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Retirement Security in the States: October 2017 Update

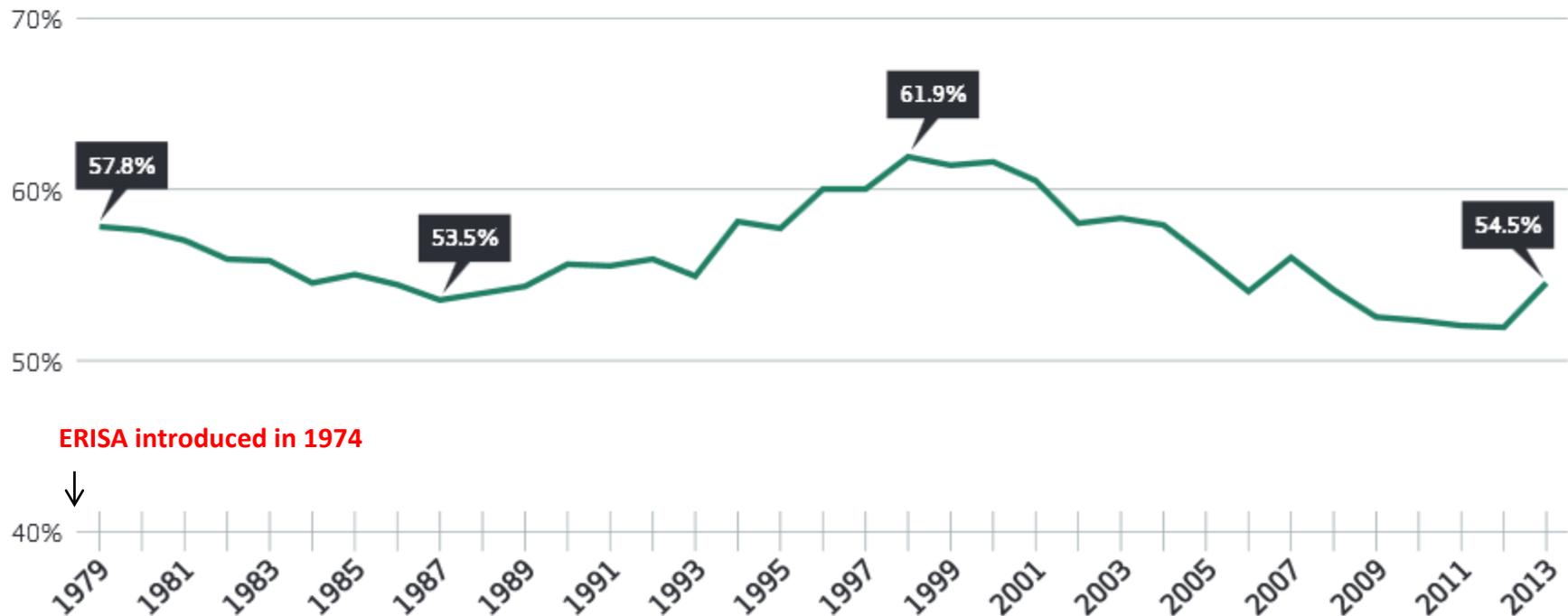


Access to Workplace Savings Plans Static Over 30+ Years

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Only 55 Percent of Private Sector Workers Have Access to a Retirement Plan at Work

