Government-Sponsored Retirement Savings Plans: An Analysis of Policy Proposals

Prepared by:

William Dernbach Jr.
Da Huo
Steven Kulig
Stephanie Mabrey
John Wilson-Tepeli

Workshop in Public Affairs

May 7, 2014

Workshop in Public Affairs
Spring 2014

Robert M. La Follette School of Public Affairs
UNIVERSITY OF WISCONSIN–MADISON

For an online copy, see
www.lafollette.wisc.edu/publications/workshops.html
publications@lafollette.wisc.edu

Table of Contents

List of Tables and Figures

Foreword

This report is the result of collaboration between the Robert M. La Follette School of Public Affairs at the University of Wisconsin–Madison and an agency of the federal government. The School's objective is to provide graduate students at La Follette the opportunity to improve their policy analysis skills while contributing to the capacity of partner organizations.

The La Follette School offers a two-year graduate program leading to a master's degree in public affairs. Students study policy analysis and public management, and they can choose to pursue a concentration in a policy focus area. They spend the first year and a half of the program taking courses in which they develop the expertise needed to analyze public policies.

The authors of this report are all in their final semester of their degree program and are enrolled in Public Affairs 869 Workshop in Public Affairs. Although acquiring a set of policy analysis skills is important, there is no substitute for doing policy analysis as a means of learning policy analysis. Public Affairs 869 gives graduate students that opportunity. I am grateful to our partners for working with the La Follette School on this project.

Planning for retirement from work is a central theme of much of household finance. There are a wide range of ways the public sector encourages retirement savings, primarily through the tax code. Many employers use retirement savings plans as a benefit for employees, and some people also pursue retirement savings outside of what is offered by their employer. Nevertheless, the take-up of retirement accounts and the level of contributions to these accounts is a topic of ongoing policy analysis, especially for younger workers who are not saving at levels observed in prior generations and may face barriers to being able to retire from work until much later in life.

This project takes on this complicated issue at an opportune time when state and federal policy makers are grappling with new strategies for enhancing access to retirement accounts. Retirement planning remains a complex subject, but this report offers a compelling discussion of the barriers and opportunities facing current workers, especially those not covered by any retirement plan. The authors thoughtfully lay out an insightful framework to critically review current policy proposals. This approach provides a flexible tool that can be replicated as current proposals develop, and new strategies emerge.

J. Michael Collins
Associate Professor of Public Affairs
May 2014

Acknowledgements

We appreciate the thoughtful feedback of Sharon Hermes, David Lin, Justin Dunleavy, and David Lehrer of the Chicago field office of the U.S. Government Accountability Office. Additionally, we are grateful to Nari Rhee, Pamela Herd, Robert Haveman, Eric Lawyer, and Karen Holden for generously sharing their time and expertise with us throughout the course of our research, analysis, and writing. We are also grateful for the assistance of Terry Shelton in preparing the final draft of this report. Finally, we offer our sincere thanks to Professor J. Michael Collins for his thoughtful guidance throughout the course of this project.

Executive Summary

President Obama's 2014 State of the Union address highlighted the growing concern over the adequacy of retirement savings among employees. As his speech noted, adequately preparing for retirement is of particular concern for low and middle-income employees, many of whom face barriers to achieving adequate retirement savings. Some of these barriers include constraints on information, finances, plan access, and features. Recent proposals at the state and federal level attempt to address these barriers to adequate retirement savings. In this paper, we examine nine plans and proposals, including two state plans, four state proposals, and three federal proposals, as of their status on March 1, 2014. Following this review, we select three federal proposals and one state plan for more detailed analysis.

This report begins with an overview of current retirement savings proposals, including a federal automatic IRA, myRA, and USA Retirement Funds. In turn, we examine state proposals, including California Secure Choice, Massachusetts Nonprofit Employee Retirement Plan, Illinois Automatic IRA bill, Virginia Employee Voluntary Accounts Program, Indiana State Assisted Retirement Plan, and Washington Voluntary Retirement Program.

This report develops a framework to assess selected proposals in the context of key criteria selected from retirement policy literature, interviews with experts, and cross comparisons among proposals (Table 1). These criteria include a proposal's ability to increase access to retirement plans, minimize costs, and minimize the risks associated with the plan. We also consider implications of a proposal's portability level and the implications for adequacy of overall retirement savings.

We assess ease of access, costs, and risks of each proposed plan in comparison with the status quo and each other. For example, USA Retirement Funds and California Secure Choice would increase access because of their automatic enrollment feature. USA Retirement Funds would further increase access by covering self-employed workers. While administering a retirement plan can be costly to employers and employee, California Secure Choice would use a small portion its assets to cover the costs of the program. Similarly, myRA would assess virtually no fees on participants. Assessing the risks associated with the proposals is more complex. We have included an analysis of four different risk categories, including sophistication risk, market risk, longevity risk, and risk to the plan provider. Longevity and market risk are best mitigated by providing a guaranteed return or by pooling assets, both of which are features of USA Retirement Funds and myRA. Finally, plans that minimize risk to the provider are defined contribution, such as a federal automatic IRA.

Table 1: Criteria for Analysis of Selected Retirement Proposals

CRITERIA
Ease of Access: To what extent would the policy increase ease of access to retirement savings options?
Cost: What parties would bear implementation and management costs?
Implications of plan portability: To what extent would the plan's level of mobility impact employer competitiveness and employee labor market decision-making?
Risk: What would be the anticipated change in risk associated with adoption of the policy? • Market Risk • Longevity Risk • Sophistication Risk • Plan Providers/ Administrators
Implications for Adequacy of Overall Retirement Savings: To what extent would the policy increase overall levels of retirement savings?

Source: Authors

We also assess the implications of plan portability and implications for adequacy of overall retirement savings, but we are less successful in comparing proposed plans to each other and status quo due to the implicit tradeoffs within these categories. In particular, all of the federal plans we assess provide large increases to plan portability in comparison with status quo. California Secure Choice also provides an improvement in plan portability, but to a lesser degree, as it is restricted to the geographic boundaries of the state of California. While these proposals and plans would provide improvements in plan portability for the employee, the employer could be faced with a decrease in competitive advantage in the labor market associated with offering a plan. Similarly, it is difficult to assess improvements in adequacy of overall retirement savings, except through relative changes in comparison with status quo. In this regard, all of the plans offer improvements over status quo. Plans that have a default contribution level that exceeds the savings rates people commonly use can offer a greater likelihood of improvement, while plans such as a federal automatic IRA offer a more limited improvement due to a lower contribution limit than other plans.

Ultimately, the implicit tradeoffs within plans lead us to highlight key plan features rather than recommend adoption of a particular policy proposal. Specifically, our analysis identifies key features—such as automatic enrollment, set contribution levels, and risk pooling—likely to improve the overall adequacy of retirement savings. Because these key features could be added to, or augmented in, any number of existing proposals, we believe that identifying these features provides a potential model for assessing future policy proposals, while keeping the inherent tradeoffs and nuances of plans at the forefront of the policy discussion.

Introduction

In light of the aging workforce in the United States, policymakers are paying increased attention to retirement policy. The emergence of numerous proposals aimed at increasing retirement savings necessitates an understanding of why employees face barriers to achieving adequate retirement savings and the key features of retirement plans that may mitigate these barriers. In this paper, we discuss the difficulties many private sector employees face in saving for retirement, how low and middle-income employees fare in terms of saving for retirement, and the particular barriers that may limit adequate retirement savings by low and middle-income employees. We then contextualize these issues and offer an overview of recent legislative proposals for augmenting existing retirement options, with particular attention to their effects on low and middle-income private sector workers age 45 and under. Additionally, we provide a policy analysis of California Secure Choice, federal automatic IRA plans, myRA, and the recently introduced USA Retirement Funds, as of their March 1, 2014 status, in comparison with status quo and each other.

