



## SOLVING THE COVERAGE CRISIS

November 19, 2014

# National Coverage Issue

## Positioning

- National Coverage Crisis
- **40** Million working Americans without access to a Retirement Plan
- **20** Million make **\$30K - \$100K** annually
- **86%** of workers are not fully confident they will have enough money to pay for long-term care during retirement



# National Coverage Issue

## Retirement Security: What Americans Worry About Most

Financial Concerns	18-29	30-49	50-64	65+
Not enough money for retirement	50%	70%	68%	37%
Not paying for children's college	46%	55%	23%	8%
Not affording serious medical	52%	54%	58%	43%
Not paying off debt	47%	45%	42%	20%
Not maintaining living standard	52%	44%	52%	41%
Not paying normal healthcare	35%	37%	46%	33%
Not paying normal monthly bills	40%	33%	38%	29%
Not paying rent or mortgage	40%	30%	31%	20%
Not paying credit card minimums	14%	17%	18%	15%

\* Gallup, Economy and Personal Finance Survey, ranked by 30-49 year olds (April 2014)

# National Coverage Issue

## Employees Need Easy Ways to Save

	2012	2013	2014	2014 Has Ret Plan	2014 No Ret Plan
< \$1,000	30%	28%	36%	11%	73%
\$1,000-\$9,999	18%	18%	16%	17%	16%
\$10,000-\$24,999	12%	11%	8%	10%	5%
\$25,000-\$49,999	10%	9%	9%	14%	2%
\$50,000-\$99,999	10%	10%	9%	14%	<0.5%
\$100,000-\$249,999	11%	12%	11%	16%	2%
> \$250,000	10%	12%	11%	17%	1%

**For employees who do not have access to a Savings Plan, 89% have less than \$10,000 saved for retirement!**

\*EBRI, The 2014 Retirement Confidence Survey, Confidence Rebounds  
– For Those With Retirement Plans (Mar 2014)



# National Coverage Issue

## Vehicles Needed to Drive Savings...



Participation Rates by Moderate  
Income (\$30,000–\$50,000) Workers  
IRA only vs Employer Plan

