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LEGISLATIVE REFERENCE BUREAU
State of Hawaii
State Capitol, Room 446
415 S. Beretania Street
Honolulu, Hawaii 96813

Written Comments

SCR16, SD1

CONVENING A LEGISLATIVE WORKING GROUP TO INVESTIGATE AND IDENTIFY STRATEGIES TO PROMOTE GREATER RETIREMENT SAVINGS FOR PRIVATE SECTOR EMPLOYEES IN HAWAII

Charlotte A. Carter-Yamauchi, Director
Legislative Reference Bureau

Presented to the Senate Committee on Ways and Means

Tuesday, April 4, 2017, 9:45 a.m.
Conference Room 211

Chair Tokuda and Members of the Committee:

Good morning Chair Tokuda and members of the Committee, my name is Charlotte Carter-Yamauchi and I am the Director of the Legislative Reference Bureau. Thank you for providing the opportunity to submit written comments on S.C.R. No. 16, S.D. 1, Convening a Legislative Working Group to Investigate and Identify Strategies to Promote Greater Retirement Savings for Private Sector Employees in Hawaii.

The purpose of this measure is to have the Legislature convene a retirement savings working group to investigate and identify strategies to promote greater retirement savings for private sector employees.

The measure also requests that the working group submit a draft report of its findings and recommendations, including any proposed legislation, to the Legislative Reference Bureau no later than October 1, 2017, so that the Bureau may assist the working group with the finalization of the working group's report and proposed legislation, which is to be submitted to the Legislature no later than twenty days prior to the convening of the Regular Session of 2018.

The Bureau takes no position on this measure, but submits the following comments for your consideration.

The Bureau believes that the services requested under this measure are manageable and that the Bureau will be able to provide the services in the time allotted; provided that the Bureau's interim workload is not adversely impacted by too many other studies or additional responsibilities, such as conducting, writing, or finalizing other reports, drafting legislation, or both, for other state agencies, task forces, or working groups that may be requested or required under other legislative measures.

Thank you again for your consideration.

Testifier's Name: Gary Simon
Member
Policy Advisory Board for Elder Affairs (PABEA)

Testimony Is Directed To: Senate Committee on Ways and Means

Measure: SCR16 SD1
CONVENING A LEGISLATIVE WORKING GROUP
TO INVESTIGATE AND IDENTIFY STRATEGIES TO
PROMOTE GREATER RETIREMENT SAVINGS
FOR PRIVATE SECTOR EMPLOYEES IN HAWAII.

Date & Time of Hearing: Tuesday, April 4, 2017, 9:45 a. m.

Location: State Capitol Conference Room 211

Position: The Policy Advisory Board for Elder Affairs strongly
supports SCR16 SD1.

Dear Chair Tokuda, Vice Chair Dela Cruz, and Honorable Members of the
Senate Committee on Ways and Means:

I am Gary Simon, member of the Policy Advisory Board for Elder Affairs (PABEA), which is an appointed board tasked with advising the Executive Office on Aging (EOA).

I am testifying as an individual who has worked in healthcare for over thirty years, and I am offering testimony on behalf of PABEA.

My testimony does not represent the views of the EOA but of PABEA.

PABEA wholeheartedly supports SCR16 SD1.

There is a looming security retirement security crisis in Hawai'i as many individuals do not have access to an employer-sponsored retirement plan. Individuals without a retirement plan are at significant risk of not having enough retirement income to meet basic expenses during retirement.

Retirement savings plans help employees achieve economic security, improve economic mobility, and reduce income disparity. Individuals need a lifelong savings system that provides them with the opportunity to build their assets and attain future financial stability.

Providing private sector employees with access to employer-sponsored retirement plans provides a reliable retirement income to supplement Social

Security income and helps workers to accumulate savings needed for a secure retirement.

Approximately 50% of Hawai'i's private sector employees work for an employer that does not offer a retirement plan. The lack of opportunity to participate in an employer-provided retirement plan spans all levels of education and earnings. Employees of Hawai'i businesses with fewer than 100 employees are much less likely to have access to a retirement plan than employees of larger businesses.

Employees who are offered the opportunity to save through the employee's place of employment are significantly more likely to participate and make steady contributions to build retirement savings.

Convening a legislative working group to study the feasibility and impact of establishing a retirement savings program for private sector employees who are without an employer-based retirement plan in the State is imperative.

Very sincerely,



Gary Simon

Member

Policy Advisory Board for Elder Affairs

No. 1 Capitol District

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Honolulu, Hawaii 96813-2831

Email gsimon@stfrancishawaii.org

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 3, 2017 8:48 AM
To: WAM Testimony
Cc: deborah.stone-walls@co.maui.hi.us
Subject: *Submitted testimony for SCR16 on Apr 4, 2017 09:45AM*

SCR16

Submitted on: 4/3/2017

Testimony for WAM on Apr 4, 2017 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Deborah Stone-Walls	Maui County Office on Aging	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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The Senate
Committee on Ways and Means
April 4, 2017
9:45 a.m.
Conference Room 211

RE: **SCR 16, SD1 Convening Retirement Savings Work Group**

Senator Jill Tokuda, Chair
Members of the Ways and Means Committee

AARP is a membership organization of people age fifty and over with nearly 150,000 members in Hawaii. AARP advocates and provides information on issues that matter to our kupuna and their families, including affordable, accessible, quality healthcare, financial resiliency, and livable communities.

