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Senate Committee on Ways and Means
Thursday, February 22, 2018
10:00 a.m.
Conference Room 211

LATE

To: Senator Donovan Dela Cruz, Chair
Re: S. B. No. 2333, S. D. 1, Relating to Retirement Savings

Dear Chair Dela Cruz, Vice-Chair Keith-Agaran and Members of the Committee,

My name is James H. Q. Lee. I have been involved in numerous businesses in Hawaii over the past forty (40) years and have employed more than 1000 people in our businesses. My current business, Intellectual AG, Inc. currently employs more than 50 people of which 30+ are in the age range of 20 to 35.

I strongly support S.B. No. 2333, S.D. 1 which establishes a retirement savings board to administer the Hawaii retirement savings plan, establishes the Hawaii retirement savings plan administrative fund, requires the board to report to the legislature before establishment of the Hawaii retirement savings plan, and appropriate funds for the purposes of the bill.

In my experiences, young people do not know how to save. Many do not have access to a 401K or other retirement plan at work, do not want to pay the administrative fees associated with such plan, and are not able to save through payroll deduction. This is critical because studies show that people are 15 times more likely to save if they have access to a payroll deduction savings plan.

A 2014 Employee Benefit Research Institute study found that about 62 percent of employees with access to a retirement plan had more than \$25,000 in total savings and investments, and 22 percent had \$100,000 or more. However, only 6 percent of those without access to such a plan had over \$25,000 saved, and only 3 percent had \$100,000 or more.

When people save for retirement they are less likely to rely on public assistance programs later in life. An AARP and University of Maine study estimates Hawaii would save \$32.7 million on public assistance programs through 2032 if lower-income retirees saved enough to increase their retirement income by \$1,000 more per year.

Eight states have already passed legislation that improves workers' access to a retirement program, and 22 more are in progress to help their future retirees. In Oregon, the first state to implement a state retirement program for private-sector employees, 3,350 Oregon workers saved

more than \$600,000 for retirement during the first six months of the pilot phase of the program. Hawaii must join in this national effort to identify solutions to help our future retirees to be retirement ready, and AARP Hawaii stands ready to work with the Legislature to determine the appropriate details for a Hawaii Work and Save program.

Thank you for the opportunity to testify in support of S.B. No. 2333, S. D. 1.

Very truly yours,

By _____
James H. Q. Lee

SB-2333-SD-1

Submitted on: 2/22/2018 6:56:51 PM

Testimony for WAM on 2/23/2018 10:30:00 AM

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
Mona Daniels	Individual	Oppose	No

Comments: