“Savings Access New York”

Hearing before the New York City Council’s

Committee on Civil Service and Labor

Statement of

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Chairman Miller and members of the Committee on Civil Service and Labor, I am Angela M. Antonelli, Research Professor and Executive Director of the Center for Retirement Initiatives at Georgetown University's McCourt School of Public Policy. Thank you for this opportunity to appear before you today. The views I express in this testimony are my own and should not be construed to represent any official position of Georgetown University.

The weakening of the pillars supporting retirement security (Social Security, employer-provided pension plans, and supplemental retirement and other savings plans) is one of the greatest fiscal and economic challenges we face today. About one-half of the private sector workforce nationally between the ages of 18 and 64 lacks access to an employer-related payroll deduction plan.[1] In New York City, almost 60 percent of the private sector workforce - approximately 1.5 million workers - lack access to retirement savings plans through their employers.[2] Lower-income and/or less-educated workers, "gig" and part-time workers, and employees of small businesses are often are among the most likely to lack access.

A readily available workplace retirement savings plan dramatically increases the likelihood that workers will begin to save for retirement. Workers without such a plan could use an individual retirement account (IRA) to save, but few actually do. For instance, only about one worker in 20 with earnings of $30,000 to $50,000 a year and no access to a payroll deduction plan contributes to an IRA consistently.[3]

Leaving approximately 60 percent of New York City's private sector workers without the opportunity to access simple, low-cost ways to save for their future security will exact a heavy toll on the economic and fiscal future of this city.

States and Cities Are Designing and Adopting New Retirement Savings Options

Since 2012, more than 40 states have introduced legislation to either establish state-facilitated retirement programs for private sector workers or study the feasibility of establishing such programs. Several states have already taken steps to expand access to simple, low-cost ways to save for those private sector workers who lack access to employer-sponsored retirement savings plans. Support for these innovative state programs among employees and employers is strong and bipartisan.

As of September 2019, there are 11 new state-facilitated retirement savings programs; 10 states (California, Connecticut, Illinois, Maryland, Massachusetts, New Jersey, New York, Oregon, Vermont, and Washington) and one city (Seattle) have enacted legislation to expand

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[1]David John and Gary Koenig (2014), "Workplace Retirement Plans Will Help Workers Build Economic Security," AARP Public Policy Institute, Fact Sheet 317, p. 2, Washington, D.C. https://www.aarp.org/content/dam/aarp/ppi/2014-10/aarp-workplace-retirement-plans-build-economic-security.pdf.This number is based on data from the Current Population Survey. However, the survey was redesigned after 2013, and the accuracy of its later results has been questioned. For this reason, we do not include data from after 2013.

[2]Office of the Comptroller, City of New York. "The New York City Nest Egg: A Plan for Addressing Retirement Security in New York City, October 2016," p. 6. https://comptroller.nyc.gov/wp-content/uploads/documents/The-New-York-City-Nest-Egg_October_2016.pdf.

[3]Employee Benefit Research Institute (2006), unpublished estimates of the 2004 Survey of Income and Program Participation Wave 7 Topical Module.

the accessibility and effectiveness of retirement savings for private sector workers.[4] (For convenience, I will refer to “states” and “state-facilitated retirement savings programs,” even though cities can also adopt these programs and there is at least one city program.)

In light of the continued failure of Congress to address the large number of Americans who lack the ability to build retirement security, states have acted out of necessity. They face significant budgetary and economic consequences if more Americans enter retirement with limited financial resources. Particularly given a rapidly aging population, states will be increasingly pressed to deal with dramatic increases in the cost of social service programs for seniors living at or below the poverty line — namely, programs related to healthcare, housing, food and energy assistance.

There is also the broader benefit to the economy to consider. Lower incomes in retirement mean that consumers spend less, which reduces the available tax base, but if retirees have more savings and income to spend, they can contribute to the strength of local, state, and national economies.

States are implementing several types of program designs, described below and summarized in greater detail in the appendix:

1) Payroll deduction IRAs, usually using automatic enrollment (Auto IRAs), that certain employers are required to offer if they have no other retirement plan;
2) Payroll deduction IRAs that employers can choose to join;
3) Open Multiple Employer Plans (MEPs); and
4) Marketplaces.

