

GEORGETOWN
UNIVERSITY

McCourt School *of Public Policy*

**CENTER FOR
RETIREMENT
INITIATIVES**

Webinar | February 17, 2022

**State-Facilitated Retirement Savings Programs:
How 40,000 Employers Have Helped 400,000 Employees
Save \$400 Million for Retirement ... and It's Just the Beginning**
A Review of Progress and the 2022 Outlook

Panelists:

- **Katie Selenski**, Executive Director, CalSavers Retirement Savings Board
- **The Honorable Stacy Garrity**, Treasurer, Commonwealth of Pennsylvania
- **The Honorable Josh Gotbaum**, Chair, MarylandSaves
- **The Honorable Dave Young**, Treasurer, State of Colorado, and Chair, Colorado Secure Savings Program Board
- **Mary Morris**, CEO, Virginia529
- **John Scott**, Retirement Savings Project Director, The Pew Charitable Trusts

Moderator:

- **Angela Antonelli**, Research Professor and Executive Director, Center for Retirement Initiatives

Katie Selenski

Executive Director

CalSavers Retirement Savings Board



Post-launch Auto-IRA States: Progress Report

Katie Selenski, Executive Director
CalSavers Retirement Savings Board

Georgetown University Center for Retirement Initiatives
February 17, 2022

Refresher: the Basics in OR, IL, CA

1) **Employer Mandate to Facilitate the State-Run Program:**

- Does not offer a retirement plan
- Size threshold varies by state
- Penalties for non-compliance

2) **Automatic Enrollment for Employees:** completely voluntary for employees, but automatic enrollment if no opt-out. May opt-out and back in at any time.

- Self-employed may participate on a self-enrollment, opt-in basis.

3) **Public Private Partnership:** Professionally managed & advised by financial services companies with oversight by public board chaired by State Treasurer.

4) **Zero Cost to the State, Taxpayer, Employer:** self-sustaining on saver fees; start-up loans to be repaid.

Design: Simple, Consistent



Employer Mandate Threshold	All Employers	5 ≥ employees	5 ≥ employees (legislation pending to lower)
Account Type	Roth IRA (Supports recharacterization to Traditional)		
Default initial contrib. rate	5%		
Automatic escalation	Default 1 ppt annual to 10%		Default 1 ppt annual to 8%
Investments: default	Target Date Fund after 1 st 90 days in MMF	Target Date Fund after 1 st 90 days in Holding	Target Date Fund after 1 st 30 days in MMF
Investments: other options	Growth	Cap. Pres.; Conservative; Growth	ESG; Core Bond; Global Equity
Self-employed enrollment	Available		
Employer Penalties	\$100/EE not to exceed \$5,000 per calendar year	\$250/EE initial; \$500/EE sustained	\$250/EE initial; \$750/EE sustained
Enforcement Status	Expected implementation 2022-23		Implementing Penalties for “Wave 1”, 1.5 yrs after deadline + dozens of notices

Early Progress

Data as of 2/9/22



Data-informed rollout schedules (lessons)

Median income <\$30k; no state or ER match

35% are multiple ER accounts

98% of savers accept auto-escalation

Drivers include imperfect 5500 data, new private plans

Rollout Period (Employer registration deadlines by number of employees)	Pilot: July 2017	Pilot: May 2018	Pilot: 11/18-6/19
	>100: 11/15/17 >50: 5/15/18 >20: 12/15/18 >10: 5/15/19 >5: 11/15/19 >0: late 2022	≥500: 11/1/18 ≥100: 7/1/19 ≥25: 11/1/19 ≥16: 11/1/22 ≥5: 11/1/23	>100: 9/30/20 >50: 6/30/21 ≥5: 6/30/22
Employee Participation Rate	68%	67%	70%
Funded Accounts	114,461	100,694	229,338
Assets (\$ millions)	149.0	85.2	184.4
Average Funded Account Balance	\$1,301	\$846	\$804
Average Contribution Rate	6.3%	5.6%	5.1%
Employers Registered	17,011	6,413	27,942
Employers Facilitated (Ever)	N/A	3,038	8,812
Employers Facilitating (Last 90 days)	5,381	2,396	7,509
Employers Exempted	20,000	13,000	60,000

444,493

\$419 M

15,286

Looking Ahead

- Scaling up with final waves of rollouts
- Impact of penalties
- Tech refinements, payroll integrations
- Saver engagement, leveraging behavioral insights
- Observing impact on private market

Insights for Pipeline States

- Importance of employer mandate with authority for penalties
- Provide sufficient loan support for successful launch and rollout
- Define source(s) of and ensure authority to acquire employer data
- Rollout Period: stagger deadlines according to volume data
- Customer service: high quality responsiveness is paramount, little room for error

