



The Oregon Business Association (OBA) opposes House Bill 2960 A

OBA convened a special meeting of our members (and experts on employment issues) and also invited our peers in the other major business associations to review the bills establishing a state administered retirement plan. Below are the recommendations the OBA group crafted for possible changes to HB 2960 and/or SB 615 that would make the law much more workable for employers. *Some, but not all of these principles have been addressed in the amended bill and thus, OBA remains opposed to the bill.*

- 1) **Employer and State Liability Must Be Avoided.** The legislation must automatically sunset if the retirement program is found to fall under ERISA, or any other federal standard which would impose fiduciary or financial liability on either the state or small business participants. If such liability were found to apply at a later date, we would support a state endorsement of the federal MyRA as a fallback plan.
- 2) **The State Should Express Support for More Robust Private Sector Retirement Savings Vehicles.** The state should act as an objective facilitator in this marketplace and remain faithful to the stated purpose of the initiative – to increase Oregonians’ retirement savings. By allowing employers subject to this program to make an informed decision on retirement savings options, the state also limits its exposure. As such, we strongly recommend that the state take steps to facilitate adoption and retention of more robust retirement plans where the employer is willing to do so. 401k plans allow a higher annual savings amount, give employers the opportunity to match employee contributions, and meet or exceed all of the plan criteria specified by the 2014 Task Force. Similarly, the state should make it very easy for employers already offering a retirement plan to certify compliance with the state plan.
- 3) **Start Up Credits Should Apply to All Plans.** While we concur that small employer startup costs should be offset by the state with a one-time credit, for two reasons we cannot support legislation that incents participants only in the state’s program. First, the state’s plan should not receive a legislative advantage over private sector businesses already operating in this market. Second, it seems imprudent for the state to incent adoption of an IRA-based plan over plans which offer more robust savings options for employees. A modest, one-time credit should be offered to qualifying small employers who adopt either the state plan or a traditional 401k or similar plan. The state should not discourage adoption of more robust retirement savings vehicles by Oregon employers. *See addendum for examples of credit language.*
- 4) **The Program Should Apply Only to Small Employers.** This state IRA program should be offered only to small employers under 50 employees.
- 5) **The Legislation Should Prohibit Employers from Cancelling an Existing 401k or Pension Plan in Favor of the State Plan** for the same public policy reasons elaborated above. At a minimum, the legislation should disallow the startup credit for employers exiting an existing retirement plan.
- 6) **State Pre-emption.** The legislation should clarify that the state has unique authority in this arena, pre-empting local governments from enacting local ordinances governing employee retirement programs.

7) **Education for Small Employers is a Critical Component of Retirement Security Legislation.** Employers should be informed about the range of retirement plan options available in the marketplace, including low-cost group plans, in addition to the state-facilitated plan. Such education should include the following components:

Improve Access To and Awareness of Available Plans

Create a simple registry of private sector retirement savings providers and advisors who offer products for small employers. The registry should be made available online and include a brief listing or summary of types of products and services available, or links to access this information directly with the provider.

Communicate the Benefits of Retirement Savings to Employers, Workers and Individuals

Business Oregon or The State Treasurer, with the support of the private sector, should develop a simple Retirement Savings Plan Startup Kit to communicate the benefits of creating and maintaining a retirement savings program for employees. The kit shall contain links to and information about available retirement plan options; the database of licensed providers; the U.S. Department of Labor employer resource site, "Saving Matters"; the U.S. Treasury MyRA program (<http://myra.treasury.gov/>); and any other relevant information of use to employers.

This should also include information for employees about the [Federal Saver's Credit](#) since auto enrollment in the state's IRA-based plan will result in an automatic after-tax pay cut for employees.