



# DISCUSSION ON PRIVATE SECTOR RETIREMENT SAVINGS

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# State Payroll-Deduction Retirement Savings Programs

	CA	CT	IL	MA	MD	OR
<b>Program Type</b>	Payroll deduction to a traditional IRA	Payroll deduction to a Roth IRA;* option to change to a traditional IRA	Payroll deduction to a Roth IRA	401(k) plan subject to ERISA	Payroll deduction to an IRA	Payroll deduction to a Roth IRA
<b>Covered Employers</b>	Mandatory for all employers with 5+ employees that do not offer a plan	Mandatory for all employers with 5+ employees that do not offer a plan	Mandatory for all employers with 25+ employees that do not offer a plan	Voluntary for nonprofit organizations with 20 or fewer employees	Mandatory for all employers with 10+ employees that do not offer a plan	Mandatory for all employers that do not offer a plan
<b>Automatic Enrollment</b>	3% of pay with opt-out	3% of pay with opt-out	3% of pay with opt-out	6% of pay (unless employer chooses 4%) with auto-escalation up to 10% of pay	Default % determined by Board with opt-out	5% of pay with opt-out
<b>Investment Structure</b>	Target-date funds and other pooled accounts	Recommend 50% + of account in life-income investment	Target-date funds and other pooled accounts	Pooled accounts	To be determined by Board	Target-date funds and capital preservation funds
<b>Current Status of Program</b>	Legislation enacted 9/2012 established Board; legislation enacted 9/2016 to approve program	Legislation enacted 5/2016 to establish program with parameters	Legislation enacted 1/2015 to establish Board to administer plan with parameters	Legislation enacted 03/2012 to establish program administered by State Treasurer	Legislation enacted 5/2016 to establish program and incentive for employers	Legislation enacted 6/2015; program to begin mid-2017

\* Contributions to Roth IRAs are not tax deductible, but withdrawals are tax exempt provided certain criteria are met. This savings vehicle is named for the Senator who championed the concept.

Source: Segal Consulting using information from the Georgetown University Center for Retirement Initiatives

# Developments and Considerations

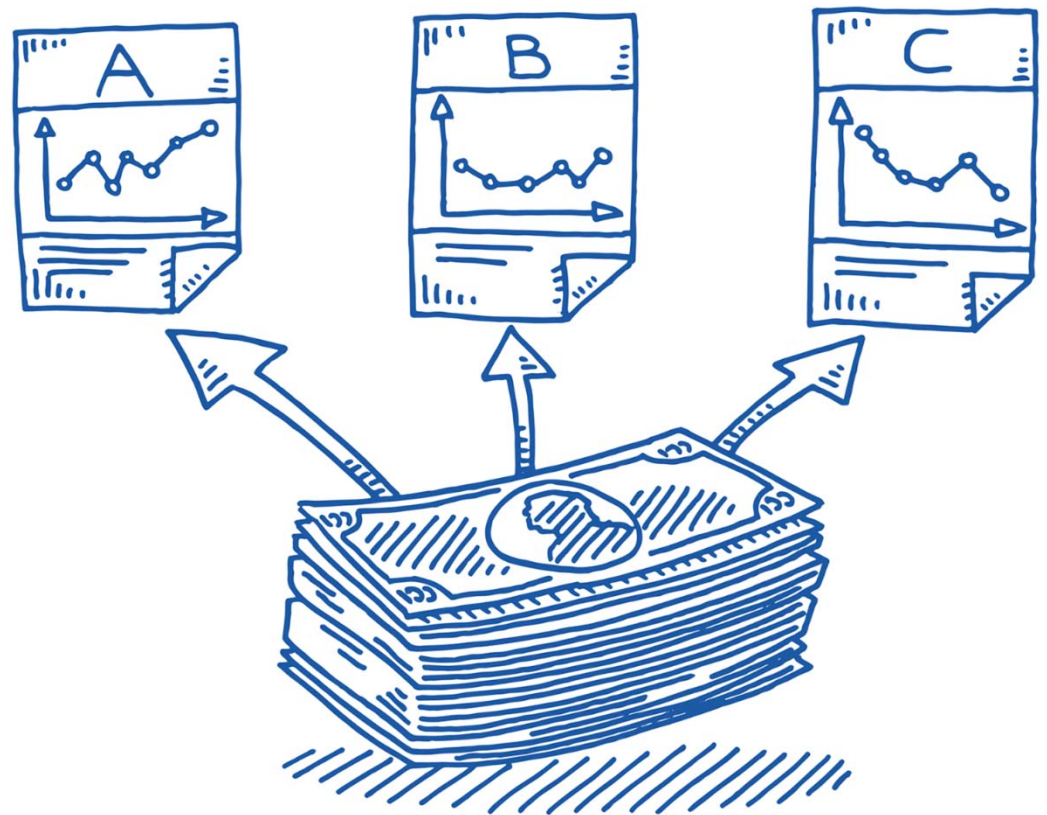
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## ➤ Safe Harbor Regulations Finalized