SCR 16, SD1 convenes a legislative work group comprised of public and private stakeholders to investigate and identify strategies to promote greater retirement savings for private sector employees who don't have access to employer-based retirement programs and need to save for their future retirement security.

AARP Hawaii **strongly supports SCR 16, SD1.**

The National Institute on Retirement Security reports that the average working household in the U.S. has virtually no retirement savings. When all households are included— not just households with retirement accounts—the median retirement account balance is \$2,500 for all working-age households and \$14,500 for near-retirement households.

One out of two households is at risk of having an insecure financial retirement. This predicament is due in large part to a lack of access to retirement plans at work. About 50 percent of the state's private sector employees (aged 18 to 64) approximately 216,000 individuals work for an employers that does not currently offer any sort of retirements saving plan. These are mostly employees working for Hawaii's small businesses.

It is difficult enough for working families to make ends meet with a regular paycheck. Hawaii's housing costs certainly do not encourage personal savings, with median rental housing cost at \$1,500 a month (Star Advertiser, 9/9/16). Unfortunately, many residents are not saving enough for retirement.

A new survey by AARP Hawaii of registered voters age 35 to 64 in Hawaii found that:

- 49% say they feel behind in saving for retirement
- 56% feel anxious about having enough money saved for retirement
- 79% are concerned as tax payers that those who are not able to save for retirement will end up on public assistance

Taken together, these facts mean that future retirees are likely to be over reliant on Social Security. In 2016, nearly 26 percent of Hawaii retirees relied completely on Social Security and 50 percent depended on it for half of their retirement income. The average monthly Social Security benefit resting at of \$1,408 is not enough to live on in Hawaii without government help or continuing to work full or part-time. People living only on Social Security are more likely to need taxpayer-subsidized food, medical insurance and housing.

While many of the statistics seem weighted toward the negative, there is also research that shows that we can take common-sense steps to move the needle in the right direction so that Hawaii residents can retire right here at home.

The goal of this resolution is to delve into ways to help people save their own money for retirement and save taxpayer dollars by not increasing the costs on the State's safety net assistance programs. The impact of expanded retirement savings by individuals will not only remove a percentage of currently vulnerable households off poverty by the time they retire, but also reduce the Medicaid spending, a key public safety net program. According to the Segal Consulting's 2017 Study of Medicaid Savings, Hawaii would save \$21 Million in the State Medicaid expenditures resulting from retirement savings for the first 10 years. (Segal Consulting, State Retirement Savings Initiatives Do More than Enhance Retirement Security for Private Sector Workers, Winter 2017)

Eight states (California, Illinois, Oregon, Maryland, Connecticut, Massachusetts, Washington, and New Jersey) have passed legislation that offers workers access to a retirement savings program. There are at least two dozen other states considering similar steps to help future retirees. We hope that Hawaii joins in this nationwide movement and help our future retirees be retirement ready. Thank you for the opportunity to testify.

TESTIMONY OF THE AMERICAN COUNCIL OF LIFE INSURERS
COMMENTING ON SCR 16, SD 1, RELATING TO RETIREMENT SAVINGS FOR
PRIVATE SECTOR EMPLOYEES IN HAWAII

April 4, 2017

Via e mail: wamtestimony@capitol.hawaii.gov

Honorable Senator Jill N. Tokuda, Chair
Committee on Ways and Means
State Senate
Hawaii State Capitol, Conference Room 211
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Tokuda and Committee Members:

Thank you for the opportunity to comment on SCR 16, SD 1, which requests convening a Legislative Working Group to Investigate and Identify Strategies to Promote Greater Retirement Savings for Private Sector Employees in the State of Hawaii.

Our firm represents the American Council of Life Insurers (“ACLI”), a Washington, D.C. – based trade association with approximately 290 member companies operating in the United States and abroad. ACLI advocates in state, federal, and international forums for public policy that supports the industry marketplace and the 75 million American families that rely on life insurers’ products for financial and retirement security. ACLI members offer life insurance, annuities, retirement plans, long-term care and disability income insurance, and reinsurance, representing 94 percent of industry assets, 93 percent of life insurance premiums, and 97 percent of annuity considerations in the United States. Two hundred twenty-two (222) ACLI member companies currently do business in the State of Hawaii; and they represent 96% of the life insurance premiums and 99% of the annuity considerations in this State.

The last committee hearing SCR 16 included an amendment which ACLI strongly supports that directs the working group to examine not only state created and state run retirement plans but private marketplace retirement savings plans as well.

However, the amendment (in paragraph numbered (5) on page 4, of SCR 16, SD 1, beginning at line 18 through 22), incorrectly identifies Illinois as one of the states that has adopted a private marketplace plan. Illinois’ retirement savings plan is in fact a state created and run retirement plan. As such, ACLI suggests that the SCR 16, SD 1, be further amended (1) to remove Illinois from the list of states (Washington and New Jersey) which have adopted private sector incentives to retirement savings and (2) by adding to that list the state of Utah which recently adopted a \$500 tax credit for any employer who adopts a new retirement plan for its workers.

Again, thank you for the opportunity to comment on SCR 16, SD 1.