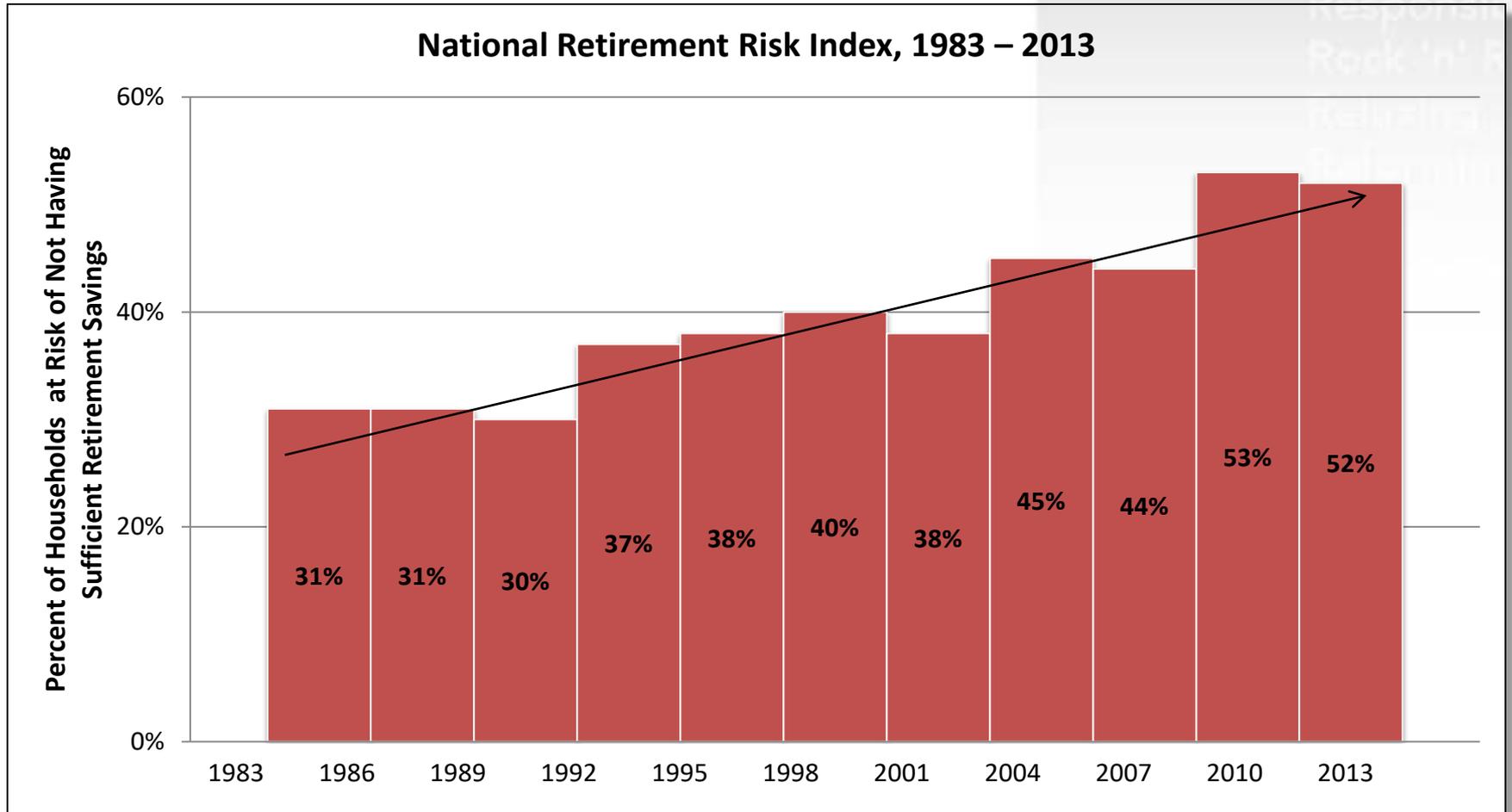
Private sector wage and salary workers age 25-64 whose employers sponsor a retirement plan, 1979-2013



Source: NIRS, ["The Continuing Retirement Savings Crisis"](#)

