



Washington Small Business Retirement Marketplace

People work hard and deserve to retire with confidence.

But today, a secure retirement is out of reach for thousands of Washingtonian who don't have a way to save at work.

That's why AARP Washington is advocating for the creation of a Small Business Retirement Marketplace – a new, commonsense solution that would help individuals and families save for retirement. The Small Business Retirement Marketplace would make it easier for small businesses to create retirement savings accounts for their employees. The accounts would be voluntary and portable, helping people take charge of their future and live independently and with dignity as they age.

Legislative Action: SUPPORT SB 5826 – Help small businesses offer retirement savings tools to employees.

- SB 5826 would help Washingtonians build their own private retirement savings rather than depending on government programs.
- Even very small levels of individual retirement savings by Washingtonians will save the State millions.
- SB 5286 is a market-based approach providing small businesses with a simple and inexpensive way to offer private savings to their employees.
- People save more when they have a workplace savings option.

Why now?

- The age wave is here. By 2030 1 out of 5 Washingtonians will be 65 years or older.
- 462,000 Washingtonians between ages 45-64 have less than \$25,000 in savings.
- The average monthly Social Security benefit in Washington is \$1,300 per month. While Social Security is a critical piece of the puzzle, it is not enough savings to ensure people can live independently as they get older.
- 77.4% of workers employed by businesses with fewer than 100 employees do not have a pension or retirement plan.
- More than 38 million working-age households, or 45 percent, do not own any retirement account assets, whether in a pension plan, an employer-sponsored 401(k) or an IRA.

Promote Self- Reliance...

Voluntary Enrollment...

Follows Employee from job-to-job...

Exclusively for private, small businesses...

"Work and Save" in other States

"Work and Save" is a well-researched national AARP campaign. Several states have pending legislation and dozens of others are considering similar employer-based small business retirement programs. Massachusetts, California and Oregon were the first to enact legislation. States expected to work on this topic in 2015 include, at a minimum: California, Washington, Connecticut, Illinois, Indiana, Maryland, Minnesota, Nebraska, West Virginia, and Wisconsin. Washington State's program has broad support from a variety of aging, human services, business and labor groups in the state.

What are the details in Washington State?

What is the Washington Small Business Retirement Marketplace? The Small Business Retirement Marketplace (Work and Save in Washington State) makes it easier for Washingtonians to build their own private retirement savings rather than depending on government programs. This program takes a market-based approach so small businesses can offer a simple and inexpensive way to offer private savings to their employees. The result will be more people saving and being self-reliant throughout their lives.

Why is it important for Washingtonians? Baby boomers are woefully unprepared for retirement. In a recent AARP Washington survey, 25% reported that they had saved \$25,000 or less. Nationally, only 66% of workers surveyed report having any retirement savings. The low savings rate puts individuals at risk of slipping into poverty when they retire and signals a greater reliance on state safety net services in the future.

What is the impact to the State? Encouraging people to save now will help Washington prepare for the age wave of the future. By 2030 nearly 20 percent of the state will be 65 years plus. The current publicly funded programs and infrastructure will not be able to handle the increased need for services and supports. The marketplace will be self-sustaining, and will be 100 percent participant funded after initial start-up costs. This is not a public pension, and the funds cannot add to the state's pension liability.

Why are workplace savings programs important? People save more when they have a workplace savings option. The best way to encourage people to save is to provide them with an easy and automatic way to save at work, but as many as 75% of small businesses offer no type of retirement savings plans. More and more states are creating similar programs to make it easier and less expensive for small businesses to offer their employees savings options.

How is it good for employees? Most employees, unable to build up pensions and savings, risk living in poverty in their old age and becoming overly reliant on public assistance programs. This program offers employees access to an employment-based retirement plan and removes many of the deterrents like lack of knowledge and understanding about retirement saving. The account follows employees if they switch jobs so they can continue to save.

Why is it good for small businesses? Businesses offering retirement plans have a better ability to recruit and retain employees. The Washington Small Business Retirement Marketplace provides a simple and cost effective way for employers to offer an important employee benefit.

- AARP States - <http://states.aarp.org> -

Gov. Inslee Signs AARP-Backed Small Business Retirement Savings Plan Bill

Posted By *Bruce Carlson* On May 18, 2015 @ 2:47 pm In Advocacy, Finances 50+, Money & Work | [No Comments](#)

Gov. Jay Inslee Signs Innovative Retirement Savings Legislation Into Law

Legislation Will Help Thousands of Small Business Employees Save For Retirement

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Olympia, WA | Governor Jay Inslee signed bipartisan legislation into law today that will make it easier for thousands of private-sector, small ^[1] business workers to access retirement savings programs through their employer and have the opportunity to build a financially secure future.

