

**SB-1374-SD-2**

Submitted on: 3/12/2019 1:37:41 PM

Testimony for LAB on 3/14/2019 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
GARY SIMON	Policy Advisory Board for Elder Affairs (PABEA)	Support	No

Comments:

Dear Chair Johanson, Vice Chair Eli, and Honorable Members of the House Committee on Labor and Public Employment:

I am Gary Simon, Chairperson 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 offering testimony on behalf of PABEA.

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

PABEA wholeheartedly supports SB 1374 SD 2.

We encourage you to establish the Hawaii Retirement Savings Program as soon as possible.

Employees are 15 times more likely to save when they can do so at work.

The Hawaii Retirement Savings Program will make it easier for businesses to offer employees a way to save out of their regular paychecks, helping them take charge of their financial futures and live independently as they age.

It is their own money that they can take with them from job to job.

It is their own money that they can rely on in later years for a more secure future.

Contributions will be made with an automatic deduction from their paychecks.

Providing employees a simple way to save for retirement will mean fewer will need to rely on public assistance later in life, which will save taxpayer dollars.

We urge you to support SB 1374 SD 2, and we urge you to recommend its passage.

We thank you for seriously considering the Bill.

Very sincerely,

Gary Simon

Chairperson, Policy Advisory Board for Elder Affairs (PABEA)



# AMERICAN BENEFITS COUNCIL

March 1, 2019

*Submitted electronically via email*

Senator Brian T. Taniguchi  
Hawaii State Capitol  
Room 219  
415 South Beretania Street  
Honolulu, HI 96813  
[sentaniguchi@capitol.hawaii.gov](mailto:sentaniguchi@capitol.hawaii.gov)

**Re: Recommended Amendments to SB 1374 SD1 to Reduce the Risk of ERISA  
Litigation for the Hawaii Saves Program**

Dear Senator Taniguchi:

The American Benefits Council (“Council”) is writing to bring your attention to a provision of SB 1374 SD1, the Hawaii Retirement Savings Program (“Program”), that would unnecessarily create a substantial risk of litigation for the Program under the federal Employee Retirement Income Security Act of 1974 (“ERISA”) based on preemption concerns. We are also writing to recommend clarifications to the bill that we believe would further minimize the risk of ERISA-based challenges for the Program. Provided below are the Council’s suggestions for some modest amendments to the bill’s language that we believe would still accomplish the intent of SB 1374 SD1 while minimizing certain ERISA-related risks that states with similar programs have encountered.<sup>1</sup>

The Council is a public policy organization representing principally Fortune 500 companies and other organizations that assist employers of all sizes in providing

---

<sup>1</sup> Although our comments are directed at SB 1374 SD1, the Council recommends that similar changes be made to similar bills that have been introduced this session (e.g., SB 1049, SB 1028, and HB 470).

benefits to employees. Collectively, the Council's members either directly sponsor or provide services to retirement and health plans that cover more than 100 million Americans. The great majority of the Council's members have operations in multiple states, including Hawaii.

The Council and its members have long supported both public and private efforts to expand access to retirement savings opportunities for workers. Due to the voluntary nature of the United States' employment-based retirement system, we have worked closely with Congress and the federal agencies over the years to reduce the administrative burdens and costs of sponsoring a pension plan. Now that a number of states have enacted programs similar to what Hawaii is considering, we have also been working with the states, such as our recent participation on an OregonSaves' Rulemaking Advisory Committee, to share our experiences in how to achieve savings success and to ensure that these programs do not adversely affect those employers that already offer a retirement savings opportunity to their workers.

As successful as the employment-based retirement system has been for millions of workers, for many very small businesses, establishing a retirement plan is viewed as too burdensome, and so we understand the concerns that have led Hawaii to consider legislation that would establish a program targeting individuals without access to a retirement plan at work. We are therefore not writing in opposition to SB 1374 SD1 in its entirety, but to offer our recommendations for modest changes that would (1) help ensure that the Program does not disrupt existing employer-provided retirement plans and (2) reduce the threat of challenges to the Program.

## **BACKGROUND ON ERISA PREEMPTION**

Very briefly, ERISA is a comprehensive federal statute regulating employer-sponsored retirement and welfare benefit plans. For more than 40 years, employers who sponsor a retirement plan have been subject to a single federal statutory and regulatory regime under ERISA. One of the fundamental reasons that Congress had for passing ERISA was to ensure that employers who voluntarily sponsor a retirement plan are not subject to a multitude of regimes under state laws that would inevitably vary from state to state. To produce this result, Congress included an explicit and far-reaching preemption provision in the statute. According to that provision, and except as otherwise provided by law, title I and title IV of ERISA "*shall supersede any and all State laws insofar as they may now or hereafter relate to any employee benefit plan*" (emphasis added).<sup>2</sup>

---

<sup>2</sup> ERISA § 514.

A state's failure to recognize the role of ERISA in promoting the uniform design and operation of employee benefit plans could result in inconsistent requirements being imposed on national employers and cause both confusion for and unequal treatment of participants who work and live in different states. To avoid this result, ERISA's preemption provision would apply to a wide range of state laws that "relate" to employer-sponsored retirement plans in a manner that, for example, dictates a particular plan design or employee coverage requirements, attempts to alter the voluntary nature of the employment-based retirement system, or imposes additional reporting requirements on employers that sponsor a plan.

#### RECOMMENDED CHANGES TO SB 1374 SD1

In light of ERISA's broad preemption provision and to avoid imposing additional burdens on employers that offer a retirement plan, the Council has the following three recommendations:

- 1. Replace the bill's prohibition on employers canceling their existing retirement plans for five years with a similar provision that would not implicate ERISA preemption.**

Section 5(1) of SB 1374 SD1 provides that the act shall take effect upon its approval, provided that:

No employer with a retirement plan or program for their employees shall cancel their retirement plan or program for five years from the effective date of this Act; ...

The Council believes that the above provision would be preempted by ERISA as currently written because it clearly "relates" to an employee benefit plan by prohibiting an employer from terminating its retirement plan – an action that would otherwise be permitted under federal law. As such, *we strongly recommend that this language be removed from the bill and that an alternative approach to achieving what we assume to be the intent of section 5(1) be used instead.*

We assume that section 5(1) is intended to prevent Hawaiian employers from terminating a more robust retirement plan (e.g., a 401(k) plan) simply in order to participate in the Hawaii Saves Program instead. We understand that a number of other states have had similar concerns. After all, the intention of these state IRA programs is to provide retirement savings opportunities to those workers who do not currently have

access to a plan at work, and not to encourage employers that already offer a more robust plan to reduce the coverage offered to an IRA program.

If this is indeed the intent of section 5(1), then *we encourage you to consider a different approach that has been used in a number of other states, which is to limit the eligibility of employers to offer the state's IRA program to those employers that do not offer a qualified retirement plan currently or in the past [X] number of years.* This approach does not interfere with an employer's ability to voluntarily terminate its retirement plan, but it also prevents an employer from terminating its plan for the purpose of immediately joining the state's IRA program.

For example, Illinois Public Act 098-1150, which created the Illinois Secure Choice Program, accomplished the above approach by defining "employer" as follows:

"Employer" means a person or entity engaged in a business, industry, profession, trade, or other enterprise in Illinois, whether for profit or not for profit, that ... (iii) has not offered a qualified retirement plan, including, but not limited to, a plan qualified under Section 401(a), Section 401(k), Section 403(a), Section 403(b), Section 408(k), Section 408(p), or Section 457(b) of the Internal Revenue Code of 1986 *in the preceding 2 years* [emphasis added].

Should Hawaii choose to follow the approach used in Illinois, Hawaii could, of course, substitute any number of years (e.g., five) for the "2 years" as provided under Illinois law.

## **2. Clarify the scope of the exemption from the Hawaii Saves Program for employers that offer a qualified retirement plan.**

SB 1374 SD1 provides that the Program shall "[r]equire an employer to offer its employees the opportunity to contribute to an account in the program through payroll deduction *unless the employer offers a qualified retirement plan...*" (emphasis added). The Council strongly supports exempting employers that already offer a retirement plan from the Program's employer requirements, which avoids both imposing burdens on plan sponsors and triggering ERISA preemption concerns in this regard. However, for the avoidance of any doubt as to the scope of such exemption, *we encourage you to clarify that plan sponsors are exempt if they offer a qualified retirement plan to "some or all" employees, or to "at least one employee."*

When an employer creates a retirement plan, the plan is generally available to most employees. The various nondiscrimination rules in the Internal Revenue Code require that the plan's eligibility and benefit rules do not favor highly compensated employees, and such rules impose restrictions on eligibility conditions in the plan. For example, the plan may not generally require, as a condition of participation, achievement of an age of more than 21 or more than two years of credited service. But, consistent with these restrictions, it is unusual for a qualified retirement plan to be offered to 100% of all employees at all times, starting from the date of hire. Oftentimes, an employee who is not currently eligible for participation in the plan will become eligible in the future, either due to meeting the plan's service requirement or due to moving from an ineligible position to a position eligible for participation.

