



**Office of the State Treasurer**  
109 State Street, 4<sup>th</sup> Floor  
Montpelier, VT 05602  
802-828-1451

**Public Retirement Study Committee Meeting**

**August 26, 2016**

**Committee Members in Attendance (by conference call):**

Beth Pearce, Chair, Vermont State Treasurer

Dan Boardman, Appointed by the Speaker

Monica Hutt, Commissioner, Vermont Department of Disabilities, Aging & Independent Living (*called into the meeting*)

Russ Bennett, Appointed by the Speaker (*called into the meeting*)

Annie Noonan, Commissioner, Vermont Department of Labor

Rebecca Towne, Appointed by the legislative Committee on Committees

Lindsay DesLauriers, Appointed by the State Treasurer

**Committee Members Not in Attendance:**

Robert Hooper, Appointed by the legislative Committee on Committees

**Also Attending:**

Angela M. Antonelli, Center for Retirement Initiatives at Georgetown University (On the Phone)

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

Chris Rice, MMR Legal Services, LLC.

Charles Storrow, KSE Partners

Jeff Fannon, VT-NEA

Jeff Briggs

Judy Rosenstreich

Kim Chamberlin, SIFMA

**CALL TO ORDER:**

Ms. Pearce called the meeting to order at 1:30 p.m.

**ITEM 1: Opening Remarks and Approval of the Minutes**

Ms. Pearce moved to approve of the minutes from 10/1/2015, 11/16/2016, 12/10/2015, and 01/08/2016. Ms. Towne seconded the motion. A roll call was taken and the Committee unanimously approved the minutes.

## **ITEM 2: Review of National Developments and Prior Work**

Ms. Pearce gave an overview of the work of the Committee to date. Ms. Pearce noted that the Committee would hear an overview of DOL rules, which were recently released, the work in other states, and key plan design features from Angela M. Antonelli. Ms. Antonelli is a Research Professor and the Executive Director at the Center for Retirement Initiatives at the McCourt School of Public Policy at Georgetown University.

Ms. Antonelli gave an overview of the new DOL rule (see footnote for more information).<sup>1</sup> Ms. Antonelli also gave an overview of action on other states (see footnotes for materials).<sup>2</sup>

Ms. Pearce noted the focused materials for the meeting today would be the “8 States, 3 Plans” slides from the Center for Retirement Initiatives presentation from June 2016 as well as the “Key Plan Design Considerations” also from the June 2016 Center for Retirement Initiatives presentation (see attachment).

## **ITEM 3: Member Discussion on Proposed Options for Further Review**

The Committee discussed the “Key Plan Design Considerations” that Ms. Antonelli discussed and as listed in the June 2016 presentation by the Center for Retirement Initiatives.<sup>3</sup> The Committee noted key questions that should be addressed regarding design features. Ms. Antonelli noted that 8 States have enacted and moved forward with plans. Of those 8 states three basic models have emerged:

1. The “Secure Choice” model of Auto-IRAs: CA, CT, IL, MD, OR (Non-ERISA)
2. The “Marketplace” model: WA, NJ (ERISA)
3. The “401k” model (ERISA): MA

The group discussed the importance of continued study of other states to address key questions and concerns. Ms. Pearce and the group discussed a possible hybrid or partnership of multiple concepts that other states have currently studied, including a Multiple Employer Plan option.

The Committee discussed each “Key Plan Design Consideration” and noted the importance of portability, simplicity, ease of access both for the employee and the employer, and the importance of incentives rather than penalties. The Committee also discussed protections for a potential plan to make sure that retirement savings would not impact (negatively) eligibility for benefits other than retirement.

The Committee also discussed voluntary vs. mandatory participation. While this still needs to be discussed further in terms of voluntary participation for employers, voluntary participation was supported by a majority of the Committee. The Committee also discussed that voluntary vs. mandatory decisions as well as how auto-enrollment would be impacted by recently finalized DOL rules.<sup>4</sup> The Committee noted payroll-service considerations and questions to address.

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<sup>1</sup> The DOL News Release: <https://www.dol.gov/newsroom/releases/ebsa/ebsa20160825>

DOL EBSA's main webpage: <https://www.dol.gov/agencies/ebsa>

The final DOL rule: <https://www.dol.gov/sites/default/files/ebsa/temporary-postings/savings-arrangements-final-rule.pdf>

The White House Fact Sheet: <https://www.whitehouse.gov/the-press-office/2016/08/25/fact-sheet-middle-class-economics-making-it-easier-save-retirement>

<sup>2</sup> Center for Retirement Initiatives at Georgetown University, State Comparison by Design Feature, August 2016:

[http://cri.georgetown.edu/wp-content/uploads/2016/08/GUCRI\\_ComparisonChartCAILORMDCT8-22-1.pdf](http://cri.georgetown.edu/wp-content/uploads/2016/08/GUCRI_ComparisonChartCAILORMDCT8-22-1.pdf)

Center for Retirement Initiatives at Georgetown University, Presentation, June 2016: [http://cri.georgetown.edu/wp-content/uploads/2014/12/GUCRI\\_Antonelli\\_WEPPresentation6-8-16FINALtoJRS-2.pdf](http://cri.georgetown.edu/wp-content/uploads/2014/12/GUCRI_Antonelli_WEPPresentation6-8-16FINALtoJRS-2.pdf)

<sup>3</sup> Center for Retirement Initiatives at Georgetown University, Presentation: [http://cri.georgetown.edu/wp-content/uploads/2014/12/GUCRI\\_Antonelli\\_WEPPresentation6-8-16FINALtoJRS-2.pdf](http://cri.georgetown.edu/wp-content/uploads/2014/12/GUCRI_Antonelli_WEPPresentation6-8-16FINALtoJRS-2.pdf)

<sup>4</sup> The final DOL rule: <https://www.dol.gov/sites/default/files/ebsa/temporary-postings/savings-arrangements-final-rule.pdf>



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Ms. Pearce noted that the next Committee meetings will continue to focus on further defining the direction of the Committee, as well as looking to other states and internally, to answer key questions.

**ITEM 4: Public Comment**

Mr. Briggs spoke in support of implementing a plan as did Ms. Rosenstreich. Mr. Rice noted that the Committee should continue to support the guiding principles that the Committee supported in 2015 and 2016. Mr. Storrow noted that a potential plan could be a threat or opportunity to existing providers.

**Adjournment:**

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).