

**Wyoming Retirement Security Task Force**  
**AARP Wyoming Offices**  
**Cheyenne, WY**

**Members Present**

Senator Jim Anderson - Chair  
Frank Boley - Vice-Chair  
John Cox  
Sam Shumway  
Jay Schneiders  
Ashley Bright  
Polly Scott  
Tony Glover  
Lisa Jerde Spillman  
Rep. Mark Kinner  
Rep. Dan Furphy

**Guests Present**

Senator Lisa Anselmi Dalton  
Tom Lacock - AARP  
Summer Wasson  
MaryLynn Schickich  
State Treasurer Mark Gordon  
Dave Uchner

The meeting began at 10:03 a.m. with Senator Lisa Anselmi-Dalton discussing a conference she had attended with Jean Chatzky of the Today Show. Chatzky is a financial advisory and told the conference, wages in the US have been stagnate and life expectancy is increasing. At present ¼ will pass 90 years old. Workers of the nation, used to have pensions and healthcare. Now maybe a 401K and higher copays. The prevalence of the gig economy also impacts the eligibility for retirement. Chatzky estimates, 55 million can't save through payroll deduction and only 5 million will actually go out and do it themselves. Chatzky also suggested by the time you retire, you need to have 10 times your annual income saved.

Chatzky said the Work and Save model is successful, provided it is easy to make deductions. Suggested few options and use inertia - auto enrollment works well. That makes it important to sell the idea of an easy way to do a workplace deduction important. Make it something so easy that the employers say this is an easy thing to do, while making sure this is something that is done at the state level and not the federal level due to avoid gridlock at the federal level.

State Treasurer Mark Gordon said he and Superintendent Balow worked on an initiative for juniors in high school to set up Roth IRA retirement accounts on a volunteer basis. The hope being when you come out of high school you have set aside some money. Lyman has had some success with this.

Treasurer Gordon went on to say the decision around voluntary or mandatory employer participation is a significant point of debate. Polly Scott indicated the MEP model supports voluntary employer participation because mandatory employer participation is not allowable under a MEP. In contrast, the Auto IRA model mandates employer participation but it is a soft mandate because it shields the employer from fiduciary responsibility under ERISA. Treasurer Gordon gave the guidance that the plan Wyoming develops should be suited for Wyoming and not be a national plan.

### **Presentation by Angela Antonelli, of the Center for Retirement Initiatives at Georgetown University**

Antonelli's [presentation](#) laid out the concerns of many states when it comes to retirement security. She told the committee that this is a big issue because there is little saved for retirement, workers lack access to retirement plans and we have an aging population with a shortage of retirement assets. There are significant state budget and economic consequences of insufficient retirement income. She said this impacts issues such as transportation, housing and more.

10 states and one city have enacted retirement programs already. They include:

Secure Choice - Auto-IRA - California; Maryland; Connecticut; Illinois; Oregon, Seattle

- Board oversight;
- Employers required to provide access to state program if they don't offer a plan;
- Employees auto-enrolled but can opt-out;
- Employer contributions not permitted;
- Roth IRA
- Default contribution is 3-5 percent with auto-escalations;
- Fees are kept low (.75 to 1 percent);
- Multi-year vendor contracts to reduce costs to state;
- Pilot test phases prior to rollout;
- Financially feasibility and market analysis done is part of study phase or as part of implementation to guide design.
- Lawsuits pertaining to Secure Choice in Illinois and Secure Choice California are outstanding

Multiple Employer Plan (MEP) – MA, VT

- State employer plan
- Voluntary participation
- Auto-enroll

Marketplace - WA, NJ

- Managed by state agency;
- Payroll deductions include Simple IRA; IRA; 401K;
- Optional for employers with less than 100

- To be built and funded by private sector;
- Fees not to exceed 1 percent;
- Participating providers must offer at least two product options.

#### Payroll Deduction IRA - NY

- Board oversight;
- Voluntary for employers and employees;
- Roth IRA;
- Use of auto-enrollment possible if no conflict with federal law;
- Use of auto enrollment possible.

#### Future Outlook

- Likely one or more new state programs will be enacted.
- Most programs will be running by 2020
- Private sector innovation as a response.
- Multi-tier approaches, such as MEP and Marketplace at once, etc.
- Still to be determined if Congress would take action to establish a federal program and what it means for states; or collaboration among the states;
- Consortiums between states beginning to be a possibility
- More focus on issues such as contingent workforce (gig) economy; financial well-being; strategies that impact retirement readiness.

#### Financial literacy

- Financial literacy is low. Less than 1/3 of Americans understand three financial concepts before they are 40.
- Levels of literacy vary by gender, race, age, and socioeconomic status;
- Lower levels of financial literacy lead to high debt levels, low savings.

#### Financial Education

- NAST, July 31 hosted a webinar on evals of financial education initiatives for different populations;
- Studies have different conclusions on long term effects of financial education requirements;
- Target populations differ;
- One size doesn't fit all;
- Knowledge doesn't always lead to change in behavior;
- Behavioral Economics;
- Need to know what outcomes you seek in order to determine what intervention will change.

