

Wyoming Retirement Task Force Meeting
October 19, 2018
UW Art Museum
Laramie, Wyo.

Members Present:

Polly Scott
Ashley Bright
Rep. Dan Furphy
Lisa Jerde Spillman
Senator James Anderson (Chair)
Frank Boley (Co-Chair)
Jay Schneiders
Sam Shumway

Members Excused:

John Cox
Representative Mark Kinner

Public Present

Tom Lacock
Anne Alexander, PhD.

The meeting was called to order at 10 a.m. and began with Anne Alexander, PhD. Discussing the impacts of The Wyoming Retirement Savings Gap Analysis. She also stressed the advantages of saving for retirement early in a career or lifetime on retirement savings. Among the statistics Alexander mentioned was the fact 48 percent of private sector workers in Wyoming have no retirement savings at all.

Alexander said larger employers around the country are beginning to move to the opt-out method for retirement savings instead of the opt-in process. This forces employees to specifically request they NOT be a part of a company's retirement program.

Several members of the Task Force asked Dr. Alexander about how savings behavior varies for different income groups. She responded that the upper 40 percent of earners have less of an issue when it comes to saving, but for the other 60 percent which are the middle, low and lowest income groups the problem is astronomical. She believes games are the best bet to have an impact for this group. Save-to-win strategies offer prizes or other workplace incentives for folks to save for retirement or even just open a savings account. She made the point these types of games bring the benefit of saving forward.

Washington Retirement Marketplace

The Task Force then looked through the Washington Retirement Marketplace website to see what employers, and employees come face-to-face with when looking at the State of Washington's Retirement Marketplace. Polly Scott ran the Task Force through a scenario that an employee would see when coming to the Marketplace for the first time, then, she ran through an employer's scenario.

Rick Anderson, Policy Advisor & Director, of The Washington Retirement Marketplace joined the Task Force to discuss the Marketplace in Washington. He said, the initial legislation for the Marketplace came

in 2015. There was a minor amendment in 2017 that allowed the Department of Commerce to negotiate with plan providers. He considers the marketplace to have a front end and back end. On the back end there is a two-part process to bring in plan providers. The Department of Financial Institutions does the vetting of the plan provider. The plan providers need to have at least two offerings, be under 100 basis points and meet other requirements. Department of Commerce offers approvals for plan providers who apply to be in the marketplace. There are currently two plan providers. One is FinHabits, which is geared towards millennials and has a Hispanic outreach effort. The second company, Santurna, is a relatively small firm out of Washington State. Another plan provider is approved – Principal - which will be onboard in the next couple months. The Marketplace has 12 plans total with nine on 401K side and three on IRA side. Employers are not charged for program administration. Those costs are paid by the individual employees.

The front end is a website and he considered it a dating service or warm hand-off. The website tries to gauge your interest and then directs you to a plan that might be best for you. Once the website determines what is best for you, the person is sent to the specific company that might be right for you and starts the enrollment process. Website launched in March of 2018. Major setback was the state had plan to have the federal MyRA plan as a part of its offerings, but when the plan went away, and it caused a delay in the Washington launch.

According to data metrics, Washington has had around 5,000 unique visitors on its Marketplace with about 10 percent of those getting to a “get started,” button. They do not have data to determine if someone went from “get started,” to an actual conversion to a plan. The state law does require the state gets that information annually and they will be able to understand the impact of the site soon.

Wyoming Senator Jim Anderson asked why Washington started with Marketplace. Rick Anderson said he thinks it was the political realities. He said Washington was one of the first states to move forward on a retirement security effort. He said the Legislature was split at the time of law passage and there were political concerns.

The original champion lawmaker of Washington’s marketplace is now a committee chair in the majority party. He said Washington is interested in introducing some auto-enroll legislation this year. The city of Seattle has already passed auto-legislation and Anderson assumes Washington will be an auto enroll state by the end of session.

Rick Anderson states that an opt-in marketplace won’t create the type of numbers to address a policy goal, nor will it be self-sufficient. It will require legislative appropriation. The fees for this in Washington are embedded in the Department of Commerce budget.