Current State-Facilitated Retirement Savings Programs

Individual Retirement Account (Auto-IRA)	Voluntary Payroll Deduction IRA	Voluntary Open Multiple Employer Plan (MEP)	Voluntary Marketplace
California	New York	Massachusetts	Washington
Connecticut		Vermont	
Illinois			
Maryland			
New Jersey			
Oregon			
Seattle			

Source: Georgetown University, Center for Retirement Initiatives

All these program options are voluntary for employees because they can choose whether and how much to contribute. Six states (California, Connecticut, Illinois, Maryland, New Jersey, and Oregon) and the city of Seattle have enacted auto-IRA programs requiring employers that meet certain criteria and have chosen not to establish their own retirement plans to offer the state- or

[4]For more detailed information about state programs and legislative proposals, see the Georgetown Center for Retirement Initiatives website at http://cri.georgetown.edu/states/.

city-facilitated program to their employees. One (Washington) has a retirement marketplace, two (Massachusetts and Vermont) have enacted MEPs, and one (New York) has created a payroll deduction IRA program that companies can offer if they so choose.

Each program is at a different stage of implementation. As of September 2019, five programs — Oregon, Massachusetts, Washington, Illinois, and California — are now enrolling workers. Others are in various stages of planning and/or implementation, as detailed in the appendix.

The Auto-IRA Model is the Predominant Model in New Programs and Legislative Proposals

As noted, six states and one city have enacted laws establishing payroll deduction IRA programs based on the auto-IRA model. These states — California, Connecticut, Illinois, Maryland, New Jersey, and Oregon, in addition to the city of Seattle – have some program design differences, but all require businesses meeting certain criteria to offer their employees the state's program unless they choose to offer their own retirement plans. Workers would be enrolled automatically and contribute through payroll deduction to an IRA unless they choose to opt out.

Many of these states have begun to implement their programs, with Oregon being the first state to launch its program in late 2017; Illinois launched statewide in November 2018; and California launched on July 1, 2019. Each of these programs launched after initial pilot testing phases. Most of the state programs to date anticipate being fully implemented between 2020 and 2022.[5]

Oregon, Illinois and California programs initially selected Roth IRAs because this approach makes it easier for workers to withdraw their money without penalties, which, for some, may be important if they must address sudden financial shocks. However, these states also are now offering traditional IRAs as an option.

These programs also generally offer a set of investment funds, which include, but is not limited to, a suite of target date funds, a capital preservation fund, and a growth fund. Oregon's program takes the first $1,000 in contributions and invests it in the capital preservation fund, which protects that initial amount from market volatility but also allows workers in the early period of savings to access that money if they change their minds.[6] Similarly, CalSavers also invests the first $1,000 in payroll contributions in a money market fund and in Illinois the default is to hold the money in a money market fund for the first 90 days after the initial contribution is made.[7] In addition, OregonSaves also has a 1 percent annual auto-escalation provision up to a cap of 10 percent. The first annual escalation took place on January 1, 2019 for OregonSaves,

[5]For an overview of program implementation timelines, see Center for Retirement Initiatives, McCourt School of Public Policy, Georgetown University (2019a), "State-Facilitated Retirement Savings Programs: A Snapshot of Plan Design Features," State Brief-19-03, May 30, 2019 Update, Washington, D.C. https://cri.georgetown.edu/wp-content/uploads/2018/12/States_SnapShotPlanDesign6-3-19FINAL.pdf.
[6]Challenges in the Retirement System: Hearings before the Finance Committee, Senate, 116th Cong. 4 (2019) (Testimony of Oregon State Treasurer Tobias).
[7]See CalSavers, "Investments." Retrieved from https://saver.calsavers.com/home/savers/investments.html?language=en#; Illinois Secure Choice, "Investments." Retrieved from https://saver.ilsecurechoice.com/home/savers/investments.html.

and more than 90 percent of participants did not change that increase.[8] CalSavers has a similar 1 percent annual auto-escalation up to a cap of 8 percent.[9]

The strong support for and promising launches of OregonSaves, Illinois Secure Choice and CalSavers have bolstered interest among more states to consider adopting an auto-IRA program.

A review of bills introduced in states and cities in 2018 and 2019 shows that most are introducing the auto-IRA model. In addition, states that enacted a different program model – notably a marketplace – are beginning to move toward an auto-IRA approach. New Jersey which had enacted a marketplace but taken no action to implement it, recently enacted a new auto-IRA program. Washington came very close to enacting an auto-IRA program in 2019 and interest remains in its adoption.