Background

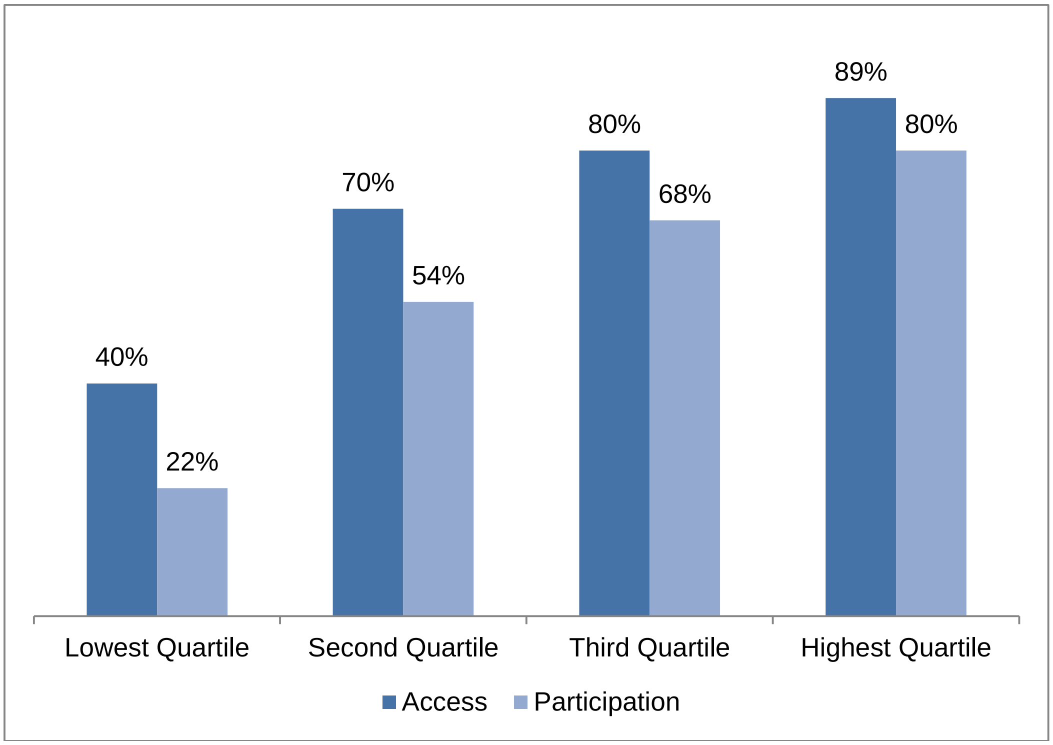
Despite 61 percent of workers having access to an employer-sponsored pension or retirement plan in 2012, the confidence of Americans in their ability to save for retirement is declining (Copeland 2012, 1). According to results from the Retirement Confidence Survey conducted by the Employee Benefit Research Institute (EBRI) and Mathew Greenwald & Associates, Inc., in 2013 only 13 percent of Americans reported that they believed they would be able to retire comfortably (Adams, Copeland, Helman, and VanDerhei 2013, 6). Further, according to statistics from the Center for Retirement Research, approximately 53 percent of Americans do not have sufficient savings to maintain their current standard of living upon retirement (Bernartzi and Thaler 2013, 1152).

Ability to save for retirement is of particular concern for low and middle-income employees.[1] Individuals falling in these income ranges have less access to employer-sponsored retirement savings plans and those who do have access to such plans are less likely to participate (Rhee 2013, 18). The survey indicates that retirement savings are declining most rapidly for these groups, with only 24 percent of low-income households reporting saving for retirement in 2013, compared with 49 percent in 2009 (Adams, Copeland, Helman, and VanDerhei 2013, 16). While middle-income households are not experiencing as rapid a decline, dropping from 80 percent in 2009 to 76 percent in 2013, high-income

[1] Low and middle-income groups are defined by EBRI as households with annual incomes below $35,000 annually and between $35,000 and $75,000 annually, respectively (Adams, Copeland, Helman, and VanDerhei 2013).

households reported increases in retirement savings from 93 percent to 94 percent during the same period (Adams, Copeland, Helman, and VanDerhei 2013, 16). As shown in Figure 1, data from the U.S. Bureau of Labor Statistics illistrates the large gap in retirement access and participation between lower and higher income employees.

Figure 1: Retirement Access & Participation Rates, Private Sector[a,b] by Income Quartile



[a]"Includes workers in the private nonfarm economy except those in private households, and workers in the public sector, except the federal government."
[b]Note: Participation is among all employees, not excluded to those with access to a plan.
Source: U.S. Bureau of Labor Statistics, 2013

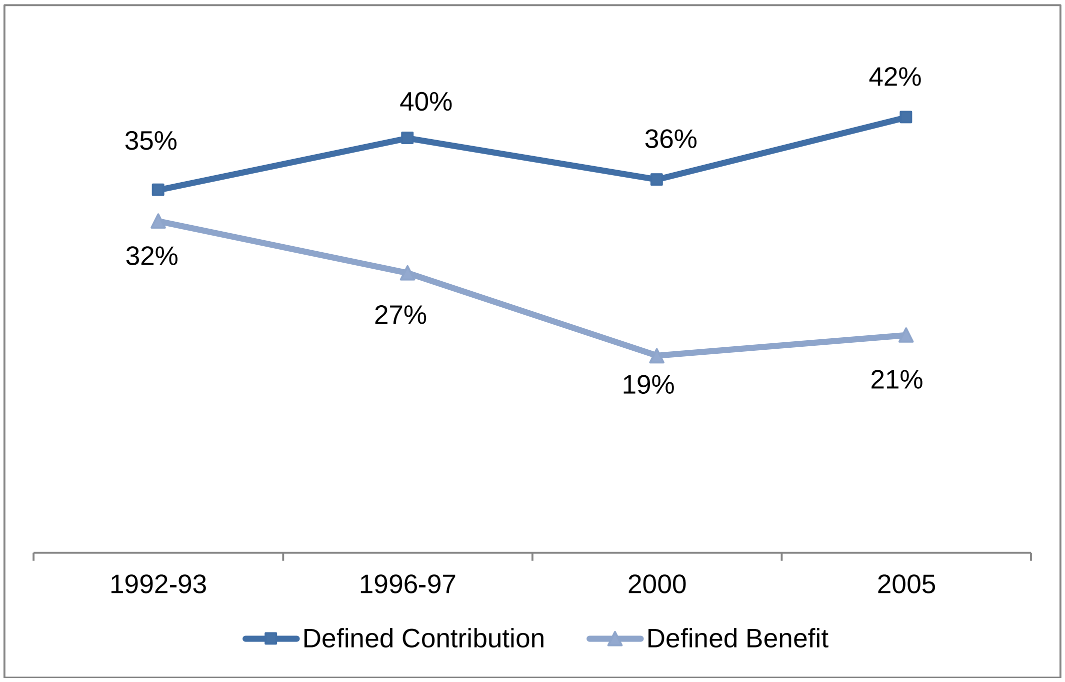
The fundamental difficulties associated with saving for retirement can be captured under two broad categories. First, difficulty saving for retirement may result from lack of access to a plan. According to EBRI, 39 percent of workers do not have access to an employer-sponsored retirement plan (Copeland 2012). This problem is exacerbated for low and middle-income employees who work in industries offering lower pay and fewer benefits such as retirement savings options (Rhee 2013, 4).

For employees who do have access to an employer-sponsored plan, they may not save at all or fail to save adequately because of financial constraints, the changing nature of retirement plans, or misinformation regarding what constitutes adequate savings. Many employees report other financial priorities as a barrier to saving for retirement. These financial commitments include paying off debt, daily living expenses, and health-related expenses (Adams, Copeland, Helman, and

VanDerhei 2013, 5-6). When these financial priorities take immediate precedence over long-term planning for retirement, it becomes difficult for individuals to catch up in later years and may lead to early withdrawals from retirement plans. In 2009 alone, almost 5.7 million taxpayers reported an early withdrawal from a retirement plan, which cost individuals over $5 billion in additional taxes (Treasury Inspector General for Tax Administration 2010, 14). Inadequate savings is of particular concern for low-income individuals who have much lower savings rates compared to their higher income counterparts. Dynan, Skinner, and Zeldes determine that individuals in the lowest income quintile save 1 percent of current income compared to the highest quintile saving 14 percent of income (2004, 417). Generally, cost of living goes down for retirees, but even with reduced expenses, low-income retirees are more susceptible to declines in health or other out-of-pocket expenses (Pamela Herd, personal interview, March 13, 2014). These expenses account for a higher percentage of total income compared to higher income retirees.

The changing nature of retirement savings plans and misinformation regarding plans further inhibit an employee's ability to adequately save for retirement. The historical shift from defined benefit to defined contribution plans requires workers to plan when and how to save, providing less guidance than traditional defined benefit plans, shifting the administrative burden to employees, and leaving many employees uncertain of how to plan their own retirement savings (Bernartzi and Thaler 2013, 1152). Figure 2 shows the changing nature of retirement plan participation by plan type over time, demonstrating the increased reliance on defined contribution savings plans. In 2013, this gap was still significant with 26 percent of employees participating in defined benefit plans and 38 percent of employees participating in defined contribution plans (Bureau of Labor Statistics 2013).

Figure 2: Retirement Plan Participation Rates, Private Sector by Plan Type Over Time[a]



[a]Note: Participation is among all employees, not excluded to those with access to a plan.
Source: U.S. Bureau of Labor Statistics, 2006

Further, according to EBRI, many workers do not attempt to determine how much they need to save over time to retire comfortably in the future; and the likelihood of performing this calculation decreases as household income decreases (Adams, Copeland, Helman, and VanDerhei 2013, 21). Additionally, only 23 percent of workers reported asking for financial advice from a professional and those who did were more likely to have more assets (Adams, Copeland, Helman, and VanDerhei 2013, 24). The lack of information presents a barrier for low and middle-income individuals to adequately planning and saving for retirement.

The lack of confidence by low and middle-income employees in their ability to save for retirement, coupled with the significant barriers to saving adequately, provide sufficient reason for government intervention in the form of retirement policy proposals. Proposed federal and state plans attempt to assist low and middle-income individuals in overcoming these barriers to adequate retirement savings.

Research Questions

This analysis addresses two research questions:

1. What are the salient features of alternative individual retirement plans, including federal automatic IRA, myRA, USA Retirement Funds,

California Secure Choice, Retirement Options for Nonprofit Organizations, Illinois Automatic IRA, Virginia Employee Voluntary Accounts Program, Indiana State Assisted Retirement Plan, and Washington Voluntary Retirement Program?

