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March 30, 2018

Colorado House Business Affairs and Labor Committee
200 E Colfax Avenue
Denver, CO 80203

Dear Committee Members,

Here in Oregon and nationally, we're facing a retirement savings crisis. We're not saving enough. The average savings for people nearing retirement in Oregon is just \$12,000, not enough to get through a single year of retirement, let alone 20-30 years. And more than 1 million workers in Oregon – more than half of the working population – don't have access to a workplace retirement plan, making it all the harder to save. Research from AARP shows that people are 15 times more likely to save if they have a retirement savings option at work.

Oregon has been studying the retirement savings issue for more than 20 years, and in recognition of this looming crisis, the Oregon Legislature created the Oregon Retirement Savings Board in 2015 to develop a state-based auto-IRA program for private sector workers.

Over the last three years, the Board has worked closely with key stakeholders and experts in the field, including consultants who conducted a market analysis and feasibility study for the proposed program. That research has only further demonstrated the need for a program in Oregon, especially to help improve access and retirement savings outcomes for underserved and lower income populations. The feasibility study showed that the program would be viable and self-sustaining under a variety of circumstances within just a few years.

The Board then worked through a fully public process with stakeholders, including employers, business associations, financial professionals, and employee representatives, to develop the design for both the program and plan itself, taking into account best practices and the latest research in the fields of defined contribution plans and behavioral economics. This included creation and refinement of detailed rules for the program with extensive input and feedback from employers, payroll companies, and other interested parties to help ensure the resulting plan aligned with the ways they already did business. Our goal has been to ensure that our plan is simple and straightforward both for employers and workers.

The resulting program, now called OregonSaves, began as a pilot in July 2017 with a small group of employers to make sure that it worked well for everyone. The program has since begun to roll out in phases to employers statewide, starting with larger employers in January 2018.

We are proud to report that OregonSaves is working. As of March 30, 2018, 487 employers have registered to facilitate OregonSaves for their employees, and 77% of the 37,676 eligible employees have enrolled in the program. Employees are saving about \$100 a month, many for the first time, and it's already starting to add up. After only a few months, assets now exceeded \$1.8 million.

In fact, hundreds of small businesses are joining the program well ahead of their scheduled phase of the roll out. Many have wanted to offer a retirement savings option to their employees but simply haven't had the time or resources to do so. They are excited to be able to facilitate OregonSaves to help their employees take responsibility for their own financial futures, and we are working together with them through OregonSaves to tackle the retirement savings crisis in Oregon in a very real, substantive way.

As Josh Allison, the owner of Reach Break Brewing in Astoria puts it, "OregonSaves allows me to offer a retirement plan to my employees, which I would have a difficult time providing on my own. As a small family-owned business, it gives me the tools to recruit and retain good employees. It also gives my employees the ability to work for our company as a career. It's a win-win for all parties involved."

The bottom line is that state programs like OregonSaves are a win for workers, employers, and for tax payers. Workers get access to a plan at work that is portable and makes saving easy and automatic. It helps employers stay competitive and hire and retain great employees, with zero fees, matching, or fiduciary liability. And more people saving their own money means less people dependent on our already strained social safety net programs.

The Oregon State Treasury is supportive of similar efforts in other states, because the retirement savings crisis affects everyone in America. We have worked closely, sharing best practices and aligning our efforts, with other states implementing innovative solutions to the problem, including California, Connecticut, Illinois, Maryland, New Jersey, and Washington, which are well on their way to launching their own programs. And we are happy to support your efforts too.

Please do not hesitate to reach out if you have any questions about OregonSaves.

Sincerely,



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