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HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of Hawai‘i Appleseed Center for Law and Economic Justice

Supporting SCR 16, SD1 – Convening a Legislative Working Group to Investigate and Identify Strategies to Promote Greater Retirement Savings for Private Sector Employees in Hawaii

Senate Committee on Ways and Means

Scheduled for hearing Tuesday, April 4, 2017, 9:45 AM, Conference Room 211

Dear Chair Tokuda, Vice Chair Deal Cruz, and members of the Committee on Ways and Means:

Thank you for the opportunity to testify in **SUPPORT** of **SCR 16, SD1**, which is an important step for the state to take towards helping our workers adequately save for retirement.

While Hawai‘i’s official elderly poverty rate of 8 percent is lower than the national average, it is the 22nd highest rate among the states. More importantly, if you look at the U.S. Census Bureau’s arguably more accurate supplemental poverty measure, Hawai‘i’s senior poverty rate rises to 17 percent, the 6th highest rate in the nation. Much of this difference is due to the fact that the supplemental measure factors in costs of living (which are higher in Hawai‘i than in any other state in the nation).

And if you look at people aged 65 and older with incomes below 200 percent of the poverty level, Hawai‘i’s indicators worsen considerably. Even by the official measure, over one quarter (27 percent) of Hawai‘i’s elderly live below twice the official poverty threshold. Astoundingly, over half (54 percent) of Hawai‘i’s seniors have incomes below 200 percent of the supplemental measure, which is the 2nd highest rate among the states.

Meanwhile, approximately 86 percent, or 197,000, Hawai‘i residents aged 65 or older received Social Security benefits in 2014, which was lower than the national average of 91 percent. Hawai‘i seniors received an average monthly Social Security benefit of \$1,303, very close to the national average of \$1,308. However, as noted above, our seniors have to contend with the highest cost of living among all the states.

With our ever-growing senior population facing statistics like that, encouraging and enabling our working-age population to save for retirement is crucial to our state’s future economic health.

According to the AARP, half of our state’s private sector workers do not have access to an employer-sponsored retirement plan, and very few who are eligible to contribute to an individual retirement account actually do so. Low-wage workers are especially unlikely to have a retirement plan available to them at their workplace.

The vast majority of Hawai'i registered voters polled by AARP wish that they had more retirement savings, are concerned that some of their fellow residents will end up on public assistance programs in retirement, and agree that lawmakers should do more to make it easier for small business owners to offer their employees a way to save for retirement.

Dozens of states have been considering the ways that they could help their workers save more via state-managed retirement plans. In fact, five states – California, Connecticut, Illinois, Maryland, and Oregon – have enacted legislation to create automatic enrollment retirement savings plans for their workers.

According to the Center for Economic and Policy Research, one major advantage of state plans is that workers could keep their accounts with them when they change jobs. In addition, the fees of state-managed plans would likely be just a fraction of those levied by private 401(k)s:

This may seem like a small difference, but it adds up over a worker's career. Imagine a person earning \$60,000 a year and putting 6 percent of their pay, or \$3,600 a year, into a 401(k) for thirty years. At the end of thirty years, the difference between a plan with annual administrative costs of 0.3 percent and a plan with costs of 1.0 percent would be almost \$30,000. (This calculation assumes a 5.0 percent average annual nominal return.)

The difference would be even larger if we factored in that private accounts are likely to charge between 10 to 20 percent of savings to convert the sum into an annuity when workers retire. A public plan would charge considerably less.

Another important feature of many of these types of plans is automatic enrollment. According to the AARP, 90 percent of those who are participating in employer-sponsored retirement programs state having their savings automatically deducted from their paychecks is very important and makes it easier for them to save.

State-managed retirement savings plans, such as those being considered or implemented by other states, deserve serious consideration here in Hawai'i. We need to start now to ensure that as few of our future retirees as possible end up struggling in poverty.

The Hawai'i Appleseed Center for Law and Economic Justice is committed to a more socially just Hawai'i, where everyone has genuine opportunities to achieve economic security and fulfill their potential. We change systems that perpetuate inequality and injustice through policy development, advocacy, and coalition building.

Capt. T. J. Davies, Jr. (Ret.)
909 Kapiolani Blvd # 601
Honolulu, HI 96814-2132
tjdavies@juno.com
808-593-1026

18 March 2017

To: [COMMITTEE ON WAYS AND MEANS](#), Senator Jill N. Tokuda, Chair, Senator Donovan M. Dela Cruz, Vice Chair

Date: Tuesday, April 4, 2017, 9:45 a.m., Room 211

Re: SCR 16 SD1, Convening a Legislative Working Group to Investigate and Identify Strategies to Promote Greater Retirement Savings for Private Sector Employees in Hawaii..

Chair Keith-Agaran, Vice Chair Rhoads and members of the committee:

My name is T. J. Davies Jr. I am 82 years old, retired, handicapped and live in Kakaako. I am writing in STRONG SUPPORT of SCR 16, Convening A Legislative Working Group to Investigate and Identify Strategies to Promote Greater Retirement Savings for Private Sector Employees in Hawaii.

This is an important issue that affects my children, grandchildren and all future retirees who need to save enough for their retirement so that they can keep up with the high cost of living and housing especially in this State. I was fortunate to have an employer-sponsored retirement plan which helped me build a comfortable nest egg that supplements my pension and social security. Unfortunately, others are not as lucky. My children live from paycheck to paycheck as they struggle to pay their mortgage, and for their own children's education and daily living expenses. They don't work for the public sector or large companies that offer a plan that would automatically deduct a small percentage from their payroll to contribute towards their retirement. While there are opportunities to open 401K plans through the banks, they tend to put this off to address their immediate financial needs.

