

Oregon Retirement Savings Plan

Program Information

August 2016

Overview

In 2015, the Oregon Legislative Assembly enacted [House Bill 2960, which is codified at ORS 178.200 through 178.245 \(the “2015 Act”\)](#) calling for the establishment of a state-administered retirement savings program (the “Plan” or “Program”) that provides employees with automatic enrollment, payroll deduction, and automatic annual contribution escalation, all on a flexible, opt-out basis. The Plan is governed by an appointed board and will be run by a private-sector provider, with a minimum employer role.

Program Characteristics

The 2015 Act provides that the Oregon Retirement Savings Board (the “Board”) shall establish a plan in compliance with these intended rules. The plan developed and established by the Oregon Retirement Savings Board under section 2 of this 2015 Act must:

- a. Allow eligible individuals employed for compensation in this state to contribute to an account established under the plan through payroll deduction.
- b. Require an employer to offer its employees the opportunity to contribute to the plan through payroll deductions unless the employer offers a qualified retirement plan, including but not limited to a plan qualified under section 401(a), section 401(k), section 403(a), section 403(b), section 408(k), section 408(p) or section 457(b) of the Internal Revenue Code.
- c. Provide for automatic enrollment of employees and allow employees to opt out of the plan.
- d. Have a default contribution rate set by the board by rule.
- e. Offer default escalation of contribution levels that can be increased or decreased within the limits allowed by the Internal Revenue Code.
- f. Provide for contributions to the plan to be deposited directly with the investment administrator for the plan.
- g. Whenever possible, use existing employer and public infrastructure to facilitate contributions to the plan, recordkeeping and outreach.
- h. Require no employer contributions to employee accounts.
- i. Require the maintenance of separate records and accounting for each plan account.
- j. Provide for reports on the status of plan accounts to be provided to plan participants at least annually.
- k. Allow for account owners to maintain an account regardless of place of employment and to roll over funds into other retirement accounts.
- l. Pool accounts established under the plan for investment.
- m. Be professionally managed.

- n. Provide that the State of Oregon and employers that participate in the plan have no proprietary interest in the contributions to or earnings on amounts contributed to accounts established under the plan.
- o. Provide that the investment administrator for the plan is the trustee of all contributions and earnings on amounts contributed to accounts established under the plan.
- p. Not impose any duties under the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.) on employers.
- q. Keep administration fees in the plan low.
- r. Allow the use of private sector partnerships to administer and invest the contributions to the plan under the supervision and guidance of the board.
- s. Allow employers to establish an alternative retirement plan for some or all employees.
- t. The plan, the board, each board member and the State of Oregon may not guarantee any rate of return or any interest rate on any contribution. The plan, the board, each board member and the State of Oregon may not be liable for any loss incurred by any person as a result of participating in the plan.

The 2015 Act envisions that the Plan will be made available to Oregonians beginning July 1, 2017. It is expected that the Plan will be rolled out using a phased approach.

The Board will also undertake outreach to small businesses and future Plan participants.

Program Reach and Outreach and Engagement

When fully launched, it is anticipated that the Plan may be made available to over 1 million Oregonians, which is over half the working population, and one quarter of all residents of the state:

- 600,000 Oregonians whose employer does not offer a retirement savings plan
- 200,000 Oregonians whose employer offers a plan for which they are not eligible
- 200,000 Oregonians who are contract workers or otherwise self-employed

From an outreach and engagement standpoint it is important that employees, employers, and those who support them have a good understanding of the Plan and the opportunity it presents. Those who are eligible to participate, or who are facilitating participation or confirming exemption need advance awareness and clear information on actions they can or must take. The ORSP expects to work with a marketing services provider beginning in Q4 of 2016 to develop a strategic plan and budget for the program, inclusive of brand and identity, messaging, and a campaign and timeline for outreach, awareness, engagement and enrollment.

To facilitate readiness for rollout and engagement in early 2017, the marketing services provider will also help create an Employer Toolkit (guidance on registry, employee enrollment, and FAQ), and an initial Employee Enrollment piece. It is assumed that when retained, the Plan Service Provider (PSP) will work collaboratively with the ORSP and the marketing services provider to align communication, enrollment and other content and tools with the identity, messaging and materials developed or under way.

The Plan's eligible population is diverse across a wide variety of measures, which must be considered for effective engagement and communication. Current demographic analysis includes highlights by gender, age, ethnicity, nativity, education, income range, industry, and more. Understanding of and involvement with the Plan is important both in urban centers and in Oregon's more remote communities.

Forecast Activity and Timing

Over the second half 2016 the ORSP will focus on establishing the Plan through rulemaking and putting resources in place to enable it to operate successfully, including:

3rd Quarter 2016

- Retain General Consultant for the Plan (Investments and Program Consulting)
- Marketplace – engage industry experts in review of proposed operating model
- Staffing – hire Operations & Policy Analyst in support of program management
- Initiate Rulemaking Process – internal components
- Marketing – retain full service provider to develop and execute brand and marketing strategy
- Outreach – execute statewide employer-focused outreach plan; Maintain positive public profile
- Issue RFP – Plan Administrator and Investment Provider

4th Quarter 2016

- Rulemaking: Complete Proposed Rules and Initiate Public Rulemaking Process & Public Hearings
- Board Discussion – Investment Options (Conceptual Framework)
- Retain Plan Administrator and Investment Provider/s
- Legislative environment – adjust program characteristics if/as required by Final DOL Regulation
- Report to the Legislature as per HB 2960
- Outreach – continue employer-focused, extend to worker-focused awareness
- Preparing for launch – Identify and confirm Wave 1 (pilot) participants

As we enter 2017, the ORSP will turn its attention to Implementation activities, including readiness for registry, enrollment, and launch:

1st Quarter 2017

- With Providers, Establish the Implementation Plan for 2017
 - Anticipate and prepare for a phased approach
 - Prepare Wave 1 (pilot) participants
 - Identify, establish and confirm follow-on waves for 2017
- Establish related processes and ensure required capabilities and resources are in place
 - Employer Registry
 - Employer Toolkit
 - Employee Enrollment material

- Complete Rulemaking for the Plan
- Select Investment Options for the Plan
- Outreach – employer and worker-focused and readiness oriented, statewide

More Information

The Plan’s Market Analysis, proposed Plan Design and key demographic information are included with this informational piece. Additionally you can read more about the Plan here: www.oregon.gov/retire and www.oregon.gov/treasury/ORSP

Inclusions:

1. House Bill 2960 – Enrolled
2. ORSP Plan Design Proposal: Basic/Additional Elements/Enhancements – as approved by the Board on July 19, 2016
3. Oregon Market Research Report (Final), August 2016 – Boston College Center for Retirement Research
4. Program Design Recommendations: Summary, July 19 2016 – Segal Consulting with Bridgepoint Group
5. Program Design Recommendations: Supporting Documentation, July 19 2016 – Segal Consulting with Bridgepoint Group
6. Oregon Feasibility Study Report (Final), August 2016 - Boston College Center for Retirement Research