

**PROPOSED AMENDMENTS TO
A-ENGROSSED HOUSE BILL 2960**

1 On page 2 of the printed A-engrossed bill, delete lines 13 through 45 and
2 delete pages 3 through 6 and insert:

3 **SECTION 2. Powers and duties of Oregon Retirement Savings**
4 **Board.** (1) The Oregon Retirement Savings Board shall develop a pro-
5 posed defined contribution retirement plan for persons employed for
6 compensation in this state and, pursuant to section 5 of this 2015 Act,
7 conduct a market analysis of the plan and obtain legal advice regard-
8 ing the plan.

9 **“(2) The board shall have the following powers:**

10 **“(a) To make and enter into contracts, agreements or arrange-**
11 **ments, and to retain, employ and contract for any of the following**
12 **considered necessary or desirable, for carrying out the purposes set**
13 **forth in sections 1 to 5 of this 2015 Act:**

14 **“(A) Research and technical services.**

15 **“(B) Services of other state agencies to assist the board in its du-**
16 **ties.**

17 **“(b) To develop and implement an outreach plan to gain input and**
18 **disseminate information regarding the plan and retirement savings in**
19 **general.**

20 **SECTION 3. Requirements for Oregon Retirement Savings Plan.**

21 (1) The plan developed and proposed by the Oregon Retirement Savings
22 Board under section 2 of this 2015 Act must:

From the Desk of
Senator Ted Ferrioli

1 “(a) Allow eligible individuals employed for compensation in this
2 state to contribute to an account established under the plan through
3 payroll deduction.

4 “(b) Require an employer to offer its employees the opportunity to
5 contribute to the plan through payroll deductions unless the employer
6 offers an alternative retirement plan to its employees.

7 “(c) Provide for automatic enrollment of employees and allow em-
8 ployees to opt out of the plan.

9 “(d) Have a default contribution rate to be set by the board by rule.

10 “(e) Offer default escalation of contribution levels that can be in-
11 creased or decreased within the limits allowed by the Internal Revenue
12 Code.

13 “(f) Provide for contributions to the plan to be deposited directly
14 with the investment administrator for the plan.

15 “(g) Whenever possible, use existing employer and public
16 infrastructure to facilitate contributions to the plan.

17 “(h) Qualify for the favorable federal tax treatment ordinarily ac-
18 corded to individual retirement accounts and comply with section 408
19 of the Internal Revenue Code and all other relevant laws and regu-
20 lations.

21 “(i) Require no employer contributions to employee accounts.

22 “(j) Require the maintenance of separate records and accounting for
23 each plan account.

24 “(k) Provide for reports on the status of plan accounts to be pro-
25 vided to plan participants at least annually.

26 “(L) Allow for account owners to maintain an account regardless
27 of place of employment and to roll over funds into other retirement
28 accounts.

29 “(m) Pool accounts established under the plan for investment.

30 “(n) Be professionally managed.

1 “(o) Provide that the State of Oregon and employers that partic-
2 ipate in the plan have no proprietary interest in the contributions to
3 or earnings on amounts contributed to accounts established under the
4 plan.

5 “(p) Provide that the Oregon Retirement Savings Board is the
6 trustee of all contributions and earnings on amounts contributed to
7 accounts established under the plan.

8 “(q) Not impose any duties under the Employee Retirement Income
9 Security Act of 1974 (29 U.S.C. 1169) on employers or the State of
10 Oregon.

11 “(r) Ensure that administrative fees in the plan do not exceed one
12 percent of the total program fund annually.

13 “(s) Ensure that the earnings on contributions of enrollees are ex-
14 empt from federal and state income taxation until the moneys are
15 disbursed to the account holder.

16 “(t) Allow the use of private sector partnerships to administer and
17 invest the contributions to the plan under the supervision and guid-
18 ance of the board.

19 “(2) The plan, the board, each board member and the State of
20 Oregon may not guarantee any rate of return or any interest rate on
21 any contribution. The plan, the board, each board member and the
22 State of Oregon may not be liable for any loss incurred by any person
23 as a result of participating in the plan.

24 “SECTION 4. Proposed rules for Oregon Retirement Savings Plan.
25 The Oregon Retirement Savings Board shall develop proposed rules
26 that:

27 “(1) Establish the process for voluntary enrollment in the plan de-
28 veloped and proposed under section 2 of this 2015 Act, including pro-
29 cedures for automatic enrollment of employees and for employees to
30 opt out of the plan.

1 **“(2) Establish the process for participants to make the default con-**
2 **tributions to plan accounts and to adjust the contribution levels.**

3 **“(3) Establish the process for allowing employees to opt out of en-**
4 **rollment in the plan.**

5 **“(4) Establish the process for plan participants to make nonpayroll**
6 **contributions to plan accounts.**

7 **“(5) Set minimum, maximum and default contribution levels in ac-**
8 **cordance with limits established by the Internal Revenue Code.**

9 **“(6) Establish the process for withdrawals from plan accounts.**

10 **“(7) Establish the process and requirements for an employer to ob-**
11 **tain an exemption from offering the plan if the employer offers an**
12 **alternative retirement plan to its employees that meets requirements**
13 **to be prescribed by the board by rule.**

14 **“(8) Mandate the contents and frequency of required disclosures to**
15 **employees, employers and other plan participants. These disclosures**
16 **must include, but need not be limited to:**

17 **“(a) The benefits and risks associated with making contributions**
18 **to the plan;**

19 **“(b) Instructions for making contributions to the plan;**

20 **“(c) How to opt out of the plan;**

21 **“(d) How to participate in the plan with a level of contributions**
22 **other than the default rate;**

23 **“(e) The process for withdrawal of retirement savings;**

24 **“(f) How to obtain additional information about the plan;**

25 **“(g) That employees seeking financial advice should contact finan-**
26 **cial advisers, that participating employers are not in a position to**
27 **provide financial advice and that participating employers are not liable**
28 **for decisions employees make pursuant to sections 1 to 5 of this 2015**
29 **Act;**

30 **“(h) That the plan is not an employer-sponsored retirement plan;**

1 and

2 “(i) That the plan accounts and rate of return are not guaranteed
3 by the state.

