



**Office of the State Treasurer**  
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Montpelier, VT 05602  
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**Public Retirement Study Committee Meeting**

**October 5, 2016**  
**3pm**  
**DRAFT**

**Committee Members in Attendance:**

Beth Pearce, Chair, Vermont State Treasurer  
Dan Boardman, Appointed by the Speaker (*called into the meeting*)  
Monica Hutt, Commissioner, Vermont Department of Disabilities, Aging & Independent Living (*called into the meeting*)  
Russ Bennett, Appointed by the Speaker  
Rebecca Towne, Appointed by the legislative Committee on Committees  
Lindsay DesLauriers, Appointed by the State Treasurer  
Robert Hooper, Appointed by the legislative Committee on Committees

**Committee Members Not in Attendance:**

Annie Noonan, Commissioner, Vermont Department of Labor

**Also Attending:**

Tim Lueders-Dumont, Policy Director, Office of the State Treasurer

**CALL TO ORDER:**

Ms. Pearce called the meeting to order at 3:00 p.m.

**ITEM 1: Opening Remarks**

Ms. Pearce noted that the Committee should discuss key design features as noted at the last meeting (see attached)

**ITEM 2: Member Discussion on Proposed Options for Further Review**

Considerable discussion occurred regarding mandatory versus voluntary participation for employers, especially as it relates to auto-enrolment for employees. A number of questions arose and the Treasurer's Office will work to follow-up with experts and provide feedback at subsequent meetings.

The Committee discussed the Key Plan Design features (see attached):

1. Voluntary or Mandatory
2. Role of Employer & Liability
3. Types of Employers and Workers Covered
4. Minimum and Maximum Contribution Levels (for employees)

5. Use of other tools, such as Auto-escalation
6. Use of tax or other incentives

*(The above listed items were discussed)*

7. Investment and management of assets
8. Withdrawal of rules and portability
9. Guarantees
10. Program Administration, Governance, and Funding

*(The above listed items were not discussed in detail, but are likely to be discussed at the 10.11.16 meetings)*

Ms. Pearce noted that the Committee will continue the conversation regarding design features at the meeting on October 11, 2016 at 2:30pm.

#### **Public Comment**

No Public Comment was offered.

#### **Adjournment and approval of Minutes**

Ms. Pearce moved to approve of the minutes from 8/26/16. Ms. Towne seconded the motion. A roll call was taken and the Committee unanimously approved the minutes.

Ms. Pearce moved to adjourn the meeting. Mr. Boardman seconded the motion. A roll call was taken and the Committee unanimously voted to adjourn.

# Key Plan Design Considerations

- Voluntary or mandatory participation
- Role of employer and employer liability
- Types of employers and workers covered
- Default, minimum and maximum contribution levels
- Use of other tools and nudges such as auto-escalation
- Use of tax or other incentives

# Key Plan Design Considerations

- Investment and management of assets
- Withdrawal rules and portability
- Guarantees
- Program administration and governance
- Program funding
- State liability

# 8 States – 3 Models....So Far

1. IRAs (“non-ERISA”)
  2. 401(k)s (“ERISA”)
  3. Marketplace (“ERISA plans”)
- Future – Open Multiple Employer Plans (MEPs)?
  - Others to be designed consistent with federal Department of Labor guidelines (combinations)?

# “SECURE CHOICE” (CA, CT, IL, MD, OR) Auto-IRAs

- Mandatory, auto-enroll (with employee opt-out)
- Default contribution level
- Employer threshold/conditions for mandated participation
- Employer contributions generally not permitted (would trigger ERISA)
- Pooled and professionally managed funds
- Must keep fees “low” (.75%-1% range)
- Market analysis and legal analysis to guide design and management issues

# MARKETPLACE (WA, NJ)

- Managed by State Agency.
- Voluntary participation for employers with less than 100 employees.
- SIMPLE IRA, myRA (Roth IRA), and payroll deduction IRAs and others can be added.
- Employer contributions encouraged (ERISA plans encouraged).
- To be built and funded by private sector.
- Participating providers must offer at least two product options.
- Fees cannot exceed 1%.

# Massachusetts -401(K) for Non-Profits

- Managed by the State Treasurer
- Voluntary participation by non-profit employers with 20 or fewer employees
- Defined contribution 401(k) plans.
- Auto-enroll with opt-out.
- Default contribution at 6% or can choose 4% with auto-escalation up to 10%.
- Fees estimated to be well under 1% (20-80 bps).