2. How do federal and state plans, including federal automatic IRA, myRA, USA Retirement Funds, and California Secure Choice compare with status quo when assessed based on criteria that address barriers to achieving adequate retirement savings for individuals 45 years old and under?[2]

Overview of Selected Federal and State Proposals

In recent years, a wide variety of state and federal retirement proposals have been introduced in an attempt to increase retirement planning, participation, and adequacy of retirement savings. Indeed, President Obama's 2014 State of the Union Address highlighted retirement planning and savings as an ongoing area of national policy concern, due to the barriers to adequate retirement savings addressed in the previous section. In his speech, President Obama proposed creating myRA, a low-fee, low-risk individual retirement account, one of many recent retirement policy proposals (Office of the Press Secretary 2014, January 29). Based on a February 2014 review of recent state and federal proposals introduced within the prior six years, we selected two state plans, four state proposals, and three federal proposals for review as a preliminary means of identifying proposed plans with salient features for addressing barriers to adequacy.[3] These proposals include federal automatic IRA, myRA, USA Retirement Funds, California Secure Choice, Massachusetts Retirement Options for Nonprofit Organizations, Illinois Automatic IRA, Virginia Employee Voluntary Accounts Program, Indiana State Assisted Retirement Plan, and Washington Voluntary Retirement Program.

[2] While proposed plans have the potential to improve adequacy of retirement savings for younger generations, individuals close to retirement age would see little benefit associated with implementation of a new retirement savings option. In particular, a recent EBRI study shows that between 40 and 50 percent of early baby boomers and late baby boomers, or employees age 46 to 62, are at risk for having inadequate retirement income (VanDerhei 2011, 5). Not only are older age cohorts at risk of having insufficient retirement resources, but EBRI estimates that late baby boomers (ages 56-62) would need to save 4.3 percent of income above and beyond what they are already saving to achieve a 90 percent chance of having adequate savings during retirement (VanDerhei 2011, 17). Accordingly, the effectiveness of these policy proposals is only pertinent for individuals 45 years and under, as they may have little impact on the needs of those close to retirement with insufficient savings.

[3] For a more complete summary of each plan, please see Appendix A and B.

Table 2: Summary of Retirement Plan Proposals

	USA Funds	Federal Automatic IRA	myRA	CA	MA	IL	VA	IN	WA
Auto Enrollment	Y[a]	Y[c]	N[d]	Y[g]	N[h]	Y[k]	N[l]	N[m]	N[n]
Employee Threshold	≥10[b]	>10[c]	None[d]	>5[g]	<20[h]	>10[k]	<50[l]	None[m]	<100[n]
Investment Options	Menu[a]	Menu[c]	Treasury Securities[d]	Default plan[f]	Menu[h]	Menu[k]	Menu[l]	Menu[m]	Menu[n]
Defined Benefit or Contribution	Collective DC[b]	DC[c]	DC[d]	Guaranteed DC[f]	DC[i]	DC[k]	DC[l]	DC[m]	DC[n]
Admin Fees	Unknown	Unknown	2.69%[e]	<1%[g]	<0.08% annual fee[j]	Unknown	Unknown	Unknown	Unknown
Contribution Rate	6% default[a]	3% or ≤ 6%[c]	Min ≥ $5 pay period[d]	3% default[g]	“$10 per pay period or 1% of your gross income” [j]	3%[k]	None[l]	None[m]	None[n]
Mandatory Participation	N[a]	N[c]	N[d]	Y[g]	N	N[k]	N[l]	N[m]	N[n]
Maximum Employee Contribution	$10,000 year[b]**	$5,500 year[c]	$15,000 total[d]	$5,500 year[g]	$17,500 year[j]	$17,500 year[k]	$17,500 year[l]	$5,500 year[m]	Tier 1: $5,500, Tier 2: $17,500[n]
Additional Tax Credit*	Y[b]	Y[c]	N[d]	N[g]	N[h]	N[k]	N[l]	Y[m]	N[n]
Enacted	N	N	N	Y***	Y[h]	N	N	N	N

*Excluding Federal Savers Credit
**USA Retirement Funds also allows employers to contribute up to $5,000 in additional funds to employee accounts on an annual basis.
***Phase 1 of 2 enacted

[a]Help Committee, 2012, 5-7; [b]HELP 2014, Bill Summary; [c]U.S. Congress House 2010; [d]Office of the Press Secretary 2014; [e] Caplinger 2014; [f]Stubbs 2012; [g]California Code § 21, 10040l; [h]Massachusetts§ 29 Section 1; [i]Weeks 2011; [j]SMART 2014, “OBRA.”; [k]Illinois H.B. 2400; [l]H.B. 2026 2009 Chapter 15 § 51.1-1503 (E)(1)); [m]SB 66 2014 LS 6045/DI 102; [n]Washington State Fiscal Note 2009

As Table 2 demonstrates, the vast majority of proposals and plans we reviewed at a state and federal level reflect the national trend toward the defined contribution model. Similarly, all proposals and plans establish some type of oversight entity (Appendix C). Further, national and state proposals reveal a split between specified or default levels of contribution—ranging from none to 6 percent. Similarly, current contribution levels vary across investment and plan types, from $5,500 for IRAs up to $17,500 for 401k and 401a plans. Proposals and plans also vary widely in terms of the employee threshold for employer participation.

From our review of retirement policy literature and recent proposals, it is apparent that enrollment is also a significant consideration in plan design. Proponents of automatic enrollment, or opt-out, argue participation would increase substantially due to a reduction in the complexity of investment options and the employee tendency to procrastinate on retirement plan enrollment because of "hyperbolic discounting" (Laibson 1996, 1-12). In this model, the employee acts rationally, but gives less weight to future "preference changes" with respect to saving because they place a higher value on their immediate consumption even though their future preferences are to save today (Laibson 1996, 4). Opt-out plans, proponents suggest, would reduce the employee tendency to procrastinate with respect to enrollment by overcoming inertia, especially among low-income employees (Hamilton Project 2006, 3-4).

Plan enrollment strategies vary widely across proposals and enacted legislation. As denoted in Table 2, the Indiana State Assisted Retirement bill proposes an opt-in structure. Other state proposals in Virginia and Washington would take a similar approach to Indiana, making the plan optional for both the employer and employee. The myRA proposal follows this model as well. On the other hand, the Illinois proposal and California Secure Choice plan are relatively similar, mandating broad employee enrollment and employer participation. For example, the Illinois proposal would require employers to automatically enroll employees and would assess a penalty on businesses that do not participate (Illinois H.B. 2400, Section 75 (c)). Under California Secure Choice, employees would be automatically enrolled in the plan unless the employer or the employee opts out. Employees have the right to opt-out within the first 90 days, however, without facing any withdrawal penalty (California Code § 21 Sec. 100014). In addition, companies that do not comply with the plan face up to a $500 fine per employee (California Unemployment Insurance Code Sec. 1088.9 (c)).

While specific requirements vary, most proposals identify an employee count threshold for employer participation. This threshold has implications for small firms and self-employed individuals. These firms and individuals may be excluded from plans that have a higher required number of employees for participation, which is particularly relevant for the 62 percent of firms nationally with fewer than four employees (United States Census Bureau).

Table 2 compares employee thresholds for each plan. Federal proposals reflect a concern for imposing an administrative burden on small employers. In particular, federal automatic IRA (H.B. 2035 Section 2) and USA Retirement Funds exempt employers with fewer than 10 employees ("HELP Chairman Tom Harkin Introduces the USA Retirement Funds Act" 2014). The current form of myRA demonstrates a similar concern, providing an opt-in provision for both employees and employers (Office of the Press Secretary 2014, January 29). However, myRA would place no limit on the size of the firm to participate in the plan (Office of the Press Secretary 2014, January 29).

In this vein, state proposals include various participation requirements for employers. In particular, California Secure Choice is somewhat more stringent, requiring employers with more than five employees to participate in the program (California Code § 21, 100000 (d)). The Illinois proposal would take a comparable approach with respect to its mandatory enrollment, requiring any business with more than 10 employees to participate (Illinois H.B. 2400, Section 5).

Virginia's proposal would use a common approach to eligibility and sets a ceiling on the maximum number of employees eligible for participation per business, as well as how many hours an employee would need to work to be considered an employee. The proposal is designed for businesses with no more than 50 employees and is voluntary for the employer. The proposal also requires an employee work at least 30 hours per week to be eligible for the plan (Virginia H.B. 2026). The Washington proposal would also limit employer participation to those with 100 or fewer employees (Washington 2009 Senate Bill 5791), as would a version of the federal automatic IRA (Senate 2010, § 3760). The Massachusetts retirement plan is unique in regard to employer enrollment, limiting its participants to only non-profits with fewer than 20 employees (Weeks 2011).

While plans are traditionally classified as defined benefit or defined contribution, the reality of how investments are managed and returns dispersed would vary widely between the proposals we examined, as shown in Table 2. California Secure Choice, while technically a defined contribution plan, functions similarly to a defined benefit plan by guaranteeing participants a determined rate of return through the mandatory purchase of private reinsurance (Office of Senate Floor Analyses 2012).

The remaining proposals are more traditional defined contribution plans, under which the benefits an individual receives in retirement are correlated with the level of contributions over an employee's lifetime. In practice, the amount an employee receives would fluctuate based on a given plan's investment portfolio and management strategy. Thus, some proposals would have more market exposure and traditional private sector management, such as state and federal automatic IRA proposals.