Employer Plan

**71.5%**

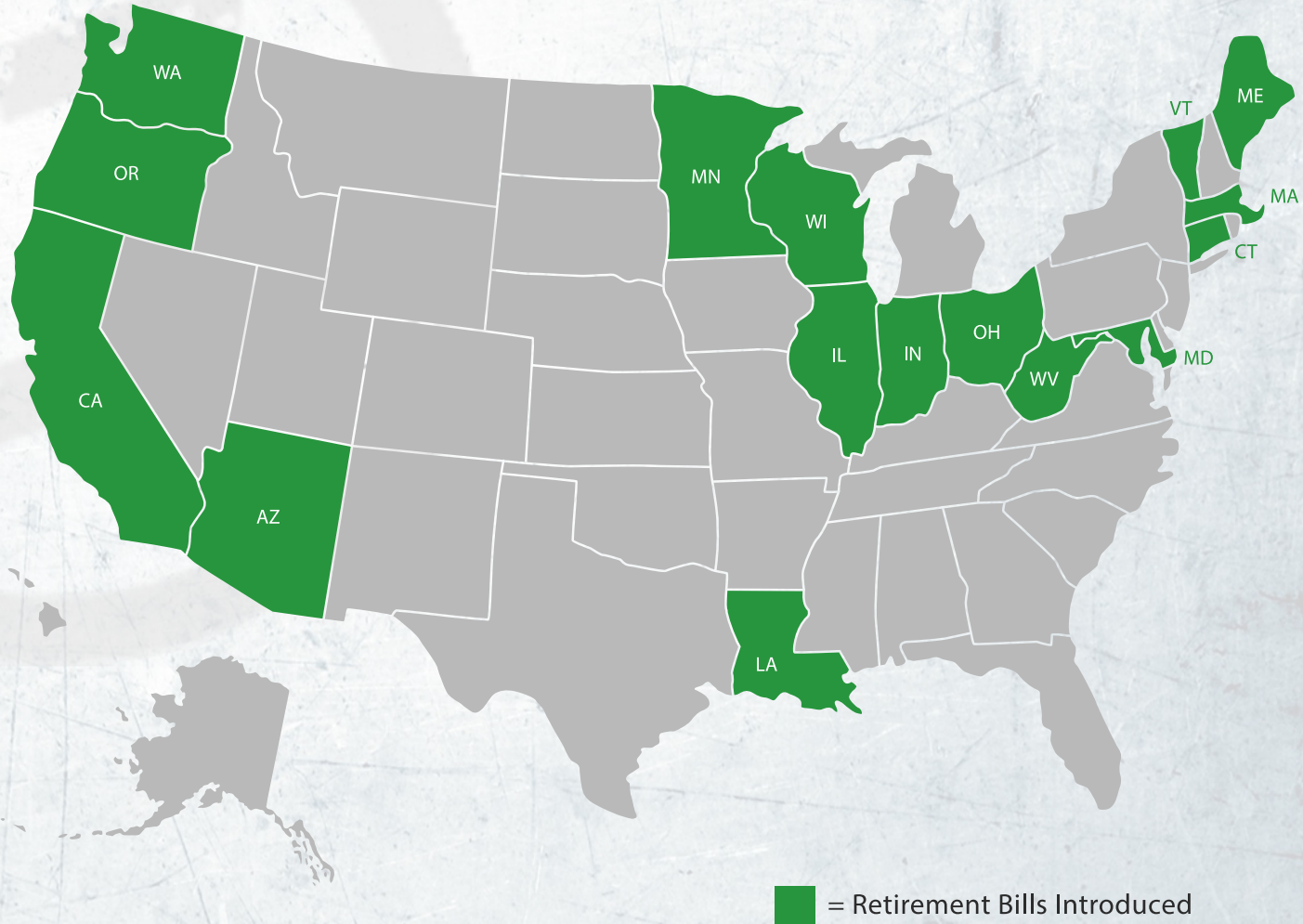


No Employer Plan

**4.6%**

Provided by ASPPA

# National Coverage Issue – State Retirement Initiatives





# National Coverage Issue – State Retirement Initiatives

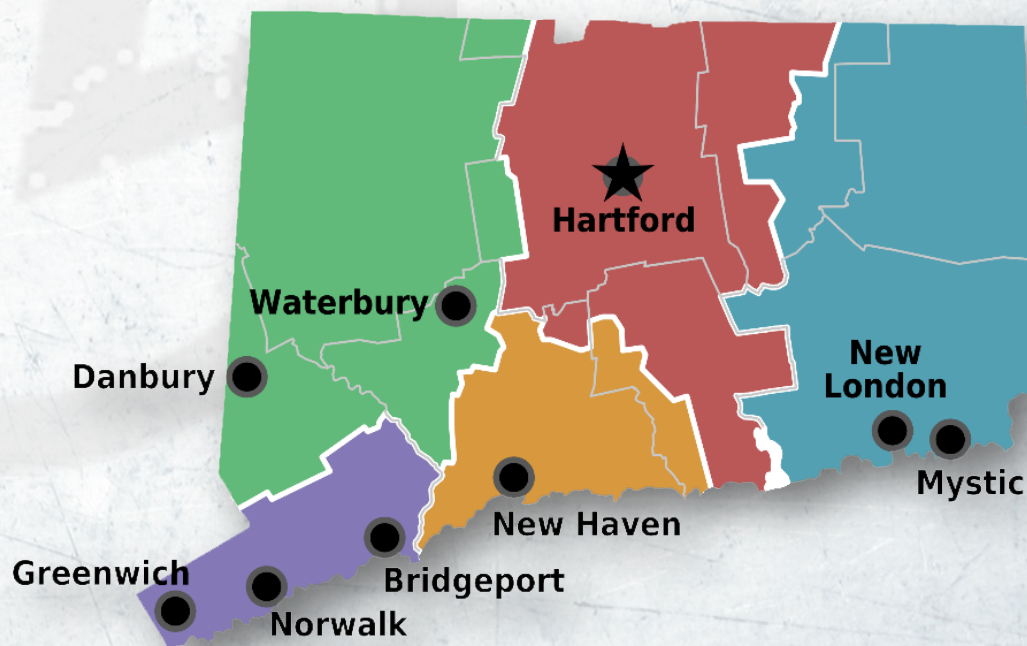
## States recognizing the need to expand workplace savings opportunities

