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State-Facilitated Retirement Savings Programs: A Snapshot of Program Design Features

State Brief 21-02

May 15, 2021

UPDATE¹

¹This updates State Brief 20-02, dated August 31, 2020.

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OVERVIEW

Since 2012, at least 46 states have acted to implement, study, or consider legislation to establish state-facilitated retirement savings programs. At least 20 states and cities have introduced legislation so far in 2021 to address the retirement savings gap among private sector workers. Additional detailed information about the progress of state legislative initiatives in 2021 and previous years, as well as the status of state-facilitated retirement savings program implementations, can be found at <https://cri.georgetown.edu/states>.

15 State-Facilitated Retirement Savings Programs

As of May 15, 2021, 13 states and 2 cities² have enacted state-facilitated retirement savings programs for private sector workers. To date, these programs have adopted one or a combination of four models. The predominant model is the auto-IRA program adopted by 8 states and 2 cities.

Individual Retirement Account (Auto-IRA) ³	Voluntary Payroll Deduction IRA	Voluntary Open Multiple Employer Plan (MEP)	Voluntary Marketplace	Voluntary Marketplace and Voluntary Payroll Deduction IRA (Hybrid)
California	New York	Massachusetts	Washington	New Mexico
Colorado		Vermont		
Connecticut				
Illinois				
Maryland				
New Jersey				
Oregon				
New York City				
Seattle, Washington				
Virginia				

Most of these states are actively implementing their programs. Five states — California, Illinois, Massachusetts, Oregon, and Washington — are open to employers in 2020. Massachusetts and Oregon opened their programs in late 2017, Washington opened its retirement

²For simplicity, all programs are referred to as “state-facilitated,” even if it includes one or more cities.

³Auto-IRA programs generally require eligible employers to participate if they do not already offer a qualified retirement plan to their workers. Employers are required to either facilitate employee participation in the state-facilitated program or establish their own plans. Workers would be automatically enrolled and contribute through payroll deduction to an IRA unless they choose to opt out.

marketplace in March 2018, Illinois launched its program in November 2018, and California launched its program in July 2019. The other states are making progress but are in earlier stages of program implementation. Employers in all program states retain the option of acquiring a qualified plan through the private market.

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Individual Retirement Accounts (Auto-IRAs)⁴ (Listed by date of enactment)

Illinois
Oregon
Maryland
Connecticut
California
Seattle
New Jersey
Colorado
Virginia
New York City

⁴ In response to a legal challenge, the United States District Court, Eastern District of California ruled on March 28, 2019, that the CalSavers Program is not preempted by federal ERISA law. The plaintiffs – the Howard Jarvis Taxpayers Association - filed an amended complaint on April 11, 2019 but the prior ruling was upheld by the court on March 10, 2020. On June 12, 2020, an appeal was filed by the plaintiffs to the U.S. Court of Appeals for the Ninth Circuit, and that case was upheld on appeal on May 6, 2021. The case has now been dismissed three times. However, the Association filed a request on May 20, 2021 for the case to be heard *en banc* by the Ninth Circuit.

Illinois Secure Choice

Year Enacted	2015, as amended in 2016, 2017, 2019, and 2021 ⁵
Employer Participation	Mandatory for certain employers, with a two-year deferral for new businesses.
Employers Affected	Employers with 5 or more employees that have not offered a qualifying retirement plan in the last two years
Administrative Entity	The Illinois Secure Choice Savings Board, chaired by the Treasurer
Structure of Accounts	Roth IRA as the default, with a traditional IRA option as an alternative election
Automatic Enrollment	Yes
Employee Opt-out	Yes
Default Contribution Rate	5%. Annual auto-escalation permitted up to 10%
Employer Contribution	Not permitted
Availability to Other Employers	Employers with fewer than 5 employees can voluntarily choose to participate in the program.
Investment of Assets	The program offers a suite of 11 target date funds based upon the age of the enrollee as the default investment option and additional investment options, including a capital preservation fund, a growth fund, and a conservative fund. For the first 90 days after the initial contribution is made to an account after enrollment, the default is to hold the money in a money market fund (a temporary fund only), but participants can select a different fund option immediately. If no investment option is selected, the funds are put into the age-appropriate target date fund.
Fees	Total expenses cannot exceed 0.75% of the total trust balance (currently .05% state fee; .61% program administration fee; and .09% investment fee).
Implementation Timeline	After pilot testing was completed in 2018, the program formally launched with Wave 1 with employers with more than 500 employees required to register by November 2018; Wave 2 with employers with 100-499 employees required to register by July 2019; and Wave 3 with employers with 25 to 99 employees required to register by November 2019. With the lowering of the threshold from 25 to 5 employees, there are now two additional employer registration waves. Employers with 15-24 employees will be required to register by September 2022 and employers with 5-14 employees will be required to register by September 2023. However, employers are free to register at any time before deadline. Authorized to Partner With Other States: Yes