The Honorable Stacy Garrity

Treasurer

Commonwealth of Pennsylvania

The Honorable Josh Gotbaum

Chair

MarylandSaves



- **Bipartisan State-created nonprofit. Worked with FAs**
- **Employer signup *incentive*, not a penalty**
- **Emergency savings account + Guaranteed interest rate**
- **Keeps Helping *After* You Retire**
 - **Social Security Bridge**
 - **Monthly managed payout default at retirement**

The Honorable Dave Young

Treasurer

State of Colorado

Chair

Colorado Secure Savings Program Board

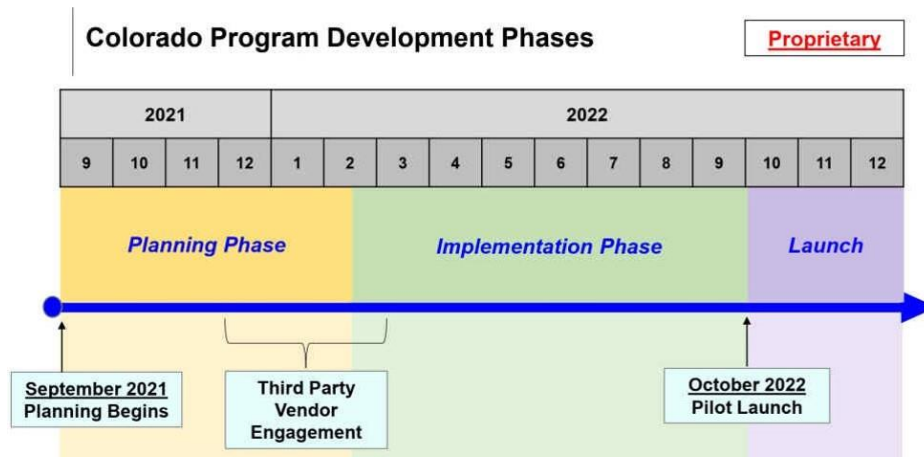
Colorado Department of the Treasury



Colorado Secure Savings Program: Updates and 2022 Overview February 17, 2022



Colorado Secure Savings Program: Planning & Initial Considerations



Source: AKF Consulting, "Colorado Secure Savings Program: Program Implementation Roadmap." October 18, 2021



Colorado Secure Savings Program: Updates



- **Staffing**
 - Prioritize outreach and data analysis
 - Ensure you have sufficient personnel and access to data to identify key population groups and industries
 - Inter-agency collaboration is critical for obtaining the data necessary to execute a high quality outreach campaign
- **RFP**
 - Open solicitation for program administration services
 - Submissions are due March 21, 2022
- **Rules**
 - Treasury staff have drafted our rule framework and will finalize once a contract is awarded



Colorado Secure Savings Program: Looking Ahead



- **Partnerships**
 - First-in-the-nation MOC with New Mexico
 - Open to working with other states as well
- **Employer Engagement**
 - Central to a successful implementation
 - Feedback and pilot recruitment
 - Set to begin in mid-March
- **Pilot Launch**
 - Set to begin in October



Contacting Us

Hunter Railey
*Executive Director, Colorado Secure
Savings Program*

william.railey@state.co.us

303-507-5292



treasury.colorado.gov/



facebook.com/colotreasurer



twitter.com/ColoTreasurer



linkedin.com/company/colorado-department-of-the-treasury



Mary Morris

CEO

Virginia529



February 17, 2022

Virginia529 State-Facilitated Private Retirement Program

Presentation for: Georgetown Center for Retirement Initiatives

Study Recommendations & Legislative Outcomes

Recommendation	Outcome
Adopt auto-IRA model	Achieved
Utilize an interest-free Treasury loan	Achieved
Authorize new or existing state entity with financial management to administer the program	Achieved
Build flexibility into enabling legislation	Achieved
Provide administering entity authority to manage program administration and other services	Achieved
Establish enforcement mechanisms	Achieved
Provide for inter-agency cooperation	Achieved
Set employer eligibility threshold at five or more eligible employees	Not achieved (25 or more FTE)



Notable Program Milestones

- Retirement Program Advisory Committee (RetirePAC) established
 - Committee members have extensive experience in, among other areas, retirement plan design, and/or retirement plan investments to provide sophisticated, objective and prudent administrative and investment advice and direction to the Board.
- Program Consultant and Investment Consultant onboarded
- Basic Program design elements approved: December 2021
 - Roth IRA as standard default account type; Traditional IRA option
 - Default contribution rate = 5%
 - Default annual automatic escalation rate = 1% (up to maximum 10%)
 - Investment lineup, default investment vehicle: in development*
- RFP for Program Administrator issued: February 1, 2022



Closing the Financial Wellness Gap

Expanding to meet the needs of a broad and diverse customer base. Our customers are focused on making better, more-informed decisions regarding all aspects of their financial lives, including long and short-term savings and investment goals and strategies.