If the clarification requested above is not made, an argument could potentially be made that a plan sponsor is not exempt if it does not offer a retirement plan with respect to a *specific employee*. The scope of this exemption is particularly unclear when considering that SB 1374 SD1 would require the Program to "[a]llow employers to establish an alternative retirement program for some or all employees." In other words, what is the purpose of specifying that an employer may establish a retirement plan for "some or all" employees if the exemption is already intended to be available to all plan sponsors, regardless of whether 100% of employees are covered?<sup>3</sup> Again, we urge further clarification that all plan sponsors are entirely exempt from the Program, even if not every employee is covered by the plan.

### **3. Clarify that no reporting requirements may be imposed on employers that offer a qualified retirement plan.**

As noted above, ERISA's preemption provision applies even to state laws that simply impose a new or different employer reporting requirement that "relates" to an employee benefit plan. A recent Supreme Court decision reaffirmed this point when it struck down a state reporting requirement imposed on ERISA-covered health plans because the new reporting requirements interfered with a national and uniform system of plan administration.<sup>4</sup> And *OregonSaves*, which requires all employers (including those that offer a qualified retirement plan) to register on a website or report that they

---

<sup>3</sup> One suggestion is to amend this provision in SB 1374 SD1 to provide that the Program shall "allow employers that establish an alternative retirement program to obtain an exemption from the program as of the date that such alternative retirement program is first established or made available to one or more of the employer's employees."

<sup>4</sup> *Gobeille v. Liberty Mut. Ins. Co.*, 136 S. Ct. 936, 943 (2016).

offer a retirement plan, has faced legal challenges over their decision to implement such a reporting regime.

As such, *we recommend clarifying in SB 1374 SD1 that no reporting shall be required by plan sponsors with respect to the Hawaii Saves Program.*<sup>5</sup> We offer the following two examples of approaches used to address this issue in other states that we believe would help the Program avoid ERISA preemption concerns in this regard. Either approach could be easily incorporated into SB 1374 SD1:

- **Example A: CalSavers draft proposed permanent regulations**

#### **Section 10001. Eligible Employers**

...

(d) The Program will notify Employers about the Program and its registration deadlines and require Eligible Employers that have not previously registered for the Program to do so on or before the deadlines set forth in Section 10002(a). *Exempt Employers may, but need not, inform the Program of their exemption from the Program using one of the methods established under Section 10002(e)* (emphasis added).

- **Example B: Massachusetts SD 1902 (2019), Section 7**

#### **NEW Section 64F Massachusetts Secure Choice Program**

...

#### **3. Powers, Authority, and Duties of the Board**

...

(2)(g)... The Board may establish any processes that the Board reasonably deems to be necessary or advisable to verify whether an employer is a Covered Employer (including reference to on-line data and possible use of questions in employer State tax filings), *consistent with the objective of avoiding to the fullest extent practicable any requirement that an employer that is not a Covered Employer register with the Program or take other action to demonstrate that it maintains a Specified Tax-Favored Retirement Plan or is exempt for other reasons from being treated as a Covered Employer* [emphasis added].

---

<sup>5</sup> Although SB 1374 SD1 provides that the Program shall not “impose on employers any duties that are otherwise prohibited under [ERISA],” for the avoidance of doubt as to the intended scope and application of this provision, we recommend including language that would specifically prohibit the Program from imposing reporting requirements on plan sponsors.



\* \* \* \* \*

Thank you for your consideration of our comments. If you would find it helpful to discuss any of these matters with us, please contact me at [jjacobson@abcstaff.org](mailto:jjacobson@abcstaff.org).

Sincerely,

A handwritten signature in black ink, appearing to read "Jan Jacobson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jan Jacobson  
Senior Counsel, Retirement Policy  
American Benefits Council

Cc: Introducers of SB 1049

- Senator Laura Thielen ([senthielen@capitol.hawaii.gov](mailto:senthielen@capitol.hawaii.gov))
- Senator Stanley Chang ([senchang@capitol.hawaii.gov](mailto:senchang@capitol.hawaii.gov))
- Senator Rosalyn Baker ([senbaker@capitol.hawaii.gov](mailto:senbaker@capitol.hawaii.gov))
- Senator Kaiali'i Kahele ([senkahele@capitol.hawaii.gov](mailto:senkahele@capitol.hawaii.gov))
- Senator Dru Mamo Kanuha ([senkanuha@capitol.hawaii.gov](mailto:senkanuha@capitol.hawaii.gov))

Presentation to The  
Committee on Consumer Protection & Commerce  
March 14, 2019 at 9:00 A.M.  
State Capitol Conference Room 309

**Testimony in opposition to Senate Bill 1374, SD 2**

TO: The Honorable Aaron Ling Johanson, Chair, Committee on Labor & Public Employment  
The Honorable Stacelynn K.M. Eli, Vice Chair Committee on Labor & Public Employment  
Members of the Committee

My name is Neal K. Okabayashi, the Executive Director of the Hawaii Bankers Association (HBA). HBA is the trade association representing eleven banks, including eight with headquarters in Hawai'i.

SB 1374, SD 2 is a worthwhile concept in that it seeks to offer a retirement plan for employees whose employer does not currently offer a qualified retirement plan but alternatives for a retirement plan do presently exist, such as an IRA.

The intrusion of the State into a complex financial program, which may involve laws on taxation, ERISA (Employment Retirement Income Security Act), and securities law, which may expose the State to liability should not be undertaken without a careful review of the risks embedded in such a complex undertaking. The State must develop the expertise to handle such a program, if one is to be successful. It should not advance based on mimicking another state's program without careful thought.

HBA is concerned that the requirement of a low program fee will be a competitive edge which may tempt employers with a qualified retirement plan to terminate its plan and enter the state retirement savings program because it is cheaper.

If, rather than a careful study, if this measure is to pass, the program should be prohibited from enrolling employers if the employer has terminated its qualified retirement program within the previous three years unless the employer has entered into bankruptcy or otherwise suffered adverse economic condition from reasons not within the employer's control.

Section –2(2) should be amended to read as follows:

(2) Require an employer to offer its employees the opportunity to contribute to an account in the program through payroll deductions unless the employer offers a qualified retirement plan, including but not limited to a plan qualified under section 401(a), section 401(k), section 403(a), section 403(b), section 408(k), section 408(p), or section 457(b) of the Internal Revenue Code of 1986, as amended, or the employer had offered within the previous three years a qualified retirement plan unless the employer terminated the qualified retirement plan due to bankruptcy or adverse economic condition not within the employer's control;

Thank you for the opportunity to submit this testimony on SB 1374, SD 2 and for the reasons set forth herein, we oppose this bill. Please let us know if we can provide further information.

Neal K. Okabayashi



# HAWAII APPLESEED

## CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of Hawai‘i Appleseed Center for Law and Economic Justice  
Supporting SB 1374 SD2 – Relating to the Hawaii Retirement Savings Program  
House Committee on Finance  
Thursday, March 14, 2019, 9:00 AM, conference room 309

---

Dear Chair Johanson, Vice Chair Eli, and members of the Committee:

Thank you for the opportunity to testify in **SUPPORT** of **SB 1374 SD2**, which would establish the Hawaii retirement savings program administrative fund as well as require the department of budget and finance to prepare an annual report detailing the department's activities for the previous fiscal year to the governor and legislature.

According to the U.S. Census Bureau’s supplemental poverty measure, Hawai‘i’s senior poverty rate is 17 percent, the 6<sup>th</sup> highest rate in the nation.<sup>i</sup> Astoundingly, over half (54 percent) of Hawai‘i’s seniors have incomes below 200 percent of the supplemental measure, which is the 2<sup>nd</sup> highest rate among the states.

Meanwhile, 85.3 percent, or over 253,000, Hawai‘i residents aged 65 or older received Social Security benefits in 2017, which was lower than the national average of 90.1 percent.<sup>ii</sup> Hawai‘i seniors received a median monthly Social Security benefit of \$1,332, just below to the national average of \$1,347,<sup>iii</sup> while having 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 prevent more poverty among our seniors and to protect 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.<sup>iv</sup>

Dozens of states have been considering the ways that they could help their workers save more via state-managed retirement plans. In fact, at least five states – California, Connecticut, Illinois, Maryland, and Oregon – already have 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.<sup>v</sup> 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 makes it easier for them to save. As a possible remedy to the lack of retirement savings, automatic enrollment can affect senior poverty levels and, by reducing the number who would need to rely on public assistance, state budgets.

We need to start now to ensure that as few of our future retirees as possible end up struggling in poverty. Mahalo for your consideration of this testimony.