<b>Maryland</b> Bill: S. 921 <b>Would:</b> Create auto IRA <b>Status:</b> Pending before Senate Committees on Budget and Taxation and Finance	<b>Massachusetts</b> Bill: S. 1203 <b>Would:</b> Protect future taxpayers from unanticipated pension costs <b>Status:</b> Pending before house and senate	<b>Minnesota</b> Bill: HF 2419 <b>Would:</b> Require the comm. of mgmt. and budget to report on the establishment of a state-run retirement plan <b>Status:</b> Pending before House Ways and Means Committee	<b>Ohio</b> Bill: SB 199 <b>Would:</b> Create the Ohio Secure Choice Retirement Savings Program <b>Status:</b> Pending before Senate Finance Committee
<b>Oregon</b> Bill: HB 3436 <b>Would:</b> Create Oregon Retirement Savings Investment Task Force <b>Status:</b> Enacted Aug. 1, 2013	<b>Vermont</b> Bill: S. 193 <b>Would:</b> Establish a Public Retirement Plan Study Committee - feasibility of est. a public ret. plan <b>Status:</b> Pending before Senate Appropriations Committee	<b>West Virginia</b> Bill: Senate Concurrent Res. 91 <b>Would:</b> Ask the Joint Committee on Concurrent Government and Finance to study creation of a state-run retirement savings program <b>Status:</b> Before Senate Rules Committee	<b>Wisconsin</b> Bill: SB 611 <b>Would:</b> Create a private retirement security board that would establish a retirement security plan for private-sector employees <b>Status:</b> Failed in Senate April 8, 2014

\* NAPA NET Magazine (September 2014)

# Focus on Connecticut

**800,000+ workers in the State of Connecticut don't have access to a retirement plan at work.\***



## How can we make a difference?

\*Employee Benefit Research Institute (EBRI), Current Population Survey (March 2013)

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# Goals, Objectives, Solution