Hawaii needs to take action now to help our residents save for their retirement.

Your favorable consideration of SCR 16 is requested. Mahalo & Aloha

T. J. Davies Jr., Volunteer
Treasurer, AARP Chapter 60 Honolulu
Treasurer, Kokua Council for Senior Citizens of Hawaii Education Fund
Director, Hawaii Alliance for Retired Americans
Kakaako (District 26 / Senate District 12)



HAWAII

Senate Committee on Ways & Means

April 4, 2017 Hearing at 9:45 am

RE: SCR 16, SD1

CONVENING A LEGISLATIVE WORKING GROUP TO INVESTIGATE AND IDENTIFY STRATEGIES TO PROMOTE GREATER RETIREMENT SAVINGS FOR PRIVATE SECTOR EMPLOYEES IN HAWAII.

Chair Tokuda, Vice Chair Dela Cruz, and members of the Committee, the National Association of Insurance and Financial Advisors (NAIFA) Hawaii is made up of life insurance agents throughout Hawaii, who primarily market life, annuities, long term care, and disability income insurance products.

SCR 16, SD1, is requesting that a retirement savings working group be convened to investigate and identify strategies to promote greater retirement savings for Hawaii private sector employees. This working group will seek the assistance of LRB and reports its findings and recommendations prior to 2018 legislative session.

SCR 16, SD 1 is very similar to SCR 16 and although we opposed SCR 16 in the Senate Judiciary and Labor Committee, we now will work towards implementing a volunteer private/public “marketplace” similar to Washington and New Jersey.

Please note that both houses of Congress (in the Senate on March 30, 2017 – 50 to 49) approved a resolution repealing the municipal retirement savings rules and sent it to the President. During the late tenure of President Obama’s term, the Department of Labor exempted both state and municipally run retirement savings plan from ERISA. This ERISA exemption would have let employers pass workers’ money into plans without having to foot compliance costs. It is expected that the Senate will repeal a related rule affecting state retirement savings plans. **These actions will place more hurdles in a state run program as higher consumer protection standards will have to be met as in the private sector.**

Both policymaker and media attention have focused on workers not saving enough for retirement. States have considered bills that would implement state run IRA type retirement plans options available to workers at small and medium companies. NAIFA understands the importance of retirement security and acknowledges that many Americans are not saving enough for retirement. However, we do not believe that a state-run plan that competes with private market plans is the answer. Availability and access to retirement savings options are not the problem — there already exists a strong, vibrant private sector retirement plan market that offers diverse, affordable options to individuals and employers.

Nearly 80% of full-time workers have access to a retirement plan through their employer, and more than 80% of workers with access to plans in the workplace participate in a plan.

In light of limited state resources, the need to use state funds for the start-up, operating costs, state responsibilities and obligations under ERISA would be better served by using scarce state resources for education and outreach efforts designed to educate our citizens about the importance of saving for retirement, rather than implementing a costly state-run plan.

More than half the states have appointed task forces or commissions to study the feasibility of a state run retirement plan. California, Illinois and Oregon have decided to automatically enroll most state residents in a state sponsored retirement account if their employer does not offer a plan option. Connecticut, and Maryland have also enacted legislation. The Massachusetts plan is limited to non-profit organizations with less than 20 employees but not yet operational. **Washington and New Jersey, however, have enacted legislation to set up a voluntary marketplace designed to bring together employers and private market plan providers which we think is the best model.**

We would prefer that the state conduct an education and outreach program initially for its citizens about the need to save for retirement rather than establishing a new state retirement system for the private sector similar to addressing the aging issues.

Thank you for allowing us to share our views.

Cynthia Takenaka
Executive Director
Phone: 808-394-3451

William Beadle
1720 Ala Moana, 1406A
Honolulu, HI 96815

To: Senator Jill Tokuda, Chair
Committee on Ways and Means

Date: April 2, 2017

RE: SCR16/SD1, Working Group on Retirement Savings for Hawaii's Workforce

I am testifying in strong support for SCR16/SD1, a resolution which calls for the establishment of a working group to develop a proposal for legislative action on a Retirement Savings Program for Hawaii's workers. There is no budget request in this resolution, just a proposal to put together a committee of interested parties to develop a legislative proposal. The work group would examine the options for providing a payroll deduction plan, at minimal cost to business owners and taxpayers, to help over 216,000 Hawaii workers who do not have access to a workplace retirement program.

I have a personal interest in this issue. Prior to moving to Hawaii, I was fortunate to be the CEO of the Better Business Bureau of Utah from 1980 to 1998. As the administrator of a small non-profit business membership organization, I learned of the difficulty in providing retirement security for small business employees. A retirement savings payroll deduction program would have provided an option for the vast majority of our small business membership, my employees and I. After twenty years of service to the same organization, I walked away with only my personal IRA. Over those twenty years, several attempts to establish a retirement benefit program failed, primarily due to the size of the group and complexity of the regulations.

While details differ, most proposals across the country include voluntary payroll deduction on the part of employees with no financial participation on the part of the business or government.

Everyone knows they should save for retirement, what everyone needs is a simple way to do so. I am in support of SCR16/SD1, let's plan for a prosperous future for our current workforce.