---

<sup>i</sup> <https://www.kff.org/report-section/poverty-among-seniors-issue-brief/>

<sup>ii</sup> [https://www.ssa.gov/policy/docs/statcomps/oasdi\\_sc/](https://www.ssa.gov/policy/docs/statcomps/oasdi_sc/)

<sup>iii</sup> <https://www.ssa.gov/policy/docs/statcomps/supplement/2017/index.html>

<sup>iv</sup> [https://www.aarp.org/content/dam/aarp/research/surveys\\_statistics/econ/2016/2016-Hawaii-Work-and-Save-Onepager-AARP-res-econ.pdf](https://www.aarp.org/content/dam/aarp/research/surveys_statistics/econ/2016/2016-Hawaii-Work-and-Save-Onepager-AARP-res-econ.pdf)

<sup>v</sup> <http://cepr.net/blogs/beat-the-press/the-paul-ryan-small-savers-tax>

---

*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.*

House Committee on Labor & Public Employment

Thursday, March 14, 2019

9 a.m.

Conference Room 309

Dear Chair Johanson and Members of the Committee:

My name is Sylvia K.S. Ching and I strongly support SB 1374 SD2 (Hawaii Saves Retirement Savings Program).

There is a retirement crisis in America. The average retirement savings is only \$2,500 and about half of all workers are in danger of retiring broke. Nearly half of Hawaii's private sector workers have no access to a retirement savings plan through their employers.

Programs such as Hawaii Saves is an effective way to get people to save. People are 15 times more likely to save if the money comes out of their pay checks through payroll deduction.

A Retirement Savings Program can save taxpayers \$32.7 million in public assistance programs in less than 15 years if retirees save an extra \$1,000 a year.

I worked for the State of Hawaii government and am grateful for their savings plans I had access to through payroll deduction. I saved enough money to be self sufficient and not rely on public assistance programs now and in the future. Prior to working for the government I worked for small business and non profits which didn't offer such savings plans. If I were offered such plans I would have saved a lot more. I want all employees to have access to employer provided savings plans.

Please pass and support SB 1374 SD2 for the good of employees, business, and the taxpayers.

Thank you.

Sylvia Ching

sching35@gmail.com



**CGPTA**  
**Chinatown Gateway Plaza**  
**Tenant Association**  
**Since 2006**

**To: Committee on Labor & Public Employment (LAB)**  
**From: Chinatown Gateway Plaza Tenant Association (CGPTA)**  
Date: Thursday, March 14, 2019, 9:00 AM  
Place: Conference Room 309, State Capitol, 415 South Beretania Street

**Re: Strong Support for SB1374 SD2**, Relating to the Hawaii Retirement Savings Program.

Aloha e Chair Johanson, Vice Chair Eli, and Members of the Committee,

My name is Steve Lohse, I'm a resident of Chinatown Gateway Plaza (CGP), a 200-unit, city-owned, affordable housing property in Chinatown. I'm also chair of the CGP Tenant Association (CGPTA), organized by CGP residents in 2006 to keep ourselves informed and engaged in matters of concern to our community. On behalf of the CGPTA, thank you for this opportunity to submit written testimony in **Strong Support for SB1374 SD2**.

We have low- and fixed-income elderly residents in our affordable housing community who wish they'd had this opportunity, including myself, and we have younger residents who will benefit from a retirement savings program made easy. We also know grandparents still supporting children and grandchildren, all of whom could have and would benefit from this Hawaii Retirement Savings Program.

Hawaii Saves is a good idea that is overdue in Hawaii. Our choice should be an easy one between, on the one hand the power of compound interest available to workers without existing savings plans, on the other hand the hardship of retired workers without retirement savings. Please consider the following:

- About 216,000 people in Hawaii have no access to retirement savings plans through work, and current commercial financial institutions don't meet the needs of this market, whatever they claim.
- 70% of small business owners surveyed support a privately managed retirement savings program that employers don't run or pay for.
- Similar existing programs, e.g., Oregon, demonstrate that Hawaii Saves won't cost taxpayers, either, because employees themselves make the deductions for their own retirement accounts.
- In fact, Hawaii Saves could save Hawaii taxpayers over \$30 million in public assistance within 15 years if retirees save an extra \$1000/year, a mere \$20/week.
- Workers are 15 times more likely to save for retirement when saving is made easier through payroll deductions. Work Hard, Save Easy!

Hawaii Saves is the right program now for Hawaii and for Hawaii's private-sector workforce without employer-sponsored retirement savings plans. **Please, pass SB1374 SD2**. Thank you!

Aloha no,  
Steve Lohse, Chair  
Chinatown Gateway Plaza Tenant Association (CGPTA)  
[CGP.Tenant.Association@gmail.com](mailto:CGP.Tenant.Association@gmail.com)

TESTIMONY OF THE AMERICAN COUNCIL OF LIFE INSURERS IN  
OPPOSITION TO SB 1374, SD 2, RELATING TO THE HAWAII  
RETIREMENT SAVINGS PROGRAM

March 14, 2019

Honorable Aaron Ling Johanson, Chair  
Committee on Labor and Public Employment  
State House of Representatives  
Hawaii State Capitol, Room 309  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chair Johanson and Committee Members:

Thank you for the opportunity to testify in opposition to SB 1374, SD 2, Relating to the Hawaii Retirement Savings Program.

Our firm represents the American Council of Life Insurers (“ACLI”). ACLI advocates on behalf of 280 member companies dedicated to providing products and services that promote consumers’ financial and retirement security. 90 million American families depend on our members for life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, dental and vision and other supplemental benefits. ACLI represents member companies in state, federal and international forums for public policy that supports the industry marketplace and the families that rely on life insurers’ products for peace of mind. ACLI members represent 95 percent of industry assets in the United States. Two hundred twenty-one (221) ACLI member companies currently do business in the State of Hawaii; and they represent 95% of the life insurance premiums and 99% of the annuity considerations in this State.

Section 1 of SB 1374, SD 2, states the purpose of the bill “is to establish a Hawaii retirement savings program for private sector employees” to be administered by the State’s Department of Budget and Finance.

The proposed retirement savings plan is an AARP branded state-run retirement plan called “Work and Save.” This AARP plan has been introduced in approximately 30 states, most of which have rejected it. It is an expensive employer mandate that requires the business owner to offer the state plan and automatically enroll their workers. It also poses significant costs, risks, legal complexities and significant potential liabilities for the state and its private employers.

By way of background, since 2012 six states have adopted state created and run retirement plans similar to that proposed in SB 1374, SD 2, namely, California, Connecticut, Illinois, Maryland, Oregon and most recently, New York. This year, legislation to adopt the AARP plan has been introduced in Hawaii and 4 other states – Nevada, Tennessee, Virginia and Washington.

While ACLI is strongly committed to promoting retirement security both at the state and federal levels, ACLI joins with many employer groups in opposing enactment of the proposed AARP plan set forth in this bill.



Of the six states who have adopted the plan only one, Oregon, has begun to implement its plan, the OregonSaves program. The remaining five states have not yet moved forward and for good reasons.

The employer mandate in the state-run and administered retirement savings plan proposed by SB 1374, SD 2, is likely pre-empted by federal law. In addition, the auto-enrollment provisions in the bill will very likely subject business owners to liabilities under ERISA.

While in 2016 the Department of Labor (DOL) adopted ERISA safe harbor rules that could have allowed these plans, the rules also required the sponsoring state to meet certain requirements that would add even more costs. For example, the state had to take responsibility (i.e., assume liability) for the safety of the plan's investments and was required to provide a mechanism for enforcement of worker rights under the plan. In 2017, however, Congress determined that all private workers deserve the protection of ERISA and disapproved the DOL safe harbor in a resolution passed under the Congressional Review Act. Thus, there is no longer any ERISA safe harbor for these state-run plans.

The U.S. Chamber of Commerce has since received a definitive legal opinion that the AARP plan will likely be determined to be an employer-sponsored plan subject to and governed by ERISA. The opinion also concludes that the plan's provisions will most likely be found to be pre-empted by ERISA and therefore the plan could be challenged in court – in which case the state's money spent on implementing the plan will have been wasted. At the very least employers will be found to be the fiduciaries of the plan and become responsible for all of the obligations under ERISA that the sponsoring state refused to assume<sup>1</sup>. The Courts will ultimately determine the legal status of these plans.

Indeed, the California plan, now called CalSavers, is now under serious legal threat from a lawsuit filed in Federal District Court<sup>2</sup> in November of last year, asserting that the plan subjects employers to ERISA liability, in violation of the authorizing statute. If the lawsuit is successful, it would undermine the premise of the five other AARP plans that have already passed and those that are proposed this year in this state and in Nevada, Tennessee and Virginia.

Hawaii's adoption of SB 1374, SD 2, will, therefore, force Hawaii's small business owners, the owner's employees and the State of Hawaii to enter into a costly program that may expose them to enormous liabilities.

The flawed assumption underlying SB 1374's proposed State run retirement savings plan is that there is a lack of access to retirement plans in the private sector.

---

<sup>1</sup> By its terms SB 1374, SD 2, states that the program, the board, each board member of the Hawaii Retirement Savings Board established under the program and the State of Hawaii "shall not guarantee any rate of return or any interest rate on any contribution; provided that the program, the board, each board member, and the State shall not be liable for any loss incurred by any person as a result of participating in the program." See page 13, lines 7 through 12, SB 1374.

