
Public savings plan proposed for private sector workers in CT

By Kerry Pechter *Fri, Mar 7, 2014*

Following the lead of groups in California and a few other states, labor organizations in Connecticut are backing legislation to create a public, IRA-based retirement plan for workers in companies without plans. A hearing on the bill was set for Tuesday in Hartford.

Legislation that would create a Connecticut Retirement Security Trust Fund in which the state's private sector workers over age 17 could establish tax-deferred individual retirement accounts has been prepared for introduction in the Connecticut Senate.

The "Retirement for All" bill, S.B. 249, was introduced in the Senate Labor and Public Employees Committee by chairwoman Cathy Osten. A public hearing on the bill is scheduled for 2 p.m., March 11, at room 2C of the Legislative Office Building, 300 Capitol Ave., Hartford.

According to a release from Retirement for All CT, the bill "would create a public retirement option that would provide employers and workers with a low-risk alternative to plans offered by the insurance industry. The plan would not require the employer to become a fiduciary or take on any liability.

The state-run defined contribution plan would have be optional, offer as yet unnamed investment options, have a default but not mandatory annuity option at retirement, and would have a default contribution amount of two to five percent of salary, up to the limits for IRAs, according to the bill. Accounts could accept but not require employer contributions.

"Approximately 740,000 Connecticut residents are not participating in an employer- provided retirement plan," according to a Schwartz Center for Economic Policy Analysis (SCEPA) study released last year. According to the National Institute on Retirement Security (NIRS), only 52% of working-age employees nationwide had access to a retirement plan on the job — the lowest share since 1979 — and a full 48% or 44.5 million Americans lack access.

"A full 46% of Black workers and 62% of Latino workers lack access to a workplace retirement plan, compared with 38% of whites. Furthermore, a large majority of black and Latino working age households (62% and 69%, respectively) do not own assets in a retirement account."

Supporters of the bill include Connecticut Alliance for Retired Americans, Council 4 AFSCME, the Connecticut AFL-CIO, Connecticut Working Families, SEIU Connecticut, the Permanent Commission on the Status of Women, Connecticut Association for Human Services (CAHS), the Spanish American Merchants Association (SAMA), CT National Organization for Women (NOW), the United Auto Workers (UAW) and the CSEA.