⁵In 2021, the program has bills pending in the Illinois legislature that would amend the program to lower the threshold from 25 to 5 employees and allow for auto-escalation of contributions. As of May 15, 2021, the bills are still pending. This update assumes the bills will pass and the program changes will take effect. This guide will be updated and corrected if the amendments are not enacted before the end of the legislative session.

OregonSaves

Year Enacted	2015, as amended in 2019
Employer Participation	Mandatory.
Employers Affected	Employers that do not currently offer qualified plans
Administrative Entity	The Oregon Retirement Savings Board, chaired by the Treasurer
Structure of Accounts	Roth IRA as the default, with a traditional IRA option as an alternative election
Automatic Enrollment	Yes
Employee Opt-out	Yes
Default Contribution Rate	5% with annual 1% auto-escalation on January 1 of each year until a maximum of 10% is reached. Auto-escalation applies to participants who have been contributing for at least six months, but an employee can opt out and set his or her own rate. The first auto-escalation took place on January 1, 2019.
Employer Contribution	Not permitted
Availability to Other Employers	Available to employers with no employees and employees of non-participating employers
Investment of Assets	The program offers a suite of 12 target date funds based upon the age of the enrollee as the default investment option and additional investment options, including a capital preservation fund and a growth fund. The program has approved changing its policy from holding the first \$1,000 in the capital preservation fund to holding funds only for the first 90 days in the capital preservation fund and then defaulting the funds into the age-appropriate target date fund unless another investment option is selected.
Fees	The Board will charge each IRA a program administrative fee not to exceed 1.05% per annum (per rulemaking) with the current fees as follows: .15% for state administration; .75% for program administration; and .09% for investment management. Effective in the fall 2021, the program is proposing to change its fee structure to a combination of fixed fee and basis points. The approved new fee structure: \$4 per saver for state program administration; \$14 per saver and 15 basis points on assets for recordkeeping; and 10 basis points for investment management.
Implementation Timeline	Two pilots were completed in 2017. The program is being implemented in six employer registration phases or “waves,” based on the number of employees. The program is in the process of registering its final wave of employers (those with four or fewer employees) and the registration deadline for these employers has been extended to the fall 2021 (after the transition to a new program recordkeeper is completed). However, employers are free to register at any time before deadline. Authorized to Partner With Other States: Yes

MarylandSaves

Year Enacted	2016, as amended in 2018
Employer Participation	Mandatory for all employers that pay employees through a payroll system or service, with a two-year deferral for new businesses.
Employers Affected	Employers that do not currently offer qualified plans
Administrative Entity	The Maryland Small Business Retirement Savings Board, chair elected by Board members
Structure of Accounts	One or more payroll deposit IRA arrangements
Automatic Enrollment	Yes
Employee Opt-out	Yes
Default Contribution Rate	The Board will set default, minimum, and maximum employee contribution levels.
Employer Contribution	Not permitted
Availability to Other Employers	The Board may evaluate and establish the process by which a non-covered employer, an employee of a non-participating employer, or a self-employed individual may participate.
Investment of Assets	The Board will establish a range of investment options, including a default investment selection for employees' payroll deposit IRAs. The Board cannot offer options that could result in liability to the state or its taxpayers. When selecting investment options, the Board will consider methods to minimize the risk of significant investment losses at the time of a participating employee's retirement. The Board will consider investment options that minimize administrative expenses and may provide an investment option that provides an assured lifetime income.
Fees	Administrative expenses may not exceed 0.5% of assets under management in the program.
Implementation Timeline	The Board is finalizing its selection of a program manager and investment consultant. Assuming these decisions are finalized in the summer 2021, the program currently anticipates a pilot by late 2021 and program launch by no later than early 2022.