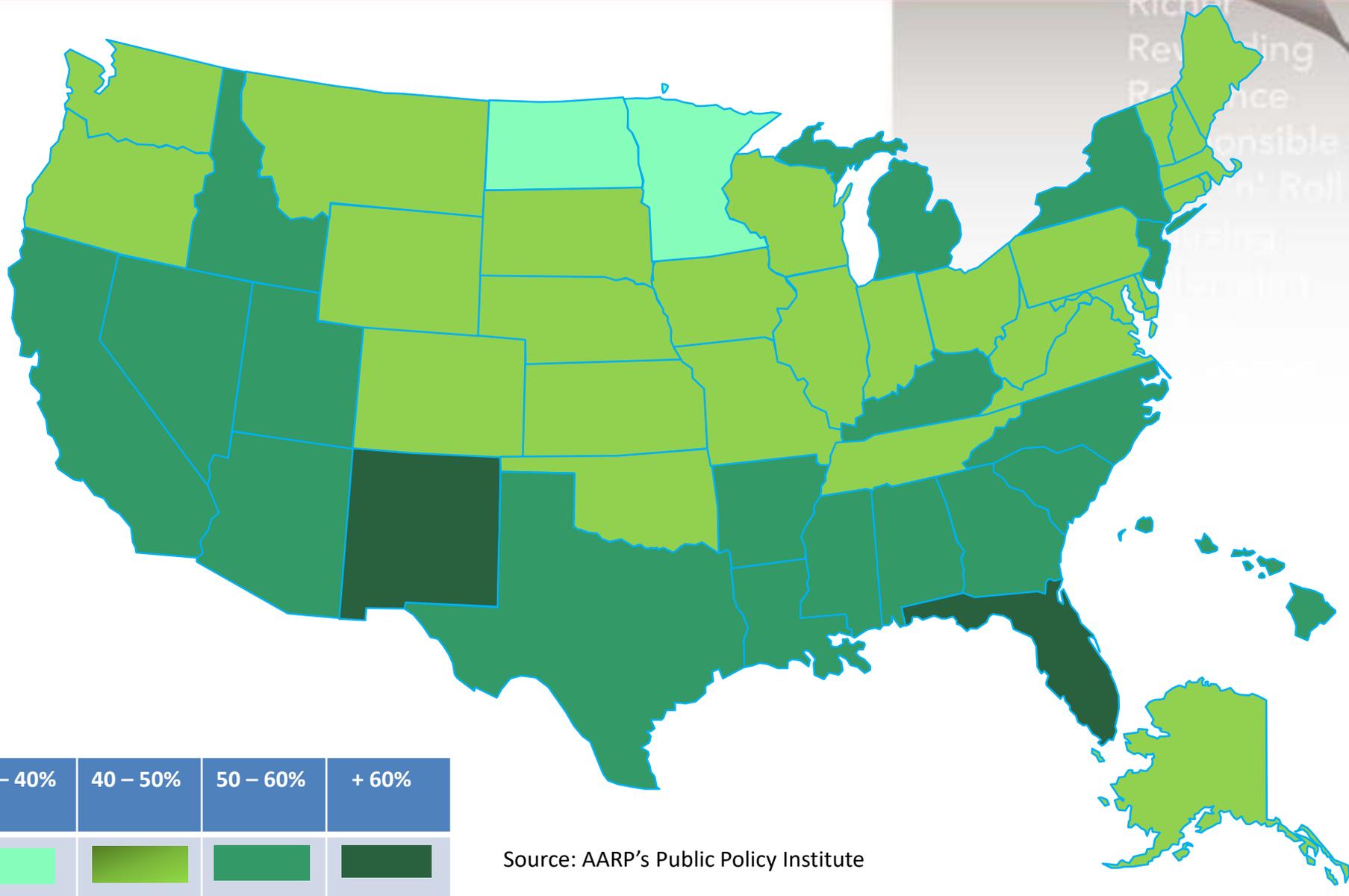
Risk of Financial Insecurity in Retirement on the Rise

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Source: Center for Retirement Research, National Retirement Risk Index

Percent of Workers Without Access to a Retirement Plan by State



Source: AARP's Public Policy Institute

New Mexico Statistics: Legacy Issue

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New Mexico: Who is NOT Covered by a Workplace Retirement Plan?
(percentage and number of private wage and salary workers ages 18-64 whose employer does not offer a retirement plan)

Item	Group	%	Number
	ALL	61.6%	336,385
Age	18-34 years	71.8%	162,276
	35-44 years	58.1%	71,644
	45-54 years	52.3%	54,102
	55-64 years	51.9%	48,363
Race & Ethnicity*	Hispanic	68.1%	181,552
	Asian (non-Hispanic)	81.6%	5,833
	Black (non-Hispanic)	53.2%	6,253
	White (non-Hispanic)	53.0%	115,734
Education	Less than high school	73.6%	55,236
	High school	68.1%	111,750
	Some college	60.2%	117,051
	Bachelor's or higher	49.3%	52,348
Gender	Male	57.7%	165,999
	Female	65.9%	170,387
Employer Size	Under 10	82.9%	90,778
	10-49	73.5%	81,790
	50-99	68.2%	31,079
	100-499	54.9%	44,933
	500-999	49.8%	12,297
	1,000+	43.7%	75,508
Earnings Quintile	\$14,000 or less	85.6%	121,655
	\$14,001 to \$25,000	72.6%	94,735
	\$25,001 to \$40,000	51.7%	52,657
	\$40,001 to \$63,500	41.9%	34,017
	Over \$63,500	36.9%	33,322

Source: U.S. Census Bureau's Current Population Survey, March Supplements 2012-2014.

