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STATE REPRESENTATIVE
DISTRICT 42
HOUSE OF REPRESENTATIVES

MEASURE: HB 3436
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Testimony in Support of HB 3436

House Committee on Business and Labor
March 22nd, 2013

Chair Doherty and Members of the Committee, thank you for the opportunity to submit testimony in support of HB 3436, which I am proud to co-sponsor.

Retirement security is a looming crisis. We know that more than half of Oregonians don't have enough money to retire. In fact, thirty-six percent of workers aged 55 and older surveyed by the Employee Benefit Research Institute (EBRI) report having less than \$10,000 in savings and investments. If we don't do something now, it will become a social and state budgetary crisis for all of us.

Oregon's senior population is projected to grow from 502,000 to 950,000 by 2030. Even worse, we are seeing a decrease in the percentage of people putting money away for retirement. According to the Employee Benefits Research Institute, in the last 3 years the lowest income families (those making less than \$35,000 per year) who report having money saved for retirement has dropped from 49% to 24%. This 27% drop will lead to momentous impacts ahead. When savings fall short, older adults are forced to rely on the public safety net or their families.

Right now, retirement security is something most Oregonians struggle with on the individual level. Even as an economist, I struggle to find the best way to plan for my future retirement. And as fewer jobs offer retirement plans, younger workers are facing more uncertainty for how best to plan for their retirement. Uncertainty in the stock market has left workers unsure of where to invest what little savings they do have. And stagnant wages have made it even harder to save as families choose paying today's bills over saving for the future.

Currently, five other states are considering legislation to study and plan for retirement security: Illinois, Maryland, Connecticut, Vermont, and Indiana. Oregon has been an innovative leader on many important issues. I support the Oregon Retirement Security Coalition, HB 3436, so that Oregon is a leader for retirement security as well. It is a responsible approach to developing a long-term solution. The bill brings together the key players to study the issue of retirement security and develop a responsible solution. The Oregon Retirement Savings Investment Board includes representatives from employers, the financial services industry, the public and Oregon's chief financial officer, the State Treasurer. The board will study the issue over the next year, and recommend a plan to the 2015 Legislature. The bill requires the board to develop a solution that does not incur liability for the state and that is portable and accessible to all Oregon workers.

Taking a first step to clear up the uncertainty Oregonians face on retirement and achieve secure retirement for every working Oregonian is the right thing to do and will prepare the entire state for the increased number of seniors.

Thank you for taking the time to consider HB 3436.

Jules Bailey
State Representative, HD 42





Dear Colleagues,

Oregon, like the nation, is facing a retirement crisis. Nearly half of Oregonians aged 25-64 are not covered by a retirement plan at work, and many of them are at risk of not being able to cover their living and medical expenses when they retire. Even many who do have retirement plans will change jobs many times in their lifetime, and face challenges of continuity and consistent growth. Individual plans can be confusing and difficult to access. And small businesses struggle with the cost and hassle of providing a retirement plan.

We know that **more than half of Oregonians don't have enough money for retirement.** The Great Recession and the housing crash have made retirement security out of reach for a growing number of Oregonians. Those most at risk of not having a secure retirement are women, people of color, and employees of small businesses. It's all too common to hear people say "I'll have to work until I die."

Just as Oregon led the charge in tackling the problems with our healthcare system, **we need to lead the charge in creating retirement security for all working Oregonians.**

If older adults don't have enough money for secure retirement, they are forced to rely on public safety net services – which are expensive for the state. Oregon's senior population is projected to grow from 502,000 to 950,000 by 2030. What is a problem now will soon become a crisis for Oregonians and the state budget. By helping people plan for self-sufficiency in retirement, the state will ultimately save money. We believe every working Oregonian deserves a secure, easy way to plan and save for retirement, and with more than half of Oregonians relying primarily on Social Security for their retirement income, we know that the status quo isn't solving the problem.

We write asking you to **join us in support of the Oregon Retirement Security Coalition bill supported by those we trust on retirement issues, like AARP (HB 3436),** which is the first step toward developing a solution that provides secure retirement options for all working Oregonians. It creates a board charged with studying the issue in 2013 and 2014 and developing a responsible, sustainable plan to put before the 2015 Legislature. Much like the help Oregon has given families saving for college, HB 3436 would create a plan for Oregon to help those planning for their future.

The board includes representation from employers, the financial services industry, the public, and the state's chief financial officer, the State Treasurer. The bill requires the board to develop a solution that has **no liability for the state, and is portable and accessible to all Oregon workers.**

HB 3436 is a responsible approach to developing a long-term solution.

Lee Beyer
State Senator
SD 6

Jules Bailey
State Representative
HD 4

Ted Wheeler
State Treasurer



STATE OF OREGON
LEGISLATIVE COUNSEL COMMITTEE

March 6, 2013

Representative Jules Bailey
900 Court Street NE H274
Salem OR 97301

Re: House Bill 3436 and ERISA

Dear Representative Bailey:

You asked whether House Bill 3436 violates the Employee Retirement Income Security Act of 1974 (ERISA), the federal law that establishes minimum standards for pension plans offered to private sector employees. The answer is no.

House Bill 3436 creates the Oregon Retirement Savings Investment Board and directs the board to develop recommendations for establishing an Oregon Secure Retirement Plan for employees in the private sector. The board is directed to report to an interim committee of the Legislative Assembly on its recommendations. The bill does not provide for implementation of a retirement plan; a future Legislative Assembly would have to enact further legislation to establish the plan.

House Bill 3436 does not actually establish or implement a pension plan, so the bill could not be in conflict with ERISA. Furthermore, the board is directed to include in its report "[a]n analysis of whether the plan will comply with federal law and whether any adjustments are needed to state or federal law to facilitate compliance with the law." Thus, the board is explicitly directed to consider compliance with ERISA in formulating its recommendations.

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Very truly yours,

DEXTER A. JOHNSON
Legislative Counsel

By
Marisa N. James
Deputy Legislative Counsel