The appropriation to keep the Marketplace running was roughly \$250,000 per year to run the Marketplace. Washington staffs it with roughly two FTE’s and a couple other employees who are working on it for 5-10 percent of their jobs. Rick Anderson said, a he is only a few months on the job, he is still compiling the overall cost of getting the content management system up and rolling.

The Washington Content Management System is robust with the thought that the state may eventually host other states and their own Marketplace or even Auto Enrollment programs. Anderson said Washington may partner with Oregon for the Auto Enroll effort if the legislation goes through to bring Washington to the auto-enroll set-up. Anderson said auto-enroll is more labor-intensive effort because

the states work with a third-party administrator to discover the employers who are required to offer the auto-enroll, as well as marketing expenses and compliance that the state has to cover.

In Washington there are 2.1 million workers not covered by a workplace savings program.

Anderson said early in the life of the plan, the plan got a lot of earned media, which led to some high numbers on the marketplace website initially, but past that there hasn't been much promotion due, in large part, to issues around a re-staffing of the department. Anderson did say AARP is doing some speaking tours in eastern and western Washington as well as conversations with Boeing to get funding for radio and TV spots, but there has been very little in the way of marketing and outreach.

Anderson said when the program was started, the first step was understanding that there was a retirement savings problem. He admits that if the numbers don't rise, there is a chance that the plug gets pulled on the Marketplace. He said at this point it is his guess that the state of Washington will keep the Marketplace.

Anderson was also asked why there aren't more than three firms offering their services. Anderson said there have been a couple of providers who didn't make the cut, but he isn't sure why. He plans to find out that issue. He said Principal is coming onboard soon and assumes their marketing resources may bring more awareness to the program, which may lead to more companies trying to come onboard. He thinks companies are weighing the pros and cons to figure out if there is money in this or if the providers are going to get low and moderate wage-earners who are concerned about getting a number of small accounts, which can result in a deficit mode.

At the conclusion of the talk about Washington Retirement Marketplace, Polly Scott let the Task Force know she had attempted to schedule David Lynch of MA CORE, which is the state's MEP. MA CORE is operational and enrolling employers. However, he was not available and we could try for another meeting if that is desirable.

Finalize and adopt guiding principles, including developing a process for adoption

The Task Force then took some time working as a group to refine opt its guiding principles, which were started at the last meeting. The group honed in on 5-6 guiding principles. Sam Shumway volunteered to finalize them and circulate them by email for adoption.

Wyoming Business Alliance

Cindy DeLancy of the Wyoming Business Alliance then addressed the Task Force. She said she would like to continue to be an observer of the Task Force's work on behalf of the Alliance. The Business Alliance has been the voice of private business for the last 36 years in Wyoming with almost 200 members.

DeLancy said she worked with the legislation somewhat last session. As one of the leaders in the business community she asked if there was an appetite from the Task Force for the private sector to have some ownership or public-private partnership with the state to run such a retirement opt-in or opt-out program. An organization such as the WBA could be the face of such a retirement effort. This would allow small business to come to the WBA organization instead of looking to the state for solutions or even looking across state lines in the private sector. DeLancy said she does need to discuss any specifics for partnership with the Board of Directors at the Business Alliance.

Next Steps

The Retirement Security Task Force is required to present a report to the Legislature's Joint Labor, Health, and Social Services Committee in December. Polly Scott provided a draft report outline to the Task Force and asked for direction. She will complete a first draft of the report by mid-November and share it with the committee along with a request for changes. It is important for the report to represent the consensus that the entire Task Force agrees upon.

One of the functions of the report includes recommendations on what the state should do going forward. It was suggested that it may be wise to keep the Task Force intact to meet a time or two over the course of the next year to see what new data or formats are happening around the country. Senator Anderson pointed out, this Task Force may have run its course and another Task Force may be implemented by the Legislature with the hope of carrying something forward past the end of the 2019 session.

Wyoming Community Foundation

Craig Showalter with the Wyoming Community Foundation addressed the Task Force. He gave an overview of the Community Foundation and how its group – the Professional Employees Organization or PEO – works within its benefits package. That includes a retirement plan. He said he believes the non-profit area would benefit from shared services and hopes the state would keep that in mind.

No further meetings are planned. The group will finalize the mission by email correspondence or conference call as needed. The Task Force adjourned at 1:51 p.m.