



STATE OF CONNECTICUT

RETIREMENT SECURITY BOARD

CO-CHAIRS: STATE COMPTROLLER KEVIN LEMBO & STATE TREASURER DENISE NAPPIER

Staff Report to CRSB

Re: Update on Other States' Efforts

September 3, 2014 CRSB Meeting

CA:

The Secure Choice Board in California is working on securing a contract for legal services by their next meeting in September. They will use legal counsel to request opinions from the IRS and Department of Labor on the legality of the statute's requirements for the retirement plan. We explored the idea of jointly retaining legal counsel with CA, but they respectfully rejected the idea as unworkable. (See Memo on Exchange with CA). Once they have secured legal services, they will begin work on submitting an RFP for vendors to conduct a market and feasibility study.

MA:

In Massachusetts, a program to offer a retirement plan to employees of non-profits who employ 20 employees or less has been developed. The plan has received initial approval from the IRS, but they are awaiting final approval. Their plan is quite different from ours. The plan is structured as a 401K plan, rather than an individual retirement account, and it is designed to be covered by ERISA and to satisfy ERISA requirements. Massachusetts did not attempt to design a plan that would not be covered by ERISA because they did not believe it would be accepted by the DOL. Our contact in Massachusetts did express significant interest in hearing whether or not we are able to develop a plan not covered by ERISA. They will be using the already existing infrastructure they have to offer 401Ks to state employees to administer the plans for the non-profit employees. Our contact stated he is not able to share their plan with us at this time, but that he will once it is made public.

OR:

The Oregon Task Force has made public a draft set of recommendations that will be finalized September 15, 2014 recommending that the State of Oregon create a "general retirement program available to any Oregonian who does not have immediate access to a retirement savings program through their employer." The suggested guidelines are quite similar to the guidelines indicated by the CRSB enacting legislation. Participation would be automatic with an opportunity to opt-out, contributions would be automatically



deducted at a default rate and then automatically increased each year with the opportunity to opt-out and choose the rate of contribution, accounts would be individual and portable, the state Department of Revenue would use its existing infrastructure to accommodate reporting and payment of employee contributions, employers would not be required to make contributions, employers would be responsible for providing forms to employees and payroll information to the retirement plan provider, and there would be an education component to increase awareness of the importance of retirement savings. The Oregon Task Force's next steps will be to seek an advisory opinion from the U.S. Department of Labor verifying that ERISA would not be applicable. (You can find the recommendations here:

<https://olis.leg.state.or.us/liz/2013I1/Downloads/CommitteeMeetingDocument/40496>)

MD:

Maryland's Task Force was established by an Executive Order in May and has only had one meeting so far, where they discussed the facts of the retirement crisis. The chair, Kathleen Kennedy Townsend, is planning to hold an informative meeting with ERISA specialists in early September to discuss the possibility of designing a retirement plan that is not covered by ERISA. She will keep us updated on that meeting. She is also planning to open a Center at Georgetown University to focus on solving the retirement crisis, which should be a good resource for us.

VT:

In Vermont, a bill has just been signed into law by the Governor on June 9, 2014, creating a Public Retirement Plan Study Committee. The Committee is scheduled to report its findings by January 15, 2015. They were only given a small \$5000 appropriation for committee expenses. The committee members have not yet been appointed, as there have been some staffing issues at the legislature, and the statute does not specify a deadline for those appointments to be made. The Treasurer's office is very eager to begin work on this issue however, and wishes to remain in contact with us on our progress as well.

Minnesota:

In Minnesota, the Management and Budget Commissioner is charged with studying and reporting its findings on the state's retirement needs by January 15, 2015. The study will include a comparison of a state-administered retirement plan and a multi-employer retirement plan. The Commissioner is appropriated \$400,000 for the purposes of this study. They are in the preliminary stages of developing an RFP to look at only those questions that will be covered by the \$400,000 appropriation.

**Utah:**

In Utah, the Legislative Management Committee has obtained authorization to assign an interim committee to evaluate the retirement systems in the state and to make recommendations for improvement by the start of the 2015 legislative session. The study appears to be assigned to the Interim Retirement and Independent Entities Committee and to really only focus on state employees' retirement plans. A contact in the Interim Committee stated that they may choose to look at retirement plans in the private sector. But he said that a state-administered retirement plan for private sector employees would not be popular in that state, so he does not imagine that the idea will go far.

Other States:

Bills and resolutions similar to that of the CRSB and those above have been proposed and are either pending or were initially rejected in Wisconsin, West Virginia, Washington, Ohio, Nebraska, Maine, Indiana, Illinois, Colorado, and Arizona.