## *Solution to address CT's plan savings design needs*

### Connecticut's Goals and Design Features

### EZ IRA

Increase access to enrollment without incurring debts or liabilities to CT



Low cost with ability to pay from moneys collected by trust



Plan portability



Not subject to ERISA



Participant controlled contribution rate



Automated contribution through payroll



Online account access and educational tools



No employer fiduciary responsibility

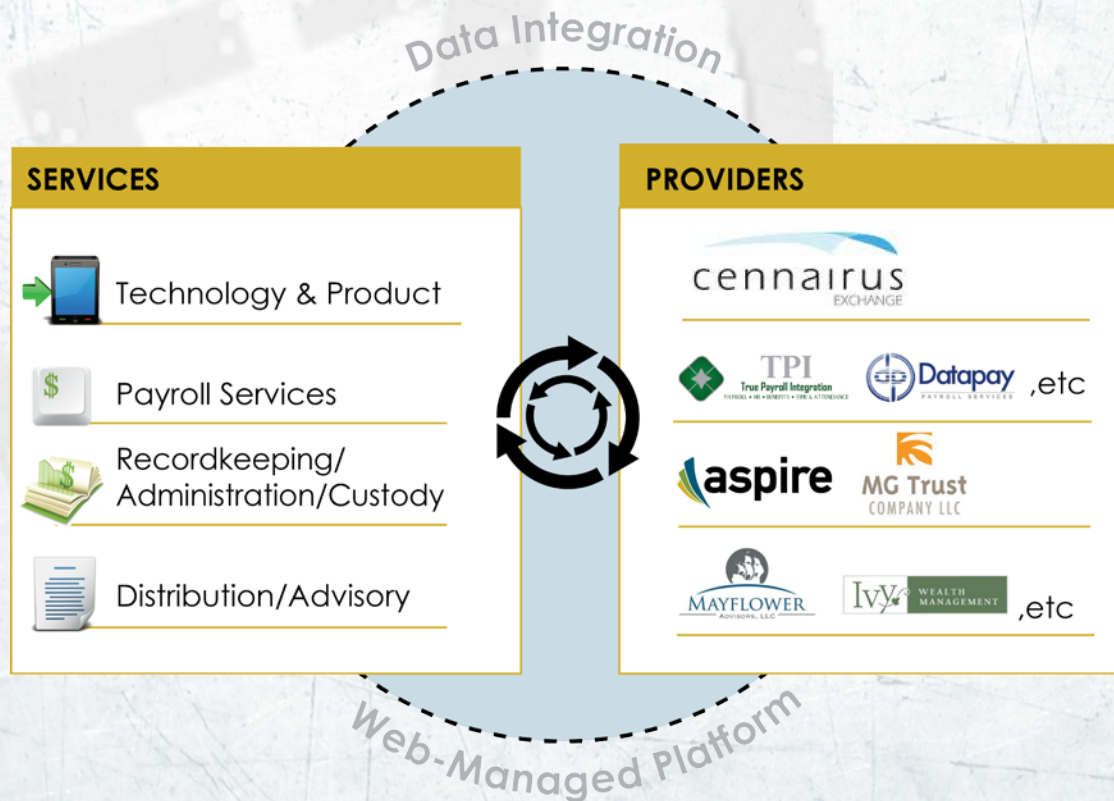


Favorable Income Tax Treatment



# EZ IRA Solution

## *Best-of-Breed integrated retirement solution...*



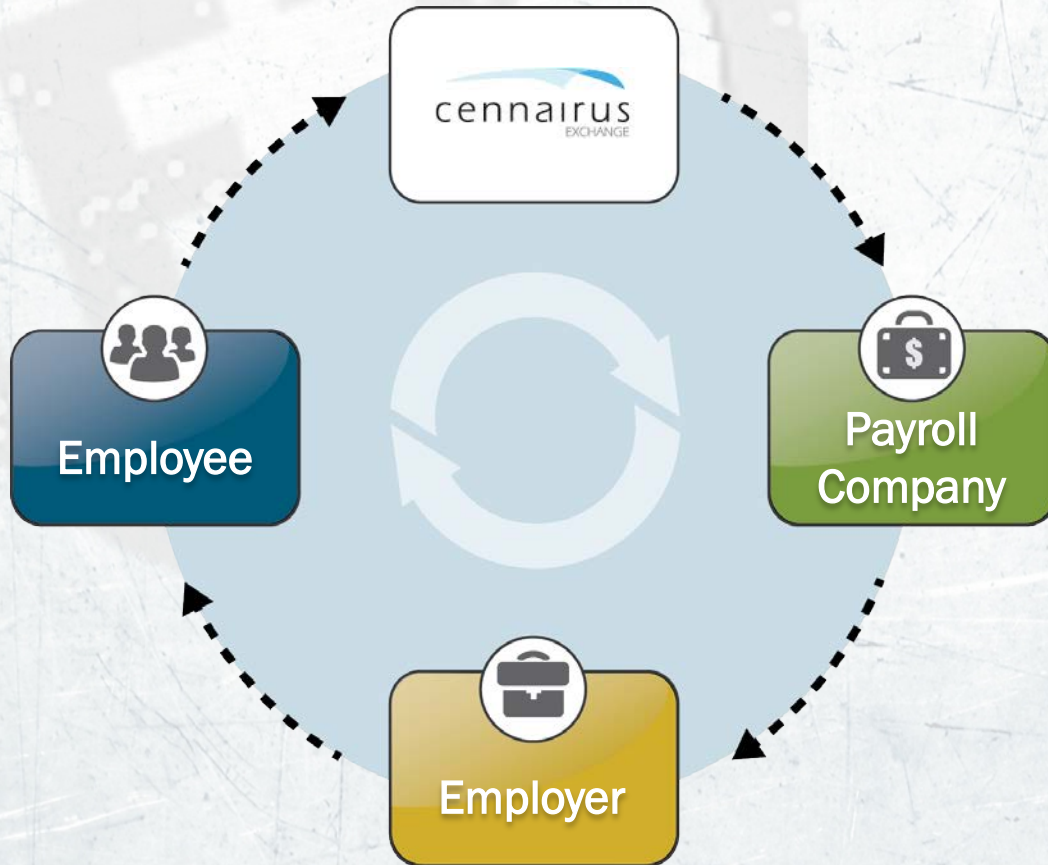
1. **Payroll Deduct IRA Program** – simple to enroll and automates contributions
2. **Participant Controlled** – self or advisor managed
3. **Managed Account Options** – with advisor support, participants have access to broader financial and retirement planning education and advice
4. **Comparable Cost** – the cost for the EZ IRA is less, than an 401(k) plan
5. **No Fiduciary Responsibilities** – not subject to ERISA guidelines

*... the EZ IRA product is uniquely designed and provides simple, cost effective access to anyone*



# EZ IRA Access Advantage

## *Direct access through Payroll Providers*



- Cennairus electronically link to over **4,500** payroll companies nationally
- The average payroll company has 100 employers as clients, giving us access to 450,000 employers
- Each employer has on average 30 employees giving us access to 13 million employees