Thank you for the opportunity to express my support for SCR16/SD1.

Aloha, Bill Beadle

Waikiki

TO: Senator Jill N. Tokuda, Chair, and Senator Donovan M. Dela Cruz, Vice Chair,
Committee on Ways and Means

FROM: Barbara Dove, 1720 Ala Moana Blvd. #1406A, Honolulu

DATE: April 4, 2017, 9:45 a.m. Conference Room 211, State Capitol

RE: SCR 16, SD1 - CONVENING A LEGISLATIVE WORKING GROUP TO
INVESTIGATE AND IDENTIFY STRATEGIES TO PROMOTE GREATER
RETIREMENT SAVINGS FOR PRIVATE SECTOR EMPLOYEES IN HAWAII

Senator Jill Tokuda, Chair, Senator Donovan M. Dela Cruz, Vice Chair and Committee
Members,

My name is Barbara Dove and I am a retired Federal employee. I am lucky that I have a Federal pension and do not have financial concerns. As a volunteer counselor with SCORE Hawaii, (Counselors to America's Small Business), I have talked to many small business owners who aren't so lucky. They struggle with the day to day battle of staying in business, establishing pension programs for themselves and their employees is a low priority. My husband is a retired small business owner/executive who never had access to a pension program and has to rely upon his social security and savings for income.

I strongly believe that a payroll deduction retirement saving plan for small company employees would encourage retirement savings. Participants would be in a better financial situation as elders and not risk the possibility of needing public assistance programs. Having this program set up at the State level would give employees a simple way to save across their earning years, regardless of changing employers.

This resolution has no appropriation request. Convening a working group to look into strategies to promote retirement savings for private sector workers in Hawaii is a win-win for everyone. It's important for the generations to come to have financial security so they do not become a burden on our community.

Thank you very much for the opportunity to submit my testimony for SRC16, SD1. Hawaii needs to take action now and help our residents save for their retirement. **I strongly support this bill and would appreciate your support.**

Sincerely,

Barbara Dove

Waikiki

(808) 282-7207

TO: Senate Committee on Ways and Means, Senator Jill Tokuda, Chair

Date: Tuesday, April 4, 2017, State Capitol Conference Room 211, 9:45 a.m.

RE: SCR16 SD1 Convening a Legislative Working Group to Investigate and Identify Strategies to Promote Greater Retirement Savings for Private Sector Employees in Hawaii

To Chair Tokuda and Members of the Committees,

I strongly support SCR16 SD1 which convenes a legislative working group to identify ways we can help Hawaii's private sector workers save for their retirement. This is an issue that will affect many of our young people who do not have the discipline to save. Unless it is made easy and relatively painless to do so they will end up relying on the government when they want to retire or are no longer able to work.

I was fortunate in working for companies, private and public, that offered retirement savings plans that allowed me to retire comfortably without having to make tough choices. Hawaii's high cost of living makes it imperative that everyone start saving as soon as they can so their money can build through compounding. It is no surprise that workers who have the opportunity to contribute to a 401K are more likely to save. If we can offer this to our workers and educate them about the benefits it will better prepare them to face the future.

Thank you for this opportunity to submit testimony.

Paul Nishimura

Waipahu

TO : SENATE COMMITTEE ON WAYS AND MEANS
Senator Jill N. Tokuda, Chair
Senator Donovan M. Della Cruz, Vice Chair

FROM: Eldon L. Wegner, Ph.D.,
Hawaii Family Caregiver Coalition (HFCC)

SUBJECT: SCR 016 SD1 Promoting Retirement Savings

HEARING: 9:45 am Tuesday, April 4, 2017
Conference Room 211, Hawaii State Capitol

POSITION: The Hawaii Family Caregiver Coalition **strongly supports SRC 16 SD 1** which convenes a legislative taskforce to investigate and recommend strategies to encourage retirement savings for private employees in Hawaii.

RATIONALE:

I am offering testimony on behalf of the Hawaii Family Caregiver Coalition (HFCC), which is a coalition of agencies and individuals committed to addressing the needs of family caregivers and improving the ability of family caregivers to provide quality care for their frail and disabled loved ones.

Over the past 20 years or so, pensions in the private sector have been reduced or eliminated for many workers. Contributory plans such as 401b plans have been introduced by many larger employers but generally are unavailable for employees in small businesses or for self-employed persons.

Many current employees are anxious that they will be unable to ever retire because they will have inadequate retirement income. The state has established supplemental means for state employees to save for their retirement. However employees in the private sector have no such mechanisms.

Family caregivers are among the most in need of supplemental retirement savings. Because they have often faced reducing their hours of employment, have dropped out of the labor force or a period of time, or have had to take early retirement.

SCR 16 calls for a taskforce to investigate and make recommendations for measures which could address these important problems many workers face in saving for retirement.

Thank you for allowing me to testify in support of this important resolution.

To: Senate Committee on Ways and Means
Senator Jill N. Tokuda, Chair

Date: Tuesday, April 4,, 2017
Time: 9:45 a.m.
Location: Conference Room 211

Re: SCR 16, SD1 Convening a Legislative Working Group to Investigate and Identify Strategies to Promote Greater Retirement Savings for Private Sector Employees in Hawaii

Chair Tokuda and Members of the Committee:

My name is Esther Ueda, and I am writing in SUPPORT of SCR 16 .SD1.

