

HOUSE JOINT MEMORIAL 9

53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017

INTRODUCED BY

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A JOINT MEMORIAL

REQUESTING THE STATE TREASURER TO CONVENE A RETIREMENT INCOME SECURITY TASK FORCE TO IDENTIFY THE OPTIONS AND PROCESS FOR IMPLEMENTING A RETIREMENT SAVINGS VEHICLE FOR PRIVATE-SECTOR EMPLOYEES HAVING LIMITED OR NO ACCESS TO A RETIREMENT SAVINGS ARRANGEMENT AT WORK.

WHEREAS, the United States is facing a vast retirement savings deficit, estimated to be as much as six trillion six billion dollars (\$6,600,000,000,000), or about fifty-seven thousand dollars (\$57,000) per household; and

WHEREAS, it is estimated that fifty-three percent of American workers aged thirty and older are on a path that will leave them unprepared for retirement; and

WHEREAS, the median retirement account balance is two thousand five hundred dollars (\$2,500) for all working-age

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1 households and fourteen thousand five hundred dollars (\$14,500)
2 for near-retirement households; and

3 WHEREAS, of the seventy-five million workers in the United
4 States with access to a retirement savings plan, only eighty-
5 one percent of these workers participate in a retirement
6 savings plan; and

7 WHEREAS, fifty-five million American workers do not have
8 any type of employer-sponsored retirement plan, leaving them
9 more likely to rely on social security income as their only
10 source of retirement income; and

11 WHEREAS, three out of five families headed by a person
12 aged sixty-five or older have no money in retirement savings
13 accounts; and

14 WHEREAS, the median household headed by a person aged
15 sixty to sixty-two with a 401(k) account has less than
16 one-fourth of what is needed in that account to maintain its
17 standard of living in retirement; and

18 WHEREAS, about sixty-two percent of New Mexico workers
19 aged eighteen to sixty-four in the private sector work for
20 businesses that do not offer a retirement plan; and

21 WHEREAS, more than one-half of all older New Mexicans rely
22 on social security income for more than fifty percent of their
23 family income; and

24 WHEREAS, roughly thirty-three percent of those aged
25 sixty-five or older in New Mexico have ninety percent or more

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1 of their income coming from social security; and

2 WHEREAS, social security benefits average only about one
3 thousand one hundred sixty dollars (\$1,160) per month in New
4 Mexico, so many workers rely on employer-sponsored retirement
5 plans to supplement their income as they age; and

6 WHEREAS, helping New Mexico residents to become
7 financially secure and live independently as they age saves
8 taxpayer dollars on social safety net programs; and

9 WHEREAS, the interim investments and pensions oversight
10 committee of the legislature has recognized the need to develop
11 retirement savings options for New Mexicans who have no access
12 to retirement savings options other than social security; and

13 WHEREAS, the retiree rights organization AARP and the
14 financial industry have proposed several options for increasing
15 retirement income security to the interim investments and
16 pensions oversight committee;

17 NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE
18 STATE OF NEW MEXICO that the state treasurer be requested to
19 establish a retirement income security task force to study the
20 preparedness of New Mexicans to retire in a financially secure
21 manner, including an evaluation of the options, process and
22 legislative proposals to implement a retirement savings vehicle
23 for private-sector employees having limited or no access to a
24 retirement savings arrangement at work; and

25 BE IT FURTHER RESOLVED that the retirement income security

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1 task force:

2 A. determine the number of employees in the state
3 not currently participating in an employer-sponsored retirement
4 savings plan or arrangements;

5 B. determine the number of employers in the state
6 that do not offer an employer-sponsored retirement savings
7 plan;

8 C. consult with AARP New Mexico and other experts
9 from the private and nonprofit sector concerning the
10 establishment and operation of high-quality and low-cost
11 retirement savings plans that are governed by federal law and
12 that qualify for tax-favored treatment under the state and
13 federal tax codes;

14 D. perform an analysis to determine the best model
15 for a statewide retirement income security plan;

16 E. develop criteria for participation by employees
17 and employers;

18 F. perform an analysis of the cost to the state to
19 implement a statewide retirement income security plan;

20 G. determine the cost to employers for
21 participation in a statewide retirement income security plan;

22 H. determine the effect, if any, that the
23 implementation of a statewide retirement income security plan
24 may have on economic activity in this state;

25 I. explore other programs and incentives that can

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1 lead to an increase in the percentage of financially secure
2 retirees in the state;

3 J. determine the financial impact to the state's
4 social safety net programs and general fund if the state fails
5 to act to improve citizen access to retirement savings
6 opportunities at work; and

7 K. prepare and submit a report to the interim
8 committee charged with reviewing matters related to investments
9 and pensions by November 1, 2017; and

10 BE IT FURTHER RESOLVED that the state treasurer be
11 requested to invite the following individuals to join the task
12 force:

13 A. one representative appointed by the speaker of
14 the house of representatives;

15 B. one representative appointed by the president
16 pro tempore of the senate;

17 C. one representative appointed by the minority
18 leader of the house of representatives;

19 D. one representative appointed by the minority
20 leader of the senate;

21 E. the secretary of aging and long-term services or
22 the secretary's designee;

23 F. the secretary of finance and administration or
24 the secretary's designee;

25 G. the secretary of workforce solutions or the

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1 secretary's designee;

2 H. the secretary of economic development or the
3 secretary's designee;

4 I. the state investment officer or the state
5 investment officer's designee;

6 J. the executive director of the public employees
7 retirement association or the executive director's designee;

8 K. the director of the securities division of the
9 regulation and licensing department or the director's designee;

10 L. one representative of AARP New Mexico,
11 designated by AARP New Mexico;

12 M. one member of the state's business community
13 appointed by the state treasurer;

14 N. one representative of a nonprofit entity in the
15 state appointed by the state treasurer; and

16 O. one representative of a labor union operating in
17 the state appointed by the state treasurer; and

18 BE IT FURTHER RESOLVED that the retirement income security
19 task force be requested to report its findings and
20 recommendations to the interim committee charged with reviewing
21 matters related to investments and pensions by November 1,
22 2017; and

23 BE IT FURTHER RESOLVED that copies of this memorial be
24 transmitted to the governor, the president pro tempore of the
25 senate, the speaker of the house of representatives, the state

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1 treasurer, the secretary of aging and long-term services, the
2 minority leader of the senate, the minority leader of the house
3 of representatives, the secretary of finance and
4 administration, the secretary of workforce solutions, the
5 secretary of economic development, the state investment
6 officer, the executive director of the public employees
7 retirement association, the director of the securities division
8 of the regulation and licensing department and the state
9 director of AARP New Mexico.