



An Overview State-Facilitated Retirement Savings Programs
and Establishing a Multiple-Employer Plan (MEP) Program

Presentation to the Show-Me MyRetirement Savings Board

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**CENTER FOR
RETIREMENT
INITIATIVES**

The Georgetown Center for Retirement Initiatives (est. 2014)

State-Facilitated Retirement Savings Programs Research and Clearinghouse



Can Assess Markets

Expanding the size of asset class U.S. workers

Access to Private Income Outcomes?

...a wider and more diverse selection of income outcomes for millions of

Learn More

2023 State Program & Legislative Activity Map

Click on the map below to view program information (pink lines) and (not shaded states) Login to view detailed 2023 state legislative activity updates (green states)

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Source: Georgetown University's Center for Retirement Initiatives

State Program Action Updates

Upcoming board meetings:

- CO: 6/27; HI: 6/27; DE: 7/13; ME: 7/19; CT: 7/21; OR: 8/13; RI: 8/17; NJ: 8/18; CA: 8/21; WA: 8/23; MA: 8/28; MD: 9/11

Recent program action:

- Oregon/Gaesco crosses \$500 million asset milestone
- Newark/NJ approved to all-eligible employees on June 20, 2023
- New Jersey releases RFP for program administration (proposal due July 31, 2023)
- New York releases RFP for program administration and investment management services (proposal due August 2, 2023)
- New York's Monthly Performance Trend Report, May 2023
- View CRI's Program Snapshots for MN, MO, NC, and NY
- CA, CT, IL, MD and OR release May 2023 program data

View All State Legislative and Implementation Updates

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Source: Georgetown University's Center for Retirement Initiatives

Research New Number of Expanding Access to Retirement Savings

Policy Reports Expanding Access to Retirement Savings

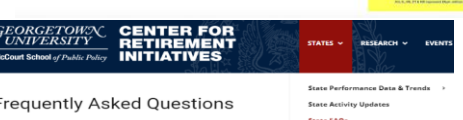
State Partnerships Expanding Access to Retirement Savings

Study Reports Expanding Access to Retirement Savings

Feasibility Studies/Market Analyses Expanding Access to Retirement Savings

Monthly Individual State Program Specific Data & Trends

- California
- Illinois
- Oregon
- Connecticut
- Maryland
- Massachusetts
- Washington



Frequently Asked Questions

State-Facilitated Retirement Savings Program Models Auto-IRA Common Program Features Employer and Employee Program Experience Comparison of the Basic Features of an IRA and a 401(k) Impact of State Programs on Employer-Sponsored Plans Vendors Servicing State-Facilitated Retirement Savings Programs

State Program Guides

STATE BRIEF 22-01 | JUNE 30
State-Facilitated Retirement Features

This document provides summary state-facilitated retirement savings programs.



State Policy Reports and Briefs

POLICY REPORT 21-02 | MARCH
State-Facilitated Retirement and the Tax Code for

This paper provides policymakers and regulators pertinent to IRAs and reviews the question of ERISA and the Tax Code rules apply to 401(k)s, including the new rules allowing states (and others) to possibly lower 401(k) costs by sponsoring group-401(k)MPs and PEPs.

POLICY REPORT 18-01 | MARCH 2018
State Benefits of Expanding Access to Retirement Savings

This report provides state-level analysis of the benefits of expanding worker access to save for retirement through state-facilitated auto-IRA programs. This report follows CRI's earlier research on the potential benefits of national universal access to retirement savings options for U.S. workers (see [Policy Report 08-02](#)). Included in the analysis are 51 state (and DC) fact sheets that provide information on key state-specific metrics including demographic trends related to the aging of the population, the size of the retirement savings access gap, the projected growth in savings with an auto-IRA program, and the economic and fiscal benefits to the state of adding new savers. [See State-by-State Interactive Map.](#)

State Resource Center

Please click below to access materials produced by previous and current study and implementation studies.

State Partnerships

Study Reports

Feasibility Studies/Market Analyses

RFP Request for Proposal

DESCRIPTION OF THE WORK

Request for Proposal

Monthly State Program Data & Trends

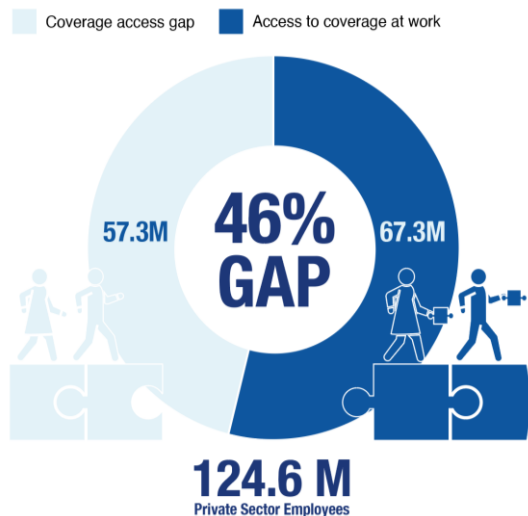
May 2023 - Total Assets

Non-vested Change in Total Assets (Mill)

Program	Change (%)
Washington	3.1%
MD	25.6%
Illinois State-Sponsored	1.8%
Illinois	0.6%
Program Total (CA, CT, IL & MD)	2.7%
Massachusetts	25.9%
Program Total (CA, CT, IL & MD)	2.7%

Significant Gap in Access to Retirement Savings Among Private Sector Workers

More than 57 Million Employees Lack Access to a Retirement Savings Plan in their Workplace (2020)



ESI analysis of Census Bureau Current Population Survey and BLS National Compensation Survey Data.