Connecticut Retirement Security Authority (“MyCTsavings”)

Year Enacted	2016, as amended in 2019
Employer Participation	Mandatory.
Employers Affected	Qualified employers with five or more employees that do not currently offer a plan
Administrative Entity	The Connecticut Retirement Security Authority, chair appointed by the Governor
Structure of Accounts	Roth IRA
Automatic Enrollment	Yes
Employee Opt-out	Yes
Default Contribution Rate	3%
Employer Contribution	Not permitted
Availability to Other Employers	A private employer with four employees or fewer may choose to make the program available.
Investment of Assets	Each participant’s account will be invested in an age-appropriate target date fund or other investment vehicles selected by the Authority. Once the participant reaches normal retirement age, 50% of the participant’s account will be invested in the lifetime income investment. Participants may elect to invest a higher percentage of account balances in the lifetime income investment. The Authority will designate a lifetime income investment option intended to provide participants with a source of retirement income for life.
Fees	After completion of the fourth calendar year after the program effective date, total annual fees associated with the program cannot exceed 0.75% of the total value of the program assets.
Implementation Timeline	A pilot launch is currently scheduled for September 2021 with the first wave program launch expected to begin in December 2021.

CalSavers

Year Enacted	2016, as amended in 2017, 2018, 2019, and 2020
Employer Participation	Mandatory.
Employers Affected	Employers with five or more employees that do not already provide a qualified retirement plan and that satisfy requirements for a payroll deposit retirement savings arrangement, and employers of providers of in-home supportive services, if determined to be eligible
Administrative Entity	The CalSavers Retirement Savings Board, chaired by the Treasurer
Structure of Accounts	Roth IRA as the default, with a traditional IRA as an alternative election
Automatic Enrollment	The Board will disseminate an employee information packet with information about the program and appropriate disclosures, including the mechanics of how to make contributions to the program. Employees must acknowledge that they have read all the disclosures and understand their content.
Employee Opt-out	Yes
Default Contribution Rate	5% with auto-escalation of 1% per year to be capped at 8% of salary. An employee may opt out of auto-escalation and set his or her own rate.
Employer Contribution	Permitted if would not trigger ERISA
Availability to Other Employers	Employees of non-participating employers and the self-employed can participate.
Investment of Assets	The program offers a suite of 12 target date funds based upon the age of the enrollee as the default investment option and additional investment options, including a capital preservation fund; a bond fund; a global equity fund; and an environmental, social, and governance (ESG) fund. For the first 30 days, funds are held in the capital preservation fund and then moved to the default age-appropriate target date fund unless another investment option is selected.
Fees	On or after six years from the effective program date, expenditures from the Administrative Fund cannot exceed 1% of the total Program Fund annually (currently .05% state fee; .75% program administration fee; and .09% investment manager fee).
Implementation Timeline	The pilot program began in November 2018, and official statewide employer registration began in July 1, 2019. Employer registrations are being implemented in three phases, beginning with employers with 100 or more employees required to register by September 30, 2020; employers with 50 or more employees required to register by June 30, 2021; and employers with five or more employees required to register by June 30, 2022. However, employers are free to register at any time before deadline.

