

Oregon State Council



May 6, 2015

To: Joint Ways and Means Subcommittee On General Government
Co-Chair Senator Elizabeth Steiner Hayward
Co-Chair Senator Greg Smith
Senator Betsy Johnson
Senator Doug Whitsett
Representative Betty Komp
Representative Dallas Heard
Representative Kathleen Taylor
Representative Nancy Nathanson

Fr: Matt Swanson, Executive Director

Re: Support House Bill 2960A

Co-Chairs Steiner Hayward, Smith and Members of the Committee:

On behalf of the more than 60,000 members of the Service Employees International Union in the state of Oregon we urge to you to support House Bill 2960A, creating the Oregon Retirement Savings Program. This bill would create a voluntary retirement account that Oregonians without access to a plan at work could be enrolled in. Participation would be automatic and workers could opt out if they did not wish to participate. The funds would be professionally managed through a third part administrator similar to Oregon's College Savings Plan.

Currently only 55% of Oregon workers have access to a retirement savings program when they work.¹ This mirrors a national trend wherein about half of working people do not have a retirement savings program at work. The result is that more and more Oregonians risk retiring into poverty or outliving their savings. The result is further strain on our senior services programs at the state, local and community level. Encouraging participating in a retirement savings account will help ensure that Oregonians can live with dignity in their golden years.

SEIU members provide services for low-income seniors throughout the state. Every day we see the results of a retirement savings system that leaves many workers out of simple, easy to use plans that allow all of us to save through work. According to AARP Oregon, workers are seven times more likely to start saving when they have access to a plan at work. When workers don't save they are pushed into poverty as we see for the thousands of low income seniors currently cared for through the Oregon Homecare commission.

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Additionally, we know that many homecare workers have no retirement savings themselves. Homecare workers are some of the lowest wage workers in the state and do not currently have access to a savings plan when they work. The reality for many of these workers is that they will be seeing their future every day at work. After a career caring for low-income seniors, the truth is that they will be likely to face poverty themselves. House Bill 2960A at least gives a path to start saving. This will undoubtedly lead to better results for long-term economic stability. Even a modest amount saved over the course of a career will make a big difference for the lowest income seniors in our state. According to research by Portland State University's Northwest Economic Research Center, the lowest income quartile could see a 410% increase in participation in a retirement savings program.

Passing House Bill 2960A will also help narrow some of the wide gaps in retirement preparedness that exist based on race and gender. With regard to retirement plans, one of the most critically uncovered populations is Oregon's growing Hispanic community, according to the 2015 NERC study, just 33% of Oregon's Hispanic workforce has access to a workplace plan and just 23% are participating. Another cohort that is lagging in terms of retirement outcomes is Oregon's women who see much higher rates of poverty in old age. According to research by the Economic Policy Institute, while women make up over 57% over retirement age Oregonians, but an astonishing 83% of the lowest income retirees.ⁱⁱ

Please support House Bill 2960A and give all Oregonians a shot to retire with dignity.

ⁱ Retirement Security in Oregon, Northwest Economic Research Center, March 2015. Dr. Tom Potiowsky, et al. Found on-line at <http://www.pdx.edu/nerc/sites/www.pdx.edu/nerc/files/Retirement%20Security%20Final%20Report.pdf>

ⁱⁱ "Oregon retirement security How are retirement needs being met now and in the future?", Douglas Hall and Elise Gould. Found on-line at <http://www.epi.org/publication/bp334-oregon-retirement-security-needs-met/>