



STATE OF OREGON
OREGON STATE TREASURY

900 COURT STREET NE, ROOM 159
SALEM, OREGON 97301

May 2, 2017

The Honorable Michael Pence
Vice President
1600 Pennsylvania Avenue
Washington, D.C. 20500

Members of the U.S. Senate
United States Senate
Washington, D.C. 20510

Dear Honorable Vice President Michael Pence and members of the U.S. Senate:

Oregon has long been home to pioneers and a producer of visionary approaches to public policy, from our universal public beach access bill to vote-by-mail. Now, Oregon is on the vanguard nationally when it comes to addressing America's retirement savings crisis – and I'd like to extend an invitation to you to come see it firsthand. Oregon is preparing to launch the first state-based retirement savings plan, known as OregonSaves, on July 1.

With the date of that pilot launch approaching, I am urging the U.S. Senate to stand down and to not attack the ability of millions of your constituents nationwide to save for retirement, and not just in Oregon. Workers will be affected from Indiana to Idaho and from Southern California to North Carolina. Undermining saving is the sole goal of House Joint Resolution 66. This cynical step will do absolutely nothing to make America better. In fact, by undercutting OregonSaves and other bipartisan state-based plans, you would continue to lock millions of people in the failed anti-savings status quo. Please, don't do it. Instead, come see what we are trying to accomplish in the states in a bipartisan way, and work with us.

Here in Oregon, businesses and workers are lining up to facilitate and participate in OregonSaves. The "safe harbor" approved in 2016 by the U.S. Department of Labor is working, and helping to cut red tape for small businesses.

As you acutely know, America has a multi-trillion-dollar retirement savings crisis, with the average family savings at just about \$12,000 – a far cry from what will be needed to retire with dignity. The widespread lack of savings will force many families to make difficult choices such as between food and medicine, and will increase pressure for expensive government services. One obvious answer is to increase personal savings during working years, and we know from research that people are 15 times more likely to save if there is an avenue at work. At the same time, about half of the Oregon workforce (like the rest of the nation) lacks access to a retirement savings option through their employers. That's about 55 million workers nationally, with 1 million of them in Oregon.

The Hon. Vice President Michael Pence and members of the U.S. Senate
May 2, 2017
Page Two

[Bipartisan public finance leaders including state treasurers in Idaho, Utah, Kentucky and Indiana agree](#) that states should have the latitude to start addressing the massive, growing and generational retirement savings crisis. [So do finance industry leaders, who understand that more tools and innovations are needed to promote more saving.](#) In Oregon, OregonSaves will create a simple system to address the crisis, increase personal savings by billions, and not impose any fiduciary risk for businesses.

The OregonSaves voluntary auto-enroll IRA model is a real and workable solution to America's retirement savings crisis. It originated from a collaboration of The Heritage Foundation and Brookings Institution, and has bipartisan support, including from Republican and Democratic State Treasurers around the country.

Oregon was one of the states to ask the Department of Labor to craft a safe harbor to clarify that state-based plans should protect small businesses and eliminate red tape. It's working. Legal certainty is good for businesses and taxpayers, and workers are protected.

It is important to note that the safe harbor maintains important ERISA-aligned protections. State based plans will use IRAs and registered investments. In addition, as prescribed by ERISA, states are taking deliberate steps to ensure these plans are accessible to everybody, not just well-compensated employees, and that savings are protected in pooled and professionally managed plans.

The safe harbor clarifies that state-administered plans are not employer-directed. As such, employers have no oversight over the plan or investment options, no ability to match contributions, and no fiduciary obligations. That works for employers: For a variety of reasons, many employers have opted to not offer a workplace 401(k). At the same time, employers care about their employees and their financial futures, and research shows employees perform better when they are more financially secure. OregonSaves is a win-win that allows employees to save without fiduciary risk to their employers.

Across Oregon, more than 40 businesses stand ready and have signed up to be part of the pilot. These small employers are diverse, from construction companies to wood products sellers to breweries to nonprofits. House Joint Resolution 66 would be a direct attack on these businesses. In the southern Oregon community of Cave Junction, population 454, Out'n'About Treehouse Treesort is a tourist draw with 40 employees that invites visitors to climb upward into treehouse accommodations on 36 acres next to the Siskiyou National Forest. The owners have signed up to be part of the pilot for OregonSaves, which will help verify that the OregonSaves approach is simple and easy for workers, employers and payroll processors.

We also have some good news to report about how OregonSaves and the Department of Labor safe harbor are changing the conversation about workplace retirement saving. Because of our

The Hon. Vice President Michael Pence and members of the U.S. Senate
May 2, 2017
Page Three

outreach and education efforts, two businesses that initially inquired about OregonSaves have decided to go a step further and create their own employer-directed plans. We are pleased they took that step. We hope more businesses, when they learn more about the critical need for retirement savings through OregonSaves, will decide to start their own plans. It won't be the right approach for every business, but we want to see as much saved for retirement as possible. In those types of instances, OregonSaves will be a catalyst.

The bottom line goals with OregonSaves: Help put a secure retirement in reach for more people, help businesses, and reduce taxpayer costs over the long term. Our market research shows that in Oregon, billions of dollars will be saved that aren't being saved today. That's compelling and exciting. And please don't just take my word for it.

Come to Oregon and see for yourself. Meet with businesses like Square Deal Lumber in Springfield, Thunder Island Brewery in Cascade Locks, Elemental Energy in Portland, and St. Vincent De Paul in Eugene. We are proud of what's happening here. And we're confident that you will be excited to see solutions taking shape to begin addressing the retirement savings crisis, with the help of hard work, vision, and the safe harbor.

I urge you to reject House Joint Resolution 66, and support more saving in America, which will be a good thing for small businesses, employees and taxpayers.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tobias Read".

Tobias Read