looming crisis. Building on the work of this group and the excellent bill endorsed by this committee last year, SB 249 proposes to establish a state-administered retirement savings plan for private-sector workers, at no cost to the employers or the state. This savings plan will be available to employees who work for an employer with five or more employees that currently does not offer any retirement savings plan. Eligible employees will be automatically enrolled into the retirement savings plan, which will enable them to make contributions by payroll deduction. Employees will have the option to opt out of this plan on an annual basis, and they may adjust their contribution rate to an amount of their choosing at any time. The employer is not required to make any contributions to the employees' accounts. The plan will be administered by an 11-member board, chaired by the Treasurer and Comptroller, who will set a rate of return guaranteed by private insurance. The plan's administrative costs may not exceed 1% of the trust balance.

Many of our residents are either working well past the age of retirement or retiring and relying only on Social Security for income, and in many cases must turn to state-funded programs to meet their basic needs. Every person who has worked hard throughout their life and played by the rules should have the ability to retire at an appropriate age and live the rest of their life with some financial security. This bill gives that chance to many people who otherwise will not be afforded the opportunity. I want to thank the members of the committee for the chance to testify on this important piece of legislation.

From: Ray Wilhelm <rwilhelm@snet.net>
Subject: Support Retirement for All!
Date: March 3, 2014 5:56:08 PM EST

249

Everyone deserves a secure retirement. Some of us were lucky enough to build a nest egg, and some of the less lucky will face a far grimmer future. We are working people who want the best not only for our children, like everyone else, but a fair shake for all working people. This sounds like a good plan, and if managed -- and supervised well -- can mean the difference between a reasonably secure retirement and one that is more Dickensian than any of us want or deserve.

Ray Wilhelm

06824

From: Janice Di Roberts <jdirobs@yahoo.com>

Subject: Support Retirement for All!

Date: March 4, 2014 11:28:35 AM EST

SB 249

Everyone deserves a secure retirement. I personally know of several people who are 60 years old and over who can not retire. They have previously lost their jobs due to economic downturns and ageism. After months, sometimes years, of being unemployed, many have been forced to take jobs that either do not offer benefits or do offer them, but age 60+ employees will not be around long enough to benefit from them. This is a disgraceful way to treat anyone, never mind our older generation.

A public pension will not only protect hard working people from a future of poverty, allowing them to continue to support our consumer economy, but will also eliminate a major obstacle to uniting our nation. A society of haves and have nots divides us and creates dissent - witness the present climate in our country.

I urge you to support public pension for the good of individuals and for the good of all of us collectively - economically and socially.

Thank you,

Janice Di Roberts

06109

From: Jane Milardo <mjane505@gmail.com>
Subject: Support Retirement for All!
Date: March 3, 2014 9:59:22 PM EST.

SB249

Everyone deserves a secure retirement. The gradual elimination of retirement plans through employers, plus the inability of many families to save has endangered the ability of most Americans to retire and support themselves. Please support retirement for all, not just those who are fortunate.

Sincerely,

Jane Milardo, LMFT

06357

From: James Sharp <jcsharp@yahoo.com>
Subject: Support Retirement for All!
Date: March 4, 2014 4:32:17 PM EST

SB249

Everyone deserves a secure retirement.

In the past 30 years, as companies have cut back pension, health-care, bonuses, and benefits in the name of cost savings, and the Republicans continuously attempt to curtail all relief for workers struggling to make ends meet, please consider that only our government, not subject to the fallacies of "capitalism", can mediate and moderate the organization of fair and uniform retirement benefits for our citizens.

The 401(k) and IRA programs do not benefit the contributing workers, but really benefit the financial companies who take the money, churn it through pointless investments to rake in their commissions, and the result is that I have barely more today than that I have contributed!!!

