Retirement Savings Plan Considerations

NCSL Retirement Security Symposium
August 8, 2016

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Center for Retirement Initiatives
McCourt School of Public Policy
To foster state innovation by serving as a trusted public policy center offering rigorous research, technical assistance, and effective advocacy for state-based retirement solutions by:

- Connecting state policymakers, scholars and industry experts.
- Sharing research, best practices and success stories with state policymakers.
- Analyzing legislative and regulatory developments and assisting with program design.
- Serving as a resource to all states and stakeholders addressing the challenge of achieving retirement security for more Americans and promoting policies that will strengthen the economy.
CRI SERVES AS A CLEARINGHOUSE FOR STATE INITIATIVES

A Resource for States and Stakeholders

cri.georgetown.edu
MORE THAN 30 STATES HAVE TAKEN ACTION SINCE 2012

cri.georgetown.edu/states/all-states/

Source: Georgetown University’s Center for Retirement Initiatives

- Green: legislative proposal and/or study in 2016
- Red: laws enacted (2012-present)
- Yellow: recent state efforts (2012-2015)
## State Plan Design Considerations

### Comparison of Retirement Plan Design Features, By State:
- California
- Illinois
- Oregon
- Maryland
- Connecticut

#### June 15, 2016

**Update**

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<tbody>
<tr>
<td>Board Compensated</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Employer Participation</td>
<td>Mandatory. Employers retain the option at all times to set up any type of employer sponsored plan instead of the state arrangement.</td>
<td>Mandatory, with 2-year delay for new businesses. Employers retain the option of providing a plan available on the open market.</td>
<td>Mandatory. Employers can establish alternative retirement plans for some or all of its employees.</td>
<td>Mandatory for all employers that pay employees through a payroll system or service. There is a 2-year deferral for new businesses. Employers retain the option of providing a plan available on the open market.</td>
<td>Mandatory. Employers retain the option of providing a plan available on the open market.</td>
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<tr>
<td>Employers Affected</td>
<td>5 or more employees and has not offered a qualifying retirement plan in the preceding 2 years.</td>
<td>25 or more employees and has not offered a qualifying retirement plan in the preceding 2 years.</td>
<td>Employers that do not currently offer plans.</td>
<td>All qualifying employers that do not currently offer plans.</td>
<td>5 or more employees and do not currently offer a plan.</td>
</tr>
<tr>
<td>Penalties for Employer Non-Compliance</td>
<td>Yes. To be determined.</td>
<td>Yes - $250 per eligible employee to start.</td>
<td>Not Specified</td>
<td>Yes. If a covered employer is not in compliance, the covered employer may not receive a waiver of the State’s $300 filing fee. Applies only after program is open for enrollment.</td>
<td>Yes. The employee, or the Labor Commissioner, may bring a civil action to require the employer to enroll the covered employee and shall recover attorneys’ fees.</td>
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<tr>
<td>Structure of Accounts</td>
<td>Traditional IRA</td>
<td>Roth IRA</td>
<td>Defined Contribution Plan (IRA is intent)</td>
<td>One or more payroll deposit IRA arrangements to be determined by the Board.</td>
<td>Roth IRA</td>
</tr>
<tr>
<td>Automatic Enrollment</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

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*See Illinois footnote at "Availability to Other Employers" for clarification.*

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Outlook for 2016-17

- DOL finalizes ERISA safe harbor rulemaking
- Success of state initiatives reigniting interest in a national solutions
- Action and Trends for 2017 and beyond
  - Implementation work will be watched (WA, OR)
  - State studies continue (VT, NY & others)
  - Large cities exploring their own plans (NYC, Seattle, Philadelphia)
  - Evolution of models continues
  - Private sector innovation in response to state efforts
  - Public-private partnerships & additional reforms
  - How to expand focus from accumulation to decumulation and lifetime income.