



NATIONAL CONFERENCE of STATE LEGISLATURES

The Forum for America's Ideas

February 27, 2017

U.S. Senate
Washington, DC 20515

Members of The United States Senate:

The National Conference of State Legislatures (NCSL), the bi-partisan organization representing the legislatures of our nation's states, territories, and commonwealths, urges you to vote against H.J. Res. 66, a Congressional Review Act resolution to overturn the Department of Labor's final rule on "Savings Arrangements Established by States for Non-Governmental Employees."

As our nation's laboratories of democracy, states are developing and implementing innovative solutions that will improve the retirement security of private sector workforces and that will also save taxpayers billions of dollars. Passage of this resolution is an affront to those in Congress who advocate for the 10th Amendment as it will result in an unwarranted preemption of state innovation, will restrict the ability of millions of hardworking Americans to save for retirement, and will prove costly to federal and state budgets.

As the number of workers who lack enough savings to cover the costs of retirement expenses continues to grow, states need the flexibility to develop creative solutions to this problem. Restricting the ability of states to establish private sector savings plans will put an even greater strain on public finances because states and the federal government are ultimately responsible for funding the social safety programs that are utilized by retirees who are not financially independent. Eight states have enacted laws that will establish state-facilitated retirement plans¹ and many other states are considering these plans for their state's private sector workers. Passage of H.J. Res. 66 will likely prevent states from establishing these innovative plans and will result in increased costs for federal and state budgets as tens of millions of Americans who depend solely on social security will increase dependency on other entitlement programs.

Finally, we challenge the argument that private sector workers, who lack retirement options, should not depend on their state governments to establish these retirement saving programs. We ask members of Congress that if states did not act to address this growing problem, who would? It was only after years and years of failure by the private sector to address the retirement of its small business workers that state governments were left with no alternative but to provide an innovative solution for these retirees' future. Congress should respect the states' efforts to reduce a financial burden on future taxpayers.

NCSL urges Congress to support state innovation regarding private retirement savings and vote no on a Congressional Review Act resolution to overturn the Department of Labor's rule on "Savings Arrangements Established by States for Non-Governmental Employees." If you have any questions, please contact Max Behlke (202-624-3586, max.behlke@ncsl.org) in NCSL's Washington D.C. Office.

Sincerely,

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Retirement Savings Fast Facts

- Three-quarters of private sector workers feel anxious about having enough money to live comfortably in retirement.ⁱⁱ
- Fifty-five million Americans work for employers that do not offer any form of a retirement savings plan.ⁱⁱⁱ
- 80 percent of private sector workers between the ages of 18 and 64 support state-facilitated plans designed to help them save their money for retirement.^{iv}
- State-facilitated retirement savings plans are designed similarly to the popular 529 college savings plans, as the plan's assets would be the personal property of the individual saver, and their money could only be used to benefit the individual saver.^v
- State-facilitated retirement savings plans would be managed by outside private sector fund managers and there will be no connection between state-facilitated programs and public pensions for government employees.
- State-facilitated retirement savings plans would provide employees the options to decline participation; however, data suggests that employees with access to workplace retirement plans are 15 times more likely to save for retirement.^{vi}

ⁱ Segal Consulting, "State Retirement Savings Initiatives Do More than Enhance Retirement Security for Private Sector Workers", Winter 2017, page 2. Found at: <https://www.segalco.com/media/2966/data-1-2017.pdf>.

ⁱⁱ Oakley, Diane and Kenneally, Kelly (2015), "Retirement Security 2015: Roadmap for Policy Makers Americans' Views of the Retirement Crisis," National Institute on Retirement Security, p.1. Found at http://www.nirsonline.org/storage/nirs/documents/2015%20Opinion%20Research/final_opinion_research_2015.pdf.

ⁱⁱⁱ David John and Gary Koenig, "Workplace Retirement Plans Will Help Workers Build Economic Security," AARP Public Policy Institute, Fact Sheet 317, October 2014. Found at <http://www.aarp.org/content/dam/aarp/ppi/2014-10/aarp-workplace-retirement-plans-build-economic-security.pdf>.

^{iv} Brittne Nelson, "2017 Retirement Security National Survey of Private Sector Employed Adults Ages 18-64," AARP Research, February 2017. Found at <http://www.aarp.org/research/topics/economics/info-2017/2017-retirement-security-national-survey.html>.

^v See College Savings Plan Network: <http://www.collegesavings.org/wp-content/uploads/2015/09/FINAL-CSPN-Report-March-15-2016.pdf>.

^{vi} "2014 RCS Fact Sheet #6," Employee Benefit Research Institute. Found at <https://www.ebri.org/pdf/surveys/rcs/2014/RCS14.FS-6.Prep-Ret.Final.pdf>.