Positive Trends in Auto-IRA Program Implementation[10]

Several positive trends illustrate why these auto-IRA programs are a smart approach that helps workers at every income level and empowers more people to invest in their own futures and improve overall financial well-being.

- **Employers and Workers Strongly Support the Program**. In states implementing these programs, the level of support has only grown stronger as more workers and businesses become familiar with and benefit from the program. For example, more than 82 percent of people in Oregon support OregonSaves after its first year of implementation.[11] They know it is the right approach that will help make Oregon stronger economically over the long run.

  In addition, although these types of programs are generally implemented in waves, staggering the deadlines by which different-size employers must register and enroll their workers, many employers see the benefits and do not even wait until their deadlines; they are registering sooner rather than later to help their workers start savings sooner. In Oregon, more than 2,000 employers chose to register before their deadline.[12]

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[8]Challenges in the Retirement System: Hearings before the Finance Committee, Senate, 116th Cong. 4 (2019) (Testimony of Oregon State Treasurer Tobias).

[9]CalSavers, "Investments." Retrieved from https://saver.calsavers.com/home/savers/investments.html?language=en#.

[10]This section is adapted from Tobias Read (2018, November), "'Work Hard. Save Easy.' The OregonSaves Retirement Program is Off to a Promising Start," Center for Retirement Initiatives, McCourt School of Public Policy, Georgetown University. https://cri.georgetown.edu/work-hard-save-easy-the-oregonsaves-retirement-program-is-off-to-a-promising-start/; DHM Research and AARP (2018), "2018 Survey of Oregonians: OregonSaves Program," Washington, D.C.

[11]Tobias Read (2018, November), "'Work Hard. Save Easy.' The OregonSaves Retirement Program is Off to a Promising Start," Center for Retirement Initiatives, McCourt School of Public Policy, Georgetown University. https://cri.georgetown.edu/work-hard-save-easy-the-oregonsaves-retirement-program-is-off-to-a-promising-start/; DHM Research and AARP (2018), "2018 Survey of Oregonians: OregonSaves Program," Washington, D.C. https://www.aarp.org/content/dam/aarp/research/surveys_statistics/econ/2018/oregon-retirement-savings-oregonsaves.doi.10.26419-2Fres.00248.001.pdf.

[12]Challenges in the Retirement System: Hearings before the Finance Committee, Senate, 116th Cong. 3 (2019) (Testimony of Oregon State Treasurer Tobias).

The participation rates of eligible employees also have remained high, averaging approximately 71 percent for Oregon and consistent with feasibility studies predicting 20-30 percent opt-out rates. It is reasonable to expect that opt-out rates may actually decline over time.

- **Employee Contribution Levels Are Important to Success.** The standard default savings rate for OregonSaves, Illinois Secure Choice and CalSavers is 5 percent. When these programs were first being developed, a 3 percent rate was considered, but feasibility studies showed that employees would be comfortable with a higher default savings rate. Experience has now shown that this has proven to be the case with the average savings rate being close to or exceeding 5 percent in these states with workers contributing on average about $100 per month. This is similar to behavior we see with 401(k) plans, in which workers who do not opt out tend to stick with the default amount.

- **Assets Are Growing Rapidly.** Program assets for these programs continue to grow quickly as employers and employees enter the program. For OregonSaves, assets are now approaching $25 million, reflecting a steady and rapidly increasing upward trend.[13] Illinois Secure Choice has learned from OregonSaves and accelerated the timeframe and reduced the number of waves for registering and enrolling workers. Not surprisingly, the accumulation of assets for Illinois Secure Choice is also growing steadily as a result, and has already surpassed $5 million in its first eight months.[14]

- **Fees Are Already Decreasing.** OregonSaves capped fees at 1.05 percent of assets per year. They anticipate that this level will drop once the program is fully implemented and assets continue to grow. Investment fund fee reductions have already occurred with OregonSaves, with two of its funds (target date funds and growth fund) reducing their fee levels which, in turn, has reduced the all-in fees for savers invested in those options.[15]

9 Ways a New York City Auto-IRA Program Can Transform the Retirement Savings Landscape

A new state-facilitated auto-IRA program for New York City will change the retirement landscape in important ways.

