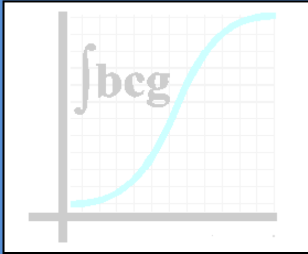

BCG Retirement News Roundup

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Boomershine Consulting Group (BCG) provides this monthly news roundup of highlighted significant articles from the retirement industry – for clients and friends. Retirement plan news has become increasingly pertinent for many audiences these days, including:

- Retirement Plan Sponsors – addressing both private and public sector issues
- Employers – dealing with complicated decision making for their plans
- Employees – educating the Boomer generation that is nearing retirement
- Industry Practitioners - helping to understand and resolve today's significant challenges

We review numerous industry news services daily and will include a collection of timely and significant articles each month concerning compliance, actuarial plan costs (including assumption debates), plan design change issues and benefit trends, as well as other related topics. If you would like to discuss any of these issues, please contact us.

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Public Sector/Government Plans

Public retirement plan gains momentum in Connecticut

Talk of a state-sponsored retirement savings account for private-sector employees has been bandied about by the Connecticut General Assembly for years.

But legislative leaders and Connecticut's comptroller said Thursday they are optimistic this will be the year lawmakers finally take action to create the program.

"We have something concrete and specific now," said Senate President Martin M. Looney, D-New Haven, speaking at a Legislative Office Building press conference to release the results of a Connecticut AARP survey indicating broad-based public support for such savings plans.

When the General Assembly convenes next month for the 2016 session, the Connecticut Retirement Security Board will submit to lawmakers a detailed plan of how a state-sponsored retirement savings program would work, said Kevin Lembo, the state's comptroller and chairman of the panel. The plan would be submitted in the form of a bill that the legislature could act upon, Lembo said.

The Retirement Security Board has been at work for 18 months researching how a retirement savings plan might work, he said. Looney and House Majority Leader Joe Aresimowicz, D-Berlin, got a bill passed two years ago that created the board.

The Connecticut AARP survey, conducted in November, found 61 percent of respondents favored having a state retirement savings plan that would use payroll deductions to build a nest egg for those enrolled in it, said John Erlingheuser, advocacy director for the group.

"People are 15 times more likely to save if they do it through a payroll deduction," Erlingheuser said. Estimates of the number of Connecticut residents who don't have access to work-related savings plans with payroll deduction are 600,000 to 700,000, he said.

Looney said those numbers suggest "a significant, growing crisis."

Any legislation would include a mandate that private-sector employers with more than five employees either have a retirement savings vehicle in place for their workers or participate in the state program, according to Lembo.

"The idea is not to be punitive, but to offer an incentive," he said. "We see it as an alternative to existing savings vehicles, not a replacement."

The Connecticut Business & Industry Association questioned the wisdom in offering a state-sponsored savings plan.

Eric Gjede, assistant counsel for CBIA, told CTNewsjunkie.com that setting up payroll deductions that would go into the state plan would be an unfair burden to put on employers.

"We're the ones who have to incur liability for sending over the contributions," Gjede told CTNewsjunkie.

Lembo said a state-sponsored plan is needed because "there is a hole in the marketplace that is not being filled."

"This is something that is feasible," he said.

One of the requirements in creating a state sponsored plan is that it pays for itself, Lembo said.

A small amount of the money that workers would contribute through payroll deductions would be used to pay for the administrative costs of the state-sponsored plan, he said.

"The idea would be to have those fees lower than fees associated with existing retirement savings plans," Lembo said.

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Cities' Pension Liabilities Are About to Look a Lot Worse

A new rule from the Government Accounting Standards Board (GASB) requiring municipalities that participate in plans in which they share pension costs with states to allocate and disclose their share of unfunded pension liabilities provides states with some much-needed good news when it comes to pension finances, but it comes at the cost of cities' balance sheets. Hopefully the enhanced transparency will prompt cities to take measures to address their long-term liabilities.

The cost-sharing plans affected by the new GASB rule are those in which pension obligations and assets are pooled and the assets can be used to pay benefits for any participating government employer. A new issue brief from the Center for State and Local Government Excellence samples 173 municipalities and finds that 92 of them are affected by the new rule because they either participate exclusively in a state retirement system or both administer their own plan and pay into a state system.

Most of the largest cities administer their own plans exclusively and are therefore unaffected by the rule. But the impact is significant for cities that are subject to it. On average, their unfunded pension liability as a percentage of own-source revenues rose from 37 percent to 70 percent (the brief is largely based on 2012 reports).

There is a great variation in how much individual cities are affected. As a result of the new rule, unfunded pension liability as a percentage of overall revenue rises by less than 20 percentage points in 37 of the 92 cities, but it increases by over 60 points in 25 of them.

For example, Newark, N.J., doesn't administer its own pension plan and has therefore never been included in studies of local systems. But when its portion of unfunded state pension liability is allocated, the amount is a breathtaking 284 percent of city revenues. Cincinnati, Las Vegas and Portland, Ore., are among other cities in which unfunded liabilities are more than 200 percent of revenues.

Why is the new GASB rule good news for states? While it doesn't change overall liabilities, its requirement that they be allocated and reported results in state liabilities falling by the same amount that municipal liabilities rise.

Nobody likes getting bad news, but it still beats ignorance. For that reason, the new rule is a step forward. Almost a decade ago, when new GASB rules required municipalities to disclose their liability for non-pension post-retirement benefits such as health care, the often-huge numbers caused many municipalities to implement mechanisms to pay down that liability over time. If this newest rule has the same impact, that'll be good news for retirees and taxpayers alike.

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Pensions Are a Hot Topic in State Capitals

State lawmakers are paying attention to pensions.

And the focus isn’t limited to retirement benefits of public-sector employees, which have been cut at equal rates by Democratic and Republican governors since 2009. The growing support of pension overhauls by Democrats has strained relations with unions, as the Wall Street Journal reported Wednesday.

From Alabama to Wyoming, 45 states put into law some 245 pension-related bills in 2015, according to the National Conference of State Legislatures. That's up from 89 such laws taking effect in 37 states just three years ago, according to the NCSL database.

The topics of the legislation range from early-retirement incentives to military service credits to fossil-fuel divestiture.

Pensions have come to the political forefront as costs associated with the retirement benefits of teachers, firefighters and other public-sector workers have sharply risen after the financial crisis due to investing losses and chronic underfunding by lawmakers.

For states with pension holes, even those led by Democrats, the increased legislative activity is unlikely to slow in future years, according to Luke E. Martel, a group director at NCSL overseeing retirement research.

"We will continue to see states controlled by Democrats enacting pension changes," Mr. Martel said.

The legislative attention on revamping pensions is also unlikely to abate, regardless of political leaning, as unfunded retirement obligations continue to mount. Large retirement plans face a $1 trillion gap in their pension funding, according to Milliman, which consults with pensions on financial matters.

Nearly all states since 2009 have instituted some type of pension-benefit overhaul, according to the National Association of State Retirement Administrators. Those changes have ranged from cycling workers onto 401(k)-style accounts to increasing worker contributions to hiking minimum retirement ages.

