

February 14, 2022

Rep. Brad Roae, Republican Chairman
House Commerce Committee
151 East Wing, Harrisburg, PA 17120

Rep. John Galloway, Democratic Chairman
House Commerce Committee
301 Irvis Bldg., Harrisburg, PA 17120

Subject: Please Support House Bill 2156, the “Keystone Saves” program

Chairman Roae, Chairman Galloway and members of the House Commerce Committee,

On behalf of our organizations representing thousands of Pennsylvania businesses, human service and civic organizations and nonprofits, and millions of older Pennsylvanians, we applaud Representatives Pennycuik and Driscoll’s introduction of House Bill 2156. We, the undersigned, ask you to support this legislation as it moves through the legislative process.

House Bill 2156, which will enact the Keystone Saves program, has bipartisan support from the Legislature with more than 50 co-sponsors from both sides of the aisle. This reflects the broad support from your constituents because this program will benefit Pennsylvania’s businesses, hardworking employees and economy.

This measure will enable employers — without charge or out-of-pocket cost — to provide access to a state-facilitated retirement program to their employees by setting up a simple payroll deduction. Employees will have the option to make regular payroll contributions to fund individual retirement accounts (IRAs). Keystone Saves would be a public-private partnership in which IRAs are professionally managed by a third-party financial firm overseen by the state, similar to the state’s 529 College Savings Plan.

More than 2 million eligible Pennsylvanians currently lack access to retirement savings plans through their jobs. Studies show individuals are 15 times more likely to save for retirement when they have a tool available through their workplace, and they are more likely to use financial planning tools when they have a retirement plan at their job.

Pennsylvania's working-age population and their tax contributions are shrinking, while at the same time taxpayer-funded state expenditures such as Medicaid are increasing as many older Pennsylvanians lack sufficient savings. The fiscal impact of under-saving will cost Pennsylvania’s taxpayers an estimated \$14.3 billion over 15 years. This fiscal burden could be erased if households saved just \$98 a month. We believe this is achievable because participants in savings programs in other states are saving approximately \$110 a month.

Keystone Saves is a simple and regulated option for business owners who do not have the time or resources to shop for and manage a plan on their own. As labor shortages continue to be a shared challenge among employers, this program will provide a valuable benefit for businesses to increase employee satisfaction and retention and would provide Pennsylvania employers with a competitive advantage over surrounding states.

This commonsense and tested measure will improve financial literacy and create access to financial tools for millions of Pennsylvanians, increase employee retention and job satisfaction for employers, and reduce the reliance on government-funded programs and the associated projected costs, which would be borne by taxpayers.

We ask that you support this proactive solution for Pennsylvania's workers, businesses and our economy.

Sincerely,

AARP PENNSYLVANIA

Bill Johnston-Walsh, State Director

BOYS & GIRLS CLUBS OF WESTERN PENNSYLVANIA

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