<sup>2</sup> Howard Jarvis Taxpayers Association, et al. vs. The California Secure Choice Retirement Savings Program, et al. No. 2:18-cv-01584 MCE-KJN, Dist. Ct, Eastern Dist., CA.

To the contrary, the current market place offers a wide variety of low cost and affordable vehicles that facilitate worker retirement savings. These include, for example, individual and payroll deduction IRAs, SIMPLE plans for small employers, and individual annuities

The creation of a new State sponsored and run retirement plan for private sector employees would be costly.

In states that have studied the AARP plan, the estimated startup and ongoing state costs are prohibitive, ranging from \$15M to \$20M in Illinois, \$23M in Oregon<sup>3</sup>, \$45M in Connecticut, and \$170M in California.

While the State of Hawaii should as a matter of policy encourage all of its residents to accumulate the savings they need to secure their own retirement, the wisdom of the State's spending its scarce resources to fund the cost of State run retirement plan mandated by SB 1374 SD 2, may be questioned. Indeed, as this Committee is well aware, funding the state's own employees' retirement plan and other costly government funded programs has been and continues to be challenging.

There are currently two bills pending before Congress which expand access to retirement savings for millions of private sector workers: the Retirement Enhancement and Savings Act of 2018 (RESA), S. 2526, which has been referred by the Senate to its Finance Committee; and the Family Savings Act of 2018, HR 6757, which was recently passed by the House and will now be considered by the Senate. I've attached a one page summary of the major provisions of both bills for your information. ACLI and AARP both support this legislation. Its passage by Congress is quite possible this year. If so, it will address the very issues that the AARP plan seeks to address – which is to provide an effective vehicle to facilitate and encourage retirement savings by employees of small businesses.

For the foregoing reasons ACLI must respectfully oppose SB 1374, SD 2, and urges this Committee to defer passage of this bill.

LAW OFFICES OF  
OREN T. CHIKAMOTO  
A Limited Liability Law Company

Oren T. Chikamoto  
1001 Bishop Street, Suite 1750  
Honolulu, Hawaii 96813  
Telephone: (808) 531-1500  
E mail: otc@chikamotolaw.com

---

<sup>3</sup> The Oregon Legislature initially allocated \$1.3 million over the first 18 months after the bill became effective. This funding only covered the initial design of its proposed state-run plan for private workers. A pilot phase of the OregonSaves program began in July 2017 and through calendar year 2018, the Board has now borrowed and spent more than \$5 million in General Fund dollars for startup costs.

House  
Labor and Public Employment Committee  
Thursday, March 14, 2019  
9:00 a.m.  
Conference Room 309

To: Chair Johanson  
RE: Testimony in Support of SB1374, SD2

Aloha Chair Johanson and Members of the Committee:

My name is Jessica Wooley and I am the Advocacy Director for AARP Hawai'i. AARP is a membership-based organization of people age fifty and over with about 150,000 members in Hawai'i. AARP advocates for issues that matter to Hawai'i families, including the high cost of long-term care, access to affordable, quality health care for all generations and serving as a reliable information source on issues critical to people over the age of fifty.

AARP Hawai'i strongly supports SB1374, SD2, which authorizes the department of Budget and Finance (B&F) to set up a self-sustaining, Hawai'i retirement savings program (Hawai'i Saves) for private-sector employees. Hawai'i Saves is low-hanging fruit in these challenging times and would be a meaningful, triple win – for employees, small businesses and taxpayers/government.

Today, we are on the edge of a retirement fiscal crisis in Hawai'i. The typical working household has only \$2,500 in retirement assets and those close to retirement have only \$14,500. **A secure retirement is out of reach for about half of private-sector workers in Hawai'i, especially those who work for small business.** Fewer and fewer people have a pension plan and many workers – about 216,000 people in Hawai'i -- have no access to a 401K, or other way to save for retirement at work via payroll deduction. This is critical because studies show that workers are 15 times more likely to save for their future if they can save through payroll deduction.

**The good news is people save when it's easier, and Hawai'i Saves will make it easy.** When people save for retirement, they not only help themselves, they reduce their reliance on government assistance which saves taxpayers money as well.

When people save for retirement, they are less likely to rely on public assistance programs later in life. An AARP study estimates Hawai'i would save \$32.7 million on public assistance programs through 2032 if retirees saved enough to generate \$1,000 in extra income.

**Ten states and localities have already passed legislation that improves workers' access** to a retirement program, and 22 more are in progress to help their future retirees. Hawai'i must join in this national effort to implement solutions to help future retirees be retirement ready. It is time for every worker to have access to a retirement plan at work.

The Hawai'i Saves program, envisioned by SB1374, SD2, is most similar to the Oregon State retirement program and would be operated like a 529 college savings plan. The state would set up a plug and play retirement program that small business owners could use but don't have to run or pay for. It is completely voluntary for employees who choose how much they want to put away, if anything, and what they want to invest in. The program is intended to be self-sustaining, paid for via participant fees. The state and employers are not on the hook for gains or losses, as the program works just like a typical IRA. What the employee puts in is what they get out when they retire, plus or minus gains and losses.

You may hear opposition from a few commercial financial institution lobbyists who advocate for a status quo approach to address a growing crisis in Hawai'i and across the Nation. First and foremost, the industry does not speak with one voice on this issue. Numerous institutions are supporting these programs across the country and many have bid for the work. The opponents will call for more financial education, which is necessary but not sufficient to solve this problem. We have tried educational programs for decades and yet access to retirement savings plans at work has not changed in forty years.

Some commercial, financial lobbyist opponents may even attempt to muddle the issue of federal law, the Employee Retirement Income Security Act (ERISA). They may argue that our state cannot take action. Yet, we know that Oregon Saves has been up and running for over a year-and-there is no legal challenge. In fact, as of February 1, 2019, 2,899 employers have registered to facilitate OregonSaves for their employees. Roughly,

63 thousand employees (72% of those eligible) have enrolled in the program. On average, employees continue to contribute about \$100 per month, and assets in the program now exceed \$12.5 million. The average savings rate is currently 5.60%.

It is time to use what we know are the best behavioral economic practices in the industry- access to payroll deduction and automatic enrollment — to solve our retirement crisis. Hawai'i Saves will help people live independently as they age, which is vital for the future of our state.

AARP Hawai'i stands ready to work with the Legislature to see a Hawai'i Saves program through. Let's WORK HARD – SAVE EASY. We cannot afford to take a wait-and-see approach any longer. With a statewide program, everyone will have the choice to save for retirement at work.

Mahalo for your leadership and providing the opportunity to testify in favor of SB1374, SD2.

TO: Members of the Committee on Labor & Public Employment

FROM: Natalie Iwasa  
808-395-3233

HEARING: 9:00 a.m. Thursday, March 14, 2019

SUBJECT: SB 1374, SD2 Hawaii Retirement Savings Program - **OPPOSED**

Aloha Chair and Committee Members,

Thank you for allowing me the opportunity to provide testimony on SB 1374, SD2 which set up a retirement program for private sector employees. This bill would increase administrative costs for small businesses by requiring them to participate in this program. It also increases costs to taxpayers.

Employees already have the option to voluntarily contribute to retirement savings via Individual Retirement Accounts. I therefore oppose this bill and ask you to vote “no.”

**SB-1374-SD-2**

Submitted on: 3/12/2019 11:40:07 AM

Testimony for LAB on 3/14/2019 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Esther Ueda	Individual	Support	No

Comments:

Please support Senate Bill1374 SD2 Relating to the Hawaii Retirement Savings Program.

The proposal would provide for an Employer-provided retirement plan administered by the State Department of Budget and Finance.

This savings program will help many employees save for their retirement. I realize it may be

difficult to save for some, however, as someone who has been retired for many years, I

understand the importance of saving for retirement, as soon as possible. Retirement can be very difficult if you don't have enough savings. I have experienced many increases in my basic needs, due to inflation. Social Security alone does not provide enough income for retirement.

Please support this proposal. Thank you.

Esther Ueda(Pearl City)

**SB-1374-SD-2**

Submitted on: 3/12/2019 3:44:37 PM

Testimony for LAB on 3/14/2019 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Sarah Yuan	Individual	Support	No

Comments:

I strongly support SB1374 SD2, which authorizes the Department of Budget and Finance to set up a self-sustaining, Hawaii retirement savings program (Hawaii Saves) for private-sector employees. Studies show that workers are 15 times more likely to save if they can do it through payroll deduction. However, about 216,000 workers in Hawaii have no access to a 401K or other way to save for retirement at work via payroll deduction. Ten states and localities have already passed legislation that improves workers' access to a retirement program. For instance, Hawaii can learn from Oregon Saves, which has been up and running for over a year and there is no legal challenge. As many as 2,899 employers have registered to facilitate Oregon Saves for their employees and 63 thousand employees (72% of those eligible) have benefited. On average, employees contribute about \$100 per month, and assets in the program now exceed \$12.5 million. The average savings rate is currently 5.60%. Thank you for the opportunity to testify.