Seattle Retirement Savings Plan

Year Enacted	2017
Employer Participation	Mandatory. There is a two-year deferral for new businesses.
Employers Affected	Employers that do not currently offer qualified plans or participate in a multiple employer plan (MEP)
Administrative Entity	The Seattle Retirement Saving Plan Board of Administration, chair appointed by the Mayor
Structure of Accounts	One or more payroll deposit IRA arrangements
Automatic Enrollment	Yes
Employee Opt-out	Yes
Default Contribution Rate	The Board can set default, minimum, and maximum rates. The plan must offer default escalation.
Employer Contribution	Not permitted
Availability to Other Employers	The Board can establish participation rules for self-employed individuals or employees who are not eligible to participate in an employer's qualified retirement plan.
Investment of Assets	The Board will establish several investment funds, each pursuing an investment strategy and policy established by the Board. The Board will establish at least three "core" investment funds, diversified to minimize the risk of large losses, and may establish one or more "non-core" investment funds. The Board may, at any time, add, replace, or remove any investment fund. Investment funds may include mutual funds, index funds, collective funds, separately managed accounts, exchange-traded funds, or other pooled investment vehicles that are generally available in the marketplace.
Fees	Not specified. The plan must keep administration fees low, but sufficient to ensure that the plan is sustainable.
Implementation Timeline	Contributions may begin no earlier than January 1, 2019, and no later than January 1, 2021. The Board decided in December 2018 that it will not implement its program pending possible action by the Washington State Legislature on proposals to establish a statewide Secure Choice auto-IRA program.

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New Jersey Secure Choice Retirement Savings Program

Year Enacted	2019
Employer Participation	Mandatory. There is a two-year deferral for new businesses.
Employers Affected	Employers with 25 or more employees that have not offered a qualified retirement plan.
Administrative Entity	The New Jersey Secure Choice Savings Board, chaired by the Treasurer
Structure of Accounts	One or more payroll deposit IRA arrangements
Automatic Enrollment	Yes
Employee Opt-out	Yes
Default Contribution Rate	3%
Employer Contribution	Not permitted
Availability to Other Employers	Employers with fewer than 25 employees and/or those that have been in business for less than two years may provide payroll deposit retirement savings arrangements for each employee who elects to participate in the program.
Investment of Assets	The Board may establish any or all of the following investment options: a capital preservation fund, into which the Board may provide that the first \$1,000 in contributions be deposited and also may provide for an account revocation period during which an enrollee may withdraw the deposited amounts without penalty; a life-cycle fund; or any other investment option deemed appropriate by the Board. The Board shall designate by rule or regulation one of the investment options as the default investment option for enrollees who fail to elect an investment option and may, from time to time, amend, modify, or repeal such investment options as it deems necessary or proper, and may subsequently select, by rule or regulation, a different investment option as the default investment option.
Fees	During the first three years after the establishment of the program, annual administrative fees may not exceed 0.75% of the Program Fund. After that time, the annual administrative fees shall not exceed 0.6% of the Program Fund.
Implementation Timeline	To be determined. Board appointments are currently in progress. By law, enrollment of employees shall begin within 24 months after the effective date of the act (which was immediate), and the date can be extended by an additional 12 months. The Board shall implement the program in two phases based on the size of the employers participating, with implementation for larger employers first. No later than nine months after the Board opens the program for enrollment, each covered employer must establish a payroll deposit retirement savings arrangement to allow each employee to participate in the program.

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Colorado Secure Savings Program

Year Enacted	2020
Employer Participation	Mandatory.
Employers Affected	Employers with 5 or more employees that have not offered a qualified retirement plan. Grants, in an amount not to exceed \$300 per employer, may be available to employers with between 5 and 25 employees to support participation in the program.
Administrative Entity	The Colorado Secure Savings Program Board in the Office of the State Treasurer, chaired by the Treasurer
Structure of Accounts	One or more payroll deposit IRA arrangements
Automatic Enrollment	Yes
Employee Opt-out	Yes
Default Contribution Rate	5%
Employer Contribution	Not permitted
Availability to Other Employers	Employers not required to participate in the program will be allowed to participate on a voluntary basis. Individual who qualify for an IRA also will be allowed to voluntarily participate.
Investment of Assets	Not specified. The Board is authorized to make or enter into contracts with up to three investment managers, private financial institutions, and other service providers to invest money and administer the program.
Fees	For the first five years of program operation, total annual fees may not exceed 1% of total value of program assets. In the sixth year and subsequent years, the total annual fees may not exceed .75% of the total value of program assets.
Implementation Timeline	The Board has developed its implementation timeline and expects to hire its program administrator and investment manager(s) by June 2021. The program anticipates launching a pilot in late 2021.
	Authorized to Partner With Other States: YES