I am a former state employee, and was very fortunate that the State provided a deferred compensation plan which helped me save for my retirement.

From my experience I know that having an automatic savings plan really helps to force you to put money aside for retirement. There are so many expenses that working people have to deal with that saving is very difficult and a process to facilitate saving would be very helpful.

I am very concerned that many working persons today, especially those who do not have the benefit of an automatic savings plan or other such method to help them put money aside for retirement, are not saving enough for their senior years. We are fortunate to live in a beautiful place like Hawaii, but retirement here is expensive!

Please pass SCR 16. SD1.

Thank you for allowing me to submit this testimony.

Sincerely,

Esther Ueda
Pearl City, Hawaii
Ph. 455-8406

Testimony RE: SCR 16, SD 1, Convening a Retirement Savings Work Group

By Carl Takamura

Chair Tokuda and Members of the Senate Ways and Means Committee:

My name is Carl Takamura and I strongly **support SCR 16,SD1**, which would convene a legislative work group comprised of public and private stakeholders to investigate and identify strategies to promote greater retirement savings for private sector employees who don't have access to employer-based retirement programs and need to save for their future retirement security.

There is widespread agreement that Hawaii's residents are not financially prepared for retirement. Many workers, especially Hawaii's small business workers, are afraid of "retiring poor" in one of the most expensive states in the nation. About 50 percent of the state's private sector employees (aged 18 to 64), approximately 216,000 individuals, work for an employer that does not currently offer any sort of retirement savings plan. These individuals are workers at all earnings levels, but this mainly impacts workers at lower income levels.. More than 167,000 of Hawaii employees with annual earnings of \$40,000 or less did not have access to a workplace plan. These workers represent about 78 percent of the 216,000 employees who have no access to a savings plan.

Financial institutions argue that retirement savings accounts can be opened up by individuals at any bank at any time. However, when a person has no employer payroll based retirement savings plan, there is only a 4.25 percent participation in retirement savings accounts. When there is an employer sponsored retirement savings plan, the participation rate jumps to 71.5%. It should be noted that the success of such a program would be dependent on participation rates and any voluntary program would significantly reduce the rate of participation. Yes, anyone can get an IRA, but this is simply not happening.

Others promote that consumers just need better financial education which would lead to increased retirement savings participation. The truth is that over the last decade access to retirement plans has declined, 401(k) balances have stagnated, and healthcare costs have risen. Although education is necessary, it is certainly not sufficient to solve this problem. Studies have shown that even with more education, people are 15 times more likely to save for retirement with an employer based payroll deduction savings account. In an article on "The New Retirement " in its January 2017 issue, *Consumer Reports* magazine noted that it supports initiatives such as California's Secure Choice program that provides workers with access to employer based savings accounts.

Providing access to some kind of workplace savings program in Hawaii just makes sense from both economic security and quality of life perspectives. In an age where "spend now, worry later" seems to be the predominant mindset, we must start a dialog about how employees of small businesses can easily and effectively save for retirement.

Thank you for the opportunity to testify.

To: Senate Committee of Ways and Means

Senator Jill Tokuda – Chair

Date: April 4, 2017

Re: SCR16 SD1 Retirement Savings

My name is Yuriko Vaughn, a retiree from ATT and I live in Honolulu.

I strongly support SCR16 SD1 Retirement Savings. I've been so fortunate to have an employee-sponsored retirement plan. This resolution is important because it will assist so many who are not as lucky. Their future is at stake. Hawaii's cost of living is much higher than any other state. Therefore, SCR16 SD1 is critical for many employees. They need help. So having this workgroup convene can at least start them looking at different models that will guide small business owners and their employees to save for retirement.

Please support SCR16 SD1.

Mahalo

From: [Vicki Franco](#)
To: [WAM Testimony](#)
Subject: Testimony for Sentate SCR16 SD1 Retirement Savings for Private Sector
Date: Saturday, April 1, 2017 12:06:29 PM

The Senate **COMMITTEE ON WAYS AND MEANS**

Chair: Senator Jill Tokuda

Date: April 4, 2017

Time: 9:45 a.m.

Room: 211

RE: SCR 16 SD1– Convening a Legislative Working Group to Investigate and Identify Strategies to Promote Greater Retirement Savings for Private Sector Employees in Hawaii

Senators,

My name is Victoria Franco and I am a retired individual residing in Manoa, Hawaii. I strongly support **SCR 16 SD1** which convenes a legislative working group to identify ways we can help Hawaii's private sector workers save for their future retirement. This is an important issue that affects my children, grandchildren and all future retirees who need to save enough for their retirement so that they can keep up with the high cost of living and housing costs especially in this State. I was fortunate to have an employer-sponsored retirement plan which helped me build a comfortable nest egg that supplements my pension and social security. Unfortunately, others are not as lucky. Most people in Hawaii live from paycheck to paycheck as they struggle to pay their mortgage, their own children's education and daily living expenses. If they are not lucky enough to work for the State or City Government where a plan is offered that automatically deducts a small percentage from their payroll to contribute towards their retirement then the burden for saving is totally up to them. Also being employed by a small business in Hawaii is very likely and a retirement savings plan is not offered by them. While there are opportunities to open their own 401K plan through the banks, they tend to put this off to address their immediate financial needs.

This investigative working group needs to be convened to help workers and their employers find ways to save for their retirement. I urge you to vote for its passage.