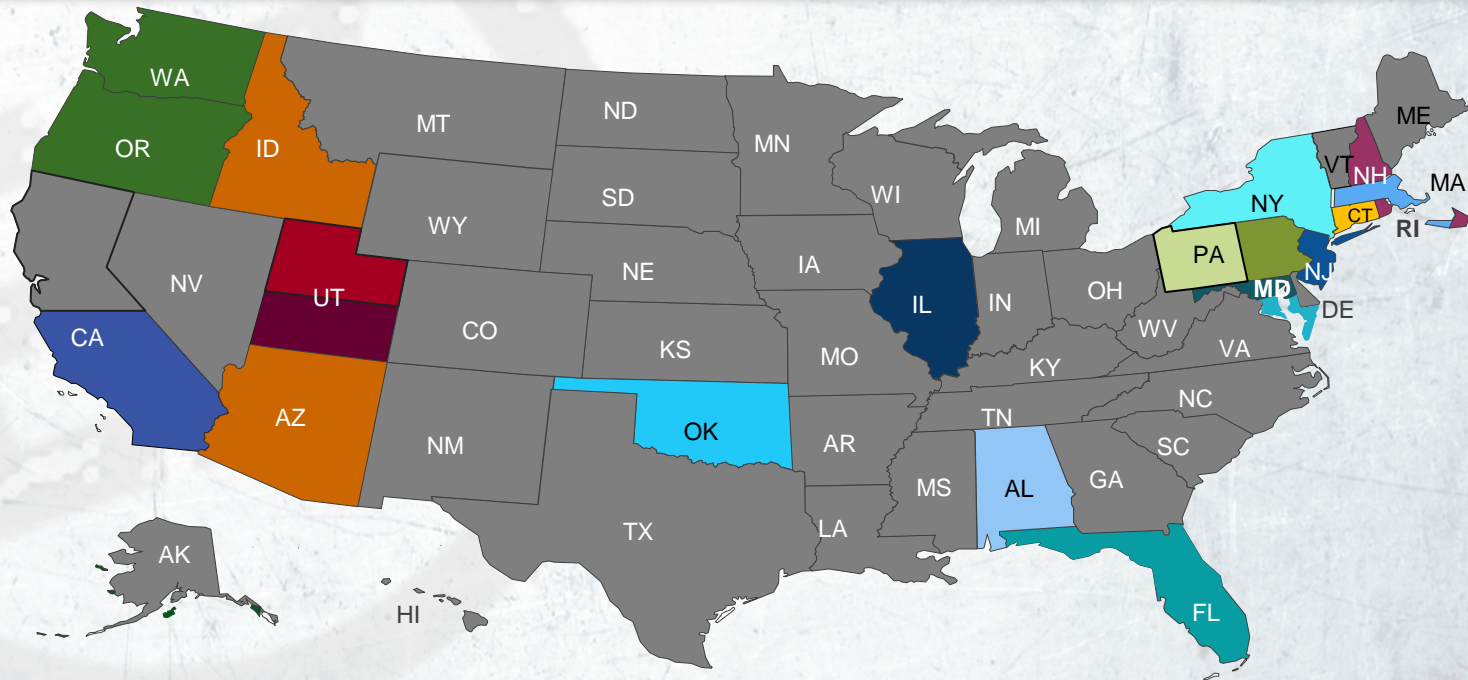
# EZ IRA Access Advantage




















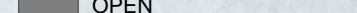
## *Sample Coverage in CT...*

	DataPay	TPI
No. of active clients in CT	1,200	400
No. of these clients with a 401k	579	8
No. of employees participating	9,600	113
No. of these clients that don't offer a plan	621	392
No. of employees	???	4,000