The stock market is only evidence of the optimism of investors -- it has no bearing whatsoever on the actual performance of the companies!! Look at NASDAQ and NYSE -- as optimism persists, some buy to pay the sellers their profits, only to in Ponzi-scheme fashion be paid in the future if there are more optimists to buy -- if the optimism fails, the whole system crashes. What remains is a cyclical, slow meandering upward -- not enough to generate adequate retirement benefits, but certainly enough to fund the mountainous commissions and bonuses of the investment finance industry.

Please consider state funding of a universal retirement pool -- this could be the best, if not the last, possible solution to providing reasonable (and means-tested!!) retirement benefits to today's working class.

Thank you for your consideration.

Sincerely,
James C Sharp III

860-786-1113

From: James Root <manoether@yahoo.com>
Subject: Support Retirement for All!
Date: March 4, 2014 12:08:27 PM EST

SB249

Please consider this public retirement bill. It is a 'win-win' idea for state and individuals. The state gets an investment pool and the individual gets some more security. Also, this binds the individual to the state of Connecticut which will make him/her more likely to contribute to state in other ways.

James Root

06810
203-743-3532

From: Heather Oliver <HDO1980@aol.com>
Subject: Support Retirement for All!
Date: March 3, 2014 6:01:10 PM EST

SB249

Everyone deserves a secure retirement.

Yet, many corporations, even those that are highly profitable, no longer offer sponsored retirement plans. Employers that do offer plans are contributing less and less to retirement savings, and so 53% of Americans workers 30 and older are "at risk" to have insufficient assets for retirement when they reach the age of 65.

Without a retirement savings account, many workers will be left with only Social Security to survive on. That is why we need a public, state-run retirement savings plan every single worker can access.

Everyone should be able to retire with dignity.

Heather Oliver

06095

From: Gerald Geci <bmjggeci@gmail.com>
Subject: Pass SB 249 for future retirees
Date: March 6, 2014 9:06:41 AM EST

Imagine living on just social security. YOU see how tough that would be? Probably below your level of dignity. Yet that's where we will allow so many people who don't know as much as you about saving and investing in order to prepare for retirement.

If we care for each other and can see where many people will end up (and how much they will cost others), then we ought to set in place a system that will allow them a secure and dignified retirement.

A state-run retirement savings program - professionally run - and with numerous participants would help guarantee a better future for the retirees and for our society.

So, pass SB 249.

Everything to gain, nothing to lose!

Gerald Geci

06759

860-567-9570

From: George Bossers <george.bossers@snet.net>
Subject: Support Retirement for All!
Date: March 3, 2014 10:51:09 PM EST

SB249

Everyone deserves a secure retirement. I have 2 adult daughters who do not have any retirement savings other than Social Security. One is working regularly, but only part time, therefore no pension or other benefits. The other has not worked regularly for quite a while during the current recession, but did for the prior 20 years. Lots of jobs in different industries, but no pension. My daughters need to have access to a public retirement plan to be able to try to put whatever they can towards their retirement.

I am retired and have 2 pensions, but even the companies I worked for, no longer offer these.

I urge you to institute a public pension plan that is transportable.
Thank you,

George Bossers

06755

SB249

To Representative Tercyak, Senator Osten, and the distinguished members of the Labor Committee:

My name is Elvira Abarientor and I have been a nurse at Bridgeport Hospital for 26 years. I am lucky enough to have a 403(B) retirement savings plan through my employer. I am even more fortunate because Bridgeport Hospital matches a portion of the contributions I make to my 403(B) plan. I know many companies no longer offer retirement plans, and even more have stopped or reduced the amount they contribute.

Even with my savings account, I'm still very worried about retiring. You never know how long you are going to live. If you live far in to old age, you will likely have depleted your savings. Inflation is also a major worry. As years go by, my savings will be worth less and less. While I hope my mortgage will be paid for by the time I retire, I will have bills to pay, and essentials like food and gas to buy.

If I am worried about my own retirement, I can only imagine what it is like for someone who doesn't have access to a retirement savings plan. Please support the retirement for all bill so everyone can retire with dignity. Thank you.