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The Tougher U.S. Pension Rules in Puerto Rico's Rescue Plan

The proposed changes would mark unprecedented federal authority over state and local pensions and make their financial status look a lot worse.

Congress might choose to extend unprecedented federal authority over state and local pensions. An effort to impose new reporting requirements, if approved, would ultimately cast the financial status of state and local pensions in a much more dire light.

The proposed requirements were included as part of a financial assistance bill introduced last month to address Puerto Rico's debt crisis, but they would also apply to states and localities throughout the United States.

The legislation, sponsored by Orrin Hatch, a Utah Republican who chairs the Senate Finance Committee, would make state and local pension plans file annual reports with the U.S. Treasury Department. The new filings would have to include an alternative valuation detailing how well-funded the plan is. In nearly every case, that would mean a lower valuation.

State and local government groups, including the National Conference of State Legislatures and the National Association of State Retirement Administrators (NASRA), quickly voiced their opposition to the idea. They sent a letter to Congress, along with 15 other groups, complaining that the proposed provision targets all pensions, rather than limiting the issue to Puerto Rico, and that extra filing at the federal level would be too time-consuming and costly.

“I just don’t understand the nexus between adding state and local pension provisions into a bill that has to do [with] Congress’ oversight and assistance to Puerto Rico,” said Jeannine Markoe Raymond, NASRA's director of federal relations.

The legislation was prompted by Puerto Rico's dire financial problems. Its government is saddled with $72 billion in debt that it can’t pay and wants to cut its bond payments in order to meet other obligations, including pensions. The island territory has already defaulted on a debt payment, and going forward, its political leaders said they'll only make full payments on the debt it's legally obligated to pay.

But for some in Congress, the legislation is an opportunity to fix more than just Puerto Rico’s finances.

“This pattern will inevitably repeat itself in several of the states if nothing changes,” said a Senate aide who asked not to be identified. “If Congress is going to help the territory, then now is the time to begin addressing the broader problem, and a more accurate disclosure of public pension liabilities is a good place to start."

The biggest potential change centers on each pension plan’s discount rate -- that is, the rate of return on investments that's used to determine its overall fiscal health. The higher the expected rate of return, the lower the amount of funding a government needs to pay into its pension plan. The opposite, of course, is true when the rate of return is lower. The Senate bill would require plans to use an assumed rate of return pegged to a Treasury rate (these days, around 3 to 4 percent), instead of the 7 to 8 percent rate most plans now use. That change would have a drastic effect on how financially healthy a plan looks.

New Jersey has already experienced this.

The state's plans recently had to change the way they value their pension assets and liabilities due to new state and local pension accounting rules from the Governmental Accounting Standards Board last year. As a result, New Jersey's state employees fund went from being 46 percent funded in 2013 to only 28 percent funded in 2014. Its state teachers plan dropped even further -- from 57 percent funded to 34 percent. All told, the accounting change more than doubled the state's unfunded liability for those two plans to $75 billion.

This isn't the first time Congress has sought to interfere with state and local pension regulations.

In 2011 and again in 2013, California Republican Rep. Devin Nunes proposed a so-called pension transparency bill nicknamed PEPTA. It failed both times to gain any traction, but his legislation similarly called for state and local pensions to file additional reports with the Treasury that showed the plan's funding status using a market rate of return.

Nunes didn't seek to make use of a market rate mandatory, but his approach included a big stick, threatening to remove a vital infrastructure financing perk: Governments that didn't participate could not issue tax-free municipal bonds.

Given disagreement in Congress over a Puerto Rico bailout, Hatch's bill faces a tough road ahead. Democrats favor a proposal by President Obama that, among other things, would let Puerto Rico restructure its debt in bankruptcy. The addition of the reporting requirements for all state and local pensions could very well be an additional point of contention.

Raymond said her group plans to use the debate over the latest proposed legislation as an opportunity to educate members of Congress about the overall fiscal health of state and local governments. Included along with last month's opposition letter was an overview of state and local governments' financial data.

"Every state, since the Great Recession, has made changes to one or more of its pension plans," said Raymond. "I'm not sure everyone understands that. This isn't an area that has been ignored by state and local governments."

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N.J. Senate wants voters to rule on constitutional amendment for full pension contributions

The New Jersey Senate on Monday passed a resolution authorizing placement on the November ballot a proposed constitutional amendment guaranteeing consistent annual state contributions to the $79 billion New Jersey Pension Fund, Trenton.

The Senate voted 23-16. The General Assembly was scheduled to vote later Monday — the last day for voting during the current legislative session. Both houses are controlled by Democrats.

Supporters of the constitutional amendment say they acted in response to Republican Gov. Chris Christie's withholding of certain state payments to the pension fund as well as to the New Jersey Supreme Court's ruling in June backing the governor's withholding certain funds for the fiscal year that ended June 30, 2015.

The proposed amendment would require the state to make pension payments in full starting with the fiscal year beginning July 1, 2021, and allowing partial payments in the fiscal years leading up to that year. The payments would be made on a quarterly basis, opposed to the year-end lump-sum payments that the state now makes.

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Private Sector

IRS And Treasury Guidance For Employee Plans Determination Letter Program:

International Foundation of Employee Benefit Plans announced that the Internal Revenue Service and Department of the Treasury have issued Notice 2016-03, stating that they will issue guidance in anticipation of the elimination, effective January 1, 2017, of the 5-year remedial amendment cycle system for individually designed plans under the Employee Plans determination letter program. The guidance will provide that:

- Controlled groups and affiliated service groups that have previously made a Cycle A election are permitted to submit determination letter applications during the Cycle A submission period beginning February 1, 2016, and ending January 31, 2017.
- Expiration dates on determination letters issued prior to January 4, 2016, are no longer operative; and
- The period during which certain employers may, on or after January 1, 2016, establish or adopt a defined contribution pre-approved plan and, if permissible, apply for a determination letter, is extended from April 30, 2016, to April 30, 2017.

The changes described in the notice will be reflected in an update to Revenue Procedure 2007-44, 2007-2 C.B. 54. Employers may rely on this notice until Rev. Proc. 2007-44 is updated to include these changes. Here is a link to Notice 2016-03: https://www.irs.gov/pub/irs-drop/n-16-03.pdf.

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President Obama calls for portable retirement savings in State of the Union speech

President Barack Obama in his State of the Union speech Tuesday said that despite recovering from one of America's deepest economic crises, more people still need a "fair shot and opportunity in this new economy," including more portable retirement savings.

Along with educational and job training opportunities, the president called for more secure and portable benefits. Even if a worker changes jobs more often, "he should still be able to save for retirement and take his savings with him," he said.

That was a positive message, said Lynn Dudley, senior vice president for global retirement and compensation policy at the American Benefits Council. “We need a benefit system that’s responsive to the changed economy. I think people agree with that, but just maybe disagree on the details on how to get to it.”

Mr. Obama said “that a lot of Americans feel anxious” about the way the economy has been changing. “More wealth and income is concentrated at the very top. All these trends have squeezed American workers,” he said.