**SB-1374-SD-2**

Submitted on: 3/12/2019 3:53:00 PM

Testimony for LAB on 3/14/2019 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Carl Takamura	Individual	Support	No

Comments:

I strongly support SB 1374, SD 2 because it is critically important to provide access to an employer based, payroll deduction saving plan to the approximately 216,000 working men and women in Hawaii who currently have no access to such a plan and are thus not saving enough for their retirement. I believe that Hawaii Saves will not only help workers build a more financially secure retirement, but that it will also help small businesses stay competitive by offering this benefit, and help Hawaii and its taxpayers by reducing the need for more public assistance.

**SB-1374-SD-2**

Submitted on: 3/12/2019 3:59:30 PM

Testimony for LAB on 3/14/2019 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kathy Jaycox	Individual	Support	No

Comments:

Thank you for the opportunity to testify in support of SB 1374 SD2.

The Hawaii Retirement Savings Program would provide employees who work in small business an incentive to start saving for their retirement without putting undue expectations on small business owners. This is a win-win. Plus, the long-range impact for the state would mean fewer kupuna needing to rely on government support such as Medicaid.

**SB-1374-SD-2**

Submitted on: 3/12/2019 4:23:09 PM

Testimony for LAB on 3/14/2019 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Randy Ching	Individual	Support	No

Comments:

Chair Johanson, Vice Chair Eli and members of the committee,

I support SB1374 SD2. This bill will give many workers a chance to save for retirement, especially those without access to a 401k plan. This Hawaii Saves program makes it easy to save for retirement and won't cost the state a penny, since the loan to get the program going will eventually be repaid to the state.

Please pass SB1374 SD2. Mahalo for your consideration.

Randy Ching (Honolulu)

**SB-1374-SD-2**

Submitted on: 3/12/2019 6:15:25 PM

Testimony for LAB on 3/14/2019 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
catherine kosora	Individual	Support	No

Comments:

Will help assist workers with more financial security in retirement years and not depend exclusively on government ; will allow for some breathing room to live and enjoy a little of Oaradise in old age!Mahalofor your consideration.

**SB-1374-SD-2**

Submitted on: 3/12/2019 6:28:26 PM

Testimony for LAB on 3/14/2019 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Linda Pexa	Individual	Support	No

Comments:

tMy husband participated in a compulsory retirement plan from which we now receive a monthly income. This assures us of a comfortable retirement without financial worries and it is hard to imagine having to survive without this. However, we realize that we would not have saved for our retirement without this benefit. We therefore strongly support the passage of a bill that will help people in the State of Hawaii to prepare financially for their retirement.

**Chair Johanson**  
**House Committee on Labor and Public Employment**

**Wednesday, March 13, 2019**

**TESTIMONY IN SUPPORT OF SB 1374 SD2**

Dear Chairman Johanson and Members of the Committee

My name is Blyth Kozuki, and I urge you and your committee to support SB1374 SD2. As a retiree the term, “fixed income” has real consequences for me. So I understand how essential it is that people save for their own retirement. I find it ironic that AARP is the main supporter of this bill because I see it as particularly vital for our younger generation. When I started working, I wasn’t thinking about retirement, it was so far off. Luckily my employer had a payroll deduction plan to save for retirement. However many employees in the small business private sector do not have access to a retirement savings program.

Payroll deduction is an important feature of the Hawaii Saves program. It makes saving for retirement automatic and easy. And the sooner people start compound interest will grow their retirement savings. It is voluntary; employees can choose to opt out. It is a portable program that they control as they move through the employment world.

There are so many demands for government assistance and this will escalate unless people can build their own resources for retirement. Help future retirees help themselves and the time is now.

Thank you for considering my testimony.

Sincerely,

Blyth Kozuki  
3721 Kanaina Ave #222  
Honolulu, Hawaii 96815

**March 12, 2019**

**To : House Labor and Public Employment Committee**

**RE: SB1374,SD2 – Relating to Hawaii Retirement Savings Program**

**Hearing: March 14, 2019 – 9:00AM – Rm 309**

Most Honorable Chair Aaron Ling Johanson, Vice-Chair Stacelynn K. M. Eli and Committee Members:

**TESTIMONY IN SUPPORT of SB 1374,SD2**

State-endorsed Retirement Plans are trending!

- ✓ 10 States with legislation already passed, soon to be implemented
- ✓ 22 States have initiatives in process to help workers save with self-directed savings plans

I support measure **SB1374, SD2** and ask this committee to vote in favor of this bill which provides funding for a legislative study of a retirement savings program for the State of Hawaii private-sector employees – helping those employees not currently covered by an existing program for retirement savings.

Approximately 50% of Hawaii’s work force is composed of businesses with 100 employees or less... *these business owners and their employees are your constituents. Currently they have no easy way to save for retirement until the Hawaii passes a Retirement Savings Plan.*

Hawaii has the ability to learn from the ideas and successes of other state studies, providing the needed impetus for the education, marketing and implementation of this bill.

**Please vote ‘Yes’ on this measure.** Hawaii Saves will provide a mechanism for employers to help their employees save for retirement in an efficient and responsible way.

Respectfully submitted,

Christine Olah  
Resident of Honolulu

COMMITTEE ON LABOR & PUBLIC EMPLOYMENT

Rep. Aaron Ling Johanson, Chair  
Rep. Stacelynn K.M. Eli, Vice Chair

Thursday, March 14, 2019

9:00 a.m.

Room 309

RE: Strong support for SB1374

Aloha Chair Johanson and Members of the Committee,

My name is Linda Dorset, as an aging citizen of Wailuku, Maui and a member of AARP. I thank you for the opportunity to submit written testimony in SUPPORT of SB1374 (Hawaii Saves) and encourage you to allow the program to begin a.s.a.p.

It's about time for Hawai'i Saves. I myself was fortunate to have an employer-sponsored retirement plan which helped me build a savings to supplement my Social Security. However, because I started late, I still fear that I may not have saved enough. I personally know that education is not enough; once you have money in hand it's hard to give it up even if you know better. Also, if the Hawaii follows the Oregon model workers will have the additional benefit of having professional help making financial decisions and managing the plan.

If passed, Hawaii Saves would begin a process to allow small employers (without an existing plan) to be able to offer a payroll deduction plan because it would cost the employer nothing. Cost to the state for administering the plan would be minimal. Plus, according to research by AARP Public Policy Institute, Hawaii Could Save \$32.7 Million by Helping People Save for Their Own Retirement; if between 2018 and 2032 lower-income retirees save enough to increase their retirement income by \$1,000 more per year.

Seventy percent of Hawai'i small business owners surveyed support a privately-managed, retirement savings program. Other states have begun their own retirement saving programs in which the employees themselves will make the deductions for their own retirement accounts similar to the educational 529 accounts.

Please pass SB1374 and begin the process of making saving, and retirement easier for workers in the private sector who do not have employer-sponsored IRAs.

Thank you for your consideration



**SB-1374-SD-2**

Submitted on: 3/13/2019 5:55:32 AM

Testimony for LAB on 3/14/2019 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Francis Nakamoto	Individual	Support	No

Comments:

Chair Johanson, Vice Chair Eli and Members of the Committee on Labor and Public Employment.

My name is Francis M. Nakamoto. I support SB1374.

I submit as my testimony my statement relating to Hawai'i Save published in the Honolulu Staradvertiser on February 17, 2019.

ISLAND VOICES: "Prepare for Retirement with Hawai'i Saves" (2/17/19)

This year, the Hawaii State Legislature is considering bills which will dramatically impact the lives of nearly every person in the State. The legislation would create a sustainable, public-private retirement savings program for 216,000 Hawai'i private-sector employees, who do not have access to payroll savings for their retirement, the easiest and most effective way to save.

About half of all employees in Hawai'i's private sector, mostly in small and medium sized companies, are heading for an uncertain future because they do not have an easy way to save at work. Without retirement savings to supplement Social Security, these hard-working Hawai'i residents will age into poverty and are in real danger of falling into a life of financial dependence on family and government, if not homelessness.

SB1374, sponsored by Senator Brian Taniguchi and HB1189, sponsored by Representative Aaron Johanson, would take the first steps to create a Hawaii Saves

payroll saving program for 216,000 workers in the private sector who are not currently able to save for retirement at work.

The Employee Benefit Research Institute found that workers are 15 times more likely to save if the money is taken from their paychecks, before they get a chance to spend it. They are 20 times more likely to save if they are auto-enrolled in a program with the option to opt out. The easier it is to save, the more people do it.

Several states have created or are creating state-facilitated retirement savings programs, including OregonSaves, CalSavers in California and Illinois Secure Choice. In Oregon, the first state to have a working state-wide retirement savings program for private-sector workers, about 72% of eligible employees in 2,899 companies have saved \$12.5 million between July 2017 and Feb. 1, 2019. The average savings rate is 5.6% of their paycheck or about \$100 a month. These workers didn't have an easy way to save before OregonSaves and now they are taking full advantage of the opportunity.

