



Assistive Technology
Resource Centers of Hawaii

Linking, Educating, Empowering People with Assistive Technology

LATE TESTIMONY

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Hawaii's
Assistive Technology
Act Program



Aloha United Way
Partner Agency
#75010

March 21, 2017
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Senate
March 21, 2019

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

TO: Senator Gilbert Keith-Agaran, Chair
Senate Committee on Judiciary and Labor

I am Barbara Fischlowitz-Leong, Executive Director of a small non profit that provides services and programs for persons with disabilities. Our agency is supported with both federal and state grants and small charitable contributions. We have a staff of five (5). I strongly support **HCR 38**. We have been in operation since 1991 and would like to provide our employees with the kind of benefits they deserve. Our business is small and we barely can keep up with the administrative responsibilities. It has been difficult and overwhelming to set up and manage a retirement plan for our employees. We know this would be a significant benefit to our dedicated employees, however to administer such a program on our own is very challenging and costly for such a small agency... training employees and then losing them to businesses that can provide retirement benefits hurts us and does not help us develop better services and programs.

Sincerely,



Barbara Fischlowitz-Leong
Executive Director

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

By Carl Takamura

Chair Keith-Agaran and Members of the Senate Judiciary and Labor Committee:

My name is Carl Takamura and I strongly support SCR 16, 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.