VirginiaSaves Program

Year Enacted	2021
Employer Participation	Mandatory.
Employers Affected	Employers that have employed 25 or more employees who work at least 30 hours a week in the preceding calendar year and have been in business for at least two years that do not already provide a qualified employer-sponsored retirement plan.
Administrative Entity	The Governing Board of the Virginia College Savings Plan with a Program Advisory Committee appointed by the Board to assist with program implementation
Structure of Accounts	One or more payroll deposit IRA arrangements
Automatic Enrollment	Yes
Employee Opt-out	Yes
Default Contribution Rate	To be determined by the Board
Employer Contribution	Not permitted
Availability to Other Employers	Employers not required to participate in the program will be allowed to participate on a voluntary basis. Any eligible employee whose employer does not facilitate his participation in the Program or any self-employed individual may participate, so long as the individual has Virginia taxable income.
Investment of Assets	Not specified. The Board shall invest moneys in the Program in any instruments, obligations, securities, or property deemed appropriate by the Board
Fees	To be determined by the Board
Implementation Timeline	The Program shall be established, and enrollment of eligible employers shall begin on July 1, 2023, or as soon thereafter as practicable. The Board shall establish an implementation timeline under which eligible employers shall enroll their eligible employees in the Program. The Board shall enter into all contractual agreements, including contracts for legal, financial, program management, and consulting services necessary to develop and administer the Program. Authorized to Partner With Other States: YES

Savings Access New York Retirement Program

Year Enacted	2021
Employer Participation	Mandatory.
Employers Affected	Employers with at least five employees that have been in business for at least two years and have not offered a qualified retirement plan in the previous two years
Administrative Entity	Retirement Savings Board (3-member board appointed by the Mayor)
Structure of Accounts	One or more payroll deposit IRA arrangements
Automatic Enrollment	Yes
Employee Opt-out	Yes
Default Contribution Rate	5%
Employer Contribution	Not permitted
Availability to Other Employers	Employers not required to participate in the program will be allowed to participate on a voluntary basis.
Investment of Assets	To be determined by the Comptroller, subject to Board approval
Fees	To be determined by the Board
Implementation Timeline	The law is effective 90 days after it becomes law. The program shall be operational no later two years after the effective date of the law, unless the Board finds a reasonable reason to delay in implementation. The program shall not be implemented if New York State establishes a program covering a substantial portion of uncovered employers. Authorized to Partner With Other States: YES

Voluntary Payroll Deduction IRA⁶

New York

⁶New York's voluntary payroll deduction program is assumed to be designed to be covered under the 1975 DOL safe harbor (See 29 CFR 2510.3-2(d); 40 FR 34526 (August 15, 1975)), which lays out the conditions under which payroll deduction IRAs would be exempt from ERISA.

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New York State Secure Choice Savings Program

Year Enacted	2018
ERISA Applicability	No
Employer Participation	Voluntary
Employers Affected	Employers that have not offered a qualified retirement plan in the preceding two years
Administrative Entity	New York State Secure Choice Savings Program Board
Structure of Accounts	Roth IRA
Automatic Enrollment	The Board may consider use of automatic enrollment as allowed under federal law.
Employee Opt-out	Yes
Default Contribution Rate	3%
Employer Contribution	Not permitted
Availability to Other Employers	Not specified
Investment of Assets	The Board shall establish or authorize a default investment option for enrollees who fail to elect an investment option. The Board may establish or authorize any additional investment decisions that the Board deems appropriate, including but not limited to: a conservation principal protection fund; a growth fund; a secure return fund whose primary objective is the preservation of the safety of principal and the provision of a stable and low-risk rate of return; an annuity fund; a growth and income fund; or a life cycle fund with a target date based upon factors determined by the Board.
Fees	The Board shall allocate administrative fees to individual retirement accounts in the program on a pro rata basis.
Implementation Timeline	To be determined. By law, the program shall be implemented, and enrollment of employees shall begin, within 24 months after the effective date (which was immediate), and the Board may delay implementation by an additional 12 months. Implementation has been delayed an additional 12 months and the legislature is currently considering a bill in 2021 to amend the program to require all employers with more than 10 employees to auto-enroll workers in the state program.