It's not only workers who like the program. Small businesses want it. Most care about their employees and want to offer savings programs to be competitive. A recent AARP survey revealed that about 7 out of 10 Hawai'i small business owners support giving them a Hawaii Saves retirement savings option and 8 out ten believe state lawmakers should support it.

About 2/3rds of small businesses do not offer retirement savings programs, the survey found. The reasons – small businesses say it's too expensive, complicated and time consuming to do so.

The Hawaii Saves program could save taxpayers an estimated \$160 million in federal and state public assistance programs, with the state's share of the saving estimated at \$32.7 million between 2018 and 2032 if workers save enough to generate an additional \$1,000 a year in extra retirement income.

The Hawaii Saves program is not a government handout. It is about giving workers an easy way to save their own money for retirement. The program will be setup by the state, as in Oregon, and will be managed and investments made by private, reputable

financial services companies in a public-private partnership similar to college 529 savings plans.

But now, as the Legislature seeks to find a responsible solution, lobbyists for big insurance companies, financial institutions and financial planners oppose this legislation and now insist that workers without plans should use their products. These opponents have been unable, unwilling or disinterested in creating and marketing savings programs that small businesses can afford and easily implement.

Unfortunately, the fact that fully half of Hawai'i's private sector workers have no retirement savings offered through their employers prove existing retirement savings products are not working. We cannot accept the status quo any longer. There is a cost to workers, society, families and taxpayers of ignoring this impending crisis when thousands are in danger of retiring broke or are forced to work because they cannot afford to retire.

To the private financial sector which failed this huge segment of working people and which now oppose any remedy, it is time for the industry to offer its expertise to get a Hawaii Saves program started and operating....or get out of the way.

Francis M. Nakamoto

Moanalua Valley

Chair Johanson, Vice Chair Eli and Members of the Committee on Labor and Public Employment.

My name is Francis M. Nakamoto. I support SB1374.

I submit as my testimony my statement relating to Hawai'i Save published in the Honolulu Staradvertiser on February 17, 2019.

## ISLAND VOICES: “Prepare for Retirement with Hawai’i Saves” (2/17/19)

This year, the Hawaii State Legislature is considering bills which will dramatically impact the lives of nearly every person in the State. The legislation would create a sustainable, public-private retirement savings program for 216,000 Hawai’i private-sector employees, who do not have access to payroll savings for their retirement, the easiest and most effective way to save.

About half of all employees in Hawai’i’s private sector, mostly in small and medium sized companies, are heading for an uncertain future because they do not have an easy way to save at work. Without retirement savings to supplement Social Security, these hard-working Hawai’i residents will age into poverty and are in real danger of falling into a life of financial dependence on family and government, if not homelessness.

SB1374, sponsored by Senator Brian Taniguchi and HB1189, sponsored by Representative Aaron Johanson, would take the first steps to create a Hawaii Saves payroll saving program for 216,000 workers in the private sector who are not currently able to save for retirement at work.

The Employee Benefit Research Institute found that workers are 15 times more likely to save if the money is taken from their paychecks, before they get a chance to spend it. They are 20 times more likely to save if they are auto-enrolled in a program with the option to opt out. The easier it is to save, the more people do it.

Several states have created or are creating state-facilitated retirement savings programs, including OregonSaves, CalSavers in California and Illinois Secure Choice. In Oregon, the first state to have a working state-wide retirement savings program for private-sector workers, about 72% of eligible employees in 2,899 companies have saved \$12.5 million between July 2017 and Feb. 1, 2019. The average savings rate is 5.6% of their paycheck or about \$100 a month. These workers didn’t have an easy way to save before OregonSaves and now they are taking full advantage of the opportunity.

It's not only workers who like the program. Small businesses want it. Most care about their employees and want to offer savings programs to be competitive. A recent AARP survey revealed that about 7 out of 10 Hawai'i small business owners support giving them a Hawaii Saves retirement savings option and 8 out ten believe state lawmakers should support it.

About 2/3rds of small businesses do not offer retirement savings programs, the survey found. The reasons – small businesses say it's too expensive, complicated and time consuming to do so.

The Hawaii Saves program could save taxpayers an estimated \$160 million in federal and state public assistance programs, with the state's share of the saving estimated at \$32.7 million between 2018 and 2032 if workers save enough to generate an additional \$1,000 a year in extra retirement income.

The Hawaii Saves program is not a government handout. It is about giving workers an easy way to save their own money for retirement. The program will be setup by the state, as in Oregon, and will be managed and investments made by private, reputable financial services companies in a public-private partnership similar to college 529 savings plans.

But now, as the Legislature seeks to find a responsible solution, lobbyists for big insurance companies, financial institutions and financial planners oppose this legislation and now insist that workers without plans should use their products. These opponents have been unable, unwilling or disinterested in creating and marketing savings programs that small businesses can afford and easily implement.

Unfortunately, the fact that fully half of Hawai'i's private sector workers have no retirement savings offered through their employers prove existing retirement savings products are not working. We cannot accept the status quo any longer. There is a cost to workers, society, families and taxpayers of ignoring this impending crisis when thousands are in danger of retiring broke or are forced to work because they cannot afford to retire.

To the private financial sector which failed this huge segment of working people and which now oppose any remedy, it is time for the industry to offer its expertise to get a Hawaii Saves program started and operating....or get out of the way.

Francis M. Nakamoto

Moanalua Valley

Re: SB1374 Relating to the Hawaii Retirement Savings Program March 14, 2019 9:00 a.m. Rm. 224

Aloha Chair Johansen, Vice Chair Eli and committee members

As a Kupuna advocate and volunteer with AARP, Kokua Council, the Hawaii Alliance of Retired Americans and the Legislative Committee of PABEA, I urge strong support of SB1374 to establish a Hawaii retirement savings program for private sector employees, to establish an administrative fund and require the Department of Budget and Finance to prepare an annual report

Studies show that as many as half private sector employees in Hawaii are not covered by employer sponsored savings plans and that those who do have access are more than 15 times more likely to save. Small business owners are often not able on their own to offer such plans.

Please support passage of this bill, to begin the process of making it easier for Hawaii residents to put away money for their retirement and be much less likely to retire into poverty.

Please pass SB1374.

Barbara J. Service MSW (Ret.)

House District 19

Senate District 9

DAVID Y. IGE  
GOVERNOR



RODERICK K. BECKER  
DIRECTOR

ROBERT YU  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII  
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

TESTIMONY BY RODERICK K. BECKER  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT  
ON  
SENATE BILL NO. 1374, S.D. 2

**March 14, 2019  
9:00 a.m.  
Room 309**

RELATING TO THE HAWAII RETIREMENT SAVINGS PROGRAM

Senate Bill (S.B.) No. 1374, S.D. 2, establishes the Hawaii Retirement Savings Program for private sector employees who do not have access to an employer-sponsored retirement program and sets operating and reporting requirements for the program. The bill also establishes the Hawaii Retirement Savings Program Administrative Fund and appropriates unspecified amounts of general funds and special funds in FY 20 and FY 21 for the program's administrative and operating expenses.

The Department of Budget and Finance (B&F) supports the intent of S.B. No. 1374, S.D. 2; however, we believe that specifying the program parameters (page 3, line 16, to page 6, line 17) prior to conducting an implementation study and performing other necessary due diligence tasks may not be the best way to develop and implement a realistic and successful retirement savings program.

With a program of this importance and magnitude, we believe that it would be prudent to approach implementation in two steps. Therefore, we strongly recommend that:



- First, a working group be established to define workable program parameters and an implementation strategy.
- Then, after that groundwork has been completed, the Legislature would enact the retirement plan parameters and the plan be implemented.

This approach, we believe, will provide a process to make informed choices on program design and make the retirement program much more manageable to implement.

We would also strongly recommend that a five- to seven-member board (Illinois, California, Oregon and Connecticut) be established to oversee the retirement program rather than the Director of Finance. The board should represent small business interests, non-organized labor interests and the general public – these are the intended beneficiary groups of the program. B&F staff can support the board with professional assistance from professional consultants as necessary.

Attached for the Committee's information are feasibility studies conducted by Illinois and Oregon. It is recommended that a comparable third-party evaluation be conducted here as part of the working group's efforts.

Thank you for your consideration of our comments.

Attachments



**LATE**

House Committee on Labor & Public Employment  
March 14, 2019 – 9:00 am – Room 309

SB 1374, SD2: Relating to the Hawaii Retirement Savings Program

Chair Johanson, Vice Chair Eli, and members of the Committee, my name is Cynthia Takenaka representing NAIFA Hawaii, an organization of life insurance agents and financial advisors throughout Hawaii who primarily market life, annuities, long term care and disability income insurance products.