1. It will help millions of workers better prepare for retirement.

[13]Oregon State Treasury, (2019, August 6), *OregonSaves Marks Two Years and Celebrates $25 Million Saved for Retirement* [Press release]. Retrieved from https://www.oregon.gov/newsroom/Pages/NewsDetail.aspx?newsid=3382.
[14]Nowicki, J., (2019, September 10), Illinois Secure Choice program takes aim at 'retirement crisis', *Capitol News Illinois*. Retrieved from https://www.capitolnewsillinois.com/Blog/Posts/502/Uncategorized/2019/9/Illinois-Secure-Choice-program-takes-aim-at-retirement-crisis/blog-post/.
[15]Tobias Read (2018, November), "'Work Hard. Save Easy.' The OregonSaves Retirement Program is Off to a Promising Start," Center for Retirement Initiatives, McCourt School of Public Policy, Georgetown University. https://cri.georgetown.edu/work-hard-save-easy-the-oregonsaves-retirement-program-is-off-to-a-promising-start/.

Approximately 1.5 million New York City private sector workers do not have access to employer-sponsored retirement savings plan options. When employees have simple choices for contributing to savings from their regular paychecks, research shows that they are 15 times more likely to save and start on a path to greater retirement security. Although the national retirement savings crisis will not be solved overnight, facilitating access and offering millions of workers a way to begin to save using a simple, low-cost IRA goes a long way toward making a difference in addressing the problem and it is better than not saving anything at all.

2. It will help small businesses be more competitive.

Small businesses often struggle to provide their workers with the same benefits as larger companies with which they compete for talent. The time and costs associated with traditional retirement savings plans — not to mention the regulatory burden — can often discourage small employers from setting up even basic plans. New York City will make it easier for the 900,000 workers who work for small employers (those with fewer than 100 employees) and lack access to a retirement savings program.[16] Providing easy access to simple, cost-effective solutions for small businesses will make this lifeblood of the American economy more able to compete in the search for the best possible talent and retain such workers.

3. It will allow employees to be more mobile.

Employees ought to be able to change jobs without having to worry about what happens to their retirement savings. That is exactly the approach these programs take by making the accounts employee-owned and portable from one job to the next. Being able to keep and use an account if people move between jobs will be easy and helps make sure that workers do not have to worry about losing track of small retirement savings accounts or figure out what to do with those accounts if they change employers.

4. It has the potential to assist "gig workers."

Independent and "gig" workers are often overlooked. Although the New York City proposal would cover employers with five or more employees, it can also allow those smaller employers and individuals to voluntarily choose to use the city program. This important step forward ensures that the benefits enjoyed by workers and consumers alike as part of the gig economy will not be dampened by lack of access to a retirement savings plan.

5. It will benefit underserved populations, especially Hispanic workers.

The lack of access to retirement savings crisis hits some communities disproportionately, but perhaps none harder than often-underserved populations. In New York City, a large proportion of workers who will benefit are Hispanic. Hispanic workers find themselves in jobs without

[16] Office of the Comptroller, City of New York (2016). "The New York City Nest Egg: A Plan for Addressing Retirement Security in New York City, October 2016," p. 47. https://comptroller.nyc.gov/wp-content/uploads/documents/The-New-York-City-Nest-Egg_October_2016.pdf.

retirement savings programs at a much-higher rate than whites. In fact, 68.5 percent of Hispanics in the city do not have access to employer-sponsored retirement plans, as compared to 52.3 percent of whites.[17] A New York City auto-IRA program will help reduce that disparity by increasing access.

6. It will reduce the burden on state and federal budgets.

When Americans retire without having set aside enough savings to live on, it can have a significant impact on government budgets. Economically disadvantaged seniors must turn to public programs for support to make ends meet, putting additional pressure on taxpayers. The simplest solution lies in helping Americans to better prepare for their post-work years by making retirement savings simple and convenient.

An analysis of New York City households found 30 percent of senior households relied on Social Security for over 75 percent of their income in 2015 and 26% of households relied on Social Security for more than 90% of income.[18] A new program can contribute significantly to reducing the future rate of growth of government assistance programs for seniors, thus increasing their financial independence.

7. It will be a model for other states.

The substantial size of the New York City market makes it impossible for others to ignore and often enables it to serve as a template for other states to embrace. With the magnitude of the existing challenge, having a city like New York City to study and use as a model is likely to improve retirement solutions far beyond its borders.