Mahalo for allowing me to submit testimony.

Victoria Franco

Manoa Resident

March 19, 2017

To: Ways and Means Committee
Senator Jill Tokuda, Chair

RE: **SCR 16,SD1** - Convening a Legislative Working Group to Investigate and Identify Strategies to Promote Greater Retirement Savings for Private Sector Employees in Hawaii.

Hearing Date: April 4, 2017
Conference Room 211, 9:45AM

Most Honorable Sen. Jill Tokuda and Committee Members:

I support Resolution SCR 16 and respectfully request you and the committee members approve the establishment of a legislative working group to investigate and identify programs that could be set up to supplement retirement savings for private sector employees in Hawaii.

Hawaii's hundreds of thousands of low and middle class non-union workers would benefit personally from a self-funded retirement plan...without the help of the state – if only there was a plan in place for self-funding an account on a regular basis.

*Take a look at how quickly a nest egg could grow over a 45-year period (from age 22 to 67):

- At \$20 per week you'd have \$331,553 by age 67
- At \$40 per week you'd have \$663,105 by age 67
- At \$50 per week you'd have \$828,882 by age 67

Even more do-able...Add 5 more years (50 years) and **just \$10/week equals \$238,351 for retirement savings.**

*Assuming a tax-deferred account or Roth IRA, compounded, with an historical 7% return.

<https://www.fool.com/retirement/2016/08/13/heres-how-much-money-you-could-retire-with-by-savi.aspx>

Please vote to convene a legislative working group to strategize the best plans for Hawaii's workers. Thank you for the opportunity to testify on this resolution.

Respectfully submitted,
Christine Olah
Honolulu Resident

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, April 2, 2017 10:45 PM
To: WAM Testimony
Cc: fmnhawaii@gmail.com
Subject: Submitted testimony for SCR16 on Apr 4, 2017 09:45AM

SCR16

Submitted on: 4/2/2017

Testimony for WAM on Apr 4, 2017 09:45AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Francis Nakamoto	Individual	Support	No

Comments: My name is Francis M. Nakamoto, testifying as an individual. I strongly support SCR 16 SD1. This resolution will create a working group to explore the ways and means Hawaii can best address the looming crisis facing thousands of Hawaii workers who will be retiring economically unprepared. The realization that half of today's workers, some 216,000 individuals, will retire with no retirement plan or with less savings than necessary to provide for their needs should convince the Legislature to start developing a state policy to help them. They are at risk of suffering through their final years in poverty or relying on family, charity and government assistance, or all of these sources, for shelter, food and health services. There is no debate that Hawaii's working people need help to assure that their golden years will not be lived in poverty or destitution. However, despite a nation-wide crisis at hand, the Republican Congress has elected to side with the financial services and retirement planning industry and against low and moderate income Americans. By rejecting US Department of Labor regulations which would have made it easier for State and County entities to facilitate retirement savings plans, Congress has made it harder American workers who are not fortunate enough to work for employers who have the wherewithal to provide pension or retirement plan programs or who belong to unions with retirement plans. Instead, they will be forced to relying on meager Social Security benefits and Medicaid to maintain a minimal existence in their post work years. With the current political climate, even Social Security and, certainly, Medicaid is not a sure thing, lending even more reason to pass this resolution to start planning for Hawaii's workers. The fact that Congress has scuttled the DOL regulations should, however, not dissuade this State from proceeding as have several other states which have led the way in creating state-sponsored retirement savings plans for their residents. California, which has 6.8 million employees without retirement plans and currently ignored by the private sector, plans to forge ahead under state law. Similarly, Illinois (1.2 million workers) and Oregon (1 million) are moving ahead with their state administered retirement programs. Maryland and Connecticut have also enacted similar laws. SCR16 SD1 will allow Hawaii to assess the existing deficiencies in the workplace that have left thousands uncovered by retirement savings planning and plans and explore how this state can develop a retirement savings policy and programs. It would be unwise not to take this important first step. Opponents

of HCR16, primarily certain Hawaii's financial services and private retirement savings plan advisors, contend that the private sector should be allowed to provide for the retirement needs of uncovered workers. (However, despite their efforts to sell their products, a significant gap group of workers continue to exist. If opponents believe SCR16 SDS1 is unnecessary, they should disclose their strategy to fill the needs of these workers if they believe they can be better than they have been. (Note: It is significant that the life insurance lobby does not now oppose this resolution, as it did before, but seeks a broadening of the scope of possible plan options, which the resolution allows.) The formation of a working group would provided them the opportunity to explain why the need has yet been fulfilled and how state or county-established retirement savings plan are unnecessary at this time. A working group will allow the State to develop the best solution to address the economic and social crisis we face with all stakeholders contributing their ideas to this goal. Please support SCR16 SD1. Mahalo.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

re: SCR16, SD1 Retirement Savings

Aloha Chair Tokuda, Vice Chair Dela Cruz and committee members.

I am a senior citizen and a resident of House District 19 and Senate District 9. I am a member of AARP, Kokua Council, the Hawaii Alliance of Retired Americans and the Legislative Committee of PABEA.

I'm testifying in strong support of SCR16, SD1. This bill would allow the convening of a legislative working group to investigate and identify strategies to promote greater retirement savings for private sector employees. Public sector employees and large company private sector employees already have options to save through their employers. Those in small companies have said they would be more inclined to save through payroll deduction, rather than in doing it on their own.