SB 1374, SD2, will enact the Hawaii Retirement Savings Program administered by the Department of Budget and Finance that will establish, implement and maintain a Hawaii retirement savings plan via payroll deductions provided that the employer does not offer a qualified retirement plan. This measure has a blank appropriation for two years for administrative and operating expenses of the program. The Director of Finance will administer the program with duties listed on pages 6 to 8 of the bill and will also be able to enter into a management contract requiring a “financial organization” to perform the duties listed on pages 6 to 8.

In the last section of the bill on page 11, if employers have a retirement program in place upon enactment, they will not be able to cancel their programs for five years from the effective date of the act. Lastly the effective date is July 1, 2050.

**We respectfully do not support SB 1374, SD2.**

On page 4 of the bill, item# 2 is a **mandate** since it “...**requires** an employer to offer its employees the opportunity to contribute to an account in the program through payroll deduction unless the employer offers a qualified retirement plan...” Additionally, a mandate for employers to participate in state plans and facilitate payroll deductions will be an administrative burden especially for small employers. Past session legislative bills on this matter were voluntary participation by employers/employees. However, with this automatic enrollment, it will allow employees to opt out of the program.

Both you as policymakers and media attention have focused on workers not saving enough for retirement. A few states have enacted state run retirement savings programs and states are considering legislation that would implement state run IRA type retirement plan options available to workers at small and medium companies. The Oregon Saves program is the only program accepting contributions from workers/employers.

NAIFA understands the importance of retirement security and acknowledges that many Americans are not saving enough for retirement.

A lack of financial education about the need to save for retirement, competing financial needs which cause many to live from paycheck to paycheck with nothing left over each month to put away in a retirement account, as well as a lack of discipline needed to place long term security over immediate wants, all play a large role in our country's retirement savings.

Analyzing the potential effectiveness of legislative proposals to address the real reasons behind the low rates of retirement savings, legislators need to carefully consider the potential costs of this proposal and the impact it will have on already over-extended state budget.

We do not believe that a state-run plan 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. If a retirement plan is not offered in the workplace, employees have ready access to low cost IRAs through financial institutions such as banks, savings and loans, credit unions and financial advisors.

Since 2012 Massachusetts has established their Security Choice Savings Program but only for small non-profit organizations. Oregon became the first state last year to receive contributions from private sector employees. California, Connecticut, Illinois, Maryland, and Oregon, Vermont have begun to implement similar plans in various stages of full roll out.

**The use of state funds for the start-up, operating costs, and state responsibilities 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.**

States like New Jersey and Washington have enacted plans with a voluntary, market-based program focused on the real problems of education and outreach and establishes a web-based clearinghouse to connect employers and employees with appropriate private sector options. The implementation and staffing costs are much lower than what's called for in this measure.

State auto-IRAs should not apply to truly low income workers but rather benchmarking minimum salaries to participate in the state run plan. For the truly needy households, means-tested benefit programs such as food stamps, TANF, SSI, Medicaid, and housing subsidies could be in jeopardy since asset and income tests may be triggered and disqualify workers.

- There's also a lawsuit pending in California (Howard Jarvis Taxpayers Association et al. vs. The California Secure Choice Retirement Savings Program, et al.) filed in federal District Court where the plaintiffs maintain that the California plan is subject to ERISA

and therefore is in violation of its provisions. Having a state law requiring participating employers to set up an employee retirement plan may be subject to or pre-empted by ERISA depending how the court will interpret the plan design. If the plaintiffs prevail, employers will be considered “fiduciaries” and will then be responsible for ERISA obligations including liability since under this proposed program since the State of Hawaii is denying any liability for any losses incurred.

On April 6, 2016, the U.S. Department of Labor issued its final fiduciary rule that affects financial advisors and their clients’ retirement plans. Since the Trump administration the fiduciary rule is partially final with a transition period of eighteen months from January 1, 2018 to July 1, 2019.

In August 2016 the U.S. Department of Labor under the Obama administration adopted a rule that would facilitate the enactment of state-run retirement plan legislation by exempting such plans from coverage under ERISA. Under this DOL rule, these state programs would not be considered a “employee pension benefit plan” under ERISA and participating employers would therefore not be subject to the duties and responsibilities required by ERISA.

However, **in early 2017 the Congress utilized the Congressional Review Act to override this DOL action and nullify this rule.** President Trump signed the repeal into law in May 2017. As a result, many open questions exist as to whether and to what extent these state-run plans will be subject to duties, responsibilities and potential liability under the federal ERISA law. **The “safe harbor” under the ERISA exemption is no longer in effect and now, participating employers may be subject to the duties and responsibilities currently required by ERISA and liability issues for the employer as a fiduciary.**

Two major retirement savings measures are moving through Congress right now. With bipartisan support the House Ways & Means Committee and the Senate Finance Committee are working on their versions and we’re hopeful for a successful outcome this year.

Thank you for allowing us to share our views and respectfully **ask that this measure be held in committee.**

**SB-1374-SD-2**

Submitted on: 3/13/2019 11:31:52 AM

Testimony for LAB on 3/14/2019 9:00:00 AM

**LATE**

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Shelly Ogata	Individual	Support	No

Comments:

All too often we hear of kupuna who are teetering on homelessness or deciding to take less medication than prescribed because they simply have not saved enough money to help fund their needs during retirement. I am a government employee, so I am afforded a vehicle to save. As a small business owner, I would like to be competitive but I simply would not be able to provide a vehicle for retirement savings without lots of extra infrastructure and cost. This program will help people save for retirement and reduce reliance on government assistance which saves money for all taxpayers. Please continue to support this bill.

**SB-1374-SD-2**

Submitted on: 3/13/2019 6:43:40 PM

Testimony for LAB on 3/14/2019 9:00:00 AM

**LATE**

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Gil A Penaranda	AARP	Support	No

Comments:

My name is Gil Penaranda and I am submitting this testimony on behalf of AARP in SUPPORT of SB 1374.

It is estimated that there are 216,000 private sector employees who do not have an option in creating an automatic payroll deduction in order to save for their retirements. THIS IS A CRISIS! This is a crisis that is happening NOW and will keep on happening. Why? Because without the assistance of an automatic deduction, these 216,000 employees (who earn low to low-middle income wages) will most likely retire without a retirement income and most like retire into poverty and be dependent on their families and the taxpayers.

Other States, like the State of Oregon, have already responded to this crisis by passing their own but similar version of this Hawaii Saves bill.

Allow our future retirees to live happier and more independent lives. It's been 4 years that supporters have been trying to pass a Hawaii Saves bill. For Hawaii's people sake, PASS IT NOW.!

**LATE**

**SB-1374-SD-2**

Submitted on: 3/13/2019 4:35:13 PM  
Testimony for LAB on 3/14/2019 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Randolph Hack	Individual	Support	No

Comments:

People who are not covered by employer based retirement plans or assets need to have a cushion in order to retire. I am in favor of this bill.

**LATE**

**SB-1374-SD-2**

Submitted on: 3/13/2019 11:15:21 PM  
Testimony for LAB on 3/14/2019 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
William South	Individual	Support	No

Comments:

This will be an easy way for younger people to avoid the question of whether or not to make a payment or not for their retirement. Far too many people put it off until tomorrow, then the day after, the next month, then next year, and on and on and on until they wake up retired with no savings. With people living into their 80s and 90s and beyond, retirement saving well young is a must. This bill puts nongovernment workers on the same footing as government workers.





FINANCIAL GROUP

*Strength Flexibility Preservation*

Date: March 13, 2019

To: Rep. Aaron Johanson, Chair  
House Committee on Labor

From: Joanna Amberger, 3 Financial Group LLC

Subject: Support for SB 1374, SD2 Relating to the Hawaii Retirement Savings Program

Good morning Chair Johanson and Committee Members. My name is Joanna Amberger. I'm a CERTIFIED FINANCIAL PLANNER™ and owner of **3 Financial Group LLC**, a local small business. I'm writing to request your support of SB 1374 SD2, relating to the Hawaii Retirement Savings Program. This legislation would help small business and workers in the private sector save for retirement through payroll deduction and help the state facilitate the establishment of an "Auto-IRA" retirement savings program.

With the high cost of living in Hawaii, it is often hard for people in the low and middle income brackets to save for the future. Hawaii is a state of small businesses and government workers. While the government workers have many opportunities to save and invest, the private sector small business employees do not. Because of this, there is a deep disparity among Hawaii's workers, which threatens the future of individuals and our communities.

Hawaii's private sector workers need more opportunities and incentive to save. "Hawaii Saves" could help. In looking at the "Oregon Saves," model, I note that the average income of those who have participated is less than \$30,000 a year. This income group is underserved by the financial industry because they are not viewed as profitable customers.

Therefore, I want to reassure the committee that a financial planner, I'm not concerned about the proposed "Hawaii Saves," legislation taking business away from me. The group that would be most helped by this legislation is not a group that would typically look to me for services. I wholeheartedly support this avenue of helping Hawaii's private sector workers achieve financial security in retirement. Further, I note that if this group starts to invest, they will become eligible for the IRS's "Savers Credit," a special tax credit designed specifically for low and moderate-income taxpayers to help encourage saving more for retirement.