#### Financial education and students

- 45 states include personal finance in their K12; Only 37 states require those standards
- Wyoming Rank 36th in financial literacy

- Rigorously implemented financial education requirements improve credit scores and reduce delinquishments;
- Must not forget there are costs to requiring financial education at the state level.
- Figure out what works means to your state.

#### Takeaways

- Understand state's population and needs;
- Engage peers and stakeholders;
- Take advantage of resources and organizations committed to same goals;
- Financial education can be a useful component, but not sufficient solution;
- Be innovative and collaborative.

#### **Todd Weiler Presentation from Utah**

Utah State Senator Todd Weiler [presented on making retirement security a reality in Utah](#). He said there are 52 percent of private sector workers in Utah do not have a way to save for retirement at work. If they can have a payroll deduction at work, they are 15 times more likely to save at work.

He adds that if someone retires without a significant amount of cash, they will be coming to the state for help. Less than 5 percent of people in Utah are going out and getting a plan by themselves if they don't have an option at work.

Weiler said his town halls had him hearing from state employers telling him make it easy for me to do it and I'll do it. AARP surveys suggested 1 in 6 Utahns had less than \$5,000 in savings. Less than 25 percent had less than \$10,000.

Weiler says the survey also touched on why folks aren't saving for retirement. 29 percent said employers haven't offered a plan. He also said 84 percent to workplace retirement plan would take advantage if one were offered.

The survey went on to touch on the fact many employers saw retirement as a fringe benefit. 14 percent of small employers overall sponsored some plan in 2009.

In 2016 he had sponsored a resolution, formed a work group and met with 30 businessmen and did six months of meetings. The original bill that came out with that was that the state treasurer would review plans, develop an RFP and the state would endorse the plan. Wouldn't be a state plan, but a plan that the state had reviewed and said it was a good plan. The treasurer would check on fees, and ways to cut down costs. Didn't want to set up an incentive for employers to produce a program that was fee-heavy.

He said the financial industry lobbyists, primarily SIMFA which represents the securities industry, converged on Utah and told House members they were trying to start a state social security program. The bill said they had to choose one of the approved plans to get state incentives. Financial sector didn't want the state involved.

In 2017 he came back with another bill. He was able to pass a scaled down bill that offered an incentive to any employer without a plan. He is hoping to come back this year and look for a little more specificity in the bill to get plans vetted.

Some of the statistics he shared suggest the total spent in Utah on retirees is skewed towards those who don't have much cash. 73 percent of total costs will be on 1/3 of Utahns through property tax abatement, retired tax credit, Medicare cost sharing program, SSI, and SNAP. He adds that, 10 percent increase in net worth of all Utah citizens will be a savings of \$194 million to the taxpayers of Utah through 2030.

In the end, Weiler's suggestions are:

- Start simple
- Find best vendors for plans;
- Facilitate through online portal;
- Small businesses can voluntarily participate to provide an added benefit to employees;
- Depending on outcome of DOL rules, employers may be allowed to contribute but will not be required.

In order to discuss and promote the meetings, the bill offered employers money to hold meetings to discuss retirement savings accounts for their employees. There was an appropriation of \$100,000 on a first-come, first-serve basis up to \$500 per meeting. He wasn't yet sure how much of that money had been used.

### **Feasible Study and Marketing by Geoff Sanzenbacher of the Boston College Center for Retirement Research**

Polly Scott presented on a [memo from Boston College Center for Retirement Research](#), which has done marketing and feasibility studies on how to expect the plan to grow assets over time and start covering costs for plan administration. Defined contribution plans need seed money to start up because at first there are no assets. The cost for these types of feasibility & marketing studies is \$75,000 and there have been opportunities for grant funding. The analysis would discuss costs over time, an estimate of program revenue, and estimated length of time for the program to be self-sustaining, and repaying early program costs.

### **John Scott of the Pew Charitable Trust Presentation**

After lunch John Scott of the Pew Charitable Trust Fund offered a [presentation on work](#) being done to help others retire. Pew has identified retirement security as a public policy area that needs a push. Pew's position is that people can and should save for retirement and we need to find ways to increase participation. Pew's research shows half of small businesses offer retirement plans.

Scott points out there are many barriers to retirement savings. While many businesses offer paid time off (86 percent of businesses in the Pew survey), just 53 offer retirement. Statistics

also show that the more employees a business has, the more likely the business is to offer retirement options through work. According to the research, 88 percent of employees with 251-500 employees at least had access to retirement through their job. Just 44 percent of workers in businesses between 5 and 24 employees had access to retirement plans at work.

According to data from Pew, 37 percent of businesses cite expense of starting a retirement program as its highest barrier to entry, while 22 percent believe their organization doesn't have the resources to start a retirement plan. Another 17 percent don't believe their employees are interested in a retirement plan through work.

