Oregon Retirement Savings Task Force

Report to the House Interim Committee on Business and Labor

December 8, 2014

Oregon's Retirement Savings Crisis

The Stark Facts:

- <$25,000 – the retirement savings of more than 1/2 of Oregon workers
- <$1,000 – the savings of more than 1/4
- 1/2 of private sector workers do not have access to a retirement plan through their employer.

Oregon's Future Economic Vitality

- Oregon is both an aging state and a small business state
- Our state's future economic vitality depends on the ability of seniors to purchase goods and services

HB 3436

- In 2013, Legislature convened the Oregon Retirement Savings Task Force
- The direction:
  - 1) develop recommendations for increasing percentage of Oregonians saving for retirement or enrolled in retirement plans
  - 2) increasing amount of savings in plans.

The Shift in Retirement Plans

- Traditional: Social Security benefits, employer-provided pensions, and personal savings.
- Massive shift from defined benefit pensions to defined contributions
- Consequence: individual Oregonians assume the roles of investment advisor, financial manager, and retirement planner

Factors Affecting Savings:

- Behavioral economics
- Full time vs. Part Time employment
- Employer Size
- Gender, Race, Ethnicity
- Income
- Age

Task Force Recommendations

- The Task Force recommends developing and making available a voluntary retirement savings plan to all Oregonians lacking access to a plan at their workplace.
- The plan should include the following nine characteristics:

Task Force Recommendations

(Cont.)

1. **Voluntary participation with auto-enroll.**
2. **Auto-escalation of contribution levels with employee control.**
3. **Contributions from payroll deductions.**
4. **Receive tax benefits.**
5. **No required employer contribution.**
6. **Reports to savers.**
7. **Portability.**
8. **Pooled and professionally managed.**
9. **Self-sustaining.**

Program Governance and Management

- Creating a state board responsible for sponsoring and overseeing this program
- Have the board further investigate:
  - **Market Research**
  - **Small Business Outreach**
  - **Tax Credits and Other Incentives**
  - **Legal Guidance**
  - **Financial Literacy**

Moving Forward

- The Task Force believes that the State should be a leader in addressing the retirement security crisis in Oregon.
- The Task Force stands ready to serve the Legislature as it works on making these recommendations a reality.