But, Mr. Obama said, “after years of record corporate profits, working families won't get more opportunity or bigger paychecks by letting big banks or big oil or hedge funds make their own rules at the expense of everyone else.”

Mr. Obama did not suggest any particular steps to help the middle class, and acknowledged that partisan differences have made getting things done in Washington harder. “It's one of the few regrets of my presidency – that the rancor and suspicion between the parties has gotten worse instead of better,” he said.

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Second Multiemployer Pension Plan Seeks to Reduce Core Benefits

On October 28, 2015, we reported that the Central States Southeast and Southwest Area Pension Fund (“Central States”) — one of the largest multiemployer pension plans in the country — had filed an application with the Department of the Treasury (“Treasury”) seeking to reduce core benefits under the Multiemployer Pension Reform Act of 2014 (“MPRA”) and had sent a notice of the application to its approximately 400,000 participants. Central States was also required to provide participants with an individualized estimate of reduced benefits.

On January 8, 2016, the Iron Workers Local 17 Pension Fund (the “Iron Workers Fund”) — which operates from Cleveland, Ohio — became the second multiemployer pension plan to file an application with Treasury to reduce core benefits. In its application, the Iron Workers Fund trustees advised that the Fund’s actuary had certified that the Fund was in “critical and declining status” for the plan year beginning May 1, 2015. Moreover, without approval of the application, the Fund was projected to become insolvent by 2025.

The application stated that the Iron Workers Fund’s most recent Form 5500 for the plan year ending April 30, 2014 reflected assets of $85.7 million and liabilities of $223.2 million, which means that the Fund had approximately 38 cents to pay for every dollar of vested benefits.

This filing demonstrates that the underfunding plight impacts both large and smaller plans, as the Iron Workers Fund has 2,021 participants of which 641 are active.

With regard to the Central States application, the deadline for the MPRA-required opportunity on the part of participants and beneficiaries to submit comments has been extended until February 1, 2016. In addition, Treasury has announced that public comment sessions would be conducted in regions that would be most impacted by any benefit reduction. Such sessions were scheduled in Greensboro, North Carolina on January 11, 2016 and in Peoria, Illinois on January 14, 2016, with members of the public invited to attend.

Before core benefits can be reduced, Treasury must review the application and has 225 days from the date of receipt of the application to reject it. Otherwise, the application will be considered approved. If Treasury were to approve the application, it would then have 30 days to administer a vote for the participants and beneficiaries on the benefit reduction.

This second filing within less than four months should underscore the need for employers with collective bargaining agreements requiring contributions to multiemployer defined benefit pension funds to be vigilant and proactive. Such employers should conduct an annual "benefits due diligence," which should take two forms: (1) a review of the pension fund's annual Form 5500; and (2) an annual request to the pension fund seeking a written estimate of the employer's withdrawal liability and an explanation of the methodology used in calculating any such withdrawal liability.

We will continue to advise concerning the progress of these two applications and other developing issues involving multiemployer defined benefit pension funds.

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A More Secure Retirement for America's Workers

For many workers, planning for retirement used to be simple. Those who worked for one or two employers throughout their career and had a defined-benefit pension received payments like clockwork to supplement their Social Security check. While Social Security remains a rock-solid guaranteed benefit that every American can rely on, traditional pensions have often been replaced with defined contribution plans like 401(k)s, shifting the risk of preparing for retirement to the worker.

That's why in his State of the Union address, the president called on Congress to enact policies that will help workers in an ever-changing economy save for retirement and take their retirement savings with them as they change jobs. In every budget since taking office, the

president has proposed to automatically enroll approximately 30 million workers without access to a workplace retirement plan in an IRA. And today, we're announcing new proposals to help more workers save and test approaches to make savings vehicles more portable and effective for an increasingly mobile workforce.

Today, one out of three workers does not have access to a retirement savings plan, including half of workers at firms with fewer than 50 employees and more than three-quarters of part-time workers. Contractors and temporary employees are often unable to participate in employment-based plans. And workers without access to a plan at work rarely save for retirement: fewer than 10 percent of workers without access to a workplace plan contribute to a retirement savings account on their own.

Many workers who have a workplace retirement savings plan may have to manage a number of retirement accounts left over from prior employers or complete an often burdensome process to move balances from job to job, assuming their new job allows it. Their careers may be mobile, but too often their retirement accounts and savings are not.

That's why President Obama is proposing a new program that will provide grants to states and nonprofits to test innovative, more portable approaches to providing retirement and other employment-based benefits. The goal is to encourage development of new models that are portable across employers and can accommodate contributions from multiple employers for an individual worker or independent contractor, as well as contributions from individuals whose work patterns don't provide reliable amounts of income each month. Good ideas have been raised on both sides of the aisle, but these new approaches are still in their infancy, and we need to figure out what works.

To make it easier for such innovations to occur, we're also proposing legislation to allow multiple unrelated employers to come together and form pooled 401(k)s, resulting in lower costs and less burden for each employer. Through these "open multiple employer plans" (open MEPs), more small businesses should be able to offer cost-effective plans to their employees, while certain nonprofits and other intermediaries could create pooled plans for contractors and other self-employed workers. As an added benefit, employees moving between employers participating in the same open MEP can continue contributing to the same plan – and receiving employer contributions – even if they switch jobs. And independent contractors participating in a pooled plan using that structure can contribute no matter which client is paying them.

These proposals build on the administration's existing proposals to ensure near universal access to workplace retirement accounts by:

- Automatically enrolling approximately 30 million workers without access to workplace plans in IRAs;

- Providing tax credits to encourage small businesses to offer plans and automatically enroll workers in those plans; and
- Ensuring that long-term, part-time workers are allowed to participate in their employer's retirement plans.

In the absence of Congressional action, we've taken administrative steps to promote savings. For example, the Department of Labor proposed regulations and issued guidance facilitating state efforts to create their own retirement savings plans (many of which are modeled on the president's auto-IRA proposal), and the Department of the Treasury launched myRA, a simple, safe and no-fee savings option with the same principal-protected return available to members of Congress. IRAs like these offer considerable portability: Workers can continue contributing to them even if they switch jobs, although they do not provide for employer contributions. And Treasury and IRS have issued guidance making it easier to roll over and consolidate savings between 401(k)s rather than amassing a number of small accounts over a lifetime.

We're also working to protect Americans' hard-earned savings through the Department of Labor's rule requiring retirement advisers to put their clients' best interest first, cracking down on the harmful conflicts of interest that sap billions in families' retirement savings every year. When finalized this year, this rule will protect workers as they consolidate their savings, rolling from one 401(k) to another 401(k) or to an IRA.

So, we're continuing to make progress toward the vision the president outlined in his State of the Union – for a more portable and secure retirement for all Americans. Today's proposals represent another step toward that future.

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State-based retirement plans for the private sector

States around the country are looking into ways of using the efficiencies of public retirement systems to administer new types of pension plans for private-sector workers. Below are brief summaries of plans that have either passed or are being considered.