Critics have raised numerous concerns regarding the role of government in providing retirement options to private sector employees. In Massachusetts, insurance groups have expressed apprehension, believing the establishment of the program will put private companies in direct competition with a state-run retirement plan (Business & Legal Resources 2012). Business groups in Illinois voiced concerns that their state's proposal in its current form would be voluntary, but that participation could become mandatory (Quandt 2014). These issues are more acute if a public agency is actively managing funds, as opposed to contracting with private firms to manage funds on behalf of the state or directly with retirement plan participants (Collins 2014).

At a national level, private firms fear the loss of competitive advantage if they offer no plan. In a 2013 study, 96 percent of employees said that a company's retirement plan was an important employee benefit when comparing jobs (Fronstin and Helman 2013).

It is worth noting that all proposals are contingent on the political landscape in which they are created. As denoted in Table 2, only Massachusetts' plan has been signed into law in 2012 and is currently operating (National Conference of State Legislatures 2014). In many respects, this plan's narrow focus and limited economic impact make it unlike its state and national counterparts: it only covers non-profit employees and will likely have a minimal effect on the state retirement landscape. The only other plan that has passed into law is California Secure Choice, which was passed in 2012 (Hiltzik 2013). While the plan is enacted, it cannot be formally implemented until a market analysis is completed and it is authorized to proceed by another vote of the state legislature. The goal of the analysis is to "determine whether the necessary conditions for implementation of this title can be met, including, but not limited to, likely participation rates, participants' comfort with various investment vehicles and degree of risk, contribution levels, and the rate of account closures and rollovers." The law also prohibits any state funds being used for the analysis, which present another significant barrier to actual implementation (California Code § 21, 10040).

Of the plans considered above, we selected four that offer a wide range of features: California Secure Choice, federal automatic IRA, myRA, and USA Retirement Funds. In the next section, we examine these proposals in further detail to determine plan features that are associated with reducing barriers to achieving adequate retirement savings.

Analysis of Selected Proposals

To assess the merits of federal and state policy proposals, we developed criteria that repeatedly emerged in our research and interviews with retirement policy experts regarding effective retirement savings models. In particular, we consider the plans' features with respect to increasing ease of access, minimizing cost, and minimizing risk. We also examine each plan's implications with respect to plan portability and adequacy of overall retirement savings (Appendix D).

Ease of Access

Policy alternatives are assessed based on their ability to increase access to retirement plans for low and middle-income individuals. While employees without an employer-sponsored plan certainly have other avenues to accumulate adequate retirement savings, this lack of access through an employer makes this task more difficult for employees. We assess each policy alternative based on its predicted change in access compared to status quo as well as in comparison with the other alternatives.

Under status quo, 61 percent of individuals have access to an employer-sponsored plan (Copeland 2012, 1). Low and middle-income families have disproportionately limited access to retirement savings. Specifically, in 2013, only 24 percent of low-income individuals and 76 percent of middle-income individuals reported saving for retirement (Adams, Copeland, Helman, and VanDerhei 2013, 16).

Of the plans considered, USA Retirement Funds makes the most significant contribution to increased access in comparison with status quo. Not only would the proposal mandate employers with more than 10 employees offer a collective defined contribution plan to all employees on an opt-out basis, but self-employed workers would be eligible for the plan (HELP 2014, Bill Summary). In addition, "[b]ecause it is nearly impossible for low-wage workers to save enough for retirement, they would be eligible for refundable retirement savings credits that would be contributed directly to a USA Retirement Fund" (HELP 2012, 6). Proponents of the USA Retirement Fund estimate that the bill would provide retirement plan access to roughly 75 million employees ("HELP Chairman Tom Harkin Introduces the USA Retirement Funds Act" 2014).

While a federal automatic IRA plan and California Secure Choice do not offer the same access to self-employed workers, they similarly contribute to large increases in ease of access to retirement savings. Automatic IRA proposals generally require employers who do not sponsor a retirement plan to offer their employees an opportunity to enroll in an employer-administered IRA, leading to an increase in access for employees who do not have access to a retirement plan through their employer under status quo. Not only has the Government Accountability Office published a 2013 report concluding that automatic IRAs could expand retirement coverage for all income levels (Government Accountability Office 2013, 22), but according to Iwry and John, an automatic IRA plan may also make employers more comfortable with providing retirement plans to employees. Employers may also choose to sponsor a retirement plan to take advantage of the more generous tax credit compared to the tax credit provided when offering an automatic IRA plan (Iwry and John 2009, 9). Similarly, under California Secure Choice, low and middle-income employees working for employers with more than five employees would be automatically enrolled in the plan (California Code § 21, 100000 (d)). As with a federal automatic IRA, an employer could choose to opt-out of California Secure Choice by offering their own plan (California Code § 21, 10032 (3)(f)).

The myRA proposal, while increasing access compared to status quo, would likely provide the lowest increase of all reviewed proposals. The myRA proposal requires both an employer and employee to opt-in, making the plan inaccessible to employees if an employer decides not to offer the plan (U.S. Department of the Treasury 2014). If an employer were to offer myRA, access would likely increase.

Cost

We assess policy alternatives based on the criterion of minimizing costs, considering two potential costs: (1) cost to the plan providers or administrators and (2) cost to low and middle-income employees. Policy alternatives may require plan providers to pay administrative costs, which may be passed on to employers or employees.

Under status quo, costs to private sector employees are extremely variable and depend on plan type. An ongoing concern surrounds retirement plan fee levels for several defined contribution plans, such as 401ks. Management and administrative fees, which effectively reduce contribution amounts or come from account balances, can have substantial effects on retirement savings over an employee's lifetime (Government Accountability Office 2006, 7).

All of the plans considered are associated with low costs to both the plan provider and the employee. The myRA proposal is expected to be administered by the U.S. Treasury and would include virtually no fees for participating employees (Hudson 2014). California Secure Choice also has low costs due to its structure, which spreads the burden of administrative costs across the entire trust pool. In particular, by law the administrative expenses shall be no more than 1 percent of the total program fund (California Code 21 § 100004 (d)).

Both a federal automatic IRA and USA Retirement Funds are associated with low costs to employers. While employers who do not offer a sponsored plan would be required to administer the automatic IRA, the administration would require little, if any, out-of-pocket costs (Iwry and John 2009, 9). Moreover, proponents of USA Retirement Funds suggest that offering the plan will reduce the administrative burden to small and mid-size employers, enabling them to provide easy access to a relatively low-cost, low-risk plan (HELP 2012, 6). An employer tax credit would be offered to help employers defray costs associated with offering the plan (HELP 2012, 7). At this point, little financial analysis of the plan is available. USA Retirement Funds relies on a payroll deduction contribution structure, imposing low costs on employees for participation. In particular, the large-scale management should assist in minimizing administrative costs associated with the plan ("HELP Chairman Tom Harkin Introduces the USA Retirement Funds Act" 2014). A federal automatic IRA could result in low fees to employees if it realizes economies of scale. However, because there have been multiple iterations of the proposal, the fee level borne by employees is currently unclear, and could be moderate if economies of scale are not realized (Iwry and John 2009, 3).

Risk

Another criterion for assessing each policy alternative is the anticipated risk level. For employees and plan providers, the type of plan affects the type of risk to which participants and providers are exposed. Retirement plans tend to shift risk onto either the employee or the plan provider. For example, retirement literature frequently cites defined benefit plans as beneficial for low and middle-income employees because of several types of risk reduction for the employee. However, defined benefit plans do not simply limit risk to the employee: they typically transfer it to the plan provider. As the movement away from defined benefit plans toward defined contribution plan over recent decades has shown, this transfer of risk can present long-term problems for the financial health of defined benefit retirement plan funds and their providers. But, at the same time, employees may not be adequately equipped to bear this change in risk exposure either (EBRI 2009, 68).

For low and middle-income employees, managing risk is critical for retirement investment as the margin for absorbing additional expenses and loss of investment value may be low (Pamela Herd, personal interview, March 13, 2014).

> The idea that people knowingly under save may seem illogical but could occur if their income barely covers basic expenses...Furthermore, some individuals might follow an appropriate savings plan, but still find their assets are well short of their goal because of stock and bond market variability, high inflation, or simply because they invested improperly." (Mahler, Chingos, Whitehurst 2014, 5)

Therefore, drawing on the work of Mahler, Chingos, and Whitehurst, we assess status quo in relation to our four alternatives based on two impact categories, reduced risk to employees and reduced risk to plan providers and/or administrators. For employees, we assess sophistication risk, market risk, and longevity risk. We also predict the relative amount of risk employers or the government will assume if the policy alternatives are adopted.

Sophistication Risk

Sophistication risk is "the risk of not knowing how much to save, how to plan or invest, or not being able to follow through with savings goals" (Mahler, Chingos, and Whitehurst 2014, 6). This risk is a major concern for low and middle-income employees because a lack of financial knowledge or lack of investment capital on an individual level is something that "cannot be pooled" (Mahler, Chingos, and Whitehurst 2014, 6). The risk cannot be pooled because it is a product of these individualized barriers to participation. Further, lower levels of financial resources often means having less discretionary income for investment or for acquiring expert investment services (Pamela Herd, personal interview, March 13, 2014). Under status quo, sophistication risk is a significant concern, with many employees lacking substantial knowledge of retirement savings policies and practices (Nari Rhee, personal interview, March 25, 2014).