Open Multiple Employer Plans (MEPs)⁷ (Listed by date of enactment)

Massachusetts
Vermont

⁷On 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-facilitated retirement savings programs that would include ERISA-covered retirement plans. These options include a marketplace, prototype plans, and state-facilitated “open” multiple employer plans (MEPs). The following state plans are covered by the Interpretive Bulletin.

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Massachusetts Defined Contribution CORE Plan (“CORE Plan”)

Year Enacted	2012
ERISA Applicability	Yes
Employer Participation	Voluntary
Employers Affected	Nonprofits with 20 or fewer employees
Administrative Entity	A not-for-profit defined contribution committee in the Office of the State Treasurer and Receiver General
Structure of Accounts	401(k) plan
Automatic Enrollment	Yes
Employee Opt-out	Yes
Default Contribution Rate	6% with an annual auto escalation of 1% or 2%, up to 12%
Employer Contribution	Permitted, but not required. If a participating employer chooses to use the safe harbor employer-matching contribution option, 100% of the first 3% of the employee’s contribution will be matched and 50% of the next 2% in employee contribution will be matched. If a participating employer selects the safe harbor non-elective contribution option, the employer agrees to make a flat rate contribution to the account of each eligible employee in an amount no less than 3% regardless of employee contributions.
Availability to Other Employers	No
Investment of Assets	The Plan offers 12 CORE default target date funds based on expected retirement age and four objective base funds: CORE Growth Fund, CORE Income Fund, CORE Inflation Fund, and CORE Capital Preservation Fund. For additional fees, a participant can choose to have the account professionally managed with a portfolio that would be developed “using one or more investments that comprise the CORE Plan investment lineup and may also use additional investments not otherwise available to CORE Plan participants.”
Fees	For the participant , there is a \$65 annual fee, deducted automatically from the participant account, and other administrative fees depending on the “elective Plan features used by a participant. Each investment option has an administrative, advisory and investment management fee that varies by investment option” and “additional fees, including administrative and other service fees, may be assessed over time.” For the participating nonprofit, there is a one time installation fee of \$2,500, a \$200 plan administrative fee charged annually beginning in the second year, and annual compliance fee of \$150 for employer contribution election and \$750 for deferral-only election.
Implementation Timeline	The program launched in October 2017 and is open for enrollment.

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Vermont Green Mountain Secure Retirement Plan

Year Enacted	2017, as amended in 2019
ERISA Applicability	Yes
Employer Participation	Voluntary. The Board may study and make recommendations on methods to increase participation if, after three years, significant numbers of residents remain who are not covered by a retirement plan.
Employers Affected	Employers with 50 employees or fewer that do not currently offer a plan
Administrative Entity	Green Mountain Secure Retirement Board, chaired by the Treasurer
Structure of Accounts	401(k) plan
Automatic Enrollment	Permissible. Auto-enrollment of employees will occur once an employer opts to join the MEP.
Employee Opt-out	Yes
Default Contribution Rate	Not specified
Employer Contribution	Permitted
Availability to Other Employers	The self-employed are eligible to participate. No earlier than one year after implementation, the Board intends to provide options via a clearinghouse/marketplace to individuals who are not eligible to participate, or choose not to participate, in the MEP, or whose employers opted not to join the MEP.
Investment of Assets	Not specified
Fees	Not specified
Implementation Timeline	The Board anticipates a pilot launch by fall 2021.

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Marketplace⁸

Washington

⁸On 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-facilitated retirement savings programs that would include ERISA-covered retirement plans. These options include a marketplace, prototype plans, and state-facilitated “open” multiple employer plans (MEPs). The following state plan is covered by the Interpretive Bulletin.