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Fact Sheet: New Mexico

New Mexico Could Save \$7.42 Million by Helping People Save for Their Own Retirement

William Shiflett and Catherine Harvey
AARP Public Policy Institute

When individuals save for retirement they are less likely to rely on public assistance programs later in life. State-facilitated retirement savings plans for small-business employees would help people save more for retirement and, in turn, save significant taxpayer dollars for programs like Medicaid, Supplemental Security Income, the Supplemental Nutrition Assistance Program, and housing assistance. More than 30 states are considering creating retirement plans for private-sector workers whose employers do not already offer one. New research finds that New Mexico would save \$7.42 million on public assistance programs between 2018 and 2032 if lower-income retirees save enough to increase their retirement income by \$1,000 more per year.

A National Movement

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2013 Work and Save

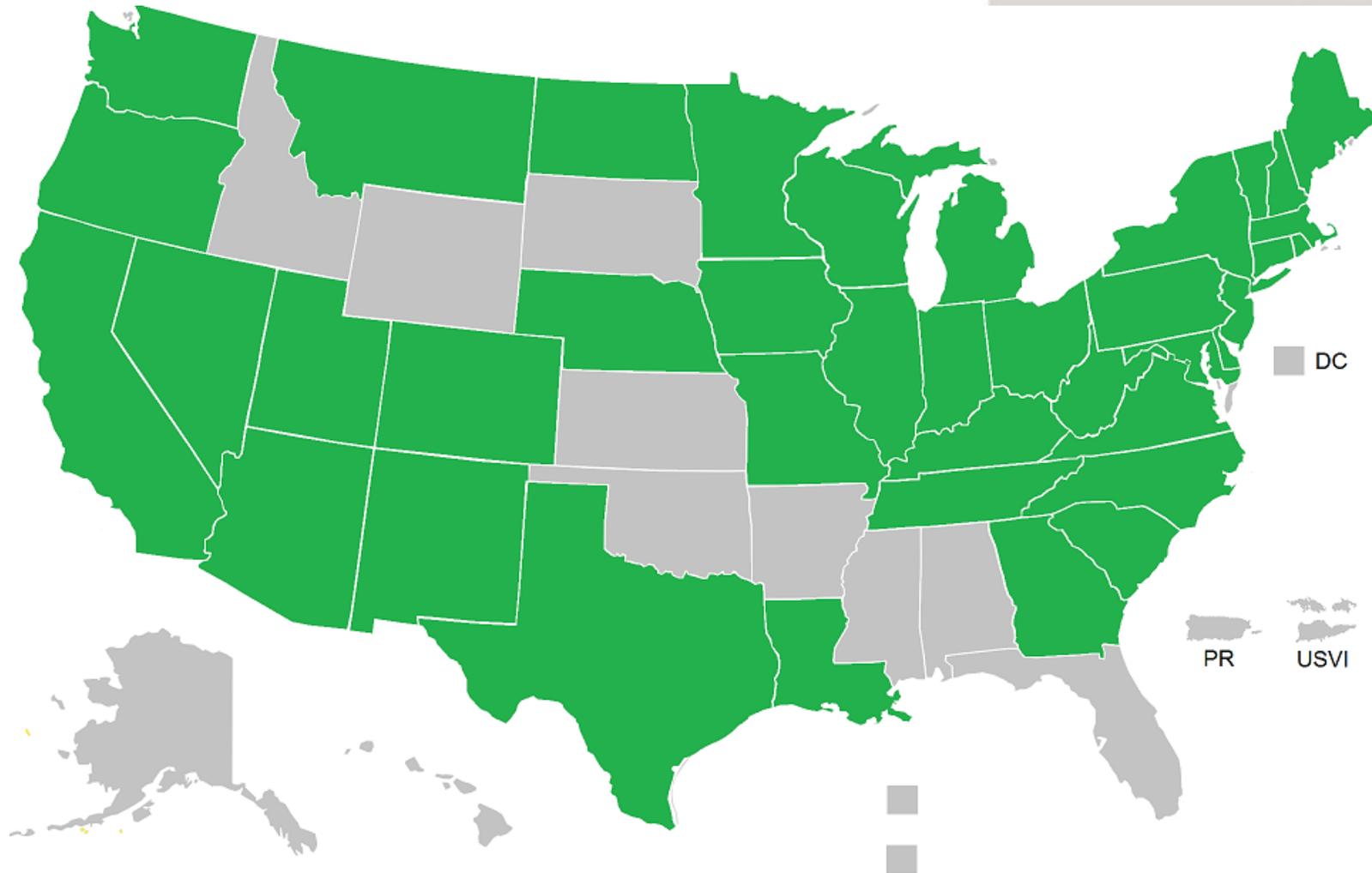
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2017 Work and Save