From: **Elke Hoppenbrouwers** <ehoppenbrouwers@comcast.net>
Subject: Support Retirement for All
Date: March 3, 2014 5:26:54 PM EST

SB249

Everyone deserves a secure retirement. As long as so many people are out of work and as long as the minimum wage for so many jobs is as low as it is and with the continuous threat from Republicans to cut "entitlements" (in quotations because we work for them and pay fica taxes on all our income) retirement for many, many people will be difficult. We need a higher minimum wage and we need retirement plan for all people. President Obama talked about a retirement savings plan which would be great for working people.

Elke Hoppenbrouwers

06512

From: **Efrem Golden** <efrem.golden@gmail.com>

Subject: Support Retirement for All!

Date: March 4, 2014 8:24:54 AM EST

SB249

Everyone deserves a secure retirement, which is why I believe those who represent us have a burden to ensure that ALL citizens they represent can support themselves in the future. The retirement for all plan makes sense. Those who don't want it, don't need to contribute. Those who need it, will reap the benefits.

Efrem Golden

06477

Testimony in support of SB 249: An act promoting retirement savings

March 11, 2014

Donna Poremba, Milford.

To Co-Chairs Rep. Tercyak and Sen. Holder-Winfield, to the members of the Labor Committee:

My name is Donna Poremba and I am a resident of Milford. I recently "retired" some weeks ago after a long career at Oriel Instruments, a division of Newport Corporation, at 69 years old. I use the air quotes around "retired" because I did not willingly retire, but was laid off after the company recently moved to Montana. My division created, managed and measured the distance of light for the production of lasers. This was skilled labor and yet, my retirement benefits package from them does not reflect the level of work I put in.

Although I have only been retired for a few weeks, I am already panicking. I now currently live on half of what I did when I was in the workforce. I've had to enroll in Medicare, which does not provide the same quality of healthcare I had previously, and therefore means that I have new expenses. In November, I will start to use my 401k but I know that even that will not be enough to support myself. My fixed income will only go so far. I will have to tighten my belt and decide which essentials I will be able to purchase each month.

I thought my retirement was further off than it actually was and now it's scary to think about how exactly I will survive during my retirement. One of the unfortunate calculations I've had to make is trying to figure out how long I will live and how to budget what little retirement benefits I have, for that time.

Please support SB 249. Employers are not doing enough to help their employees secure a stable retirement. We need a public retirement plan that is secure and that allows individuals to save for their own retirement, without the riskiness that comes from a 401k plan. This bill could really help individuals like myself, in the future, plan and actually save for a financially independent retirement.

Thank you for this opportunity to testify

From: Donna <sunny19682@comcast.net>
Subject: Re: Fix it now!
Date: March 3, 2014 5:13:49 PM EST

SB249

I will be one of those unable to retire at this point. After being laid off in 2004, I went back to school and got a teaching degree and still have not (10 years later) obtained a full time teaching position. I work for what amounts to just over minimum wage when spread out over 40 hours/52 weeks and at age 45, I know I won't be able to retire as I have very little in savings for 20 years of working.

All I want is a full time job and apparently I'm too old and overqualified!

Donna Lorello

From: Chris Doob <doobc1@southernct.edu>
Subject: Support Retirement for All!
Date: March 3, 2014 5:33:23 PM EST

SB249

Everyone deserves a secure retirement. The world has changed. It has become increasingly difficult to retire. The government needs to help. This is something we owe our hard-working citizens.

Chris Doob

06525

From: Chris Henderson <chenderson21123@gmail.com>

Subject: Support Retirement for All!

Date: March 4, 2014 4:07:34 PM EST

SB 249

At 23 years old, I am concerned for my retirement security. I am fortunate enough to have a 401K but in an ideal world I would love to have a public, state-run retirement savings plan that I could access to ensure financial security down the road without being at the whims of wall street.

Chris Henderson

6360

From: Carol Lukoss <cglukoss@charter.net>
Subject: Support Retirement for-All!
Date: March 4, 2014 1:17:15 AM EST

SB249

This savings plan strikes me as an idea whose time has definitely come. I'm one of those 'lucky'; ones who has a small pension, but do support this idea.