The Small Business Retirement Marketplace (SB 5826) will offer employers with fewer than 100 employees an easy to use retirement plan tool. Employees can automatically save a portion of their paycheck in a conservatively managed IRA or other savings plan, can increase or decrease their contributions at any time, and accounts would be portable as workers move from job to job. Employers who choose to participate can also choose to match up to 3% of employee contributions.



Currently, an estimated 1.5 million Washington workers do not have access to a retirement savings account through their employer. Only one other similar program designed to support workplace retirement savings exists in the country, in Illinois.

Washington's legislation is part of an AARP national initiative called Work and Save. Sponsored by Sen. Mark Mullet (D-Issaquah) and Rep. Larry Springer (D-Kirkland), it is supported by a wide array of organizations, including AARP Washington, the Economic Opportunity Institute, Russell Investments, Small Business Majority and the Securities Industry and Financial Markets Association (SIFMA).

"Washington is facing a significant retirement crisis: 12 percent of Washingtonians are now 65 plus; by 2030 that will grow to nearly 20 percent; and an estimated 462,000 people between ages 45-64 have less than \$25,000 in savings," said Doug Shadel, State Director, AARP

Washington State. "Social Security is a critical piece of the puzzle but never meant to be the sole source of retirement income for retirees. Yet, 43 percent of today's retirees rely on Social Security for 50 percent or more of their retirement income. The average benefit of \$1,300 per month is simply not enough income to ensure people can live independently as they age."

Lack of access to an employment-based retirement savings plan is most serious for low-wage workers, women, and people of color. "The Small Business Retirement Marketplace is part of our efforts to promote asset-building opportunities for people traditionally left out on the sidelines from investment tools, or worse, targeted for predatory banking products," said Gary Burris, Senior Policy Associate for the Economic Opportunity Institute. "We applaud the bipartisan effort in taking this big step toward ensuring Washingtonians retirement security, and we are hopeful that small businesses will access this important resource."

Both legislative sponsors know firsthand about the retirement savings challenge because both own small businesses and see this as a much easier solution to what is now a complex effort.

"Employers do not have to do anything but deduct and forward the money — the same way they handle taxes," said Rep. Larry Springer, who noted, "We know people are very unlikely to save for retirement if they are not offered a plan through work. The Small Business Retirement Savings Marketplace will allow more workers access to a safe, easy, and affordable way to retire in dignity."

"While we need to prepare for retirees in the near-term, we also need to make sure 20- and 30-year-olds are saving. We have to break a cycle of people reaching retirement age who are not able to keep working but are too poor to retire," said Sen. Mark Mullet, who continued: "The Small Business Retirement Marketplace is a common sense approach that helps people move toward financial independence; both as the sponsor of the bill and as a small business owner I'm pleased to see this become law, and I look forward to my businesses being the first to offer my employees this valuable option."

"Russell Investments is pleased to be part of this strong bi-partisan effort to help provide new opportunities for people to save for retirement," said Josh Cohen, managing director, defined contribution at Russell Investments. "It is our hope that this kind of public-private partnership can provide people a new path of retirement savings for years to come."

"Washington State's adoption of the Small Business Retirement Marketplace Program is a step forward in encouraging greater retirement savings," said Marin E. Gibson, managing director for the Securities Industry and Financial Markets Association. "Small businesses often don't have the resources to offer a retirement savings plan to their employees. This program pairs

the public and private sectors in order to facilitate information flow to employees and fill the current savings gap facing America's current and future retirees."

The Small Business Retirement Marketplace will be designed and managed by the Department of Commerce including developing guidelines criteria for participation in the marketplace of interested private sector financial services firms that meet the requirements. Additionally they will identify and promote existing federal and state tax credits for employers participating in this plan.

The Small Business Marketplace is planned to be available in 2017.

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AARP is a nonprofit, nonpartisan organization, with a membership of nearly 38 million, that helps people turn their goals and dreams into real possibilities, strengthens communities and fights for the issues that matter most to families such as healthcare, employment and income security, retirement planning, affordable utilities and protection from financial abuse. AARP Washington State has more than 920,000 members and local information can be found at

www.aarp.org/wa ^[2]

The Economic Opportunity Institute is a non-profit, non-partisan public policy center dedicated to advancing public policies that promote educational opportunity, good jobs, healthy families and workplaces, and a dignified retirement for all. Learn more at www.eoionline.org ^[3].

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URLs in this post:

[1] Image: <http://states.aarp.org/wp-content/uploads/2013/05/retirement.jpg>

[2] www.aarp.org/wa: <http://www.aarp.org/wa>

[3] www.eoionline.org: <http://www.eoionline.org>

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