- Auto-enrollment permitted
- Population with minimum population can also sponsor a program—not permitted if the state offers a program

## ➤ Similar Programs

- Payroll IRA, including MyRA, programs
- College saving (529) and ABLE plans
- §3121 plans
- Multiple-employer plans (MEPs)
- State-wide public sector defined contribution programs



# Developments and Considerations

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## ➤ Market Analysis

- Size of covered population (ERs & EEs)
- Industries
- Demographics
- Projected rates
  - Opt-out
  - Contributions
  - Drop-out
  - Turnover
  - Inactive and abandoned accounts



## ➤ Key Considerations

- Funding and fee caps
- Recordkeeping costs and small account challenges
- Promotion and awareness
- Implementation—set up and rollout
- Investment design
  - Target date funds and beyond
  - Stability of principal—MyRA
  - Lifetime income
- Reducing leakage

# Developments and Considerations

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## ➤ Operational Considerations

- Identification of employers
- Employer effort
- Sponsor reporting
- Enforcement
- Future expansion, i.e., employees at non-participating employers

## ➤ Operational Goals Include

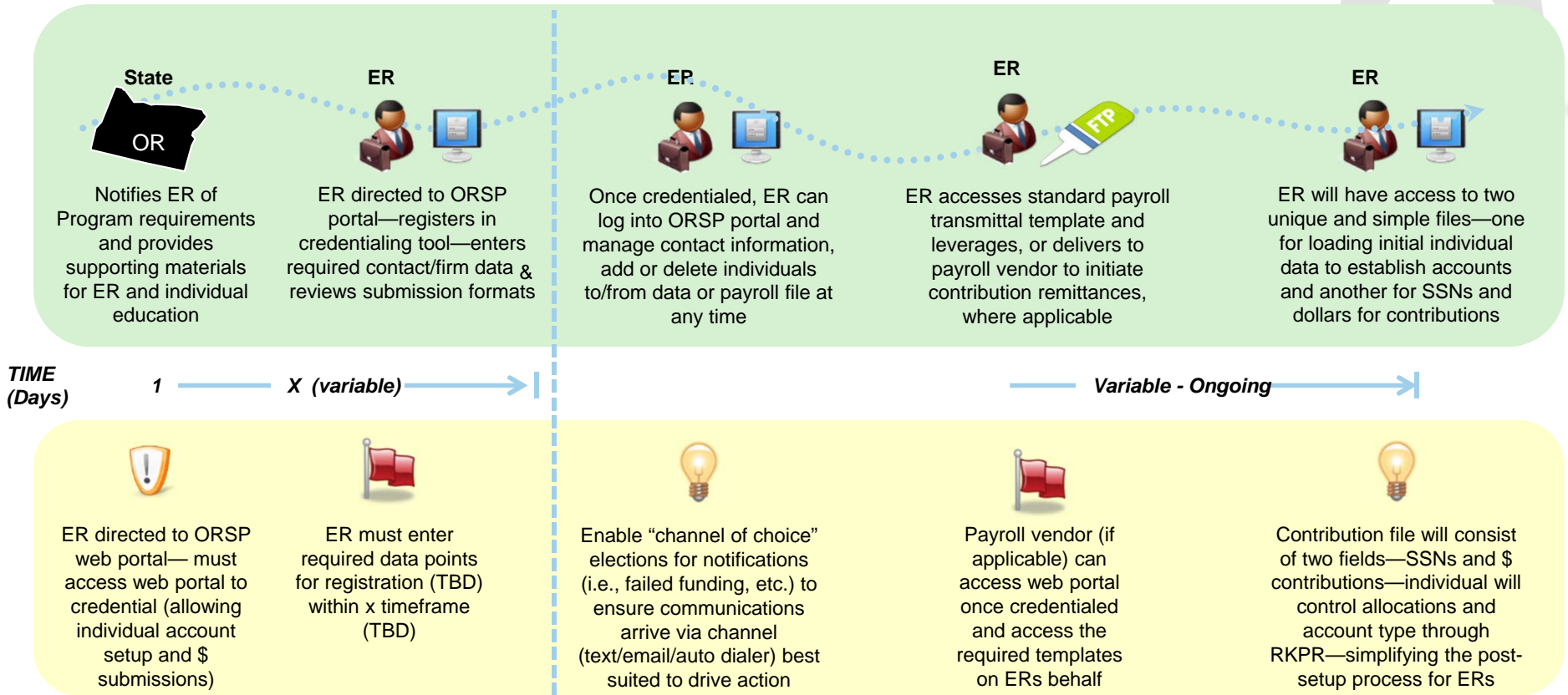
- Maximizing simplicity
- Minimizing ER burden
- Promoting administrative efficiency and reducing administrative costs
- Maximizing “customer” experience and use of technology



