

How the Changing Retirement System Affects You

Are You Ready?
What You Need to Know

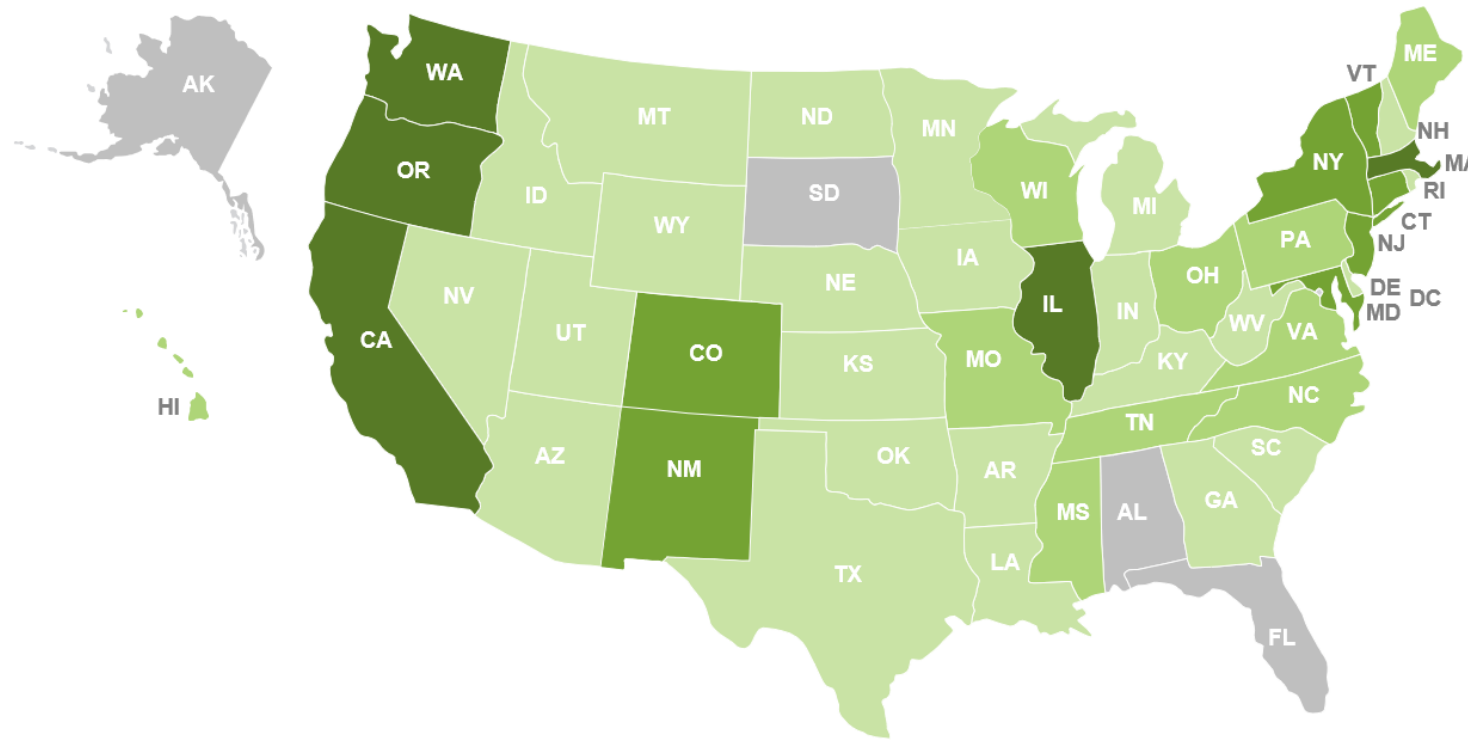
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The Retirement Ecosystem is Changing - Fast

- 2019 – ARPs – Association Retirement Plans
 - July – DOL Rule – effective September 2019
 - ARPs can be offered by associations of employers in a city, county, state, or a multi-state metropolitan area, or in a particular industry nationwide.
- 2019 – SECURE Act
 - December – Federal Legislation – effective January 2021
 - Expanded, incented coverage and savings opportunities
 - The pool is getting bigger – long-term part-time workers now included
 - Auto-enrollment safe harbor cap increased to 15% and tax incentives added
 - PEPs – and tax incentives for new plan formation
- **Sneaker Wave** - 2015 – first State Auto IRA legislation approved
 - Oregon – followed by Illinois, California, Maryland, Connecticut and more ...
 - Programs launched / leg passed each year from 2017 to present