Source: [Antonelli \(2020\)](#). "What are the Potential Benefits of Universal Access to Retirement Savings?" Georgetown University Center for Retirement Initiatives in conjunction with Econsult Solutions, Inc.

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- Disproportionately affects small businesses because of costs, administrative burden, and other responsibilities
- Disproportionately disadvantages women and people of color
- Cost of doing nothing too great for policymakers to ignore

Show-Me Missouri- By the Numbers

- An estimated 2.35 million private sectors workers, with **935,000 (39%)** estimated to lack access to an employer-sponsored retirement plan (GU CRI)
- Between 2020 and 2040, a projected 19% increase in the size of population age 65 and older (GU CRI)
- Between 2020 and 2040, a projected decrease in the number of working age household to support its growing elderly population (decrease of 2.7 to 2.2 households for every 1 elderly household) (GU CRI)
- As of 2019, a population already heavily dependent (23%+ of its elderly) on Social Security for 90% or more of their income (GU CRI)
- An average DC account balance in DC Plans = \$37,390 (NIRS, 2017)
- Between 2020 and 2040, the cost of doing nothing to Missouri will = **\$3.4 billion in additional state costs and combined federal and state costs of \$18.7 billion** (Pew Charitable Trusts)

Show-Me Missouri- By the Numbers

Small business count by size and industry

Industry	Without employees	1-19 employees	20-499 employees	All small businesses
Construction	56,011	12,204	1,184	69,399
Other Services (except Public Administration)	50,668	13,004	1,017	64,689
Professional, Scientific, and Technical Services	48,627	10,916	1,057	60,600
Real Estate and Rental and Leasing	51,275	5,140	284	56,699
Retail Trade	42,512	10,021	1,349	53,882
Transportation and Warehousing	43,764	3,465	536	47,765
Administrative, Support, and Waste Management	39,855	5,506	742	46,103
Health Care and Social Assistance	27,823	14,815	2,021	44,659
Arts, Entertainment, and Recreation	20,415	1,748	321	22,484
Finance and Insurance	13,235	4,716	470	18,421
Accommodation and Food Services	7,001	6,456	2,507	15,964
Educational Services	11,707	1,071	339	13,117
Wholesale Trade	5,907	3,798	1,174	10,879
Manufacturing	6,163	3,382	1,240	10,785
Agriculture, Forestry, Fishing and Hunting	6,310	290	16	6,616
Information	4,396	963	211	5,570
Industries not classified	*	757	0	757
Mining, Quarrying, and Oil and Gas Extraction	292	90	40	422
Management of Companies and Enterprises	*	91	330	421
Utilities	207	41	47	295
Total	436,168	98,356	14,123	548,647

* Not reported by the Census Bureau

Sources: [Nonemployer Statistics, 2020 \(Census\)](#); [Statistics of US Businesses, 2020 \(Census\)](#)

According to the U.S. Census and [U.S. Small Business Administration](#)

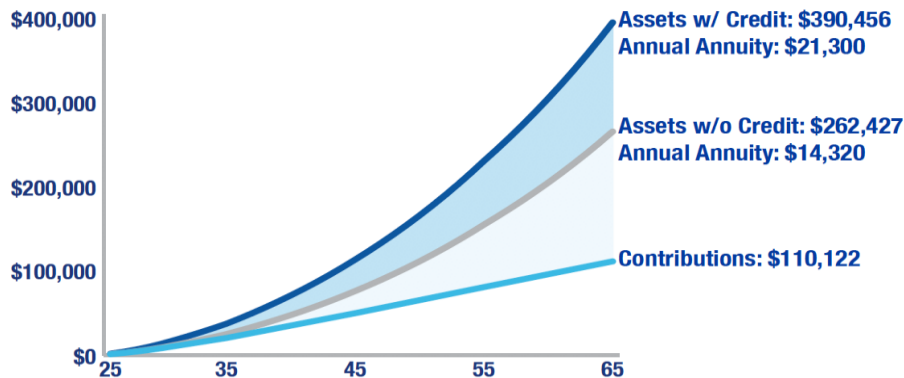
- 548,647 small businesses in Missouri
- 99.4 of all Missouri businesses and 97.4 of small businesses have less than 20 employees
- 1.1 million small business employees
- 44.8 percent of all Missouri employees work for small businesses
- Businesses with less than 50 employees have lower rates of retirement plan access and participation

Can Saving a Modest Amount Make a Difference? YES!

