



GEORGETOWN UNIVERSITY
McCourt School of Public Policy
Center for Retirement Initiatives

Comparison of Retirement Plan Design Features¹, By State:
Massachusetts, Washington, New Jersey and Vermont

State Brief 17-02

June 30, 2017
UPDATE²

¹ On November 18, 2015, the U.S. Department of Labor issued a final [Interpretive Bulletin](#) Relating to State Savings Programs That Sponsor or Facilitate Plans Covered by the Employee Retirement Income Security Act (ERISA) of 1974. The Bulletin outlines those state-sponsored retirement savings programs that would include ERISA-covered retirement plans. These options include a marketplace, prototype plans, and state-sponsored “open” multiple employer plans (MEPs). The state plans in this document are plans covered by the Interpretive Bulletin.

² This updates State Brief 16-02 dated November 30, 2016. Updates are highlighted in red.

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	Massachusetts Retirement Plan for Non-Profits (“Prototype Plan”)	Washington Small Business Retirement Marketplace	New Jersey Small Business Retirement Marketplace	Vermont Green Mountain Secure Retirement Plan (“Multiple Employer Plan”)
Bill Sponsor	Rep. Garrett Bradley	Sen. Mark Mullet and Sen. Don Benton	Rep. Vincent Prieto	Rep. Ann Pugh, Rep. John Gannon, Sen. Christopher A. Peterson, and Sen. Kevin Mullin
Bill Number	Chapter 60 (2012)	ESSB 5826 (2015)	Chapter 298 (2016)	Act 69 (Sec. C) (2017)
Bill Status	Enacted March 22, 2012	Enacted May 18, 2015, as amended by Chapter 69 in 2017.	Enacted January 19, 2016	Enacted June 8, 2017
ERISA Applicability	Yes	ERISA cannot apply to the state for operating the marketplace, but ERISA plans are allowed in the marketplace and normal ERISA requirements would apply to participating employers.	ERISA cannot apply to the state for operating the marketplace, but ERISA plans are allowed in the marketplace and normal ERISA requirements would apply to participating employers.	Yes
Market, Feasibility and/or Legal Analysis Required	Not Specified	Not Specified	Not Specified	Not Specified

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Administrative Entity	<p>Agency - Office of the State Treasurer. There shall be in the Office of the State Treasurer a not-for-profit defined contribution committee. The committee shall consist of the Treasurer or a designee, who shall serve as chairperson, and additional members appointed by the Treasurer, two of whom shall have practical experience in the non-profit community and two of whom shall be currently employed by not-for profit corporations.</p>	<p><u>Agency</u> - State Department of Commerce. The Director shall consult with the Washington State Department of Retirement Systems, the Washington State Investment Board, the Office of the Insurance Commissioner and the Department of Financial Institutions in designing and managing the marketplace.</p> <p>Prior to approving a plan to be offered on the marketplace, the Department of Commerce must receive verification from the Department of Financial Institutions or Office of the Insurance Commissioner that the financial services firm offering the plan meets requirements set forth in statute and that the plan meets the requirements set forth in statute. If the plan includes either life insurance or annuity products, or both, the Office of the Insurance Commissioner may request that the Department of Financial Institutions conduct the plan review as provided in this statute prior to submitting its verification to the Department of Commerce.</p>	<p>Agency - The State Treasurer, or the Treasurer’s designee, shall consult with the Director of Investment of the Department of the Treasury, or the Director’s designee; the Commissioner of Banking and Insurance, or the Commissioner’s designee; the Commissioner of Labor and Workforce Development, or the Commissioner’s designee; the Chairperson of the State Investment Council, or the Chairperson’s designee; the Director of the Division of Pensions and Benefits, or the Director’s designee; and the Chief Executive Officer (CEO) of the New Jersey Economic Development Authority, or the CEO’s designee, in designing and managing the marketplace.</p>	<p>The <u>Public Retirement Plan Study Committee</u> (“Committee”) will sunset in January of 2018. It will then be replaced by a successor Board with seven (7) members: Treasurer (serving as chair); the Governor shall appoint an individual with investment experience and an individual with private sector retirement plan experience; the Treasurer shall appoint an individual with investment experience and an individual who is an employee or retiree; the Speaker of the House shall appoint an individual who is an employee advocate or consumer advocate; and the Committee on Committees shall appoint an individual who is an employer with 50 employees or fewer and who does not offer a retirement plan to his or her employees.</p>