8. It will inspire further innovation.

As these new programs enables more workers to begin setting aside funds for retirement for the first time, they will create a new generation of savers. This should open the door for the financial services industry to develop new solutions to meet their needs and better prepare all Americans for their post-work years. For example, there is already pressure to improve financial education and make lifetime income solutions more readily available. Greater innovation will help improve outcomes for Americans in their golden years.

9. It will create new opportunities for the private sector.

Helping more workers save for retirement creates new opportunities for the financial services industry to help those workers manage their growing savings, such as growing out of a state-

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[17] Ibid.

[18] Office of the Comptroller, city of New York (2017). "Aging with Dignity: A Blueprint for Serving NYC Growing Senior Population, March 2017," p. 13. https://comptroller.nyc.gov/wp-content/uploads/documents/Aging_with_Dignity_A_Blueprint_for_Serving_NYC_Growing_Senior_Population.pdf.

facilitated program into 401(k) employer-provided retirement savings plans. In addition, ensuring that employers now must offer their workers access to a way to save challenges plan providers to design and offer simpler, more-cost-effective plans to employers that may want to sponsor their own more-robust 401(k) plan now or in the future.

New York City Can Transform the Retirement Savings Landscape

While there is still much to be done to significantly improve retirement security, new state-facilitated retirement savings programs are providing important and much-needed opportunities to drive the transformation of the retirement savings landscape for the better. The scale of a program in New York City will make a meaningful difference for residents while providing valuable models and lessons to guide future action for the rest of the nation.

Appendix

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

State Brief 19-03

August 30, 2019
UPDATE[1]

[1] This updates State Brief 19-03, dated June 30, 2019.

OVERVIEW

Since 2012, at least 43 states have acted to implement, study, or consider legislation to establish state-facilitated retirement savings programs. At least 22 states and cities introduced legislation to date in 2019 to address the retirement savings gap among private sector workers. During the 2019 legislative sessions, states and cities continued to lead with new, innovative proposals. Additional detailed information about the progress of state legislative initiatives in 2019 and the status of state-facilitated retirement savings program implementations can be found at https://cri.georgetown.edu/states.

11 State-Facilitated Retirement Savings Programs

As of August 30, 2019, 10 states and one city[2] have enacted state-facilitated retirement savings programs for private sector workers. To date, these programs have adopted one of the following four models:

Individual Retirement Account ("Auto-IRA")[3]	Voluntary Payroll Deduction IRA	Voluntary Open Multiple Employer Plan ("MEP")	Voluntary Marketplace
California	New York	Massachusetts	Washington
Connecticut		Vermont	
Illinois			
Maryland			
New Jersey			
Oregon			
Seattle			

Most of these states are actively implementing their programs. Five states — California, Illinois, Massachusetts, Oregon, and Washington — are open to employers in 2019. Massachusetts and Oregon opened their programs in late 2017, Washington opened its retirement marketplace in March 2018, Illinois launched its program in November 2018, and California launched its program statewide in July 2019. Connecticut, Maryland, and Vermont also are making progress but are in earlier stages of program implementation.

[2] For simplicity, all programs are referred to as "state-facilitated," even if it includes one or more cities.
[3] Auto-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.

Individual Retirement Accounts (Auto-IRAs)[4]

(Listed by date of enactment)

Illinois
Oregon
Maryland
Connecticut
California
Seattle
New Jersey

[4] On August 30, 2016, the U.S. Department of Labor (DOL) published a final rule related to Savings Arrangements Established by States for Non-Governmental Employees, proposing a new safe harbor for state IRA retirement savings arrangements that would allow for qualifying state programs to be exempt from ERISA. On December 20, 2016, the U.S. Department of Labor published a similar final rule for qualified state political subdivisions (e.g., cities, counties). These rules were nullified using the Congressional Review Act, HJ Res. 66 and HJ Res. 67, respectively, on May 17, 2017, and April 13, 2017. These actions did not affect the 1975 DOL safe harbor (see 29 CFR 2510.3-2(d); 40 FR 34526 (Aug. 15, 1975)), which lays out the conditions under which voluntary payroll deduction IRAs would be exempt from ERISA. 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 filed an amended complaint on April 11, 2019, and the case is currently pending.

