Retirement Savings Plan Considerations: Critical Issues for Employees, Employers, Providers and States

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Threshold Question

- ERISA or not ERISA?
- State Plan or no State Plan?

<table>
<thead>
<tr>
<th>ERISA</th>
<th>Not ERISA</th>
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<tbody>
<tr>
<td>State Plan</td>
<td>Prototype/MEP</td>
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<tr>
<td>No State Plan</td>
<td>Marketplace</td>
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</tbody>
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State Policy Options

• ERISA and State-sponsored Plan
  – Prototype/MEP: State as administrator/oversight
  – *Example: Massachusetts (small non-profits)*

• **Non**-ERISA State-sponsored Plan
  – Payroll Deduction Auto-IRA
  – *Example: Connecticut, Illinois, Maryland and Oregon*

• ERISA and **No** State-sponsored Plan
  – Marketplace
  – *Example: Washington and New Jersey*

*These are not mutually exclusive!*
3 public policy goals:

• Increasing retirement savings
• Minimizing burdens for employers
• Managing legal and financial risk for states

*Tradeoffs among these goals?*
Program Choices Affecting Employers

- Voluntary or Mandatory Participation
- Responsibilities and Liability
  - Is that a fine or an incentive?
- Market Disruption and Sustainability
  - Effects on existing plan sponsors?
  - Effects on employers without plans?
- Employer Size Threshold for Participation
  - Not too big (Marketplace)?
  - Not too small (Auto-IRA)?
Program Choices Affecting Employers

Employer size threshold:
Number of workers excluded from Illinois Secure Choice

- Firms with less than 5 Employees
- Firms with less than 25 Employees

Email questions to: jscott@pewtrusts.org
Program Choices Affecting Employees

• Who Is Covered?
• Enrollment and Contributions: defaults? coverage versus savings?
• Investing: choice/protections versus cost?
• Tax Incentives: savings or flexibility?
• Withdrawals: pre-retirement? lifetime income?
• Protections
Final Thoughts

• Finding a balance: risks to state, employers and employees
• Any savings is good savings? Or will the window close for good?
• Keep it simple
• No rush
• Be flexible and open to learning
Thank you!
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