4 “SECTION 5. Preliminary determinations for development of
5 Oregon Retirement Savings Plan. (1) The Oregon Retirement Savings
6 Board shall conduct a market analysis to determine:

7 “(a) Whether the plan developed and proposed under section 2 of
8 this 2015 Act will be financially self-sustaining, taking into consider-
9 ation administrative fees, estimated participation rates, participants’
10 comfort with various investment vehicles and degree of risk, payroll
11 contribution levels, and the estimated rate of account closures and
12 rollovers.

13 “(b) Whether and to what extent plans with the characteristics de-
14 scribed in section 3 of this 2015 Act currently exist in the private
15 market.

16 “(2) The board shall obtain an opinion from the Internal Revenue
17 Service indicating whether the proposed plan qualifies for the favora-
18 ble federal income tax treatment ordinarily accorded to individual re-
19 tirement accounts under the Internal Revenue Code. If the Internal
20 Revenue Service determines that the plan does not qualify for the fa-
21 vorable federal income tax treatment ordinarily accorded to individual
22 retirement accounts, the board may not continue development of the
23 plan.

24 “(3) The board shall obtain an advisory opinion from the United
25 States Department of Labor indicating whether the proposed plan is
26 an employee benefit plan under the Employee Retirement Income Se-
27 curity Act of 1974 (29 U.S.C. 1169). If the United States Department of
28 Labor determines that the plan is an employee benefit plan, the board
29 may not continue development of the plan.

30 “(4) The board shall investigate how to allow individuals who are

1 not automatically enrolled in the plan to opt in to the plan and make
2 contributions to an account, either through payroll contributions or
3 another method of contribution.

4 “(5) The board shall coordinate with the efforts of other states as
5 those states pursue legal guidance for similar retirement savings pro-
6 grams.

7 **“SECTION 6. Oregon Retirement Savings Plan Administrative**
8 **Fund.** (1) The Oregon Retirement Savings Plan Administrative Fund
9 is established in the State Treasury, separate and distinct from the
10 General Fund. Interest earned by the Oregon Retirement Savings Plan
11 Administrative Fund shall be credited to the fund. Moneys in the fund
12 are continuously appropriated to the Oregon Retirement Savings
13 Board.

14 “(2) The Oregon Retirement Savings Plan Administrative Fund
15 consists of:

16 “(a) Moneys appropriated to the fund by the Legislative Assembly;

17 “(b) Moneys transferred to the fund from the federal government,
18 other state agencies or local governments;

19 “(c) Moneys from the payment of fees and the payment of other
20 moneys due the board;

21 “(d) Any gifts or donations made to the State of Oregon for deposit
22 in the fund; and

23 “(e) Earnings on moneys in the fund.

24 “(3) The board may use the moneys in the fund to pay the admin-
25 istrative costs and expenses of the board and for any other purpose
26 described in sections 1 to 5 of this 2015 Act.

27 **“SECTION 7. The Oregon Retirement Savings Board shall report to**
28 **a committee or interim committee of the Legislative Assembly related**
29 **to retirement investments on or before December 31, 2016. The report**
30 **must include:**

1 “(1) The proposed plan developed under section 2 of this 2015 Act
2 and the proposed rules developed under section 4 of this 2015 Act.

3 “(2) The results of the market analysis conducted by the board un-
4 der section 5 of this 2015 Act.

5 “(3) The findings from legal advice obtained by the board under
6 section 5 of this 2015 Act.

7 “(4) An analysis of potential costs to employers, including admin-
8 istrative costs, associated with providing automatic payroll deductions
9 for participation in the proposed plan, and recommendations on how
10 to eliminate or reduce those costs through incentives, tax credits or
11 other means.

12 “(5) A draft of a request for proposals to solicit bids from invest-
13 ment administrators.

14 “(6) A timeline for implementation of the plan developed under
15 section 2 of this 2015 Act.

16 “(7) An overview of any contracts entered into by the board in the
17 performance of its duties.

18 “(8) Recommendations to the Legislative Assembly regarding ways
19 to increase financial literacy in this state.

20 “SECTION 8. (1) The Governor, the President of the Senate and the
21 Speaker of the House of Representatives shall first make appointments
22 to the Oregon Retirement Savings Board for terms of office beginning
23 on September 1, 2015.

24 “(2) Notwithstanding the term of office specified by section 1 of this
25 2015 Act, of the members first appointed to the Oregon Retirement
26 Savings Board by the Governor:

27 “(a) One shall serve for a term ending August 31, 2017.

28 “(b) One shall serve for a term ending August 31, 2018.

29 “(c) Two shall serve for a term ending August 31, 2019.

30 “SECTION 9. The section captions used in this 2015 Act are provided

1 only for the convenience of the reader and do not become part of the
2 statutory law of this state or express any legislative intent in the
3 enactment of this 2015 Act.

4 **“SECTION 10.** This 2015 Act being necessary for the immediate
5 preservation of the public peace, health and safety, an emergency is
6 declared to exist, and this 2015 Act takes effect on its passage.”.

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