
MAY 27, 2014

AGENDA ITEM 3
INFORMATION ITEM

SECURE CHOICE RETIREMENT SAVINGS INVESTMENT BOARD

Legislative Update

Presenter

Eric Lawyer

Background

The purpose of this agenda item is to provide the Board with a summary of relevant state and federal legislation attempting to address retirement security.

State

Connecticut

Legislators in Connecticut proposed a bill this year to establish the Connecticut Retirement Security Board. The first draft of the bill required employers not already offering a retirement savings plan to their employees to offer a retirement savings plan to be designed by the board. The bill would also require the board to conduct a market feasibility study to determine if the necessary conditions for implementing the plan can be met. The bill would have required that—contingent on favorable results from the market feasibility study—the plan open for enrollment by August, 2015.

After that bill languished in the legislature, its sponsors rewrote it, limiting its scope to the establishment of the Connecticut Retirement Security Board and the allocation of \$400,000 to fund a market feasibility study. The budget bill passed in the House and Senate earlier this month and is awaiting the signature of the Governor. If the bill becomes law, the Board will be required to complete a study to determine whether certain goals and design features identified in the legislation—among others, automatic enrollment, portability, low administrative costs, and preclusion from the federal Employee Retirement Income Security Act—may be accomplished. The Board must submit a comprehensive proposal for a retirement savings plan to the Governor and legislature by April 2016.

Maryland

Governor Martin O'Malley established the Governor's Task Force to Ensure Retirement Security for All Marylanders through executive order earlier this month. Similar legislation failed to advance through the legislature each of the past couple years. The task force shall issue recommendations of policies to achieve the goal of retirement security for all in Maryland, including retirement plan design features to be incorporated in a state-run retirement savings plan.

Illinois

Senate Bill 2758 would establish the Illinois Secure Choice Savings Program. The plan would be mandatory for employers of ten or more employees and enrollment would be automatic for employees, with the option of opting out.

As written, the program would be implemented within a year after the effective date of the act. The Board may not implement the program, however, if program accounts “fail to qualify for favorable federal income tax treatment” or if it is “determined that the program is an employee benefit plan and State or employer liability is established under the federal Employee Retirement Income Security Act.

The bill was passed by the Illinois State Senate April 9, 2014 and has been referred to the House Personnel and Pensions Committee as of the writing of this agenda item.

Federal

Marco Rubio

U.S. Senator Marco Rubio (R-Fla), and a potential presidential candidate in 2016, announced a plan to reform the nation’s retirement system. In addition to proposals that would raise the retirement age for younger workers and scaling back Social Security benefits for wealthy retirees, he proposed opening the federal Thrift Savings Plan to all workers. The plan is available to federal employees and is lauded for its low fees and its simplified investment choices.