National Context- Highlights

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2012: **Massachusetts** passed plan for non-profits
California passed feasibility study

2013: **Oregon** passed study of retirement security

2014: **Minnesota** and **Connecticut** each passed a feasibility study

2015: **Illinois (D), Oregon (D) and Washington (D)** governors sign new laws
Utah Senate and **Virginia** pass studies unanimously

2016: **New Jersey (R), Maryland (R), Connecticut (D) and California (D)**
governors sign new laws

2017: Governor of **Vermont (R)** signs law. **Oregon** and **Massachusetts** go live.
New Mexico and **Arkansas** pursue studies.

2018: **California** and **Illinois** expected to go live. Dozens of states likely to
consider laws.

No Single Approach

Studying Retirement Insecurity	Feasibility Study	Marketplace	Voluntary IRA	Auto IRA	Multiple Employer Plan	Multi-tier Approach
Utah	Minnesota	Washington*	West Virginia	Illinois*	Vermont*	NYC Comptroller
Virginia	California	New Jersey*	North Dakota	Oregon*	Philadelphia*	Massachusetts**
New Hampshire	Connecticut	Virginia	Indiana	Connecticut*	Massachusetts**	Minnesota
Nebraska			Utah	Maryland*		
NYC			North Carolina	New Jersey		
Philadelphia			Tennessee	Kentucky		
South Carolina			Montana	Ohio		
Wisconsin				Colorado		
				New York		
				Arizona		
				Kentucky		
				Rhode Island		
				California*		

* Legislation being implemented

** Massachusetts implementing a plan for small non profits

Note- double listings are not mistakes, they reflect multiple bills under consideration

Updated June 2017

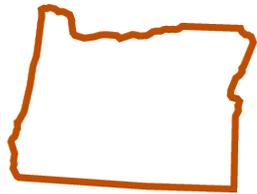
OregonSaves Update: Structure



- 1** **Standard savings rate:**
5% - escalating by 1% a year – to 10%
- 2** **Standard investment path:**
First \$1,000 to Capital Preservation
Saving over \$1,000 to a Target Retirement Fund – based on your age
- 3** **Account type:**
Roth IRA

**Automatic enrollment.
Save more, or less, or opt out.
Change investments. Change jobs.
Your money is always yours.**

OregonSaves Update: Who is it for?



Employer

- Doesn't offer an employer-sponsored retirement plan
- ✓ Register company
- ✓ Upload employees
- ✓ Send payroll contributions



Employee

- 18 years or older
- Reported income
- ✓ Portable Roth IRA
- ✓ Automatic enrollment
- ✓ Choice (opting out or back in, savings rate, investments)

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Progress

OregonSaves Update: How is it going?

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The Goal: work hand-in-hand with employers and employees to ensure the program works as well as possible for everyone prior to roll out.