State facilitated retirement savings



● Live ● Enabled ● Leg/Study 2020 ● Active ● Not Active

Source: Massena Associates – August 2020

Types Enabled:

- Marketplace ... 2
- Multiple Employer Plan (MEP) ... 2
- Auto-IRA ... 9

State Programs – Auto IRAs – What Are They

- Organized and facilitated by the State
 - OregonSaves, CalSavers, MarylandSaves, Illinois Secure Choice
- Hybrid characteristics
 - IRA account sitting in a savings program
 - With investment menu, governance, payroll deduction, automatic enrollment
- Employer role: facilitate payroll deduction
 - Generally, employers are required to facilitate unless they offer a plan
 - Employer thresholds vary by state (eg CA >5, IL >25)
- Service providers
 - Recordkeeper / Investments / Consulting / Marketing

Enrolled in (for example) OregonSaves?

- Automatic
- Saving 5%, escalating by 1% a year – to a cap of 10%
- Investments:
 - First \$1,000 to Capital Preservation
 - Next savings to Target Date Fund
- Choices
 - Save more, less, or opt out altogether
 - Inv Menu: Cap Pres, TDF, S&P 500

Aggregate Savings in State Auto IRA Programs (June 30, 2020)

State Auto IRA Programs ¹	Qtr %	6/30/2020
Total Assets	35%	\$89,851,932
Funded Accounts	14%	151,107
Employers Registered to Facilitate	2%	21,492
Employers Have Added Employees	5%	15,984
Employers Started Payroll	9%	8,735

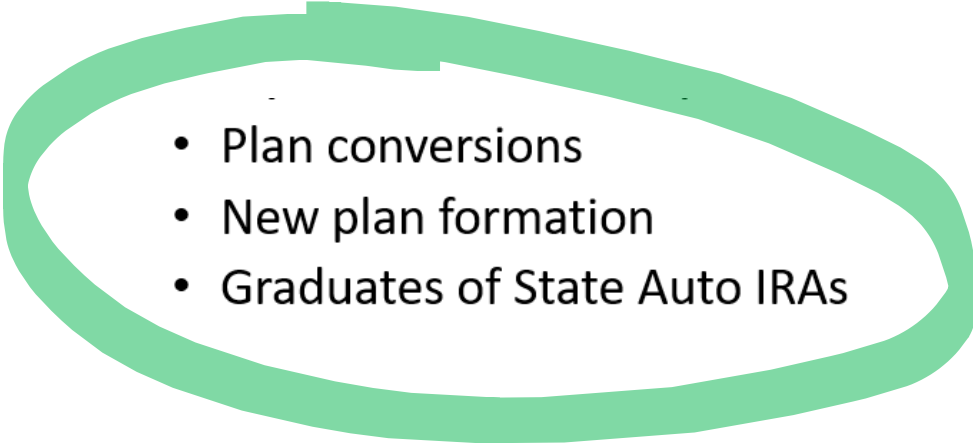
¹ OregonSaves, Illinois Secure Choice, and CalSavers

MEPs and PEPs – The Short and Sweet

- Who needs them?
 - If they are easier, simpler, cheaper, less responsibility, less risky, better:
 - Plan conversions
 - New plan formation
 - Graduates of State Auto IRAs
- Fitting into the retirement ecosystem
 - Trend toward simpler, more uniform, automated, slightly more standardized benefits
 - Trend toward universal coverage of employed workers, with access for gig and platform-based workers
 - Large, sophisticated employers may provide more differentiated benefits

Where should you be?