Education Savings

\$100.3 Billion in
Education Savings
AUM

21.6% of
National 529 Market
(as of June 30, 2021)

invest529.
prepaid529™
CollegeAmeri
ca



Disability Savings

\$87.2 Million in
Disability Savings
AUM

ABLEnow.
ABLEAmerica®



Access & Affordability

2010
SOAR established

Added in 2021
GEAR UP VA
Rural Horseshoe
FastForward
G3 Program
VCAC



State-Facilitated Private Retirement

1.2 Million working
Virginians without
employer-sponsored
retirement option

LAUNCHING
IN 2023



Dream Save Achieve



Virginia529SM

Virginia529.com
Toll-Free 1.888.567.0540
customerservice@virginia529.com

 **Facebook.com/VA529**

 **@Virginia529**

 **VA529**

ABLEnow[®]

able-now.com
Toll-Free 1.844.669.2253
customerservice@able-now.com

 **Facebook.com/ABLEnowVA**

 **@ABLEnowVA**

 **ABLEnowVA**

Call 1-888-567-0540 or visit Virginia529.com to obtain all program materials. Read them carefully before investing. An investor should consider the investment objectives, risks, charges, and expenses of the programs before investing. For non-Virginia residents: before investing, consider whether you or the beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protections from creditors that are only available for investments in that state's qualified tuition program.

Call 1-844-NOW-ABLE or visit able-now.com to obtain information on the program. Seek the advice of a professional concerning any financial, tax, legal or federal or state benefit implications related to opening and maintaining an ABLEnow account. Participating in ABLEnow involves investment risk including the possible loss of principal. For non-Virginia residents: other states may sponsor an ABLE plan that offers state tax or other benefits not available through ABLEnow.

© 2020 Virginia College Savings Plan. All Rights Reserved.

John Scott

Retirement Savings Project Director
The Pew Charitable Trusts

What Have We Learned About Auto-IRAs?

John Scott
The Pew Charitable Trusts

Georgetown University
Center for Retirement Initiatives
February 17, 2022

Auto-IRA effects on employers

- 2017 Pew survey of small to mid-sized business owners: 87% supported hypothetical auto-IRA
- Pew 2019-20 survey of employers participating in Oregon Saves
- Employers are satisfied with their auto-IRA program experience
 - Smaller employers more satisfied than larger employers
 - Starting payroll deductions boosts satisfaction
- Employers are not feeling pushback from workers – 80% report no or few questions or concerns
- 79% say no out-of-pocket costs for participating in auto-IRAs
- Employer demand for the auto-IRA: Early sign-ups

Auto-IRA effects on workers

- 2020-21 Pew survey of participants and opt-outs in Illinois Secure Choice
- Participating workers are satisfied with their experience
 - 62% somewhat or very satisfied, 34% neutral, 5% dissatisfied
- For a significant number, participation boost feeling financially secure
 - 38% feel more secure, 49% say no impact, 13% feel less secure
- “I trust information from Illinois Secure Choice”
 - 67% of participants agree versus 5% who disagree

Note: Results unpublished; survey results available upon request

Auto-IRA effects on the retirement market

- Do auto-IRAs compete or complement the private market for retirement plan products and services?
- Analysis of Form 5500 filings for 2013-2020
- 2020 data show that California and Oregon are above national average for new retirement plan starts
 - Illinois trends not changed by new auto-IRA program
- Prior Pew small biz survey and anecdotal evidence suggest auto-IRAs are ‘nudging’ employers to adopt own plan

QUESTIONS?



State-Facilitated Retirement Savings Program Network (SRSPN) Annual Conference

March 15-16, 2022

(Following the Conclusion of NAST's Legislative Conference in Washington, DC)

GEORGETOWN
UNIVERSITY

McCourt School of Public Policy

**CENTER FOR
RETIREMENT
INITIATIVES**

Center for Retirement Initiatives
McCourt School of Public Policy

600 New Jersey Avenue NW, 3rd Floor, Washington, DC 20001
202-687-4901 | cri.georgetown.edu

Angela M. Antonelli
Executive Director
ama288@georgetown.edu

Follow us on social media for updates



GEORGETOWN
UNIVERSITY

McCourt School *of Public Policy*

**CENTER FOR
RETIREMENT
INITIATIVES**