MERIT NW
Salem



Statehood Media
Bend



Umpqua Homes
Roseburg



S & S Sheetmetal
White City



St. Vincent de Paul Society
Eugene

Pilot 1: May - Present

- **11** employers
- **158** employees
 - ✓ 121 enrolled
 - ✓ 37 opted out
- **\$30,000** contributed to date
- **\$70** average contribution amount
- **4.7%** average contribution rate

Pilot 2: August - Present

- **36** employers
- **2,000** employees
 - Businesses range from 2 employees to 500
- **30 days** to decide to participate
- Payroll deductions start in **September**

OregonSaves Update: Early feedback from new research

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Research conducted by Portland State and supported by AARP, finds that OregonSaves has been well received amongst the business community in Oregon thus far.

A qualitative research project was conducted to learn about small business owners' experiences and decision making with respect to offering retirement savings plans to their employees, with the additional aim of learning more about how the rollout of OregonSaves is going.

Interviews were conducted with a quota sample of 28 small business owners or benefits decision makers in Oregon, including those offering no retirement savings plan, those offering with a private plan, and those participating in the OregonSaves retirement savings program.



OregonSaves Update: Early feedback from new research

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KEY FINDINGS:

- Most business owners felt it was **important to offer** some type of retirement savings plan, including those who were not presently offering such a plan.
- Study participants agreed that Oregon's **lawmakers and governor did the right thing** in supporting the OregonSaves program.
- The majority of business owners in each of the three groups strongly agreed that a voluntary and portable retirement option **offers a competitive edge** and increases employee retention.
- Most business owners believed that **a lot more should be done** to help encourage Oregon residents to save for retirement.
- Among the small business owners in the OregonSaves program, six of the nine interviewed were **very satisfied with their experience**, and all nine encouraged other businesses to pursue OregonSaves as an option if they do not currently have retirement benefits in place.
- Participants felt the **program was important**, was the **right thing** for employers to do, and was **well supported**. They liked that it had no cost to employers and low fees for employees, and that set up and maintenance were easy.



OregonSaves: Timeline

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July 2017

Nov 15 2017

May 15 2018

Dec 15 2018

2019-2020



PILOT PHASE

WAVE 1: begins Oct
Employers with
100+ employees

WAVE 2: begins April
Employers with
50-99 employees

WAVE 3: begins Nov
Employers with
20-49 employees

Wave 4-6:
Employers with
19 or fewer

Massachusetts: CORE Plan

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CORE Plan for Nonprofits

Connecting Organizations to Retirement

WHY ADOPT THE CORE PLAN?

WHAT IS THE CORE PLAN?

The Massachusetts CORE Plan (CORE Plan) is a state-of-the-art 401(k) retirement planning solution that leverages the expertise and best practices used today in many large retirement plans while striving to keep costs low for employers and employees. Nonprofit organizations with 20 employees or fewer may adopt the CORE Plan. These organizations must be registered under Section 501(c) of the Internal Revenue Code, be based in Massachusetts, be in good standing with the Commonwealth and meet additional eligibility requirements.

WHAT MAKES THE CORE PLAN DIFFERENT THAN OTHER PLANS?

The CORE Plan is structured as a 401(k) Multiple Employer Plan (MEP). The MEP structure allows each adopting employer to join the plan by participation agreement under one plan and trust. Under the MEP structure, the Office of the State Treasurer—as CORE Plan Sponsor—assumes a number of administrative and investment responsibilities on behalf of participating employers and their participating employees.

HOW DO YOU BENEFIT UNDER THE PROGRAM?

As referenced above, the CORE Plan Sponsor assumes most administrative responsibilities for the CORE Plan. The investment structure of the CORE Plan is developed and monitored by an independent investment consultant acting as a fiduciary under ERISA.

Any tax law or legislative changes requiring a plan document update or amendment will be handled by the Office of the State Treasurer, further reducing the administrative and fiduciary burden on the employer.

HOW DO YOUR EMPLOYEES BENEFIT UNDER THE PROGRAM?

- CORE Plan participants benefit from higher contribution limits versus an IRA and the potential for employer-matching contributions.
- Automatic enrollment, combined with auto-escalation of employee contributions, makes it easy for CORE Plan participants to start saving early and grow savings rates quickly.
- Knowledgeable CORE Plan representatives available to explain CORE Plan benefits to your employees.
- The CORE Plan offers all of the employee benefit protections under ERISA.
- Easy-to-read fee disclosures ensure that participants are aware of fees, and there are no deferred sales charges or contractual obligations for CORE Plan participants.
- Diversified portfolios help take the guesswork out of choosing investment options for CORE Plan participants.
- A robust participant website experience includes individual retirement income projections based on each participant's age, contribution rate, account balance and investment allocation: www.ma-core.com.