# Employer Onboarding – Recommended Process

## Context Notes:

- Employer is provided instructions, guidance and program materials from Oregon



Represents Customer Handoffs



Requires customer to take next step to continue process



Process Opportunity



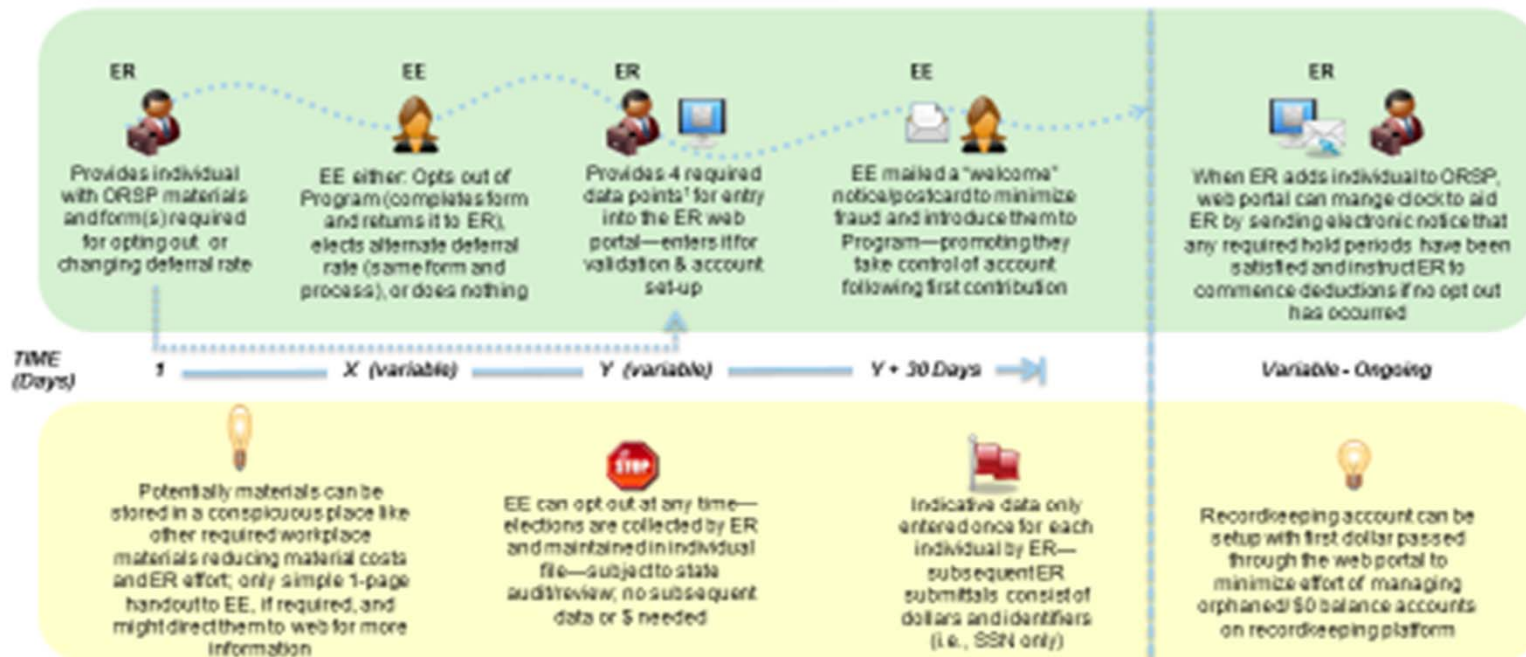
Process Delay/Stoppage

# Sample Process

## Employee Enrollment – Recommended Process

### Context Notes:

- Covered employees have been defined, and expectations of employer has been effectively communicated, by Oregon



Represents Customer Handoffs



Requires customer to take next step to continue process



Process Opportunity



Process Delay/Stoppage

<sup>1</sup> See IRA Account Data Requirements for prescribed data points

# Money In – Recommended Process

## Context Notes:

- Individual was entered into ORSP portal and any required holds have been satisfied – deductions have been effected from individual payroll proceeds