Just think of the train wreck that will be averted. It's worth doing.

06278

From: Bonnie Odiorne <bonniesophia@sbcglobal.net>

Subject: Support Retirement for All!

Date: March 3, 2014 9:05:19 PM EST

SB249

Everyone deserves a secure retirement. I am closer age 65 than 30, and I have my doubts about being able to retire, for all kinds of reasons, good and bad; mostly how the Great Recession has eroded my retirement fund because I have needed to use it to supplement a low salary and no raises. I am a professional with a PhD but with limited employability because of lack of mobility due to being legally blind. Everyone has his or her reasons why they are not confident about retirement, not to mention possibilities for assisted care.

Bonnie Odiorne, PhD

Bonnie Odiorne

06720

From: Annmarie Merritt <pottersink@earthlink.net>

Subject: Support Retirement for All!

Date: March 4, 2014 7:33:58 AM EST

SB 249

A huge problem with the minimum wage is that when people are the working poor, working at it for their entire lives, they have NO RETIREMENT despite showing up for retail, food service and service jobs. Many others of us have worked 'real jobs' where 5% of our income was put away which amounts to very little in 40 years. Those of us with two little to retire on then spend our retirement income trying to afford our prescription drugs. In Wisconsin, there is a 14% contribution (state plus individual) to one's retirement because they value their citizens and they know what it takes to prepare people for retirement.

Everyone deserves a secure retirement. You should be trying to help people make it happen.

Annmarie Merritt

06066

From: Annette Tchelka <atchelka@hotmail.com>

Subject: Support Retirement for All!

Date: March 5, 2014 4:50:56 PM EST:

SB249

Everyone deserves a secure retirement.

- 53% of American workers 30 and older are "at risk" to have insufficient assets for retirement when they reach the age of 65.
- Many corporations, even those that are very profitable, are no longer offering sponsored retirement plans.
- Employers that do offer plans are contributing less and less to retirement savings.
- Stagnant wages mean workers are less and less able to afford the high contribution limits and expensive fees of private retirement savings plans.
- Without a retirement savings account, many workers will be left with only Social Security to survive on.
- That is why we need a public, state-run retirement savings plan every single worker can access.
- By pooling resources into a single trust fund, workers in the state will benefit from a higher return on their investment.
- A public retirement savings plan would not incur the high fees Wall Street charges to manage retirement funds.
- Everyone should be able to afford to retire with dignity.

As a senior citizen living on Social Security I can tell you that the COLAs are too little, usually being eaten up by just increases in the utility bills. Further the cost of heating oil is outrageous and eligibility requirements have been tightened forcing seniors to use up what little savings we have because of price gouging by the oil companies--they have had a field day with this bitter cold winter at the clear expense of the elderly.

We need to tax the rich, increase taxes on corporations and make sure they pay the taxes they are supposed to instead of off-shoring them. We also need to reinstate Glass Steagall and reregulate, not deregulate corporations and Wall Street to keep our economy sound. In addition, we should end NAFTA and all NAFTA-style agreements as they have done nothing for the people of the United States. TAFTA and the TPP are nothing but insane corporate giveaways designed to thwart Dodd Frank, and our labor and environmental laws. I am also completely opposed to any investor state tribunal run by, for and on behalf of corporations.

Annette Tchelka

6516
203-435-7693

From: Anna Fabis <annakf13@hotmail.com>
Subject: Support Retirement for All! Pass SB 249!
Date: March 4, 2014 12:24:11 AM EST

SB 249

Everyone deserves a secure retirement.

My parents don't have retirement savings accounts. I worry that they won't be able to retire; even if they started saving now (they don't have the money), they won't have enough saved to be able to retire when they reach 65.

I am 22 years old. I opened an IRA back in May but I'm still not entirely certain how to invest or if I can contribute enough to be able to retire myself.

Anna Fabis

06053