

Choices for Connecticut

New Options for Better Retirement Security

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Issues

- **What design(s) best serve RSB's goals?**
- **Would a 401k better serve RSB's goals?**
- **Could CT set up an auto-enrolled 401k *instead* of an IRA?**
- **What issues should CT raise with DOL?**
- **How should enabling legislation be designed to best improve retirement security?**

RSB Goals

- **Coverage: Automatic Employee Saving**
- **Portability**
- **Protection against Losing Savings**
- **Lifetime Income Annuity Option**
- **Low Fees**
- **Maximum Savings Opportunity**

Requirements

- *No State Financial Liability*
- *No Employer ERISA Liability*
- *Complies w Federal Law*

Possible Plan Designs

1. **Avoid ERISA: Individual Retirement Accounts**
2. **Use Models Consistent with ERISA**
 - **401k** Multiple Employer
 - w Lifetime Income (Annuity) Portion
 - w Protection against Loss
 - Pension: Hybrid Portable Plan
Multiple Employer ERISA DB Plan
3. **No Required Auto-Enrollment:
Clearinghouse/Exchange/
Marketplace**

DOL Changes from Opposition to Support

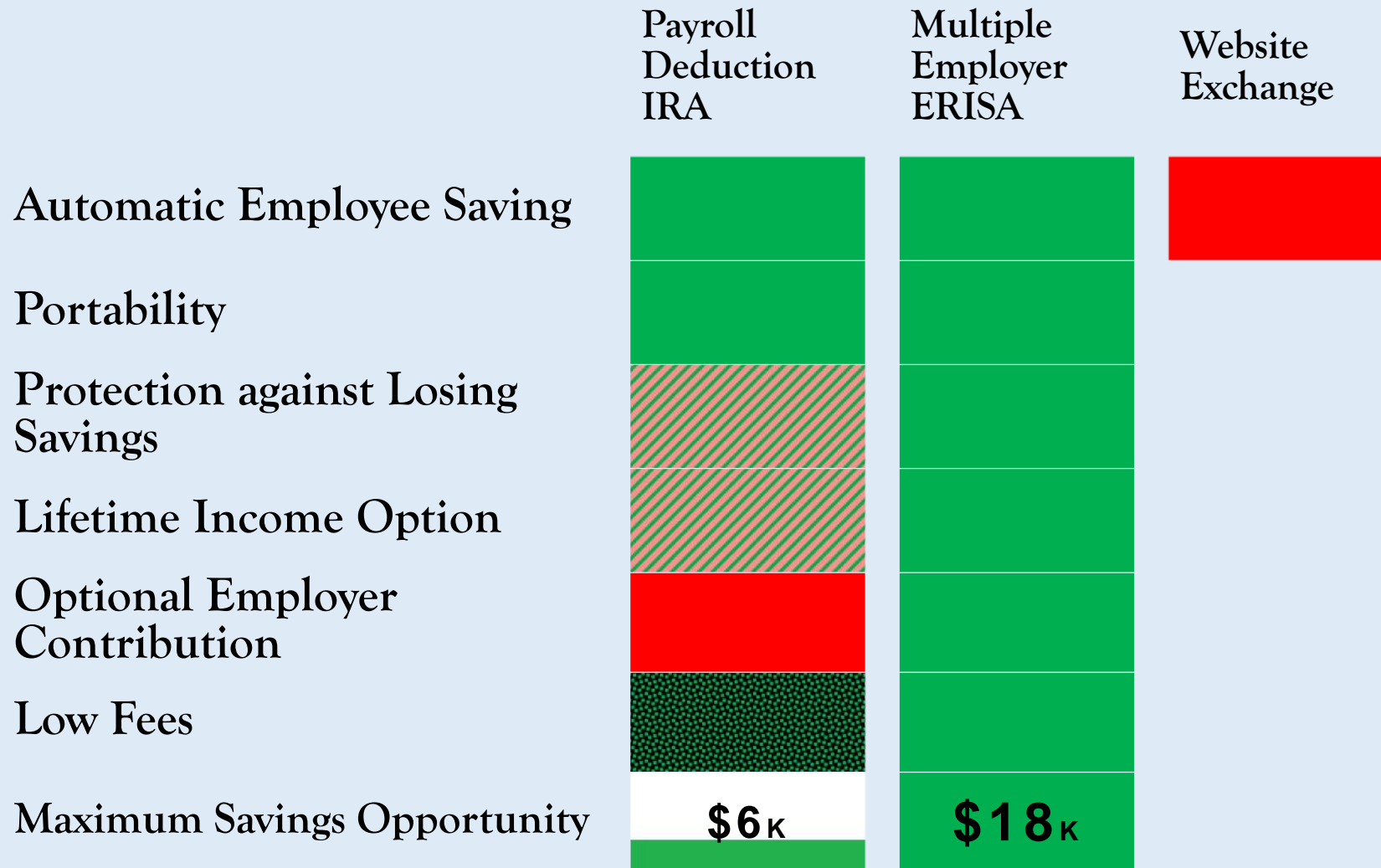


“The goal ... is to **create a safe harbor** that would enable states to be able to move forward to enact these retirement savings plans.”

Secretary Tom Perez

NPR, July 12, 2015

DOL now allows new plan designs that better achieve RSB Goals



DOL is now enabling ERISA designs that better achieve RSB Goals

- ERISA protects **spouse & death benefits**; IRAs do not
- ERISA plans allow **optional employer contributions**. IRAs do not.
- ERISA plans **permit much more saving** than IRAs, generally \$18,000 vs \$5,500 per year
- ERISA plans generally have **much lower fees** than IRAs
- ERISA plans can more easily incorporate **guarantees against loss & lifetime income**
- ERISA plans have a **wider range of available choices** in both DB & DC
- ERISA plans can be designed to eliminate risk of state financial liability & eliminate individual employer reporting

Improving Retirement Options

- **Enabling legislation that permits Board to establish program or programs that it sees fit, subject to:**
 - **Minimizes burdens on employers**
 - **Compliance w all applicable Federal laws**
 - **No state liability**
- **Consider financial support for conversion of payroll systems.**
- **Encourage DOL to allow maximum state flexibility in program design**