USA Retirement Funds and California Secure Choice have significant potential to reduce sophistication risk through opt-out provisions, which supporters of USA Retirement Funds believe could spark broad participation (Hamilton Project 2006, 3-4). Additionally, USA Retirement Funds offers a professionally managed plan by independently-monitored providers, reducing risk for employees with limited knowledge of managing retirement funds effectively. (HELP 2012, 5). Similarly, under California Secure Choice, the required investment range is set by law, limiting sophistication risk (Sprague 2013, 6).

Both a federal automatic IRA and myRA would result in moderate reductions of sophistication risk among employees through increased access to retirement savings plans. However, increasing plan access to low and middle-income employees may not improve these employees' ability to determine how much they should be saving for retirement. It should increase their knowledge of plan availability.

Market Risk

Market risk is the risk of losing a significant portion of retirement savings near retirement age (Mahler, Chingos, and Whitehurst 2014, 8). Under status quo, market risk is a function of the type of plan to which employees have access. In particular, 22 percent of employees invested in a defined benefit plan in 2010 (Rhee 2013, 6), which is associated with lower market risk for employees. On the other hand, 58 percent of individuals invested in a defined contribution plan in 2010 (Rhee 2013, 6), which is associated with a higher market risk level.

California Secure Choice provides a guaranteed rate of return and, as such, is associated with the low levels of market risk for employees. The myRA proposal would also reduce market risk, as contributions to the account would be invested in a Treasury security, providing the participant a virtually risk-free investment option (Hudson 2014).

While USA Retirement Funds is associated with higher market risk than California Secure Choice, market risk is limited because it is a collective defined contribution plan. Rather than guaranteeing an income level, the plan offers an adjustable, lifelong stream of income and uses investment diversification and large numbers of participants to hedge against individual exposure to market risk (Mahler, Chingos, and White 2014, 5). In contrast to the typical defined benefit plan design of high provider risk burden, employees assume the risk for the provision of benefits under collective defined contribution plans (Mahler, Chingos, and White 2014, 4-6, 19).[4] A federal automatic IRA plan does not offer this benefit. Rather, it is a defined contribution plan and would be associated with increased levels of market risk. With all of these proposals, it is important to recognize the disproportionate impact that increased market risk may have on low and middle-income employees, who would be more adversely affected by market fluctuations than their higher income counterparts.

Longevity Risk

Longevity risk is the possibility of an individual outliving their investments. This type of risk can be pooled, as participants in the pool will presumably live to different ages. For example, in the context of a large retirement plan that provides an annuity, participants who live longer and shorter lives should balance out fund expenditures (Jones 2013, 11-12). Under status quo, longevity risk is also a function of the type of plan to which employees have access. As mentioned above, in 2010 22 percent of households covered by an employer-sponsored retirement plan invested only in a defined benefit plan (Rhee 2013, 6). A defined benefit plan provides a guaranteed return throughout the employee's lifetime, minimizing longevity risk. On the other hand, the same study concluded 58 percent of households covered by an employer-sponsored retirement plan invested only in a defined contribution plan (Rhee 2013, 6), which is associated with a higher level of longevity risk because it shifts responsibility for managing the plan to the employee, potentially leading to inadequacy of savings over the employee's lifetime.

California Secure Choice and USA Retirement Funds make the most significant strides toward a reduction in longevity risk. California Secure Choice would reduce longevity risk because it provides a guaranteed rate of return. USA Retirement Funds takes a different approach to reducing longevity risk by providing an adjustable lifetime annuity, as well as investment diversification and large numbers of participants to hedge against individual exposure to longevity risk. A federal automatic IRA would also contribute to reductions in longevity risk through increased participation, which would reduce this risk compared to employees who rely solely on Social Security income during their retirement years.

The myRA proposal would provide a limited reduction in longevity risk because the proposal is designed to be a starter savings account. Once an employee

[4] Mahler, Chingos, and White offer analysis of collective defined benefit retirements savings plans, similar to the USA Retirement Funds proposal, based on a 2013 study from the Center for American Progress, "American Retirement Savings Could Be Much Better" (Davis and Madland 2013).

reaches $15,000, the plan must be transferred to a private retirement account (U.S. Department of the Treasury 2014). In the long-term, the limited retirement savings likely will not significantly reduce longevity risk.

Risk to Provider

Employers face a business decision when it comes to offering employees a sponsored retirement plan. Many employers express concerns about administrative costs, as well as the costs associated with ensuring a plan complies with regulatory requirements such as the Employee Retirement Income Security Act. Reducing such concerns could incentivize more employers to offer retirement plans to their employees. Under status quo, risk to employers is a function of whether they offer a plan and, for those employers that offer retirement savings plans, the type of plan they offer.

Employers would be subject to little additional risk if an automatic IRA plan were adopted, as they would not contribute financially to the employee plans or bear any market risk associated with the plan. Similarly, as the USA Retirement Funds proposal would shift risk away from plan providers, there would be no anticipated change in risk for plan providers relative to status quo (Mahler, Chingos, and Whitehurst 2014). Employers would not be required to contribute to or hold responsibility for these plans and would not bear additional risk as compared with status quo.

Under California Secure Choice, poor market performance could lead to inadequate funds in the trust. To mitigate this risk, the law requires the purchasing of reinsurance. While the exact cost of this reinsurance is unknown, this security comes with a high estimated cost. In one study, the authors found that the market price to guarantee a floor of a 2 percent return would cost 29 percent of the saver’s annual contribution. The costs increase substantially as the floor increases, with a 3 percent return costing 46 percent of contributions (Munnell et al. 2009, 6).

Details are limited regarding the risk to the government for administering myRA. The government would cover any administrative fees, allowing employers to offer the plan virtually risk-free with next-to-no fees for employees. While it is unclear what administrative costs would be, we assume this cost would add little additional risk to the government, similar to the risk employers would be subject to administering an automatic IRA.

Implications of Plan Portability

Portable retirement plans allow employees to transfer a plan's assets from one employer to another employer or allow the employee a full lump sum payment of their assets upon leaving a job. It is generally assumed that having multiple retirement accounts is not in the best interest of an employee. However, providing employees a state or federally-sponsored retirement plan with increased portability may affect an employer's ability to incentivize employment through retirement plan offerings.

Under status quo, plan portability is a function of the types of plans to which individuals have access. The growth in defined contribution plans, such as 401ks, has contributed to increased portability (Rhee 2013, 6). In particular, in 2010, 58 percent of households reported using only a defined contribution plan and 19 percent of households reported saving with both a defined benefit and defined contribution plan, signaling high levels of plan portability among those who are saving (Rhee 2013, 6-7).

USA Retirement Funds, a federal automatic IRA proposal, and myRA would all have a significant impact on plan portability. Employees with USA Retirement Funds accounts would be able to bring their plans with them from employer to employer without penalty. Changing plan providers would be allowable once per year. Outside defined contribution retirement investments could be rolled over to USA Retirement accounts, adding additional flexibility to this plan ("HELP Chairman Tom Harkin Introduces the USA Retirement Funds Act" 2014). Contributions to myRA would similarly not be limited to one employer. Employees could either contribute through multiple employers or set up their account with a new employer through direct deposit (U.S. Department of the Treasury 2014). According to Iwry and John, automatic IRA plans are "inherently portable" (2009, 18). In general, employees are not at risk of losing their account based on losing or changing employment.

California Secure Choice would also impact portability, but less than USA Retirement Funds, federal automatic IRA, or the myRA proposal because the plan is limited to employees within the state of California. The California plan is linked to the individual and not tied to the employer. Accordingly, as a worker moves between employers the account would remain open, removing the need to transfer any assets between programs (Sprague 2013, 7). Disbursements into the account would continue as long as the employee is working for a qualified employer and in the state.

Changes in plan portability levels can also have significant effects on employers. Research suggests that adopting a universal automatic IRA plan may incentivize more employers to offer a sponsored retirement plan, making the implications of plan portability for employers significant (Iwry and John 2009, 5). As for USA Retirement Funds, it seems possible that providing portable, lifetime annuity coverage to all workers, from the employer perspective, would have a negative impact on employee tenure and employer competitiveness in labor markets. While defined benefit plan research suggests that employers may benefit from decreased employee mobility associated with such plans, given that plan portability is a key aspect of USA Retirement Funds, it seems likely that this portability would remove a substantial incentive for employees to remain with a particular employer. (Goda, Jones, and Manchester 2012, 18). Because myRA does not add to employer costs, the proposal is also viewed as a way for employers to attract and retain employees, creating competition among employers (U.S. Department of the Treasury 2014). Finally, under California Secure Choice, employers similarly lose the ability to incentivize current employees to stay through retirement savings options.

