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# A BILL FOR AN ACT

RELATING TO RETIREMENT SAVINGS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that there is an imminent  
2 retirement security crisis in the State, as many individuals do  
3 not have access to an employer-sponsored retirement plan.  
4 Individuals without a retirement plan are at significant risk of  
5 not having enough retirement income to meet basic expenses  
6 during retirement. A retirement savings plan can help employees  
7 achieve economic security, improve economic mobility, and reduce  
8 wealth disparity.

9           In 2017, Oregon was the first state to implement a  
10 retirement savings plan that covers private sector workers who  
11 do not otherwise have access to a savings plan provided by their  
12 employer. With many small businesses operating in Oregon, the  
13 state calculated that it had more than one million employers who  
14 did not offer any form of retirement savings. The plan was  
15 actually adopted earlier in 2015, as the Obama administration  
16 tried to encourage states to promote retirement savings. Other



1 states have similar programs including California, Connecticut,  
2 Illinois, Maryland, Massachusetts, New Jersey, and Vermont.

3 The legislature further finds that individuals need a  
4 lifelong savings system that provides them with the opportunity  
5 to build their assets and attain future financial stability.  
6 Access by private sector employees to employer-sponsored  
7 retirement plans provides a reliable way to accumulate savings  
8 needed for a secure retirement, but many small businesses are  
9 unable to provide a mechanism for their employees to invest.

10 The legislature further finds that approximately fifty per  
11 cent of the State's private sector employees work for an  
12 employer that does not offer a retirement plan or are not  
13 eligible for the plan offered. The lack of opportunity to  
14 participate in an employer-provided retirement plan spans all  
15 levels of education and earnings. Employees of Hawaii  
16 businesses with fewer than one hundred employees are much less  
17 likely to have access to a retirement plan than employees of  
18 larger businesses. Employees who are offered the opportunity to  
19 save through the employee's place of employment are  
20 significantly more likely to participate and make steady  
21 contributions to build retirement savings.



1           The purpose of this Act is to require the legislative  
2 reference bureau to study the feasibility of implementing a  
3 Hawaii retirement savings program for private sector employees  
4 utilizing information from other state experiences and  
5 educational institutions with expertise on existing programs; to  
6 report to the legislature with its findings and proposals, if  
7 any; and, if the results of the study support it, to propose a  
8 program to establish the Hawaii retirement savings program for  
9 private sector employees not currently covered by an existing  
10 program.

11           SECTION 2. (a) Prior to the establishment of the Hawaii  
12 retirement savings program for private sector employees, the  
13 legislative reference bureau shall conduct a study to establish  
14 the plan to set up an auto-individual retirement account program  
15 that would be cost-efficient and effective. In conducting its  
16 study, the legislative reference bureau may:

17           (1) Obtain legal advice regarding the applicability of the  
18 Employee Retirement Income Security Act of 1974, as  
19 amended, and the Internal Revenue Code of 1986, as  
20 amended, to the program;



- 1 (2) Investigate whether employers that are not required to  
2 participate in the program can make the program  
3 available to their employees;
- 4 (3) Investigate methods to allow individuals who are not  
5 automatically enrolled in the program to participate  
6 in the program and make contributions to an account,  
7 either through payroll contributions or another method  
8 of contribution;
- 9 (4) Conduct an analysis of the potential costs to  
10 employers, including administrative costs, and costs  
11 associated with providing automatic payroll deductions  
12 for participation in the program, as well as  
13 recommendations on how to eliminate or reduce those  
14 costs through incentives, tax credits, or other means;
- 15 (5) Investigate the feasibility and benefits of partnering  
16 with other similar programs established in other  
17 jurisdictions;
- 18 (6) Prepare a timeline for implementation of the Hawaii  
19 retirement savings program;



1           (7) Make recommendations to the legislature regarding ways  
2           to increase participation in the Hawaii retirement  
3           savings program; and

4           (8) Propose to the legislature the administrative body and  
5           implementation for the program, including any  
6           necessary authorizing legislation.

7           The legislative reference bureau may issue a request for  
8 proposals for a third party to conduct the analysis as described  
9 in paragraphs (1) through (7). The contracting services under  
10 this Act shall be exempt from chapter 103D, Hawaii Revised  
11 Statutes.

12           (b) The legislative reference bureau shall report to the  
13 legislature its findings and recommendations, including any  
14 proposed legislation, no later than twenty days prior to the  
15 convening of the regular session of 2020.

16           SECTION 3. There is appropriated out of the general  
17 revenues of the State of Hawaii the sum of \$           or so much  
18 thereof as may be necessary for fiscal year 2019-2020 for the  
19 purposes of this Act.



1           The sum appropriated shall be expended by the legislative  
2 reference bureau for the purposes of this Act.

3           SECTION 4. This Act shall take effect on January 1, 2050.



**Report Title:**

Hawaii Retirement Savings Program; LRB; Study; Appropriation

**Description:**

Requires the Legislative Reference Bureau to conduct a study on establishing a plan to implement the Hawaii Retirement Savings Program and to submit a report prior to the 2020 Regular Session to the Legislature on its findings, recommendations, and proposed legislation. Appropriates funds. (HB1189 HD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