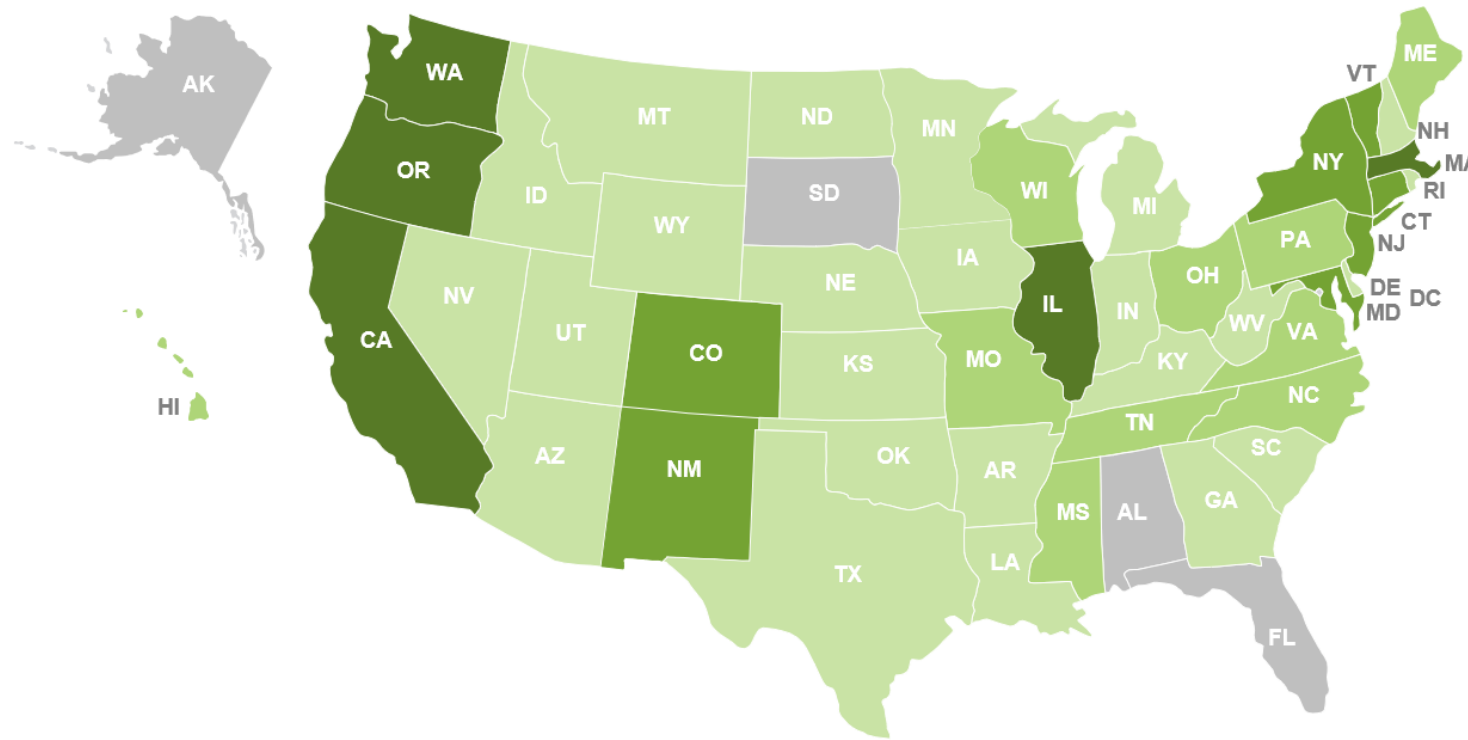
- Provider, know thyself:
 - Offering capabilities
 - Client service skills
 - Network and marketing alignment
 - Strategic direction of your organization
 - Financials – what does it take for you to make money
- Illogical to attempt all things to all customers
 - Going in? pick a spot, focus on it, get very very good, adjust outward

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- Plan conversions
 - New plan formation
 - Graduates of State Auto IRAs

Why PEPpers Want State Programs

- Training ground for employers
 - Payroll deductions
 - Contribution history
 - Workforce feedback
- Program deadlines act as a catalyst
 - Employer evaluation: state program, or my own plan
 - New plan formation
- PEPs offer something to “graduate to”
 - With the benefit of experience
 - When employers want to match, save more, gain tax benefits

State facilitated retirement savings - redux



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Open Season!

- Do you agree, disagree?
- What did we leave out
- What's unique in your space



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let's connect