In addition, AARP's Public Policy Institute has established a State Retirement Savings Resource Center, a library of policy papers, key facts, opinion pieces, and studies related to state-based plans for private-sector workers. The Pension Rights Center authored two papers -- one on consumer protections in such plans and one on the advantages of pooled accounts.

In September 2015, the Government Accountability Office published a report, Federal Action Could Help State Efforts to Expand Private Sector Coverage, which looks at coverage rates,

efforts by states and other countries to expand coverage, and the obstacles states face in implementing new state-based plans.

Arizona

On January 22, 2014, Rep. Martin Quezada introduced HB 2063, the Arizona Secure Choice Retirement Savings Program, a mandatory system of payroll deposit individual retirement savings arrangements (IRAs) for private employers in Arizona that have five or more employees and that do not offer other retirement plans to their workers. The bill was assigned to the House Appropriations and Rules Committees, and no further action was taken in the 2013-2014 legislative session.

California

On September 28, 2012, Governor Jerry Brown signed into law S.B. 1234, the California Secure Choice Retirement Savings Trust Act. The bill, which was sponsored by Senator Kevin de León, will eventually require that all businesses with five or more employees that do not already offer a retirement plan enroll them in a new type of savings plan based on IRAs.

California Secure Choice accounts differ from IRAs in several ways. The new system's investments would be professionally managed by the California Public Employees' Retirement System or another contracted organization. Employees would be automatically enrolled in the plan and would contribute about three percent of their wages through payroll deduction, although they could opt out of the plan. A modest benefit would be guaranteed through underwriting by private insurers, not by taxpayers.

Employers would not have any fiduciary liability involving the fund; they are only required to assist their employees by permitting them to use their payroll-deduction systems to make retirement fund contributions.

To date, the State has established the California Secure Choice Retirement Savings Investment Board and the California Secure Choice Retirement Savings Trust, as required by the statute. The Board has been meeting monthly since 2013, has raised the funds needed to pay for a market analysis and a legal analysis of the program and has selected the contractors for both studies. The contractors have presented updates on the status of the studies during the meetings and expected to complete them by late 2015.

Colorado

On February 19, 2015, HB 1235 was introduced by Representatives Brittany Pettersen and John Buckner, and State Senators Pat Steadman and Nancy Todd. The bill would establish the

Colorado Retirement Security Task Force to research, assess, and report on the factors that affect the retirement security of the citizens of Colorado. The Task Force would also make recommendations on the feasibility of creating a retirement savings plan for private-sector employees who do not otherwise have a retirement plan available through their employers.

The bill was assigned to the House Committee on Business Affairs and Labor, and, on March 24, 2015, it was amended and referred to the Appropriations Committee. This committee reported the bill to the House in April, where it was passed on April 20, 2015. The bill was introduced in the Colorado Senate on April 24 and assigned to the State, Veterans and Military Affairs Committee. On April 29, 2015, the Senate Committee recommended no further action be taken.

Connecticut

SB 249, an Act Promoting Retirement Savings, was introduced into the Connecticut General Assembly in February 2014 by Representative Joe Aresimowicz and Senator Martin Looney. The bill was voted out of the Labor and Public Employees Committee in March. Key provisions of the bill were incorporated into Connecticut's"budget implementer" bill, which was approved by the legislature on May 7, 2014 and signed into law by the Governor on May 28, 2014.

The legislation dedicates $400,000 toward the establishment of a Connecticut Retirement Security Board and directs the board to conduct a market feasibility study and create a comprehensive implementation plan for a new state-administered retirement program. The implementation plan must be submitted to the Governor and General Assembly for final approval by April 2016.

If approved, the implementation plan would create an automatic IRA that would be administered by the appointed trust fund board, as in California. Employers with five or more workers would be required to participate unless they offer a different retirement savings plan to their employees. Unlike most IRAs bought in the private market, the money would be paid out as a lifetime annuity with an option for workers to select a lump-sum, helping to ensure that people will not outlive their assets while preserving worker's ability to choose the option best suited to their financial needs. Finally, a modest guarantee and low fees would protect the money saved by hard-working employees.

The Retirement Security Board has been meeting monthly since August 2014 and selected the Center for Retirement Research at Boston College along with a number of other organizations to conduct the required financial feasibility study and supporting materials. The contractors participated in several Board meetings in 2015 to present updates on their reports and other information. Two completed reports were presented in December 2015. The Retirement Security Board sent its Market Feasibility Report to the State Legislature by January 1, 2016, as

was required by the law. In consultation with key stakeholders, the Board must now develop and submit a comprehensive proposal to implement the plan by April 1, 2016.

Read a more detailed summary of the Connecticut legislation.

Illinois

On December 3, 2014, the Illinois General Assembly passed SB 2758, an Act creating the Illinois Secure Choice Savings Program, which was introduced by Senator Daniel Biss. The bill was signed into law by Governor Pat Quinn on January 4, 2015. Read our summary of the law.

The Illinois Secure Choice Savings Board held meetings in August, November and December 2015 and its Investment Subcommittee held a meeting on December 9, 2015. The Office of the State Treasurer issued requests for proposals for an External Investment Advisor and for an ERISA Counsel in the fall of 2015. Meetings of the Board are expected to continue in 2016.

SB 2758 establishes a payroll-deduction IRA for workers whose employers do not offer any other retirement savings vehicle. The bill requires all businesses in existence for at least two years with 25 or more employees to automatically enroll their employees in the Secure Choice Savings Program unless they offer another retirement option to their workers.

Employees can determine a contribution level and select among a small number of investment options. A default contribution level of three percent of salary is offered to those who do not select one on their own, as is a default life-cycle investment fund for those who do not choose one from the options offered. Assets are pooled into a single fund and managed by the Illinois Treasurer and a qualified board, providing participants the benefit of low fees and competitive investment performance. Employees can choose to opt out of the program at any time.

The law is to be implemented within 24 months unless enough funds are not made available for the project. The Board must also find that the program is self-sustaining, that it is eligible for favorable federal tax treatment, and that it is not subject to the Employee Retirement Income Security Act of 1974 (ERISA).

Indiana

On January 13, 2015, HB 1279 was introduced by Representative Matthew Lehman and a companion bill, SB 555 was introduced by Senator Greg Walker into the Senate on January 20, 2015. The bills would create the Hoosier Employee Retirement Option (HERO) plan, which are portable IRAs for employees who do not have access to a retirement plan through their employers. Employers with at least one employee and self-employed individuals would be eligible to participate, and participation by either the employer or the employees would be

voluntary. Contributions to the accounts would be in post-tax dollars, and contribution amounts would be selected by the employee. If no selection is made, the default contribution rate is set at 3 percent of salary. Employers are not permitted to make any contributions into the accounts, including matching contributions.

The legislation would establish a board to design and implement the HERO program. The board is required to include at least one target-date fund and seven other diversified investment funds as investment options, and to establish a default fund if the employee fails to make a choice. Investment options must also include low-fee funds. Neither the state nor employers are liable for any investment performance.

The House bill was referred to the House Employment, Labor and Pensions Committee, and the Senate bill to the Committee on Pensions and Labor. No action has been taken on either bill.