877-630-4015

WWW.MA-EMPLOYER-CORE.COM

Massachusetts: CORE Plan

CORE Plan for Nonprofits

Connecting Organizations to Retirement

CORE PLAN 401(K) NONPROFIT ELIGIBILITY REQUIREMENTS¹

If you are ready to adopt the CORE Plan for your employees, take the following steps to confirm the CORE plan is right for your organization:

- You must be registered as a 501(c) organization with the IRS.
- Your registered official address must be domiciled in Massachusetts.
- You must be registered as a nonprofit corporation with the Secretary of the Commonwealth of Massachusetts.
- Your organization must be in “good standing” as determined by required annual filings (M.G.L.A. c180 § 26A; 950 CMR § 106.13) with the Secretary of the Commonwealth of Massachusetts.
- The number of employees must be no greater than 20.
- Payroll must be administered via an eligible third-party payroll service (e.g. Paychex, ADP, etc.).

HOW DO YOU GET STARTED IN THE PROGRAM?

It's easy. If you would like more information about the Massachusetts CORE Plan, call **877-630-4015** to speak with a representative who can answer your questions and set up a local meeting to review the CORE Plan in detail.

WHY ADOPT THE CORE PLAN?

- ERISA protection for employees
- Higher contribution limits versus an IRA
- Automatic features that encourage participants to start saving early
- A dedicated representative available to consult with employers
- No deferral sales charges
- A diversified portfolio
- Robust participant website at www-ma-core.com

CALL 877-630-4015

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California

Current Status California's bill was effective January 1, 2017, and the California Secure Choice Retirement Savings Investment Board is working on details of implementation. The program will likely go into effect late 2018 or early 2019, and will thereafter be phased in over the following three years. California has hired an Executive Director, and has established employee and employer stakeholder groups.

Next Steps: A contract for marketing services, RFP/RFI assistance, public relations was just awarded. The contractor will begin working on these issues in the coming months.



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K&L GATES

May 16, 2017

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F +1 212 536 3901

By E-mail and FedEx

Katie Selenski
Executive Director
California Secure Choice
915 Capitol Mall, Room 110
Sacramento, CA 95814

Re: California Secure Choice

Dear Ms. Selenski:

The California Secure Choice Retirement Savings Trust Act (the “**Act**”) established the Secure Choice Retirement Savings Board (“**Board**”) and instructed the Board to design and establish a retirement savings program for private sector workers (“**Secure Choice**” or the “**Program**”).¹ The Act provides that the Board may not implement Secure Choice if it would be considered an employee benefit plan under the Employee Retirement Income Security Act (“**ERISA**”).² In addition, the Act expressly required that the Program qualify as a non-ERISA plan under an anticipated Department of Labor (“**DOL**”) “safe harbor” regulation covering state-based IRA savings programs. Such a regulation was issued as DOL Regulation Section 2510.3-2(h) (“**2016 Safe Harbor**”). However, the 2016 Safe Harbor is expected to be revoked under the Congressional Review Act (“**CRA**”).³ While I understand that the California legislature intends to eliminate the reference to the 2016 Safe Harbor from the Act, the requirement that Secure Choice may not be an ERISA-regulated plan is expected to remain.