Implications for Adequacy of Overall Retirement Savings

The analyzed retirement proposals should increase overall retirement savings for low and middle-income employees. However, assessing a plan's impact on overall retirement savings necessitates an acknowledgement of some retirement experts' concern about relying on income replacement rates. These rates represent an individual's retirement income compared to their pre-retirement income, to measure the adequacy of retirement savings. The Social Security Administration recognizes that replacement rates vary widely depending on how an employee's final earnings are calculated (Biggs and Springstead 2008, 1). Low-income employees are most at risk of relying too much on this measure of income replacement. According to AARP, relatively high replacement rates of low-income baby boomers "highlights a limitation of the replacement rate as a measure of adequacy. Replacement rates reflect how closely retirement income approximates pre-retirement wages, but reveal nothing about the adequacy of those wages" (Butrica, Toder, and Toohey 2008, 1). Because of this uncertainty, we discuss replacement rates as a relative measure to examine the potential of each alternative to increase overall savings.

Under status quo, the National Institute on Retirement Security estimates that the United States has between a $6.8 and $14 trillion shortfall in necessary retirement savings, based on household net worth and generally accepted levels of adequate retirement savings (Rhee 2013, 14).

Most recently proposed retirement plans could have significant impacts on the adequacy of retirement savings for low and middle-income employees. In particular, the Government Accountability Office predicts that if an automatic IRA plan would have been implemented in 2014, approximately 36 percent of households would have seen a modest increase to retirement income, based on the Government Accountability Office's predicted 69 percent participation rate of the plan (Government Accountability Office 2013, 23).

USA Retirement Funds would also impact overall retirement savings among low and middle-income employees. The automatic enrollment rate for all plan participants would be 6 percent. Employees could save up to $10,000 pre-tax, per year, and employers could fund up to an additional $5,000. The fund would function in a manner similar to Social Security, but instead of offering one plan or provider, many private firms would compete for the business of the employees. While employees would be enrolled at a specific contribution level, they could change the level or opt-out any time (HELP 2012, 7). Researchers at the Center for American Progress found that a collective defined benefit plan similar to USA Retirement Funds realized a replacement rate of 34 percent of income in roughly 75 percent of trials.

In terms of providing increased retirement security from an adequacy of overall retirement savings, the same study found that collective defined benefit plans outperformed 401k and IRA investment plans (Mahler, Chingos, and Whitehurst 2014, 21). Because of the limitations of replacement rates as an effective measure of retirement savings adequacy for low-income employees, this rate is more useful for understanding the plan's implications for middle as opposed to low-income adequacy of savings (Pamela Herd, personal interview, March 13, 2014). Of further importance with respect to adequacy, withdrawals from the plan could be made for medical hardship (HELP 2012, 5-7).

The myRA proposal is least likely among all reviewed plans to significantly improve the adequacy of overall retirement savings. While the proposal may increase the practice of saving for retirement, the most employees can save prior to converting to a private retirement account is $15,000 (Office of the Press Secretary, 2014, January 29). Employees may continue to save after the conversion, but the likelihood of this occurring is unknown.

Finally, the implications for adequacy of overall retirement savings under California Secure Choice are uncertain because the board has yet to define a set rate of return. However, with these limitations in mind, the University of California - Berkeley conducted a Monte Carlo analysis of likely returns assuming a conservative portfolio. Examining the financial markets from 1926 to 2010, portfolios evenly invested in equities and bonds/treasuries would likely generate a rate of return of 5 percent after inflation, with the return never dropping below 2.3 percent over a 30-year period and 2.9 percent over a 50-year period (Stubbs and Rhee 2012).

Conclusion and Summary of Key Features

In this paper, we provide an overview of barriers to achieving adequate retirement savings, recent proposals that attempt to address these barriers, and tradeoffs among proposals including a federal automatic IRA, USA Retirement Funds, myRA, and California Secure Choice.

Most features of recent retirement proposals could result in important tradeoffs. In light of these tradeoffs, rather than recommending adoption of a particular policy proposal, we focus on the features of current proposals that seem to be most effective at satisfying each of our criteria.

For increasing ease of access, an opt-out structure seems to be most effective because it requires purposeful action by the employee to not participate. Indeed, literature shows that this type of plan is associated with increased participation and nearly all of the proposals we analyzed offer some sort of automatic enrollment aimed at satisfying these criteria. Proposals that minimize risk to the employee seem to offer either an option for pooling, which can mitigate both market and longevity risk, or a guarantee by private reinsurance, such as California Secure Choice. While it is unclear what plan features best mitigate sophistication risk, Nari Rhee of the National Institute on Retirement Security indicates that it may be more important to focus on plans that do not necessitate complex understanding of financial planning, alleviating some of the need to eliminate sophistication risk (personal interview, March 25, 2014).

Several of our criteria are not associated with clear policy outcomes and instead highlight the tradeoffs inherent in different proposal designs. For example, plan portability has implications for employers and employees best expressed in terms of a tradeoff. For some employers, increased portability may mean decreased competitive advantage in the labor market, while investment and employment flexibility for the employee could make the employee better off.

Yet, for the most part, distinguishing these tradeoffs remains somewhat speculative because most of the proposals included in our analysis have important details that have yet to be defined, many of which would be created during regulatory rulemaking processes. This lack of definition is a significant concern because, as Professor Pamela Herd of the University of Wisconsin - Madison noted, “[t]he devil is in the details” (personal interview, March 13, 2014). In other words, key outcomes associated with these proposals would be determined by details of the plan, leading to difficulty in providing a thorough assessment of the plans without having details fully defined and exacerbating the tradeoffs that we found. For instance, it is difficult to determine if a plan lends itself to decreased costs due to this category’s potentially ambiguous tradeoffs. Proposals that are associated with lower costs to employers or plan sponsors are generally defined contribution, while defined benefit proposals are associated with lower costs to employees (U.S. Bureau of Labor Statistics 2012, 2). We simply call attention to this tradeoff and do not attempt to address the question of who should bear these costs.

Finally, proposals that would increase overall adequacy of retirement savings would generally do so through a set contribution level. However, employees rarely save for retirement with one plan, but rather use multiple savings options (Biggs, Sarney, and Tamborini 2009). Therefore, it is difficult to assess the magnitude of each policy alternative's ability to increase adequacy of retirement savings for low and middle-income employees. Moreover, increasing income from a retirement savings plan may, in fact, decrease other benefits received, a tradeoff that should be considered when developing proposals aimed at addressing the overall adequacy of retirement savings.

Accordingly, and based on our analysis, we suggest policymakers seeking to address barriers to retirement savings adequacy for low and middle-income employees should consider automatic enrollment to improve access. Additionally, retirement policymakers should consider proposals with risk pooling because they minimize employee risk, while also avoiding the increased cost and risk to the plan provider associated with offering a traditional defined benefit plan. Finally, a proposal with a set contribution rate is most likely to increase overall adequacy of retirement savings, but limitations regarding the ability to assess adequacy of retirement savings should be kept in mind when considering the impact of a new retirement proposal in the context of this criterion. While these are only several of the criteria we examined, we believe that they provide a meaningful contribution to overcoming the barriers to achieving adequate retirement savings and these, along with their respective tradeoffs, should be considered when assessing proposed retirement plans moving forward.

Appendix A: Analyzed Federal and State Plans

Federal Automatic IRA

Federal automatic IRA legislation has been on the policy agenda since 2010, when Representative Richard Neal of Massachusetts and Senator Jeff Bingham of New Mexico sponsored companion bills H.R. 6099 and S. 3670 respectively. Since 2010, Senator Bingham and Representative Neal have continued to play a prominent role in promoting legislation supporting automatic IRAs (Harris and Johnson 2012, 7).

The proposal would require employers who do not sponsor a retirement plan to offer their employees an opportunity to save through an IRA (Government Accountability Office 2009). The contributions to automatic IRAs are typically collected through an automatically deposited payroll contribution (Iwry and John 2009, 4). Employers without an approved plan would be required choose an IRA provider that meets the criteria established by the U.S. Treasury and the Department of Labor (House 2010, 3).

Automatic IRAs also feature benefits that could be extended to the employer. The Automatic IRA Act of 2013, proposed by Representative Neal, offers a tax credit to employers. In particular, employers would receive a $500 tax credit in the first year and $250 for each year employees continue to participate in the plan thereafter. Employers would also receive a $25 tax credit per employee participating, for up to 10 employees (House 2013, H.R. 2035).

myRA

President Obama proposed myRA during the 2014 State of the Union as an alternative retirement savings account targeted at Americans who do not currently have access to an employer-sponsored retirement plan (Office of the Press Secretary 2014, March 04). The concept behind myRA is not necessarily a new idea. J. Mark Iwry, the Treasury Department Deputy Assistant Secretary for Retirement and Health Policy, proposed a similar idea called R-Bonds, which he described as a way for new savers to get used to setting money aside each pay period (Coy 2014). The myRA proposal would similarly provide a secure and low-cost introduction to retirement savings to populations that have previously not been accustomed to saving.

The myRA proposal is an employer-optional, employee opt-in IRA administered by the U.S. Treasury. The myRA proposal would be created and administered by the Department of the Treasury. The IRA accounts would be public sector, government-held accounts. The myRA proposal would use automatic payroll deductions for employees who opt-in to the plan. Participants in myRA would be able to save up to $15,000 or hold their account for up to 30 years in the program before being required to transfer the account over to a traditional IRA. (Office of the Press Secretary 2014, January 29). Households making $191,000 or less will be eligible for a myRA (Office of the Press Secretary 2014, January 29). President Obama's 2014 budget estimated that myRA would result in $17.6 billion in foregone revenue over the next ten years (Collins and Dorning 2014). The program includes limited fees, ensuring that those who contribute the minimum amount will not see their principal depleted (Office of the Press Secretary 2014, January 29).