# EZ IRA Distribution Coverage

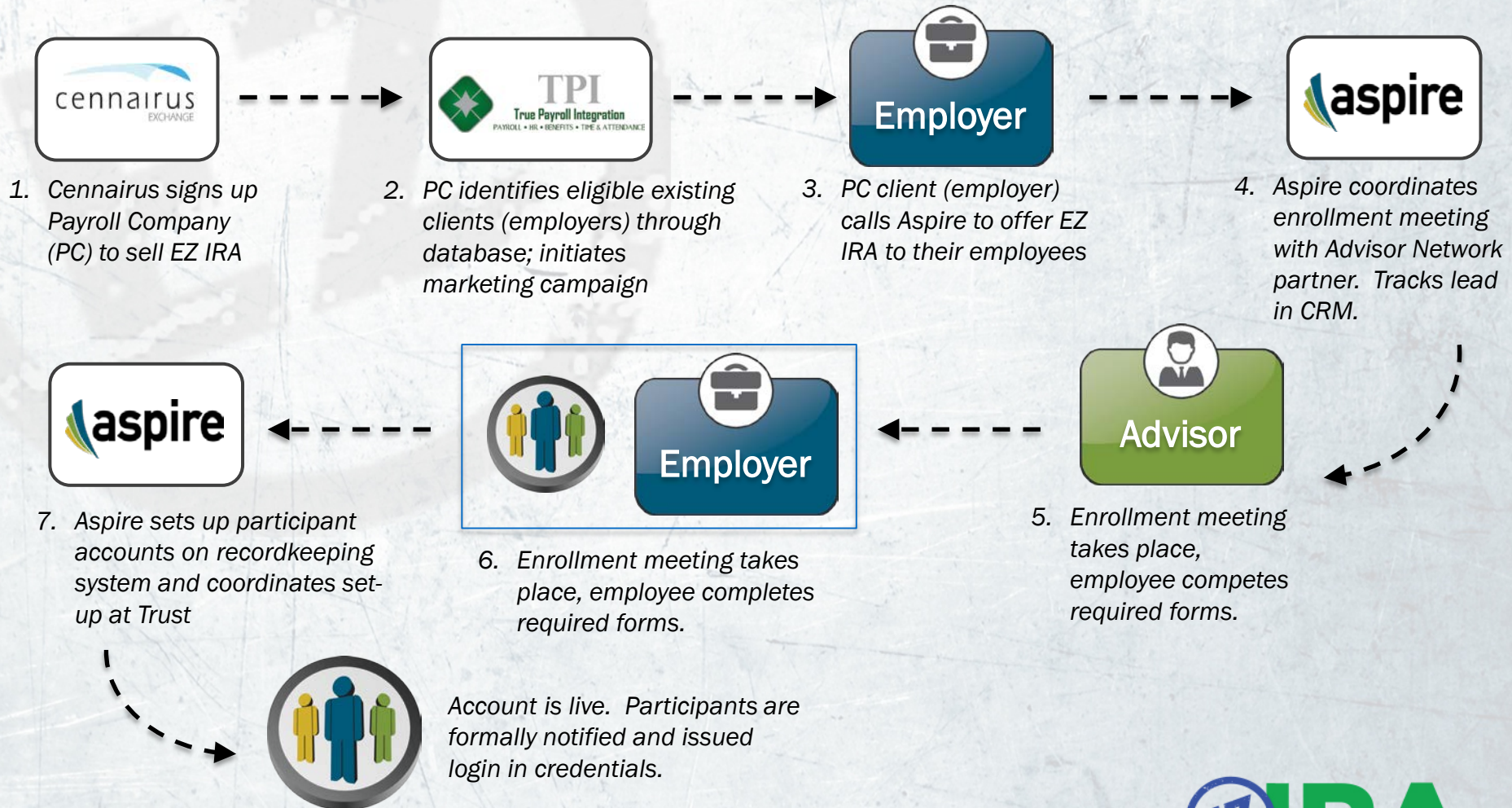


 Connecticut/Rhode Island/New Hampshire John Edwards, Ivy Wealth Mgmt	 Northern MD Jania Stout, Hightower	 Chicago Tom Parker, Vertical Financial	 PacNorthwest David Marshall, R.W. Baird
 Massachusetts Steve Dimitriou, Mayflower	 DC, Baltimore Murray Carter, Janney	 Alabama Donald Pierini, Wells Fargo	 AZ & ID George Fraser, RBG
 Connecticut Janney Montgomery Scott	 Eastern PA Kevin Broderick, Centurian	 Utah Jeff Scott/Jared Bensen, First West	 Southern California Larry Deathridge, RBG
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# EZ IRA Mechanics - How It Works

## Getting started...identification through enrollment





# EZ IRA Mechanics - How It Works

## Ready-Made Brochure and Enrollment Forms

1

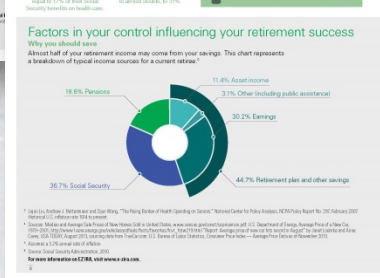
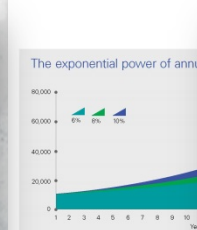
Review the enrollment guide

