

SB 166 STAFF MEASURE SUMMARY

Joint Committee On Ways and Means

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Meeting Dates: 5/29, 5/31

WHAT THE MEASURE DOES:

Grants the Oregon Retirement Savings Board (ORSB), within the State Treasury, the authority to enter into agreements with other states to provide services to the other states related to retirement savings plans administered by the other states and similar to the plan developed by the Oregon Retirement Savings Board. Takes effect upon passage.

ISSUES DISCUSSED:

- Fiscal impact

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

HB 2960 (2015) created the Oregon Retirement Savings Board and directed it to develop a defined contribution retirement plan for people employed in Oregon (known as "OregonSaves"). The Oregon Retirement Savings Board launched the OregonSaves pilot program on July 1, 2017 and rolled out the program statewide on October 15, 2017. Today, any employer with 20 or more employees is required to automatically enroll their employees in OregonSaves if the employer does not offer a qualified retirement plan. Participating employees make contributions to their own Roth IRA (Individual Retirement Account), which is administered by the State Treasurer. Employers do not contribute to OregonSaves accounts.

The measure would permit the Oregon Retirement Savings Board to enter into agreements with other states to offer retirement savings plan services to states administering their own defined contribution retirement plans. The Oregon Retirement Savings Board contracts with a third-party program manager to administer OregonSaves. The third-party program manager would provide services to other states. While the services provided by the third-party program manager may vary based on the needs of a state, they might include investment management, account management, record keeping, custody, website and materials and development, and reporting. The third-party program manager would, in turn, receive compensation from the assets under management from the contracting state. By enabling other states to adopt aspects of OregonSaves, the measure could potentially increase assets in the OregonSaves program, create economies of scale, and potentially reduce the cost per participant over time.