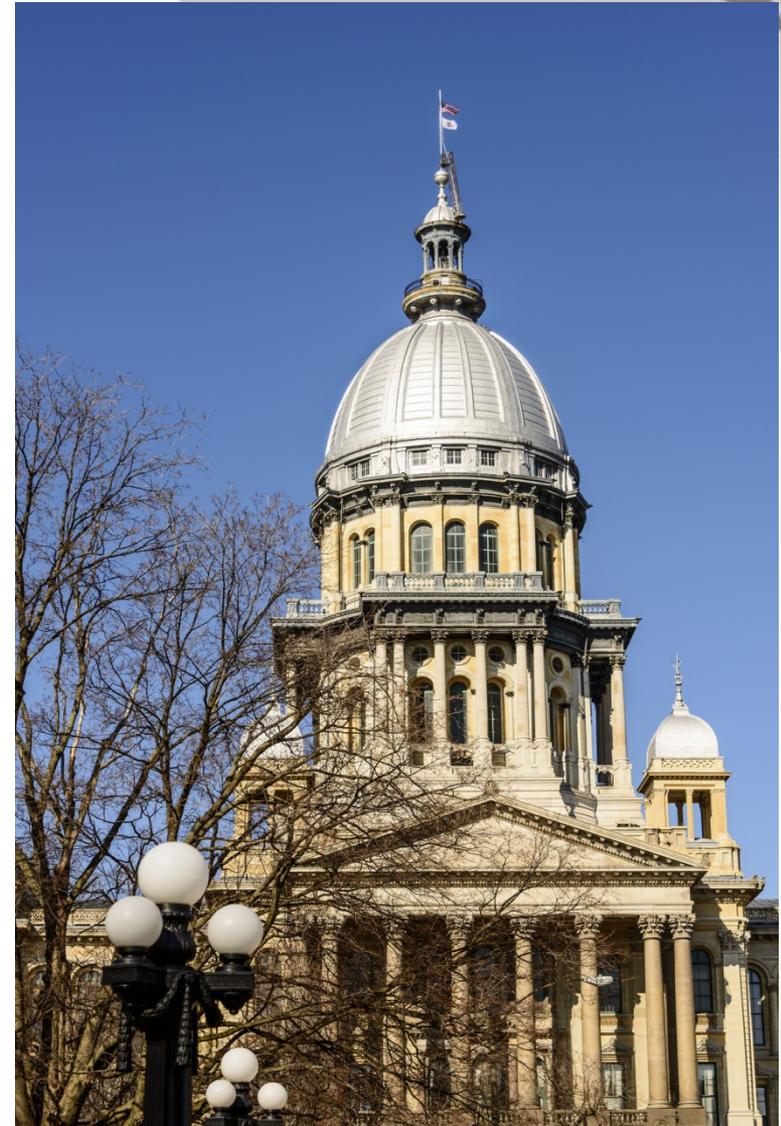
You have asked my advice on the effect of the CRA disapproval resolution on Secure Choice, in particular the Board’s efforts to develop the Program as a non-ERISA savings vehicle. Subject to the discussion and assumptions below, I believe that pre-2016 DOL safe harbor guidance and applicable case law provide firm grounds for the Board to accomplish its mission to design and implement Secure Choice as a non-ERISA savings program for private sector workers in California. In addition, I believe that current law should not impede the Board if it chooses to consider Program designs using an “opt out” negative election approach.

Illinois

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Current Status The Illinois Secure Choice Savings Board has been meeting since August 2015. The program is anticipated to begin its phase one pilot program in 2018. The Board has released the investment principles, feasibility study, and demographic overview.

Next Steps A provider has been selected to run the day-to-day operations of the program, and a Program Manager has been approved.



Maryland



Current Status The Maryland Small Business Retirement Savings Board began meeting in November 2017, and is tasked with establishing the Maryland Small Business Retirement Savings Trust and implementing the Maryland Small Business Retirement Savings Program.

Next Steps The Board is currently organizing itself into an entity, and is looking to hire an Executive Director this year. Implementation of the program is still being discussed, and is expected to begin by the end of 2018 or sometime in 2019.

Vermont

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Rollout



Current status: Vermont was the first state to pass a multiple employer plan (MEP). This style of plan is more like a traditional 401(k) than an auto IRA. It allows employers to contribute if they choose. It also provides for a \$18,000 per year annual contribution limit for employees. MEP's are ERISA plans, and are regulated by the DOL.

The Treasurer of Vermont is working on early implementation steps, including discussing RFI/RFP's. A timeline has not yet been established for a rollout of the program.

Questions?

Sarah Mysiewicz Gill
Senior Legislative Representative
State Financial Security & Consumer Affairs
AARP
(202) 434-3756
sgill@aarp.org

Additional Resources:

AARP's Public Policy Institute State Retirement Savings Resource Center
<http://www.aarp.org/ppi/state-retirement-plans/>

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