While employers would be able to decide to offer the plan to employees, they would not have to administer the program (Office of the Press Secretary 2014, January 29). The account would also be invested in government bonds, likely earning a low rate of return. In 2012, the Thrift Savings Plan, the retirement plan offered to federal employees that is invested similarly, only had a rate of return of 1.47 percent, below the 1.8 percent rate of inflation (Coy 2014).

USA Retirement Funds Act of 2014

Senator Tom Harkin of Iowa introduced USA Retirement Funds, S.1979, a proposed collective defined contribution plan, to the Health, Education, Labor, and Pensions (HELP) Committee on January 30, 2014 ("Harkin Unveils Legislation to Address Retirement Crisis, Rebuild Private Pension System" 2014). The goal of the plan is to provide additional retirement security for all employees in light of the millions who lack adequate retirement resources and the national decline of defined benefit plans. "Defined benefit pension plans used to play an enormous role in providing a reliable source of retirement income, but the pension system has been in decline for decades" (HELP 2012, 2).

The plan relies on automatic enrollment with an opt-out provision for employees. In addition to the opt-out feature, the automatic enrollment rate for all plan participants would be 6 percent. Employees could save up to $10,000, pre-tax, per year and employers could fund up to an additional $5,000 ("HELP Chairman Tom Harkin Introduces the USA Retirement Funds Act" 2014).

The Department of Labor would oversee the administration and regulation of USA Retirement Funds. Funds within the plan would be managed by a board of trustees that represent the interests of the plans' investors, overseeing the private sector businesses managing the plans. The board would be made up "of qualified employee, retiree, and employer representatives" (HELP 2012, 6).

Politically, the bill does not appear to have a high likelihood of passage. Govtrack.us, which assesses bills' probability of passage in a given session, indicates that the act has a 4 percent chance of passage (House 2011, H.R. 3035). Given that the less politically controversial automatic IRA legislation has stalled in Congress since 2010, and the fact that the bill has single-party, Democratic sponsorship in the Senate, Govtrack's assessment of probability of adoption seems credible.

California Secure Choice

California Secure Choice Retirement Savings Trust was authored by Senator Kevin de Leon of Los Angeles and the first phase of the legislation was signed into law in September 2012 to address the low percentage of California workers between the age of 25 to 64 whose employers do not offer a retirement savings plan. "If we don't get these people into a retirement savings mode, we are going to have a retirement insecurity tsunami," said Senator de Leon (Hiltzik 2013).

Employees are automatically enrolled in the plan. The automatic enrollment provision affects all employers with more than five employees (California Code § 21, 100000 (d)). Employees have the option to opt-out within the first 90 days without facing any withdrawal penalty. They may choose to rejoin the program at a later date, but must wait two years for an open enrollment period sponsored by their (California Code § 21, 100032 (e) (2)).

The employee contribution level is set by law. "Unless otherwise specified by the employee, a participating employee shall contribute 3 percent of the employee's annual salary or wages to the program" (California Code 21 § 100032 (h)). This amount can be adjusted by the investment board, but can only be between 2 and 4 percent. These funds would likely be treated as tax-preferred IRA's under federal tax law, but this also has yet to be established.

The retirement account would be linked to the employee, allowing employees to move between employers. An employee's account would remain open through a central database maintained by the state for any investment management and recordkeeping needed (Sprague 2013, 7).

A nine-member California Secure Choice Retirement Savings Investment Board would administer the plan. The board would be chaired by the State Treasurer and additional board members would include the State Controller, Director of Finance, an appointee of the Senate Rules Committee, two public members, one small business owner, an at-large member appointed by the governor, two additional gubernatorial appointees, and a representative of employees appointed by the Speaker of the Assembly (California Secure Choice Retirement Savings Program).

As part of the law, the plan cannot be formally implemented until a market analysis is completed and is authorized to proceed by another vote of the state legislature. The goal of the analysis is to "determine whether the necessary conditions for implementation of this title can be met, including, but not limited to, likely participation rates, participants' comfort with various investment vehicles and degree of risk, contribution levels, and the rate of account closures and rollovers" (California Code § 21, 100040). The law also prohibits any state funds to be used for the analysis.

Appendix B: Other State Plans

Massachusetts Retirement Options for Nonprofit Organizations

Massachusetts House Bill 3754 was authored by Representative Brian Dempsey and signed into law by Governor Deval Patrick. Representative Dempsey introduced the legislation because “many small nonprofits do not have the financial resources to create retirement plans for their employees. For career employees at these types of nonprofits, they will now have access to the kind of contributory plans that many businesses offer employees” (Office of Governor Deval Patrick, 2012).

The plan targets a particularly narrow segment of employees: those working in non-profit groups with fewer than 20 employees. Because employees in the non-profit human services field do not typically have high salaries, access to this plan provides additional incentives for individuals to stay in the non-profit sector, theoretically helping to support the provision of pro-social services to their local communities (Weeks 2011).

The new plan, a 401a retirement system, is based on the SMART fund, which is the current state retirement system, consisting of 35 different types of investments, including target date funds, bonds, and money market investments (Massachusetts Statute § 29 Section 1 (c)). Under the existing SMART program available to state employees, a fee of $14.10 per account per year is charged for administrative recordkeeping, communication, and education expenses, excluding any specific plan fees (SMART).

The Office of the State Treasurer is tasked with administration of the new non-profit retirement accounts. If the treasurer decides to contract out management of the fund, any bids would be subject to the Massachusetts’ bidding and procurement process. To administer the plan, the law sets forth a governing committee and empowers the treasurer to adopt any necessary rules and regulations (Massachusetts Statute § 29 Section 64E (f)).

Illinois Automatic IRA

State Senators Iris Martinez and Don Harmon introduced the Illinois Automatic IRA bill, Senate Bill 2400, on February 15, 2013 by (Illinois General Assembly). They introduced the bill to address the 2.2 million private sector Illinois workers who do not have access to an employer-sponsored retirement plan (Cowan 2012, 8).

The bill would require businesses with more than 10 employees and have not offered its employees a qualified retirement plan in the last two years to automatically enroll their employees. Once in the plan, an employee would have the ability to set a contribution rate, select a preferred qualified plan, and determine where the funds will be invested based on a menu of options. By default, the employee would be entered into a target year plan with a 3 percent income contribution rate (Harris, 2013).

Unlike other plans, there is a defined penalty for businesses that do not participate. After 90 days, a civil penalty of $250 per employee shall be assessed. If after 180 days the employer has not enrolled in a qualified program, the fine would increase to $500 (Illinois H.B. 2400, Section 75 (c)).

Assessing the returns associated with S.B. 2400 has proven difficult because the benefit depends on which program the enrollee chooses. Furthermore, literature on the Illinois plan does not provide any comparisons to other existing state plans. However, the legislation requires the fund to purchase insurance against any losses, indicating higher costs associated with the plan (Illinois H.B. 2400, Section 25 (13)).

The new plan would be administered by a new Automatic IRA Program Board, with members appointed by the governor (Illinois H.B. 2400, Section 20). The powers of the board include contracting with any number of third party firms to invest and administer the program. They would also have the power to hire staff to administer the program and provide outreach and education for employees (Illinois H.B. 2400, Section 25).

Virginia Employee Voluntary Accounts Program

House members Daniel Marshall III and William Janis Virginia Commonwealth introduced House Bill 2026 on January 13, 2009 (Virginia General Assembly Legislative Information System). The program is designed for businesses with no more than 50 employees and is voluntary for both the employer and the employee if they work at least 30 hours a week. This limit to small businesses is expected to help not only the employee, but the pension industry, as it could help providers break into a market that is currently not profitable for them (Bush and Schneider 2009). In addition, only employees who have qualified wages in Virginia and who are not enrolled in another state or privately run retirement plan can participate. This provision could exclude individual who choose to move to the state (Virginia H.B. 2026 Chapter 15 § 51.1-1501).

The voluntary program would include numerous options for employee investment. According to the legislation, the plans may include “One or more qualified 401a or 401k plans and trusts or savings incentive match plans under § 408(p) of the Internal Revenue Code, or payroll deduction IRA arrangements for the employees of qualified small employers” (Virginia H.B. 2026 Chapter 15 § 51.1-1503 (E) (1)).

A program board consisting of 15 members appointed from the executive and legislative branches would be in charge of administering the new plan. With a majority of its members in favor, they have the ability to hire a director and staff to help design a plan and solicit bids under Virginia public procurement policies. There is no limit to the number of investment managers and services agents that would be able to provide a fund for eligible claimants (Virginia H.B. 2026 Chapter 15 § 51.1-1503 (c) (6)).

Indiana State Assisted Retirement Plan

State Senators Greg Walker, Karen Tallian, and James Buck introduced Senate Bill 66, the Indiana State Assisted Retirement Plan, on January 7, 2014 (Indiana General Assembly). The bill aims to provide individuals who do not have an employer-sponsored plan access to a retirement plan. Joe Everett of AARP in Indiana testified "[m]ore than 1.4 million working Hoosiers currently do not have access to an employer-sponsored retirement savings plan, such as a 401k. S.B. 66 takes a critical step in our effort" (Creech 2014).