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Employer Participation	Voluntary	Voluntary	Voluntary	Voluntary. The Board may study and make recommendations on methods to increase participation in the Multiple Employer Plan (“MEP”) if, after three years, there remain significant numbers of Vermonters who are not covered by a retirement plan.
Employers Affected	Non-profits only with 20 or fewer employees	Fewer than 100 employees	Fewer than 100 employees	Employers with 50 employees or fewer that do not currently offer a retirement plan to their employees.
Penalties for Employer Non-Compliance	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Structure of Accounts	Defined contribution 401(k) plan	SIMPLE IRA; myRA (Roth IRA); payroll deduction IRA and ERISA plans can be added. May also offer “life insurance plans designed for retirement purposes.”	SIMPLE IRA; myRA (Roth IRA); payroll deduction IRA and others can be added. Shall also offer “life insurance plans designed for retirement purposes.”	Defined contribution 401(k) plan
Automatic Enrollment	Permissible	Business owners may auto enroll as IRS rules allow - no state requirement.	Business owners may auto enroll as IRS rules allow - no state requirement.	Permissible. Auto-enrollment of employees will occur once an employer opts to join the MEP.

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Employee Opt-Out	Voluntary employee participation.	Voluntary employee participation.	Voluntary employee participation.	Voluntary employee participation.
Employee Re-Enrollment after Opt-Out	Not Specified	Not Applicable	Not Applicable	Not Specified
Default Contribution Rate	6% or can choose 4% with auto-escalation up to 10%	Not Specified	Not Specified	Not Specified
Employer Contribution	Permitted	Permitted if an ERISA plan option.	Permitted if an ERISA plan option.	Intended
Availability to Other Employers	No	Yes. The self-employed and sole proprietors are eligible to participate in the marketplace.	Yes. The self-employed and sole proprietors are eligible to participate in the marketplace.	Yes. The self-employed are eligible to participate in the MEP. No earlier than one year after implementation of the MEP, the Board intends to provide options via a clearinghouse/marketplace to individuals who are not eligible to participate in, or choose not to participate in, the MEP, or whose employer opted not to join the MEP.

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Tax & Other Incentives	Not Specified	Yes. The Director shall contract with a private sector entity to identify and promote existing federal or state tax credits and other benefits to encourage retirement savings or participation in retirement plans. Using funds specifically appropriated for this purpose, and funds provided by private foundations or other private sector entities, the Director may provide incentive payments to participating employers that enroll in the marketplace.	Yes. The State Treasurer or designee shall contract with private sector entities to identify and promote existing federal and state tax credits and benefits to encourage retirement savings or participation in retirement plans. The State Treasurer, or designee, shall approve incentive payments to participating employers that enroll in the marketplace if there are sufficient funds provided by private foundations or other private sector entities, or with State funds specifically appropriated for this purpose.	Not Specified
Investment of Assets	13 custom target date funds; 4 objective base funds: growth fund; income fund; capital preservation fund; and an inflation protection fund.	Firms participating must offer a minimum of two product options: a target date fund or other similar fund and a balanced fund.	Firms participating in the marketplace shall offer a minimum of two product options, including a target date or other similar fund and a balanced fund.	Not Specified

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Investment Management	The Treasurer may contract with practitioners, administrators, investment managers and other entities, including the pension reserves investment management board, in order to design, administer and provide investment options under the plan. The plan provides for a qualified trust, with contributions made to the trust by the not-for-profit employer, the employer’s employees, or both.	Not Specified	Not Specified	Not Specified
Fees	Custom Target Date Funds: 22-86 bps Growth: 60 bps Income: 40 bps Capital Preservation: 40 bps Inflation Protected: 86 bps	No more than 1% in total annual fees to investors; participating employers may not be charged an administrative fee. Financial services firms may charge enrollees a de minimis fee for new and/or low balance accounts in amounts negotiated and agreed upon by the Department and financial services firms. The Director shall limit plans to those with total fees the Director considers reasonable based on all the facts and circumstances.	No more than 1% in total annual fees to investors; participating employers may not be charged an administrative fee.	Not Specified