Starting Sooner and Saving Longer Improves Retirement Outcomes

By starting to save early through simple, automatic and consistent contributions, workers with average earnings levels will have the opportunity to build substantial private savings levels to increase their retirement incomes & supplement Social Security or help to defer starting Social Security (and boost benefits).

Figure 2.4: An Enhanced Saver's Credit Increases Lifetime Returns to a Young Auto-IRA Saver



Source: [Antonelli \(2020\)](#). "What are the Potential Benefits of Universal Access to Retirement Savings?" Georgetown University Center for Retirement Initiatives in conjunction with Econsult Solutions, Inc.

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State Retirement Savings Programs (19 States)

Individual Retirement Account (Auto-IRA)= 16 states			Voluntary Open Multiple Employer Plan (MEP)	Voluntary Payroll Deduction IRA	Voluntary Marketplace
California	Illinois	New Jersey	Massachusetts	New Mexico	New Mexico
Colorado	Maine	New York	Missouri		Washington
Connecticut	Maryland	Oregon			
Delaware	Minnesota	Vermont			
Hawai'i	Nevada	Virginia			
Washington					

Green = program now open to all eligible workers

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State Program Performance (Auto-IRA)



\$1.42 Billion in Assets

CA, CO, CT, IL, MD, OR=\$1.1 billion
as of 3/31/2024
+MA and WA



**213,000 Registered
Employers**

CA, CT, IL, MD, & OR
as of 3/31/24



**858,000+ Funded
Accounts**

CA, CO, CT, IL, MD, & OR
as of 3/31/24

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A MEP and Auto-IRA Are Different

State MEP Program	State Auto IRA Program
Contribution Limits on employee contributions: <ul style="list-style-type: none">•\$23,000 or (if age 50+) \$30,500 Employer contributions allowed	Contribution Limits: <ul style="list-style-type: none">•\$7,000 or (if age 50+) \$8,000 Employer contributions not allowed
Covered by ERISA	Not Subject to ERISA (state regulates)
Employer participation must be voluntary , but reductions in plan administration burden may encourage employers to join.	Employer participation is generally mandatory if the employer is a certain size and does not already have a retirement plan.
Some testing requirements and more stringent rules for withdrawals of funds	No testing requirements

What is a State “Open” MEP?

- U.S. DOL guidance in 2015 “opened” MEPs for states
- Single plan adopted by 2 or more *unrelated* employers
- ERISA regulated plan
- Typically a tax-qualified 401(k) plan

ERISA Responsibilities

- State or delegate will be official plan sponsor, named fiduciary and administrator
- State can delegate many duties to outside experts
- State helps reduces ERISA administrative burden on employers
- Smart design and best practices

MA CORE (MEP) Program

- By state law available to nonprofit with fewer than 20 employees
- Engages service providers for plan administration and investment management
- 6% employee contribution with an annual auto escalation of 1% or 2%, up to 15%
- Permitted, but not required. More than 80% of participating employers are providing matching contributions
- The Plan offers a set of default TDFs and a growth fund, income fund, inflation fund, and capital preservation fund
- Fees: employers pay one-time set up fee with annual fixed fees for administration and compliance; annual participant account fee; and investment fees

State Program Performance

MA MEP (2017)



\$34 Million in Assets
as of 3/31/2024



**200 Registered Small
Non-Profit Employers**
as of 3/31/24



1,955 Funded Accounts
as of 3/31/24

Roles and Responsibilities

State

- Board governs the program and sets policy
- Hires recordkeeper and investment partners, provides data, and selects offered investments
- Defines program benefits, what to do, and what is required
- Markets the program
- Provides program oversight

Service Providers

- Deliver services, investments and educational tools that support the needs of each party, IRS testing and reporting
- Provide efficient and intuitive processes to support the design of the program
- Communicates with each party throughout the lifecycle of the program

Employers

- Sign up for the program via prescribed process
- Enroll employees
- Deduct contributions from employee paychecks
- Remit data and contributions in a timely manner
- Report demographic changes
- Refer employees to service provider

Employees

- Access and maintain account with the service provider
- Use service provider call center/website to change contributions
- Manage ongoing investment allocations
- Designate a beneficiary
- Ensure any changes to address, etc. are shared with the service provider

Key Program Decisions

Decisions made about:

- 
- Governance and Oversight
 - Resources and Staffing
 - Plan Design
 - Marketing and Outreach
 - Investments
 - Cost Structure

Will determine whether and how many providers will be interested and/or can support your program

Getting Started- For Consideration

1. Make any necessary or desired plan governance, resource, and staffing decisions (e.g., bylaws, planning subcommittees, board support staff)
2. Consider engaging outside experts to assist with planning, as needed, such as a legal expert and/or program or investment consultant
3. Consider a Request for Information (RFI) to solicit input on plan design and provider interest (program administrator, investment manager) to best understand the full breadth of market innovation and changes since MA and VT

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