Kentucky

On February 3, 2015, HR 261 was introduced by a bi-partisan group of state legislators. The bill would establish the Kentucky Retirement Account Program, a state-sponsored retirement program for private sector workers. Employers with five or more employees would be required to participate, unless they receive a hardship exemption. Employers with fewer employees are allowed to participate on a voluntary basis.

The bill would create a governing board to design and implement the program, which would be established as an automatic enrollment payroll deduction Roth IRA program. The board would be required to implement the program within 24 months of enactment, unless insufficient funds are made available. The bill permits the board to seek an opinion as to the applicability and impact of ERISA.

On February 9, 2015, the bill was referred to the Agriculture and Small Business Committee, which held a hearing on the bill on February 25. No further action was taken on the bill prior to the end of the legislative session.

Louisiana

On March 10, 2014, SB 283 was introduced into the 2014 regular legislative session by Senator Troy E. Brown. The bill was referred to the Committee on Retirement, where it was considered on April 28, 2014. No further action has been taken.

The bill would establish the Louisiana Retirement Savings Plan, a state-sponsored retirement plan for private-sector workers who do not have access to a retirement plan through their employers. Churches and new businesses are permitted to participate on a voluntary basis.

The plan would be established as an automatic payroll-deduction IRA, though employees could opt out at any time. The plan provides for an automatic contribution rate of 3 percent of salary and permits employer contributions up to a maximum of $5,000 per year per employee. Assets would be pooled and professionally managed. Benefits would be payable in the form of an annuity, and would become available at the earliest at age 69 and the latest at age 72. Neither the state nor employers are liable for investment performance.

Maine

On March 5, 2015, LD 768 was introduced by Representative Diane Russell. This bill is modeled after California's legislation and would create the Maine Secure Choice Retirement Savings Investment Board, which would administer the Maine Secure Choice Retirement Savings Program. The program would be a state-sponsored payroll-deduction IRA for workers who do not have access to a retirement plan through their employers. Employers with five or more employees are required to participate.

Employees could select their contribution rate into the accounts, though a three percent of salary contribution would be set for those who do not select their own rate. Employees could opt-out at any time.

Assets would be pooled and professionally managed, and a minimum rate of return would be guaranteed through private insurance. Neither the state nor employers would be subject to any liability for fund performance. The program would only be established if the Board finds that it will be self-sustaining, qualifies for favorable federal tax treatment, and is not subject to ERISA.

On March 9, 2015, the bill was referred to the Committee on Labor, Commerce, Research and Economic Development, where it was voted "ought not to pass" on April 14, 2015.

LD 1473 was introduced by Representative Diane Russell on April 30, 2013. It is also modeled after California's SB 1234 and was not voted out of the House Appropriations and Financial Affairs Committee on January 23, 2014. No further action has been taken.

Maryland

On January 1, 2014, Governor Martin O'Malley signed an executive order creating a "Task Force to Ensure Retirement Security for All Marylanders." The Task Force was directed to examine how Maryland can improve retirement security for private-sector employees, and to recommend concrete steps that the State can take to ensure the opportunity for a secure retirement is offered to all Maryland private-sector workers. The Task Force was to issue a report by December 4, 2014, and would disband on February 15, 2015, unless the Governor

determined more study is needed and provided an extension.

On May 12, 2014, Governor O'Malley announced that former lieutenant Governor Kathleen Kennedy Townsend would chair the Task Force. The remaining members included members of the Maryland House of Delegates, Senate, Governor's Cabinet, the State Treasurer, labor unions, the financial services industry, the small business community, and the retiree community.

Authorization for the Task Force ended on February 15, 2015. Read the Task Force's final report.

In September 2015, Maryland Senate President Thomas Miller and House Speaker Michael Busch announced the creation of a new Commission on Retirement Security and Savings. The Commission was created to build on the work of the prior Governor' Task Force to Ensure Retirement Security for all Marylanders. The Commission will consider what actions the state should take toward ensuring financial security for Maryland citizens in retirement, including the development of a retirement savings program. It held its first meeting on October 13, 2015, and was expected to issue its final report in December 2015.

On February 5, 2015, SB 312 was introduced by Senator Jim Rosapepe, and HB 421 was introduced by Delegate William Frick on February 9, 2015.

The bills are modeled after the California legislation and would establish the Maryland Secure Choice Retirement Savings Board, which would administer the Maryland Secure Choice Retirement Savings Program. The program would be a state-sponsored payroll- deduction IRA for workers who do not have access to a retirement plan through their employers. Employers with five or more employees are required to participate. Employees could select their contribution rate into the accounts, though a three percent of salary contribution would be set for those who do not select their own rate. Employees could opt out at any time.

Assets would be pooled and professionally managed, and a minimum rate of return would be guaranteed through private insurance. Neither the state nor employers would be subject to any liability for fund performance. The program would only be established if the Board finds that it will be self-sustaining, qualifies for favorable federal tax treatment, and is not subject to ERISA of 1974.

Hearings on the bill were held in the House Committee on Economic Matters on February 24, 2015, and in the Senate Committee on Budget and Taxation on February 25, 2015. No further action has been taken.

Massachusetts

In March 2012, Massachusetts enacted HR 3754, an Act Providing Retirement Options for Nonprofit Organizations. The new law allows the State Treasurer to sponsor a retirement savings plan for workers at small non-profit organizations in the Commonwealth. Participation by the organizations is voluntary. The retirement plan would be a tax-qualified defined contribution arrangement with various investment options available to employees. Contributions could be made by workers, their employers, or both.

Features of the plan currently include an automatic six percent payroll deduction with an option for the employer to opt for a four percent initial automatic contribution with an escalation of up to 10 percent. Hardship withdrawals will be allowed but specific guidelines for the withdrawals are not yet finalized. A “not-for-profit defined contribution committee” of five members would be established to assist the State Treasurer in developing policy and providing technical advice for the plan. The plan would be marketed particularly to nonprofits with 20 or fewer employees.

The plan will fall under the jurisdiction of ERISA. In June, 2014, the IRS ruled favorably on the proposal and is in the process of reviewing the group trust that the accounts will be pooled with for investment efficiencies. The Massachusetts Treasurer’s Office will formally roll out the plan once the IRS work is completed.

Also, on January 20, 2015, H. 939 was introduced by Representative Angelo Scaccia and referred to the Joint Committee on Financial Services. A joint hearing on H. 939 and H. 924 was held on November 23, 2015.

The bill would establish the Massachusetts Secure Choice Savings Program and is modeled after the Illinois retirement legislation. H. 939 would establish a payroll-deduction IRA for workers whose employers do not offer any other retirement savings vehicle in the workplace. The bill requires all businesses in existence at least two years with 25 or more employees to automatically enroll their employees in the Security Choice Savings Program, unless they offer another retirement option to their workers.

Employees can determine a contribution level and select among a small number of investment options. A default contribution level of three percent of salary is offered to those who do not select one on their own, as is a default life-cycle investment fund for those who do not choose one from the options offered. Assets are pooled into a single fund and managed by the Massachusetts Treasurer and a qualified board, providing participants the benefit of low fees and competitive investment performance. Employees can choose to opt out of the program at any time.