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Washington Small Business Retirement Marketplace

Year Enacted	2015, as amended in 2017
ERISA Applicability	ERISA cannot apply to the state to operate the Marketplace, but ERISA plans are allowed in the marketplace with ERISA requirements applying to participating employers.
Employer Participation	Voluntary
Employers Affected	Fewer than 100 employees
Administrative Entity	State Department of Commerce
Structure of Accounts	SIMPLE, Roth and traditional IRAs, and ERISA plans (e.g., 401(k)s) can be included. May also offer “life insurance plans designed for retirement purposes”
Automatic Enrollment	No state requirement, but employers may auto-enroll as IRS rules allow
Employee Opt-out	Voluntary employee participation
Default Contribution Rate	Not specified
Employer Contribution	Permitted if an ERISA plan option
Availability to Other Employers	Self-employed people and sole proprietors are eligible to participate in the marketplace.
Investment of Assets	The marketplace currently offers five types of 401(k) plans from Saturna Trust Company and Roth and traditional IRA options from Finhabits and Aspire Capital Advisors. Others may be added in the future.
Fees	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. No later than September 2020, the Department will evaluate the ongoing need to allow de minimis fees to be charged to enrollees. Fees associated with products offered in the Marketplace can be found on the Retirement Marketplace website.
Implementation Timeline	The Marketplace opened in March 2018.

Multi-tiered (or “Hybrid”) Option (Voluntary Payroll Deduction IRA⁹ and Marketplace¹⁰)

New Mexico

⁹ New Mexico’s voluntary payroll deduction program is assumed to be designed to be covered under the 1975 DOL safe harbor (See 29 CFR 2510.3-2(d); 40 FR 34526 (August 15, 1975)), which lays out the conditions under which payroll deduction IRAs would be exempt from ERISA.

¹⁰ 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-facilitated retirement savings programs that would include ERISA-covered retirement plans. These options include a marketplace, prototype plans, and state-facilitated “open” multiple employer plans (MEPs). New Mexico’s retirement plan marketplace is covered by the Interpretive Bulletin.

New Mexico Work and Save Program

Year Enacted	2020
ERISA Applicability	<u>Voluntary IRA:</u> The Board shall avoid preemption of the program by federal law. The Board shall not impose any duties on employers pursuant to ERISA (see footnote 8). <u>Marketplace:</u> 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 (see footnote 9).
Employer Participation	Voluntary
Employers Affected	Employers with their primary place of business physically located in New Mexico
Administrative Entity	New Mexico Work and Save Board
Structure of Accounts	<u>Voluntary IRA:</u> Roth IRA <u>Marketplace:</u> Options may include SIMPLE IRA; payroll deduction IRA; multiple employer plans (if allowed under federal law); plans described in section 401(a) or 403(b) of the Internal Revenue Code
Automatic Enrollment	<u>Voluntary IRA:</u> An employer participating in the Work and Save program may automatically enroll its employees, if permitted by federal law <u>Marketplace:</u> An employer that offers a plan through the marketplace may use automatic enrollment.
Employee Opt-out	Yes
Default Contribution Rate	<u>Voluntary IRA:</u> To be determined by the Board; <u>Marketplace:</u> Not specified
Employer Contribution	<u>Voluntary IRA:</u> Not permitted; <u>Marketplace:</u> Permitted if an ERISA plan option
Availability to Other Employers	Not specified
Investment of Assets	<u>Voluntary IRA:</u> By default, contributions will be invested in a target date fund investment. A principal protection fund may be established for initial savings up to an amount established by the Board. <u>Marketplace:</u> The Marketplace shall allow, but shall not require, the availability within approved plans of distribution options that provide income in retirement, including systematic withdrawal programs, guaranteed lifetime withdrawal benefits and annuities.
Fees	<u>Voluntary IRA:</u> The program shall keep total fees and expenses below 1% of the funds invested. <u>Marketplace:</u> The Board shall establish administrative fees for financial service firms that participate in the marketplace. The fees shall be sufficient to cover the actual cost of maintaining the marketplace.
Implementation Timeline	The Board shall now implement the New Mexico Retirement Plan Marketplace and the New Mexico Work and Save IRA Program on or before July 1, 2024 (bill passed in 2021 changing from original July 1, 2021 for the marketplace and January 1, 2022 for the voluntary payroll deduction IRA). Authorized to Partner With Other States: Yes

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