Illinois Secure Choice

Year Enacted	2015, as amended in 2016, 2017 and 2019
Employer Participation	Mandatory for certain employers, with a two-year deferral for new businesses. Employers retain the option of providing a qualified plan through the private market.
Employers Affected	Employers with 25 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%
Employer Contribution	Not permitted
Availability to Other Employers	Employers with fewer than 25 employees can voluntarily choose to participate in the program.
Investment of Assets	The program offers a suite of 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, but participants can select a different fund option immediately. The money market fund is not a separate fund option but a temporary holding vehicle.
Fees	Total expenses cannot exceed 0.75% of the total trust balance.
Implementation Timeline	After pilot testing was completed in 2018, the program formally launched in November 2018 using a three-phase registration process, with the final deadline for the smallest employers (those with 25 to 99 employees) to register ending in November 2019. However, all employers are free to register at any time and do not have to wait for the registration deadlines. By law, all employees must be enrolled in the program by December 31, 2020.

OregonSaves

Year Enacted	2015, as amended in 2019
Employer Participation	Mandatory. Employers retain the option of providing an alternative qualified retirement plan from the private market.
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 auto-escalation of an additional annual 1% until a maximum of 10% is reached. An employee may opt out of auto-escalation and set his or her own rate. The first annual auto-escalation took place on January 1, 2019, and applied to participants who had been contributing for at least six months and contributing less than 10%.
Employer Contribution	Not permitted
Availability to Other Employers	Available to employers with no employees
Investment of Assets	The program offers a suite of 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. By default, the first $1,000 in contributions is invested in the OregonSaves Capital Preservation Fund, but participants can select a different fund option immediately.
Fees	The Board will charge each IRA a program administrative fee not to exceed 1.05% per annum.
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. To date, registration for employers with 10 or more employees has been completed. Employers with five to nine employees have until November 15, 2019, to register and the final group of employers to register — employers with four or fewer employees — must do so by May 15, 2020. All employers are free to register at any time and do not have to wait for the registration deadlines.

Maryland$aves

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 retain the option of providing a plan through the private market.
Employers Affected	Employers that do not currently offer qualified plans
Administrative Entity	The Maryland Small Business Retirement Savings Board, chair elected by the 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 refining its program implementation timeline, with a possible pilot program launch by mid-2020 and statewide program implementation by fall 2020.

Connecticut Retirement Security Authority

Year Enacted	2016, as amended in 2019
Employer Participation	Mandatory. Employers retain the option of providing a plan available through the private market.
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	The Board is refining its program implementation timeline, with a possible pilot launch by the end of 2019 or early 2020.

CalSavers

Year Enacted	2016, as amended in 2017, 2018 and 2019
Employer Participation	Mandatory. Employers retain the option of providing an alternative qualified retirement plan through the private market.
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 California Secure Choice Retirement Savings Investment 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 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, governance (ESG) fund. By default, the first $1,000 in contributions is invested in a capital preservation option, but participants can select a different fund option immediately.
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.
Implementation Timeline	The pilot program began in November 2018, and official statewide employer registration began in July 2019. Employer registrations will be implemented in three phases, beginning with employers with 100 or more employees, followed by employers with 50 or more employees, and then employers with five or more employees. Each registration phase will last about a year. Registration for all eligible employers will be completed by June 2022. However, all employers are free to register at any time and do not have to wait for the registration deadlines.

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 under the circumstances, 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 to await action by the Washington State Legislature on proposals to establish a statewide Secure Choice auto-IRA program before deciding whether and how to proceed with implementation.

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. There is a two-year deferral for new businesses.
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	This act shall take effect immediately. Enrollment of employees shall begin within 24 months after the effective date of the act but 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.

Voluntary Payroll Deduction IRA[5]

New York

[5] New 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 (Aug. 15, 1975)), which lays out the conditions under which payroll deduction IRAs would be exempt from ERISA.

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	This act will take effect immediately. The program shall be implemented, and enrollment of employees shall begin, within 24 months after the effective date of this article. The Board may delay implementation by an additional 12 months if it determines further delay is necessary.

Open Multiple Employer Plans (MEPs)[6]

(Listed by date of enactment)

Massachusetts
Vermont

[6] 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). The following state plans are covered by the Interpretive Bulletin.

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, within 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
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." There is a "$200 plan administrative fee charged annually to the **participating nonprofit**, beginning in their second year of participation."
Implementation Timeline	The program launched in October 2017 and is open for enrollment.

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 is considering a revised implementation timeline with a possible launch by early 2020.

Marketplaces[7]

Washington

[7] 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). The following state plan is covered by the Interpretive Bulletin.

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 a Roth and a traditional IRA from Finhabits. 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.

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