The law is to be implemented within 24 months unless enough funds are not made available for the project. The Board must also find that the program is self-sustaining, that it is eligible for favorable federal tax treatment, and that it is not subject to ERISA.

In addition, on January 20, 2015, H. 924 was introduced by Representative James J. O'Day and referred to the Joint Committee on Financial Services. No further action has been taken on the bill.

H. 924 would establish a Secure Choice Retirement Savings Board to administer two retirement savings trust funds known collectively as the Secure Choice Retirement Savings Trusts. The first of these trusts, named the Secure Choice Multiple-Employer Retirement Trust (MERP), is a profit-sharing defined contribution plan offering individual accounts. The second trust, the Secure Choice Individual Retirement Account Trust (IRAP), would accept individual contributions through payroll deduction and direct payment into IRAs. Assets would be pooled and professionally managed and neither the state nor the employer would be responsible for any liabilities. The Board and Plan administrator shall act as fiduciaries under ERISA for the MERP plan. Employers shall not be considered fiduciaries.

Participation by employers with 10 or more employees is mandatory unless they offer their employees another retirement savings plan. Self-employed individuals and employers with fewer than 10 employees may participate on a voluntary basis. Unless otherwise specified by the employer or directed by the employee, a default contribution of three percent of the employee's annual salary shall be made to the plan. The board may adjust this default contribution from two to five percent and may vary that amount according to the length of time the employee has contributed to the program.

Benefits to participants in the MERP shall be paid in the form of lifetime annuities. Employees who participate in both the MERP and IRAP have the option of rolling over all or part of their IRAP into their MERP before it is converted into a lifetime annuity. Participants in the MERP have the option of taking up to $20,000 (as long as it is no more than 50 percent of their account balance) in the form of a lump sum.

Minnesota

On February 27, 2014, HF 2419 was introduced by Rep. Patti Fritz and others, and was referred to the Government Operations Committee. Over the following month, the bill was considered by the Commerce and Consumer Protection Finance and Policy Committee, State Government Finance and Veterans Affairs, and the Ways and Means Committee. The bill was subsequently incorporated into HF 2536, the Women's Economic Security Act, which was considered and

reported out of the House on May 7, 2014, and the Senate on May 9, 2014. The bill was signed into law by the Governor on May 11, 2014.

As enacted, the bill required the Commissioner of Management and Budget of the state to provide a report to the legislature by January 15, 2015, evaluating the potential for a state-administered retirement savings plan for workers who do not have access to a retirement plan though their employer. The potential state-administered plan would have to provide for individuals to make contributions to their own accounts which would be pooled and invested by the State Board of Investment. The state would have no liability for investment earnings and losses. The plan should be designed so employers would be discouraged from dropping existing retirement plan options. /p>

The report was required to include a number of items, including estimates of the numbers of Minnesota workers who could be served by the plan, the participation rate that would make the plan self-sustaining, the effect of federal tax laws and ERISA, and the potential use and availability of investment strategies and insurance against loss to limit or eliminate potential state liability and manage risk to the principal. Funds were appropriated to cover the cost of producing the report, and, in December 2014, the Minnesota Management and Budget Commissioner issued a Request for Proposals (RFP) to conduct the report. Under the terms of the RFP, the report is to identify at least one option for a state administered retirement savings plan for private sector employees, though it may include other options. Each option is to be fully explained, and include an implementation plan with start-up costs, and outline the pros and cons of each option. A final report has not yet been released.

Nebraska

On December 10, 2013, the Retirement Systems Committee of the Nebraska Legislature held a hearing to discuss LR 344, a resolution calling for an interim study to examine the availability and adequacy of retirement savings for Nebraska's private-sector workers. The hearing was hosted by Committee Chair Senator Jeremy Nordquist. No further legislative action has been scheduled.

New Hampshire

On January 8, 2015, HB 239 was introduced by Representative David Danielson. The bill would establish the Statutory Commission on Retirement Security to study the creation of a state-sponsored program for workers without access to a retirement plan through their employers. The commission would study a program that would provide for automatic enrollment into a payroll-deduction account, with an option for employees to opt out of the program. No employer contributions would be required. The accounts would be portable, and self-sustaining, and the assets would be pooled and professionally managed. The commission would

be required to submit its report by November 1, 2015, and an appropriation of $100,000 would be authorized to support the commission.

HB 239 was voted on in the House on February 11, 2015, and the bill failed to advance.

New Jersey

On March 2, 2015, A 4275 was introduced by Assemblymen Vincent Prieto and others, and was referred to the Assembly Labor Committee on March 9, 2015. On June 18, 2015, the bill was reported out of the Labor Committee with amendments, and was referred to the Assembly Appropriations Committee. The bill was reported out of the Assembly Committee with amendments after a second reading on November 9, 2015 and was passed by the Assembly on December 3, 2015. On December 7, 2015, the bill was referred to the Senate Budget and Appropriations Committee.

A companion bill, S 2831, was introduced by Senator Stephen M. Sweeney on March 16, 2015, and referred to the Senate Labor Committee. On October 19, 2015, S 2831 was reported from the Senate Committee with amendments after a second reading and was referred to the Senate Budget and Appropriations Committee where it was reported out on December 21, 2015. On January 7, 2016 the Senate substituted House bill A 4275 for the text of S 2831 and passed the bill. The bill next goes to the Governor for consideration.

The bills would create the New Jersey Secure Choice Savings Program and a Secure Choice Savings Board and are modeled after the Illinois Secure Choice Retirement Savings Program. They would establish a payroll-deduction IRA for workers whose employers do not offer any other retirement savings vehicle in the workplace. The bills require all businesses in existence at least two years with 25 or more employees to automatically enroll their employees in the Secure Choice Savings Program unless they offer another retirement option to their workers. Small employers, who have fewer than 25 employees or have been in business less than two years, or both, may voluntarily participate in the program.

Employees are automatically enrolled into the program once they have been employed for three months, can determine a contribution level, select among a small number of investment options and may opt out at any time. A default contribution level of three percent of salary is offered to those who do not select one on their own, as is a default life-cycle investment fund for those who do not choose one from the options offered. Employees may only change their contribution levels or investment options once every calendar quarter. Assets are pooled into a single fund and managed by the New Jersey Treasurer and the Board, providing participants the benefit of low fees and competitive investment performance. No more than five different investment options may be offered in any year, and annual administrative fees are limited to 0.75 percent of the fund’s total balance.

Employers who do not enroll eligible employees are subject to penalties unless they can show reasonable cause for the failure. They are also subject to penalties if they fail to timely deposit employee's contributions. After the Board opens the program for enrollment, employers have nine months to establish plans for their employees. They may establish open enrollment periods during which their employees are permitted to enroll in the program if they have opted out previously. Board members and trustees are required to discharge their duties solely in the interest of participants and beneficiaries. Investment returns are not guaranteed by the State, and employers are not fiduciaries over the program, bear no responsibility for administration, investment or investment performance of the program, and shall not be liable with respect to investment returns, program design or benefits paid to program participants.