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Program Funding	Under the trust instrument, any part of the corpus or income shall not be used for, or diverted to, purposes other than the exclusive benefit of employees or their beneficiaries at any time prior to the satisfaction of all liabilities with respect to employees and their beneficiaries.	<p>The Legislature appropriated \$524,000 for the Department of Commerce for the two year budget cycle beginning July 1, 2015.</p> <p>In addition to any appropriated funds, the Director may use private funding sources, including private foundation grants, to pay for marketplace expenses.</p> <p>On behalf of the marketplace, the Department shall seek federal and private grants and is authorized to accept any funds awarded to the department for use in the marketplace.</p>	<p>In addition to any funds appropriated for the purposes of this act, the State Treasurer, or the Treasurer’s designee, shall approve the use of private funding sources, including private foundation grants, to pay for marketplace expenses.</p> <p>On behalf of the marketplace, the Department of Treasury shall seek federal and private grants and is authorized to accept any funds awarded to the State Treasurer, or the Treasurer’s designee, for use in designing, implementing, and operating the marketplace.</p> <p>The State Treasurer, or designee, may establish a fee system that charges participating marketplace firms in order to cover the startup and annual administrative expenses.</p>	It is intended that a longer-term contract would be awarded to a third party vendor and the length of the contract would subsidize up-front costs.

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Program Administration	In order to participate in the plan, a not-for-profit employer shall execute a participation agreement, agree to the terms of the plan and operate the plan in compliance with the Internal Revenue Code and ERISA. The Treasurer may require the not-for-profit employer sign a service agreement and use forms and procedures prescribed by the Treasurer. The Treasurer may also require that certain employers seek approval of their plans from the IRS.	<p>The Director will contract with a private entity to establish protocols for reviewing financial services firms interested in selling products and operating the marketplace website. The Director may remove approved plans that no longer meet the requirements of this statute.</p> <p>The Director shall adopt rules necessary to allow the marketplace to operate as authorized by this legislation. As part of the rule development process, the Director shall consult with organizations representing eligible employers, qualified employees, private and nonprofit sector retirement plan administrators and providers, organizations representing private sector financial services firms, and any other individuals or entities that the Director determines relevant to the development of an effective and efficient method for operating the marketplace.</p>	<p>The State Treasurer, or designee, shall contract with one or more private sector entities to establish a protocol of reviewing and approving the qualifications of all financial services firms that meet the requirement to participate in the marketplace.</p> <p>The State Treasurer, or designee, shall consult with organizations representing eligible employers, qualified employees, private and nonprofit sector retirement plan administrators and providers, private sector financial services firms, and any other individuals or entities that the State Treasurer, or designee, determines relevant to the effective and efficient method of effectuating the purposes of this act.</p>	<p>The Committee developed specific recommendations concerning the design, creation and implementation of the MEP public retirement plan in a legislative report submitted in January 2017.</p> <p>The Board shall have the assistance of the staff of the Office of the Treasurer, the Department of Labor, and the Department of Disabilities, Aging, and Independent Living.</p> <p>The Board shall oversee and operate the plan; set program terms; prepare and design plan documents; and is authorized to appoint an administrator to assist in the selection of investments, managers, custodians, and other support services.</p>

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Marketing & Outreach	Not Specified	The Director may contract with a private sector entity to develop marketing materials about the marketplace that can be distributed electronically or posted on public sector maintained websites and promote the benefits of retirement savings and other information that promotes financial literacy.	The State Treasurer, or designee, shall contract with one or more private sector entities to develop marketing materials about the marketplace that can be distributed electronically or posted on both public and private sector maintained websites and promote the benefits of retirement savings and other information that promotes financial literacy.	Not Specified
Establish Website	Yes. Retirement Income Control Panel – web-based tool to allow participants to view hypothetical projections of retirement income based on assumptions on account balances, savings and rate of return.	Yes. The website would include information on how eligible employers can voluntarily participate in the marketplace.	Yes. The website would include information on how eligible employers can voluntarily participate in the marketplace.	Not Specified
Implementation Timeline	Not Specified	Rules to implement the program must be presented by January 1 st of the year to be adopted and cannot be adopted until the end of the legislative session that year.	Not Specified	The MEP shall be implemented consistent with federal law and regulation. The State of Vermont shall implement the “Green Mountain Secure Retirement Plan” on or before January 15, 2019, based on the recommendations of the Committee.

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Implementation Timeline (continued)				On or before January 15, 2020, and every year thereafter, the Board shall report to the House and Senate Committees on Government Operations concerning the Green Mountain Secure Retirement Plan.

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