

To: Oregon House Committee on Business and Labor

From: The Main Street Alliance of Oregon

Date: March 6, 2015

Re: Support of HB 2960

Chair Holvey, Vice-Chairs Barton and Kennemer and Members of the Committee,

The Main Street Alliance of Oregon, a network of over 2500 small business owners from across the state, supports HB 2960, establishing the Oregon Retirement Savings Fund Board to provide Oregonians with a safe, easy and effective way to save for retirement while limiting the state's liability.

As small business owners, we know how challenging it can be to plan for the future and save for retirement. Many of us have been able to weather the raging economic storms over the past few years, but a great deal of us have lost almost everything. Most of us end up putting every little bit of profit we make right back into our businesses, so we can keep our employees in jobs, and continue to provide the goods and services that our communities depend on. There is a real problem in Oregon, and across the nation; now is the time for Oregon to lead the way out of this looming retirement security crisis.

Over the course of our research, the Main Street Alliance found that across the country, more than a third of small business owners (businesses with 100 or fewer employees) are at or near Social Security's full benefit age of 66. Specifically in Oregon, nearly 40% of small business owners are over the age of 55 (27% 55-64, 12% 65+).<sup>i</sup>

Small business owners, like our employees, face challenges saving for retirement. A 2012 study by the U.S. Small Business Administration Office of Advocacy found that business owners are "significantly less likely to hold retirement assets than private sector wage and salary workers," and that "owners of smaller businesses with fewer than 25 employees are significantly less likely to invest in retirement assets and have lower amounts of retirement assets than owner of larger firms." The study also found that "financially vulnerable small business owners—those who hold a high percentage of their net worth in business assets—are less likely to invest in retirement assets than owners who are less net worth vulnerable."<sup>ii</sup>

We've seen this in our business-to-business outreach across the state as well. Over the course of the last year, the Main Street Alliance of Oregon has surveyed over 800 business owners from Astoria to La Grande, and Portland to Ashland. Of those surveyed, 88% responded they do not offer a retirement plan to their employees, and over 40% said they do not have any retirement savings for themselves. The majority of these also added that their business assets *are* the bulk their retirement savings—that is to say, they've invested all they have to just keep the doors opened, and their employees in jobs.

The recession has hurt retirement security for small business owners. An August 2012 survey of small business owners by the Wall Street Journal and Vistage International found 38% of business owners said they planned to retire later than they would have predicted five years ago, and 56% said most of their retirement nest egg is tied to their business.<sup>iii</sup>

As you consider HB 2960, please keep in mind the views of Main Street businesses all across the state. Main Street business owners are supportive of a plan that is:

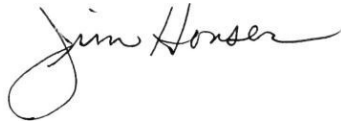
- **Voluntary, portable, flexible and easy to access:** Workers will be allowed to choose to participate or opt out. The plan will stay with workers from job to job, with funds deposited into an individual retirement account and not tied to a single employer.
- **Pooled and professionally management:** A well-managed plan will improve the health of investments, reduce fees and protect the interests of Oregon families.
- **Secure and protected investments:** By establishing a fund to be held in the public trust, the money Oregonians invest will be shielded from being used to fund other services.

For many of Oregon's small business owners, Social Security and Medicare form a critical source of income in their retirement years. We all know that this cannot be the only savings plan for retirees.

At the Main Street Alliance of Oregon, we're grateful to be a part of the solution—finding a way to have a portable, automatic, secure, pooled retirement option in which employees can contribute, will allow for Oregonians to plan and save for their retirement more effectively. In fact, when asked if they would support or oppose Oregon creating a pooled retirement option for small business owners and their employees that would reduce administrative and financial liabilities, nearly 70% of those surveyed responded they would support such a plan.

Giving every working Oregonian an easy way to save for retirement can provide security for all Oregonians—this is the right move for Oregon small businesses and the communities we serve.

Yours respectfully,



Jim Houser, co-chair  
Hawthorne Auto Clinic, Portland



Mark Kellenbeck, co-chair  
BrainJoy LLC, Medford

<sup>i</sup> United States Census Bureau, Survey of Business Owners, "Public Use Microdata Sample (PUMS): 2007," Issued August 2012. The first-ever Survey of Business Owners Public Use Microdata Sample was created using responses from the 2007 SBO. SBO PUMS data was used to estimate the percentage of small business owners (under 100 employees) over age 55 by state. <http://www.census.gov/econ/sbo/pums.html>

<sup>ii</sup> US Small Business Administration, Office of Advocacy, *Financial Viability and Retirement Assets: A Look at Small Business Owners and Private Sector Workers*, December 2012. [http://www.sba.gov/sites/default/files/files/rs401tot%20\(1\).pdf](http://www.sba.gov/sites/default/files/files/rs401tot%20(1).pdf)

<sup>iii</sup> *Wall Street Journal*, "'The Economy Stole My Retirement,'" September 12, 2012. <http://online.wsj.com/article/SB10000872396390444230504577615861593287688.html>