The law is to be implemented within 24 months unless enough funds are not made available for the project. The board must also find that the program is self-sustaining, that it is eligible for favorable federal tax treatment, and that it is not subject to ERISA.

New York

On February 26, 2015, Int 0692-2015 was introduced by Public Advocate Letitia James in the New York City Council. The bill would create a private pension advisory board to study the feasibility of establishing a pension fund for private sector workers in New York City. The board would consist of 11 members who have expertise in pension funds and finance. The bill does not set a deadline for the board to issue its report, but provides for the board's dissolution upon issuance of the report. On June 23, 2015 a meeting on the bill was held in the Committee on Civil Service and Labor. No further action has been taken on the bill.

On February 27, 2015, New York City Comptroller Scott Stringer announced the creation of a Retirement Security Study Group. The study group is tasked with designing up to three retirement savings options by the fall of 2015 for consideration by a retirement task force. The study group is fully funded through existing resources within the Comptroller's office.

North Carolina

On April 2, 2015, HB 515 was introduced by Representatives Schaffer, Ross, Glazier and Pierce. The bill was referred to the House Committee on Rules where no further action was taken before the conclusion of the legislative session.

HB 515, the Work and Save Plan Study directs the State Treasurer to study the establishment of a voluntary "Work and Save Plan Study" retirement program aimed at increasing the retirement savings options for private sector workers whose employers do not provide retirement savings plans. Participation in this program would be entirely voluntary and benefits would be portable

between employers. In conducting the study, the bill directs the Department to consider the recommendations for such a program that were made by AARP. The State Treasurer is directed to report its findings and recommendations to the 2015 General Assembly when it reconvenes in 2016.

North Dakota

On January 12, 2015, HB 1200 was introduced by Representative George Keiser. The bill was defeated in the House on February 10, 2015.

HR 1200 would have established the Save Toward a Retirement Today retirement savings program administered by the State Treasurer. Employers with no more than 100 workers who do not offer retirement plans to their employees would have been eligible to participate on a voluntary basis. Employees of qualifying employers who opt not to participate could have enrolled on an individual basis.

Contributions by employers were not required, and workers could select their own contribution amounts. Contributions would be tax deferred at both the state and federal levels. The state would not be held liable for investment performance. An appropriation of $100,000 would have been authorized to design and implement the program.

Ohio

On October 2, 2013, SB 199 was introduced by Senator Eric Kearney. The bill was modeled after the California legislation and would establish the Ohio Secure Choice Retirement Savings Board, which would design and administer the Ohio Secure Choice Retirement Savings Program.

The program would be a state-sponsored payroll-deduction IRA for workers who do not have access to a retirement plan through their employers. Employers with five or more employees would be required to participate. Employees could select their contribution rate into the accounts, though a three percent of salary contribution would be set for those who do not select their own rate. Employees could opt-out at any time.

Assets would be pooled and professionally managed, and a minimum rate of return would be guaranteed through private insurance. Neither the state nor employers would be subject to any liability for fund performance. The program would be established only if the board finds that it will be self-sustaining, qualifies for favorable federal tax treatment, and is not subject to ERISA.

SB 199 was assigned to the Senate Finance Committee but did not advance during the 2013-2014 legislative session.

Oregon

On July 7, 2013, Oregon's state legislature passed HB 3436, which creates a task force to explore options for helping private-sector workers who lack access to a workplace retirement plan save for retirement. The bill was signed into law by Governor John Kitzhaber on August 1, 2013.

The task force issued its report on September 12, 2014. The report found that retirement security in the state had deteriorated since a similar report was issued in 1997. The task force recommended developing and making available a retirement savings plan to all Oregonians who do not have access to a plan through their employer.

The recommendations envision a plan with a minimum employer role, automatic enrollment for the employee (with the ability to opt out), payroll deduction, and automatic annual escalation of contributions (with opt-out). The plan would be part of an overall retirement security program directed by a state board aimed at increasing enrollment in retirement security accounts. The program should include market research, small-business outreach, research into incentives, seeking legal guidance, and efforts to increase financial literacy.

On February 10, 2015, HB 2960 and its counterpart SB 615 were introduced by Senators Beyer, Riley, Roblan, and Rosenbaum and Representatives Williamson and Read and others. Both bills were referred to Committees of jurisdiction in their respective houses, where hearings were held and the bills were amended. HB 2960 passed the Oregon House by a vote of 32-26 on June 10, 2015, and passed the state Senate on June 16, 2015, by a vote of 17-13. The legislation was signed into law by Governor Kate Brown on Julne 25. The Governor named an Executive Director of the Oregon Retirement Savings Program and the Oregon Retirement Savings Board began holding monthly meetings in November, 2015.

HB 2960/SB 615 would establish a seven-member Oregon Retirement Savings Board in the office of the State Treasurer to administer the Oregon Retirement Savings Plan. The board would develop a defined contribution retirement plan for Oregon workers that would be pooled and professionally managed. Employers who do not provide a retirement savings plan would be required to offer their employees the opportunity to contribute to the Oregon Retirement Savings Plan through payroll deduction. The plan must provide for automatic enrollment with a default contribution level, though workers must be given the option of opting-out of the plan. Account owners would have the ability to maintain the accounts regardless of their place of employment and could roll over funds to other retirement accounts.

Before the plan can be established, the board must conduct a legal and market analysis to assess the feasibility of the plan and the applicability of ERISA. The plan cannot be created if the

Board determines it would be subject to ERISA. Otherwise, the bill requires contributions to begin no later than June 16, 2017.

Finally, the Board is required to report to the Legislative Assembly with the results of the market and legal analysis, potential cost to employers, timeline for implementation and other issues, including recommendations regarding ways to increase financial literacy, by December 31, 2016.

Rhode Island

House Bill 6080 was introduced by Representatives Edwards, Blazejewski and others on April 15, 2015. The bill was referred to the House Committee on Labor and a hearing took place on April 30, 2015. The Committee recommended the bill be held for further study and no additional action has been taken.

House Bill 6080 would create an automatic enrollment payroll deduction IRA program for private sector workers that would be administered by the Department of Labor and Training (DLT).Employers who have been in business at least two years and have five or more employees would be required to participate in the program unless they receive a hardship waiver. Smaller employers may participate on a voluntary basis. The Department would be responsible for designing a program that would allow employees to opt out, select a contribution level and investment option, and terminate participation, and would facilitate education and outreach to employers and employees. The default contribution option would be set at three percent, unless the employee chooses a higher rate. Investment options would include a life-cycle fund or target date fund as the default options. Employers would not have fiduciary obligations related to this program, and neither employers nor the state are liable for any investment losses resulting from participation in the program.

Implementation would begin 24 months after enactment and employers would establish a payroll deposit retirement savings option within six months after implementation.

Utah

On January 30, 2015, joint resolution SJR 9 was introduced by Senator Todd Weiler and House Sponsor Jon Cox. The resolution passed the House on March 4, 2015 and was signed by the Senate President on March 9, 2015. It was sent to the office of the Lieutenant Governor for filing on March 18, 2015.

SJR 9 urges Utah's small business workers and small business community to work with the state's Legislature and its Treasurer to study and develop a model for saving for retirement

through the workplace that is accessible to Utah's workers. The community is further urged to consider legislation, if necessary, to put the plan into action.

