TALKING POINTS

TOGETHER WE CAN TAKE ON ANYTHING

State Sponsored Retirement Plans:

Talking Points

- Lack of access to retirement savings accounts is grossly overstated as not all those without access need it. Many households save for retirement jointly or already own an IRA.
- The 2021 enacted provisions of the SECURE Act addresses many of the existing retirement saving gap concerns, including expanding access to part-time workers and encouraging auto-enrollment.
- The SECURE Act also made it much more feasible (and less costly) for employers by simplifying the adoption of multiple employer retirement plans (MEP) and pooled employer plans (PEP) and by providing businesses with tax credits to establish new plans.
- State-run programs are not addressing the core reasons Americans are not saving for retirement. There are limitations to what auto-enrollment plans can achieve when provided to workers in industries and firms with low wages, volatile wages, and high turnover.
- State-run plans are expensive to set up and implement, creating ongoing expenses and liability for the state. Every program enacted has significantly exceeded proposed start-up cost projections.
- The burden to employers is higher than promised, with many reporting out-of-pocket expenses with setting up and maintaining the plans, in addition to laborious reporting requirements.
- Current programs in California, Oregon, and Illinois are significantly underperforming self-sustaining benchmarks and suffer from low participation, low employee contributions, high participant turnover, high account withdrawals, and high opt-out rates.
- Secure Choice and other state-run auto-IRA plans seek to avoid federal consumer protections.
- Ongoing legal battles over ERISA preemption are not going away, with a likely Supreme Court hearing in 2022.

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