



AMERICAN BENEFITS  

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COUNCIL

**Increasing Retirement Savings:  
State and Federal Proposals to Address  
Access to Private Sector  
Retirement Plans**

**Pew Charitable Trusts**

**April 12, 2016**

**James A. Klein**

# Employer Perspectives

- ◉ **Employers (including those that already sponsor retirement plans) strongly support efforts to expand access**
  - Less pressure on Social Security
  - Enables workers to transition from employment to retirement
- ◉ **Federal pre-emption of state laws, under ERISA, is the “crown jewel” of the law**
- ◉ **Department of Labor proposed “safe harbor” and Interpretive Bulletin intended to help enable state initiatives, but ...**

# Questions Arising from DOL Safe Harbor and State Initiatives

- ◉ **State-established payroll deduction IRA program is not an ERISA-covered plan if it meets certain conditions**
- ◉ **One safe harbor condition: employer participation is mandatory. What if it is mandatory for employers with more than 25 employees and voluntary for employers with fewer than 25 employees?**
- ◉ **Do the state laws apply to:**
  - People employed within a state?
  - Residents of the state?

# Questions Arising from DOL Safe Harbor and State Initiatives

- ◉ **What happens if a state mandates its program unless the employer has a certain *kind of plan or benefit structure***
  - Mandate unless plan has automatic enrollment
  - Mandate unless certain kinds of investments offered
  - Mandate unless certain level of employer contributions
  - Mandate if plan fees exceed certain levels
- ◉ **What are the reporting requirements?**
- ◉ **How do employers comply with inevitable conflicting standards?**

# DOL Interpretive Bulletin

- ◉ **Designed to expand access to ERISA-covered retirement plans**
- ◉ **Sets out three ways to accomplish this goal**
- ◉ **Multiple Employer Plan (MEP)**
  - Open MEP
  - Only available to states, not private sector entities

# Other Initiatives to Promote Retirement Security

- ◉ “2020 Vision” public policy strategic plan
- ◉ Transition away from thinking of benefits in separate silos (e.g. retirement income, retiree health, disability, long-term care)
- ◉ Holistic view of “health and financial well-being” or “personal financial security”
  - Advance funding, on tax-preferred basis, of accounts that serve multiple types of income protection
  - Allow distributions for multiple types of income protection

# Other Initiatives to Promote Retirement Security

- ◉ **Voluntary, simple, portable plan for retirement income or retiree health coverage**
- ◉ **Exclude retirement plan assets and future retirement plan benefits from eligibility calculations for state or federal housing and food subsidies**
- ◉ **Permit employers' voluntary participation in a safe harbor retirement plan maintained by an entity other than the employers themselves**

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