He said when businesses did offer retirement, the motivation was generally availability of easy-to-understand information (58 percent), tax advantages to key executives (55 percent) and plans with reduced administrative requirements (53 percent).

There is little opposition nationally to an auto IRA among small employers, based on Pew's research. Just 13 percent opposed the idea of an auto-IRA, while 27 percent strongly support the concept and 60 percent somewhat supported. However, there is some opposition (37 percent strongly oppose) in the study when state government "sponsors," the retirement plan.

Eighty-six percent of the respondents felt a marketplace would be useful, and 56 percent said a marketplace would encourage them to start a retirement plan. Fifty-two percent of respondents said they would start their own retirement plan if the state adopted an auto-IRA. If the state adopted a MEP, 61 percent of employers without plans would be interested in participating in a MEP.

Pew also researched the interest of employees in this study and 64 percent said they would either strongly support or somewhat support an auto-IRA plan. In a program in which contributions only came from employees, 45 percent said they would support that program, while 43 percent said they would oppose. In an auto IRA three quarters of those surveyed said they would stay in the program and just 10 percent would opt out.

Scott also presented that the sample size of this study checked in with businesses from 50-250 employees. He added that the surveys were designed to be representative of the entire country with a broad representation of small business owners.

In the discussion after the presentation, Anselmi-Dalton said she was curious why MEP's are so difficult to find. Scott said they are present but voluntary and, due to laws, very hard to find. Scott said, as an ERISA attorney he believes there is a way to establish a MEP that is mandatory for employers. It is a legal question that has not been resolved.

Shumway asked what the burdens are in setting up a 401K as a business. Boley said the typical concerns involve the costs, a one-time set-up fee of approximately \$500, maintenance fees, and annual fees of around \$1,500 per year. In addition to this, individual employees pay investment fees of around 1.0 to 1.5 percent. Boley added that small business tend to pay more and

different types of fees than others. Scott agreed and added Pew research shows it is hard to offer products to the small market. Small employers have plans that vary more and have higher fees. The number one reason employers don't offer a plan is cost.

### **Wyoming Department of Workforce Services Survey**

The task force then reviewed outstanding tasks from the previous meeting. Tony Glover started this portion of the meeting by discussing [survey results](#) from The Department of Workforce Services survey of small businesses. Thus far, Workforce Services has sent out 1,200 surveys to small business and received 545 responses with data still coming in. Thus far there 46 businesses who refused to answer and a 3.9 percent margin of error.

Among the findings were answers that 198 of responses are somewhat or very concerned that their employees will not have enough money to cover their health care or living expenses when they retire. Another 67 weren't concerned at all. The survey also shows that 337 of the 545 respondents suggest some more or a lot more needs to be done to encourage Wyoming residents to save for retirement. The majority of business owners are also not concerned about the complication or operating a retirement plan, though 193 respondents said they were. A large majority of business owners are concerned about the cost to operate a retirement plan and most didn't believe they would ever be able to offer retirement to their employees.

The research also shows a lack of information and understanding among business owners in terms of having the information they need to set up retirement, as well as the options available. The bulk of businesses asked also said they would not be willing to attend a meeting or video conference with the Retirement Security Task Force. Nor would many of them be willing to assist the Task Force in finding individual employees to discuss ideas for helping employees save for retirement.

Glover reports preliminary results will be done by next week.

### **University of Wyoming Professor Offers Wyoming-Specific Numbers**

University of Wyoming Professor Anne Alexander sent updated research but did not present it herself as she is in Iceland. This research looked into the national level of retirement account and the general lack of retirement preparedness. The research points out in 30 years 48 percent of the Wyoming population will be Generation Z, who are aged 6 to 23 presently. If we could change the way people save for retirement, it would make a big difference to this generation. Generation Y is already experiencing a lack of retirement savings simply because they cannot afford to and don't have access. This could lead to larger impacts on state services due to a large percentage of that population not saving for retirement. Alexander confirms that if Wyoming residents could save even \$1,000 more per year towards their retirement it would have large impacts on state and federal budgeting.

Chairman Anderson led a discussion on where to go from here and what recommendations are likely to be made by this task force. He would like to get those ideas nailed down during the next task force meeting. The plan is to seek specific public comment, including time with the banks

and financial planners to get a sense for potential pitfalls and objections. Other public comment will be sought in hopes of reaching more segments of the public. It was suggested that the committee reach out to the Wyoming Lodging and Restaurant Association. The need for messaging the ask for public comment was also discussed.

Shumway then shared some [polling data done by AARP](#) among employees in the Cowboy State and specifically how they felt about their own retirement savings. Among the findings were 85 percent of Wyoming registered voters wish they had more saved for retirement and 81 percent agree that lawmakers should support a Wyoming retirement savings program.

The next meeting of the task force will be held on September 18 from 1 p.m. until 5 p.m. at the Financial Literacy Center behind the Boys and Girls Club in Casper. The meeting after that is in Laramie on October 19, likely at the University of Wyoming.

The meeting was adjourned at 2:15 p.m.