For the most part, younger generations are not as apt to save as their parents/grandparents. This will put an enormous burden on governmental services in the future.

Please support the convening of a working group to begin discussion about retirement savings.

Thank you for the opportunity to testify.

Barbara J. Service

Chair Jill Tokuda
Vice-Chair Donovan Dela Cruz
Senate Committee on Ways and Means

April 3, 2017

Testimony in Support of SCR 16, SD1

Dear Chair Tokuda, Vice-Chair Dela Cruz and Members of the Committee:

My name is Kathy Jaycox and I am writing to express my support for SCR16, SD1.

As a retired state employee, I realize how lucky I am to have the benefit of a pension. I also realize that many people who work in small businesses face real challenges as they try to save for their own retirement.

It is truly important for our state to investigate and identify strategies to promote greater retirement savings for private sector employees. Thank you for your support of such investigation.

Kathy Jaycox
559 Pauku St
Kailua, HI 96734

**TESTIMONY IN SUPPORT OF SCR 16, SD1
CONVENING A LEGISLATIVE WORKING GROUP TO
INVESTIGATE AND IDENTIFY STRATEGIES TO PROMOTE
GREATER RETIREMENT SAVINGS FOR
PRIVATE SECTOR EMPLOYEES IN HAWAII**

To: Senator Jill N. Tokuda, Chair, and Senator Donovan M. Dela Cruz, Vice Chair,
Committee on Ways and Means

Hearing Date: Tuesday, April 4, 2017; 9:45 a.m.; CR 211

Thank you for the opportunity to submit written testimony in **strong support** of **SCR 16, SD1**, which convenes a legislative working group to identify ways we can help private sector workers save for their future retirement in Hawaii. My name is Anna Filler and I retired two years ago at the age of 75. My last two employers offered a retirement savings plan that now supplements my social security. The younger generations of employees who work for smaller companies that do not offer retirement plans need an incentive to save money for the higher cost of future retirement needs.

Hawaii needs to take action now and help our residents save for their retirement.

Thank you very much for the opportunity to submit my testimony in support of **SCR 16, SD1**.

Anna Filler
Email: afiller@twc.com
Kakaako/Senate District 12

To: Committee on Ways and Means

Chair: Senator Jill Tokuda

Date: April 4, 2017

Room 211

Time: 9:45 a.m.

RE: SCR 16, SD1 CONVENING A LEGISLATIVE WORKING GROUP TO INVESTIGATE AND IDENTIFY STRATEGIES TO PROMOTE GREATER RETIREMENT SAVINGS FOR PRIVATE SECTOR EMPLOYEES IN HAWAII

Chair Tokuda and Committee members:

Thank you for the opportunity to submit written testimony in **STRONG SUPPORT** of **SCR 16, SD1** Convening A Legislative Working Group To Investigate And Identify Strategies To Promote Greater Retirement Savings For Private Sector Employees In Hawaii.

My name is Geoffrey Casburn and I am a retired Civil Engineer. My wife and I have lived in Hilo for 20 years.

I practiced civil engineering both here and in California for approximately 45 years. For approximately 32 years I owned and operated a small engineering company or was self-employed. Access to a simplified and low-overhead retirement savings program would have greatly benefited both me and my employees. The ability to set aside money as part of our payroll process would've provided a vehicle and the incentive to save for retirement.

As a small business state, we collectively need to encourage savings for retirement and provide reasonable means to accomplish that goal. Please establish this workgroup.

Thank you,

Geoffrey Casburn, P.E.

District of Hilo

Testimony Bill SCR 16 SD1 2017

ARNE WERCHICK

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April 2, 2017

Senate Committee on Ways and Means
Senator Jill Tokuda, Chair

**Re: Senate Concurrent Resolution 16, SD 1 (Retirement Savings for
Private Sector Employees)**
Hearing Date: April 5, 9:45 a.m.

Dear Chair Tokuda and Committee members:

I write in strong support of Senate Concurrent Resolution 16 SD 1, which takes the very first step towards exploring how to provide some additional retirement security for the almost quarter million Hawaii employees who currently do not have any work pension protection other than basic Social Security retirement benefits.

At least ten other states have established similar study programs to explore creation of such work-save programs, and California, Connecticut, Illinois, Massachusetts and Washington have already enacted such pension programs and are beginning the implementation process. Senate Concurrent Resolution 16 is but a tentative step to study this possibility. I am aware that some private for-profit investment companies opposed to all state-mandated work savings programs are pressing the current Republican-majority Congress to subject such small retirement pensions to ERISA requirements; rather than treating this as a barrier to passing SCR 16, I would suggest this is a fertile area for study by the exploratory group which SCR 16 creates to take into consideration in recommending how Hawaii might resolve the serious issue of seniors who will retire with thoroughly inadequate financial resources.

I would also point out that many in the the increasing population of seniors who will retire with insufficient finances will have to rely upon public services for food, transportation, housing and health care for which their Social Security benefits will be inadequate. This inevitably will increasingly

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stress future county and state budgets. If, on the other hand, Hawaii were to enact a viable work savings program, many more of these people will be able to live in retirement without becoming a public burden.

I am pleased to add my voice in strong support of Senate Concurrent Resolution 16, SD 1. which is a modest first step towards a very valuable program which without doubt would provide valuable benefits for our senior community.

- Arne Werchick

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