2

Determine savings and investment strategy

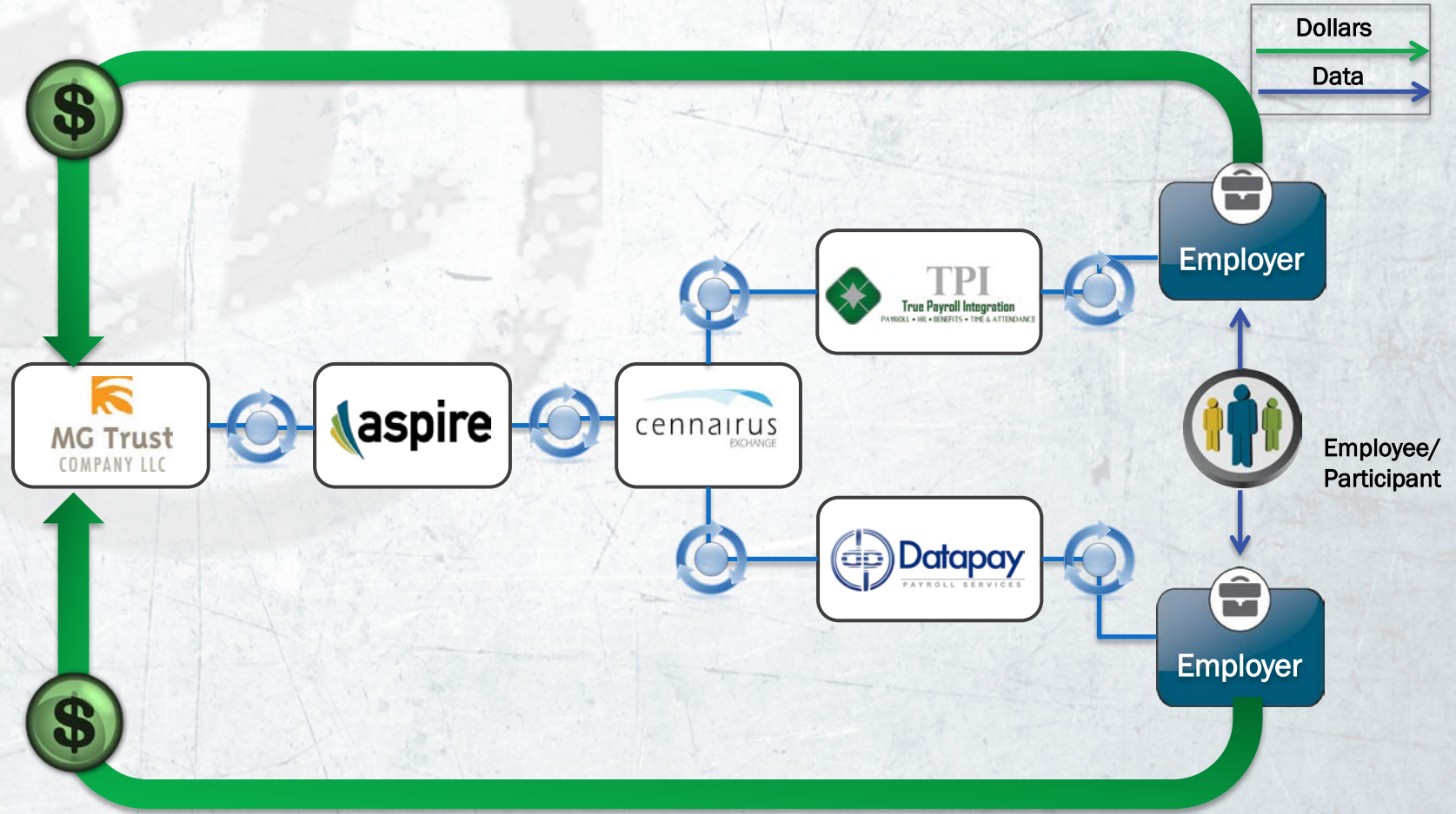
3

Complete enrollment and salary deferral forms



# EZ IRA Mechanics - How It Works

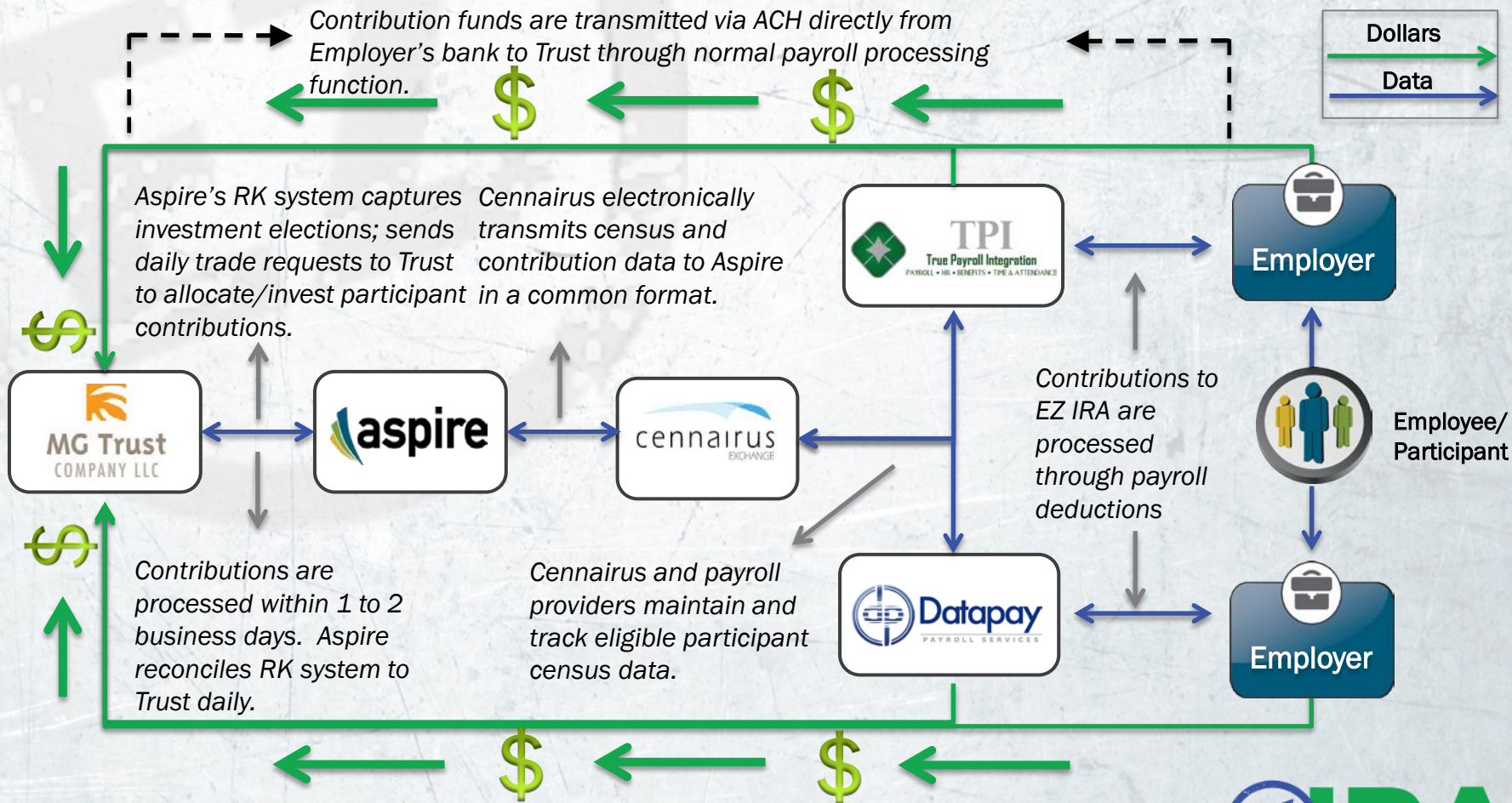
*Integrated processing workflow already in place...*





# EZ IRA Mechanics - How It Works

*Integrated processing workflow already in place...*



# EZ IRA Mechanics - How It Works

## *Real-time access through Web Managed Platform...*

- Real-time participant access
- Daily valuation
- On demand reporting
- Online Resource Center
- Support Line 5x12





# EZ IRA Economics

*No cost to Employers...*

Direct Cost to Employer	EZ IRA	401K
Set-up Fees	\$0	\$500 - \$1,000
Annual Fees	\$0	\$2,500 - \$4,000

Note: Assumes average plan size of 40 participants.

# EZ IRA Solution

## *Key advantages to the EZ IRA Solution...*

1. Payroll Deducted Program
2. No cost to employer
3. No plan cost or set up fee
4. No employer contributions required
5. No 5500 form filing requirements or fiduciary liability
6. No annual government reporting or testing required
7. Retain and attract valued employees
8. No participation restrictions
9. Available to any size business
10. Plug-n-Play



# Open Discussion