Vermont

On January 7, 2014, Senator Anthony Pollina introduced S 193, a bill creating an interim Public Retirement Plan Study Committee to evaluate the feasibility of establishing a public retirement plan. The Committee would also study whether private-sector employers of a certain size who do not offer an alternative retirement plan should be required to offer the public retirement plan through a voluntary payroll deduction that would be available to private-sector employees who are not covered by an alternative retirement plan. The findings and recommendations of the Committee were due on January 15, 2015, at which point the authority of the Committee would sunset.

The bill was referred to the Committee on Economic Development, Housing and General Affairs on January 7, 2014, and was favorably reported to the Committee on Appropriations on March 3, 2014.Key provisions of S 193 were enacted as part of the FY 2015 budget bill on May 10, 2015.

On June 9, 2014, the Governor signed into law H 885 (Act 0179), legislation providing appropriations for Vermont agencies. Included in the bill was an appropriation of $5,000 to conduct an interim study on the feasibility of establishing a public retirement plan.

The Public Retirement Plan Study Committee conducted two meetings between November 26, 2014 and January 14, 2015, and subsequently issued an interim report. Due to the limited timeframe provided to the committee, the report was only able to identify a list of guiding principles that the committee should use to provide a framework for its analysis and to recommend to the General Assembly that the mandate of the committee be extended for a year (to January 16, 2016) to allow it to complete a more comprehensive report. No further action has been taken.

Virginia

On January 14, 2015, HB 1998 was introduced by Delegate Luke Torian. The bill passed the House unanimously on February 10, 2015 and passed the Senate unanimously on February 24, 2015. It was signed by the Governor on March 27, and will go into effect on July 1, 2015.

HB 1998 establishes a Virginia Retirement System working group directed to develop recommendations to encourage and facilitate savings for retirement. The working group will review current state and federal programs that encourage Virginia's citizens to save for retirement by participating in retirement savings plans. The review will include an examination

of retirement savings options for self-employed individuals, part-time workers, full-time workers whose employers do not offer a retirement savings plan, and groups with low rates of savings.

The working group will include representatives of the Virginia Department of Taxation, small business, the self-employed, the Virginia College Savings Plan, and other stakeholders. The working group is directed to report its findings to the Governor and the General Assembly by January 1, 2017. The findings may include recommendations for changes in legislation to achieve its goal of increasing retirement savings.

Washington

On February 4, 2015, SB 5826, the Washington State Small Business Marketplace Retirement Savings Bill, was introduced by Senators Mark Mullet and Don Benton and was assigned to the Senate Committee on Financial Institutions and Insurance. After public hearings and consideration in a number of Senate committees, an amended version of the bill passed the Senate on April 10, 2015. HB 2109, the House companion bill, was introduced on February 12, 2015, and was referred to the House Committee on Appropriations. The committee passed the bill and referred it to the Rules Committee, and it ultimately passed the House, as amended by the Senate, on April 22, 2015. The Governor signed the bill into law on May 18, 2015. The Department of Commerce in Washington issued a request for proposals in November, 2015 and established a Small Business Marketplace information page on the Department's website. A draft rule governing the establishment of the Washington State Small Business Marketplace was published for public review and comment in December, 2015. A hearing on the draft rule has been scheduled for March 16, 2016 and the rule's intended date of adoption is March 25, 2016.

The bill establishes a small-business retirement plan marketplace in the state Department of Commerce. The marketplace would promote participation in low-cost, low-burden retirement savings plans and educate small employers on plan availability. The director of the marketplace would work with the private sector to establish a program that connects eligible employers with qualifying plans. Participation in the marketplace is completely voluntary for both employers and employees, but only those who are self-employed, sole proprietors or employers with fewer than one hundred employees are eligible to participate.

The marketplace director must approve a diverse array of private retirement plan options, including life insurance plans that are designed for retirement purpose, and at least three types of plans: a SIMPLE IRA that allows for employer contributions into participating worker's accounts, a payroll-deduction IRA that does not allow employer contributions, and the myRA, the retirement savings vehicle proposed by the Obama administration that is backed by Treasury bonds.

The financial services companies approved to participate in the marketplace must offer a minimum of two product options: a target-date or other similar fund which provides asset allocations and maturities designed to coincide with the expected date of retirement of the participant, and a balanced fund.

Plans offered through the marketplace must include the option to roll over contributions to different retirement accounts. Although these plans are subject to ERISA, Washington State is not exposed to ERISA liability.

The program designed by the director must:

- Establish a protocol for reviewing and approving the qualifications of private sector financial firms seeking to participate in the marketplace
- Design and operate an internet website that includes information describing how eligible employers can participate in the marketplace
- Develop marketing materials about the marketplace that can be distributed electronically, posted on various agency websites, and inserted in agency mailers
- Identify and promote existing federal and state tax credits and benefits for employers and employees that are related to encouraging retirement savings or participating in retirement plans, and
- Promote the benefits of retirement savings and financial literacy.

Finally, the bill authorizes the appropriation of $100,000 in 2015 and $50,000 in 2016-2018 for implementation of the legislation.

West Virginia

On March 6, 2015, SCR 58 was introduced by Senator Tom Takubo and referred to the Rules Committee. No further action was taken on the bill before the legislative session ended.

The Senate Concurrent Resolution would direct the Joint Committee on Government and Finance to study the need and feasibility of the state creating a cost-effective and portable group retirement savings program for small businesses and their workers. The study would include a comparison of the costs of establishing the program with currently available private sector financial and retirement security opportunities for small business (defined as businesses with 50 or fewer employees).

SCR 58 directed that the report by submitted to the regular session of the legislature in 2016 and include drafts of any legislation that would be needed to implement its recommendations. The funds to conduct the study would be taken from the Joint Committee's normal appropriations.

Wisconsin

On February 24, 2015, SB 45 was introduced by Senator Dave Hansen and others and was referred to the Committee on Labor and Government Reform. The Assembly companion bill, AB 70, was introduced on March 5, 2015 and was referred to the Committee on Financial Institutions. No further action has been taken on either bill.

The bills would establish the Wisconsin Private Retirement Security Board and require the board to design a Wisconsin private retirement security plan. The board is required to study the financial feasibility of such a plan and recommend a design structure that is most reasonable in light of the potential participant population and cost of the plan. The board is also required to hold a minimum of five public hearings within three months on the plan, at least one of which will be held in each of the geographic areas of the State. The board must design the plan so that it mirrors, to the extent possible, the Wisconsin Retirement System.

The board is required to submit its report 18 months after enactment of the legislation. The report is required to include an estimate of the cost of initial establishment and administration of the plan, an estimate of the amount of time necessary to make the plan viable, and a recommendation for any legislation that is necessary to implement the plan. The bill directs the Department of Employee Trust Funds to provide staff and other resources to assist the Board in performing its duties and submit an estimate for the supplemental funds that may be necessary to implement the plan.

Finally, the bill allows the board to charge participants reasonable fees to cover the costs of implementing and administering the plan.

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