I respectfully urge you to support Hawaii Saves.



CERTIFIED FINANCIAL PLANNER™



The certification marks above are owned by Certified Financial Planner Board of Standards Inc. and are awarded to individuals who successfully complete CFP Board's initial and ongoing certification requirements.

1888 Kalakaua Ave., Suite C312 | Honolulu, HI 96815 | 808.791.2925 | [www.3FinancialGroup.com](http://www.3FinancialGroup.com)  
Investment Advisory Services offered through Continuum Advisory, LLC., 868 E. Riverside Drive, Suite 200, Eagle, ID, an Independent Registered Investment Advisor. Continuum Advisory, LLC and 3 Financial Group, LLC are not affiliated.

Labor Committee Chair Aaron Johanson  
and committee members  
9 a.m. hearing, Thursday, March 14, 2019  
Room 329  
State Capitol  
Re: Support for SB 1374 SD2

Dear Chair Johanson and Labor Committee Members,

My name is Dean Ueda.

I strongly support Senate Bill 1374 SD2 regarding a Hawai'i Saves Retirement Savings Program.

From what I've learned, the bill is a win-win-win for small business, workers and taxpayers.

About half of all private sector workers do not have access to payroll savings, the easiest and most effective way to get people to save. Experience in the OregonSaves program shows that if workers are given access, they will participate and start saving. About 70 percent of workers offered a chance to save took advantage of the opportunity. They are saving their own money for their own futures, it's not a state handout.

Seventy percent of Hawai'i small business owners surveyed support a privately-managed, retirement savings program because in many cases it's too expensive, complicated and time consuming for them to offer a plan to their workers. About the same percentage of businesses say they would offer the savings program to their employees if it existed.

In addition, it is estimated that Hawaii Saves could save taxpayers \$32.7 million in public assistance programs in less than 15 years if retirees save enough to generate \$1,000 in extra income each year.

Let's make saving, and retirement in Hawai'i, easier for our workers and small business and save money for taxpayers.

Thank you for your support.

Dean Ueda  
[deanueda@yahoo.com](mailto:deanueda@yahoo.com)

808.228.8209

Chair Aaron Johanson and members of the  
House Labor Committee  
9 a.m.  
Thursday, March 14, 2019  
Conference Room 329

### Testimony in Support of Senate Bill 1374, SD 2

We need to create a Hawaii Saves program and I am in strong support of Senate Bill 1374, SD 2. My name is Elizabeth Hata-Watanabe and I own Burgers on Bishop. We pride ourselves on making the best burgers and desserts in town and our success is due to the hard work my employees and I put into our craft. So I want to help my employees succeed. I want them to save for retirement and I want them to be able to retire.

But I can tell you as a small business owner that it's not easy to help workers save. I cannot afford to offer them a payroll savings plan, even though I know they are 15 times more likely to save if the money comes out of their paychecks. Not only is it expensive and complicated to hire a financial advisor, possibly a lawyer and then pay fees to set up payroll savings, but it's also time-consuming. And I don't have time to set up a program and manage it. I'm too busy running a restaurant.

So a state-facilitated retirement program like Hawaii Saves is the easiest way for me to offer savings to my employees and the best chance they have of actually saving. If I can add it to my payroll system at little or no cost and have my employees' funds managed by a private, reputable financial service company selected by the state, similar to the way the state runs college 529 savings plans, I would enthusiastically participate. It would help me keep my employees happy and compete against larger businesses that can offer savings plans.

One of the reasons I'm passionate about supporting this program is because as a woman business owner I know women are much more likely to retire into poverty and this program will help women save. On average women live longer so their retirement savings needs to go further. They also make less money, which means lower savings and lower Social Security benefits. So it's critical that women have access to payroll savings and a retirement account that is their own that can travel with them no matter where their life takes them.

Many of my workers are young and they will benefit most from starting retirement savings early because of compounding – the fact that, if invested properly and not withdrawn, their money will likely double every seven to ten years. So \$2,000 invested at age 20 could become more than \$176,000 by age 67 if you averaged a 10 percent annual return. And that doesn't even count the additional money workers would save over the course of their lifetime. But even older workers would benefit from a Hawaii Saves program. The key is to get into the savings habit and without an easy way to save, too many workers do not save.

This is not a government handout. This program is about helping workers save for their own futures.

As a taxpayer, I worry about the ticking time bomb cost of all the workers who are not saving now. The average retirement savings for workers is \$2,500 and the average worker close to retirement has saved only \$12,000. We as taxpayers will have to pay for them when they get old and cannot work anymore. What will our homeless situation be like if we have kupuna who cannot pay for their housing because

their Social Security payments can't cover medicine, food and rent? How many of these older homeless will be women?

The time to act is now. We cannot do nothing. Please pass Senate Bill 1374.

Thank you for the opportunity to submit testimony.

Elizabeth Hata-Watanabe  
Burgers on Bishop  
745 Fort Street, #130  
Honolulu, HI 96813  
(808)586-2000

## Testimony on SB 1374, SD2

My name is Jon Iha and I am the chef/owner of the Gochi Grill on Bishop Street. I love cooking and I love to have been able to open my own restaurant last year. It's a lot of work to open your own business and unfortunately there's not enough time or energy left over to figure out how to offer your workers a savings plan.

I am in strong support of SB 1374, SD 2.

I want to help my workers and I want to be competitive and be able to offer them retirement savings. But it's not easy. It's complicated, expensive and time consuming, especially when you are starting up a new small business.

One of my workers has another job with a big company that offers a payroll savings plan. She is saving. My other employees don't have easy access to payroll savings and they are not saving. The worker who is saving is seeing her account balances grow and knows that in 40 years or so, when she is ready to retire, she will have a nice nest egg because she started early and because of compounding.

The key to get people to save is to make it easy.

If the state were to offer an easy, no cost way for small businesses like mine to offer a retirement savings program, I would take it. I understand the OregonSaves program is working and helping small businesses and workers there. Why can't we have a similar program here?

The lack of retirement savings means many Hawai'i workers will retire into poverty. What will happen to them? Will they become homeless? It will be difficult, if not impossible for them to survive on Social Security alone without some kind of help from the government for housing, food and medical assistance.

Saving through payroll deduction is the most effective way to get people to save.

Let's take a step in the right direction now to help people help themselves and start saving. Waiting means less time for people to save and more workers will be in danger of retiring poor.

Thank you for the opportunity to testify.

Jon Iha  
Gochi Grill  
1111 Bishop Street Suite #112  
Honolulu, HI 96813  
(808) 585-8558



## Art Nelson Sailmaker/Ullman Sails Hawaii

419 Waiakamilo Road, Unit 2-D, Honolulu, HI 96817

808-593-9958 808-591-9056 fax

[info@artnelsonsailmaker.com](mailto:info@artnelsonsailmaker.com)

Chair Aaron Johanson and  
members of the House Labor Committee  
Room 329  
Thursday, March 14, 2019  
9 a.m.

### Testimony in Support of Senate Bill 1374, SD 2

My name is Larry Stenek and I am the owner of Art Nelson Sailmaker/Ullman Sails Hawaii and I am writing in strong support of Senate Bill 1374, SD 2.

We need to make it easy for workers to save for retirement. Payroll savings is the easiest way to save. But it's not easy for small business owners like myself. In fact, it's expensive and time-consuming for a business owner to set up a payroll savings plan. Our company is small. We don't have a human resources department and I don't have the time nor money to research all of the plans that are out there, nor do I have the time and money to do everything needed to keep the program going. All my time and energy and my worker's time and energy is focused on making the best sails and rigging possible and delivering quality products to our customers.

Having a state-facilitated savings plan, that we could implement into our payroll system easily, at little or no cost, would give my workers a common-sense way to save at work and make us more competitive as an employer.

Too many people in Hawaii are unprepared for retirement and have little or no savings. One of the reasons for that is the lack of access to payroll savings plans. About half of private sector workers, according to AARP, are not able to save easily at work.

What will happen to them if they get sick or can't work anymore? It's likely that we as taxpayers will have to help them with rent, food and medical care.

To me, it's a no brainer. We have to do something to make it easier for people to save or workers won't save and we will all pay for that down the line. The longer we wait to create a program like Hawai'i Saves, the less time there is for people to save and that will mean a bigger bill for taxpayers in the future.

Sincerely,

Larry Stenek  
Art Nelson Sailmaker/Ullman Sails

**eli2 - Ivan**

---

**From:** mak221@aol.com  
**Sent:** Tuesday, March 12, 2019 3:22 PM  
**To:** LABtestimony  
**Subject:** STRONG SUPPORT FOR SB1374 SD2

ALOHA Esteemed Committee Members,

This is Mark Koppel, 31-392 Lepoloa Rd, Ninole, writing in STRONG SUPPORT FOR SB1374 SD2.

HawaiiSaves is really a no-brainer. It costs the State nothing. People get to save for their retirement and then don't need SSI or Medicaid.

Please consider how great this bill is.

Mahalo

Mark Koppel