The plan would be voluntary for both the employer and the employee. However, an employer would not be allowed to participate in the plan if they already offer their employees a pension or retirement system of any kind. Unlike other plans, an individual who is self-employed would be allowed to participate (Indiana S.B. 66. Chapter 3, Sec 3 (a)).

Tax benefits are included in the bill to ensure that any contributions and interest on the accounts would be exempt from taxation in Indiana. In addition, if an individual starts an account, the employee would be eligible for a $250 credit on their state taxes for the first year. The $250 startup credit for individuals is expected to cost up to $8.5 million in fiscal year 2015 and $4.4 million in fiscal year 2016. This estimate is based on the assumption that 72 percent of participants will contribute the minimum amount to get the $250 credit (Wells and Holloway 2014).

The bill creates a savings board, which has the power to implement the new savings plan and will be considered the trustee of the plan. The board would have the power to contract with third parties to manage the operations of the retirement plan assets. Plans would be selected through a competitive bidding process, but the board would not be limited on the variety of plan investments and options it could offer customers (Indiana S.B. 66. Chapter 2, Section 4 (2)).

Business groups and employers have several key concerns regarding the plan. Business groups are concerned the plan could become mandatory for all businesses. "While this bill calls for voluntary participation, Illinois had a proposal that made it mandatory for businesses to participate in the state plan. So… what would happen if the state decided that not enough small businesses were “voluntarily” complying? We’d be just one simple legislative step away from a new mandate” (Quandt 2014).

Washington Voluntary Retirement Program

Senator Hobbs introduced the Washington Voluntary Retirement Program, Senate Bill 5791, in the 2009-2010 Legislative Session. It was introduced to address the approximately 974,000 private sector workers without access to an employer-sponsored retirement plan (Washington State Fiscal Note). The bill received a public hearing and passed out of the Senate Committee on Financial Institutions, and Housing & Insurance. However, it did not receive any formal vote on the floor of the Senate (Washington State Legislature).

A unique feature of the Washington plan would create two tiers of participants. The first tier would be limited to companies that employ fewer than 100 employees and would consist of a workplace-based individual IRA account. The second tier would include an employer-provided plan such as a 401k, SIMPLE-IRA or other IRA-approved plan and would be open to all employers. Both tiers would be voluntary for the employer and the employee and would allow for payroll deductions (Sund, 2).

The existing director of the Washington Retirement Systems would be required to design a plan for the operation of the two tiers of the program. In the plan, participants must have access to life cycle funds, index funds, and U.S. Treasury bonds. In addition, the plan would accommodate investors with various levels of risk tolerance. The director would design the rules and plans based on existing retirement programs for public employees, law enforcement officers, firefighters, and teachers. (Washington S.B. 5791. Section 4).

The actual retirement dollars would be in the custody of the Washington treasurer. The treasurer would be required to secure the funds only for the withdrawal of benefits and for supporting administrative costs of the program (Washington S.B. 5791. Section 7). However, the state is not liable for the loss or deficiencies in an enrollee's investment (Washington S.B. 5791. Section 10).

Appendix C: Investment Fund Oversight and Control

A feature that varies across the proposed plans is investment fund oversight and control. Some proposals allow qualified employees to choose from a pre-authorized menu of options, while others allow a third party control of the funds. Massachusetts takes the employee choice approach, allowing companies to bid to be included in the menu of options for employees to invest their monies.

In contrast to the hybrid public-private models, myRA accounts would be held and managed by the Department of the Treasury and invested in Treasury securities (Office of the Press Secretary 2014, January 29). Likewise, California Secure Choice would place required payroll contributions deducted from an employee in a large trust (California Code § 21, 10040). These funds would be invested on employees' behalf by private money managers or into the California state pension plan (Sprague 2013, 6).

In addition, most of the proposals we examined would establish a new oversight body or assign oversight to an existing government entity. For example, in Massachusetts, the legislature directed the Office of the State Treasurer to take administrative responsibility for the new non-profit retirement accounts. Under this administrative oversight, bids associated with plan management would be subject to the Massachusetts' bidding and procurement process, if the treasurer decides to contract out management of the fund. To administer the plan, the law sets forth a governing committee and empowers the treasurer to "adopt rules and regulations" needed to regulate the plan (Massachusetts Statute § 29 Section 1 (f)).

Likewise, several state proposals also establish a new board to oversee the investments. The new boards' members would be a mix of political appointees and private sector investors. For example, in Illinois, the new plan would be administered by a new Automatic IRA Program Board, with members appointed by the governor. The powers of the board would include contracting with any number of third party firms to invest and administer the program. They would also have the power to hire staff to administer the program and provide outreach and education for employees (Illinois H.B. 2400, Section 25).

Similarly, a federal automatic IRA plan relies on the U.S. Treasury for administrative oversight (House 2010, 3). MyRA, on the other hand, would be under the Department of Labor (Hudson 2014), as would USA Retirement Funds. However, it would be managed by a board of trustees who represent the interests of the plans' investors, overseeing the private sector businesses managing the plans (HELP 2012, 6).

Appendix D: Criteria/Alternatives Matrix

CRITERIA/ALTERNATIVES	*Sub-Categories*	myRA	Automatic IRA	USA Retirement Funds	California Secure Choice
Ease of Access: To what extent would the policy increase ease of access to retirement savings options?		Low - Would require employer and employee to opt-in	High - Would require employers that do not provide a sponsored retirement plan to administer the plan	High - Employees without a plan would be automatically enrolled	High - Most California employees would be enrolled
Cost: What parties would bear implementation and management costs?	*Employees*	Low - Would have virtually no fees for participating employees	Low, providing economies of scale achieved, otherwise moderate	Low - Fees would be shared by pool participants	Low - Cost would be borne across the entire pool with administrative expenses equaling no more than 1 percent of the total program fund[a]
	Plan Provider	Low – Automatic payroll deductions	Low - Would be minimal	Low - Would be minimal	Low - Would be required to purchase insurance to protect against losses
Implications of plan portability: To what extent would the plan's level of mobility impact employer competitiveness and employee labor market decision-making?	*Employer*	Significant – Plan is viewed as a way to attract and attain employees	Significant - Employers may be incentivized to offer a sponsored plan	Significant - Some employers with less advantageous plans would lose a competitive edge in the labor market	Significant - Some employers with less advantageous plans would lose a competitive edge in the labor market
	Employee	Significant - A large number of employees would have fewer constraints in labor market decision-making	Significant - A large number of employees would have fewer constraints in labor market decision-making	Significant - A large number of employees would have fewer constraints in labor market decision-making	Significant - Employees would see greater mobility with the state administering the plan

Risk: What would be the anticipated change in risk associated with adoption of the policy?	*Market Risk*	Low – Contributions would be invested in a Treasury security	Moderate - Would increase moderately based on inherent market risks associated with IRAs	Low - Reduced by pooling large numbers of participants and investment types	Low - Conservative investment and purchased reinsurance would limit market risk
	Longevity Risk	High - Would only allow employee to save up to $15,000[b]	Low - Would be reduced for participating employees through increased overall retirement savings	Low - Would be reduced by pooling large numbers of participants	Low - Would be reduced for participating employees through a guaranteed rate of return
	Sophistication Risk	Moderate - Reduction in risk would be achieved through increased access	Moderate - Would moderately reduce sophistication risk among employees working for an employer that does not sponsor a retirement plan	Low – Opt-out, professionally managed accounts with fixed contribution rates would reduce this risk	Low - The investment amount required is set by the board
	Plan Providers/ Administrators	Unknown	Low - Would not contribute financially to employee plans or bear any market risk associated with the plan	Low - Would not be obligated to contribute financially to employee plans or bear any market risk associated with the plan	High - Government would potentially be liable if the market underperforms and insurance provider becomes insolvent
Implications for Adequacy of Overall Retirement Savings: To what extent would the policy increase overall levels of retirement savings?		May increase the practice of saving for retirement, but would have a limited impact on adequacy due to low contribution ceiling	Approximately 36 percent of households could see modest increases to retirement annuities under an automatic IRA plan[c]	More than 75 percent of collective defined contribution plan participants would achieve at least 34 percent income replacement rate[d]	Return would be no less than 2.3 percent per year over 30 years and 2.9 percent per year over 50 years under likely market projections[e]

[a]California Code 21 § 100004 (d); [b]U.S. Department of the Treasury 2014; [c]Government Accountability Office 2013, 23; [d] Mahler, Chingos, Whitehurst 2014, 21; [e] Stubbs and Rhee 2011

Appendix E: Works Cited

Adams, Nevin, Craig Copeland, Ruth Helman, and Jack VanDerhei. 2013. "The 2013 Retirement Confidence Survey: Perceived Savings Needs Outpace Reality for Many." Reprinted on Employee Benefit Research Institute website published by Employee Benefit Research Institute. http://www.ebri.org/publications/ib/index.cfm?fa=ibDisp&content_id=5175.

Benartzi, Shlomo, and Richard H. Thaler. 2013. "Behavioral Economics and the Retirement Savings Crisis." *Science* 8(339):1152-1153. doi:10.1126/science.1231320.

Biggs, Andrew G., and Glen R. Springstead. 2008. "Alternative Measures of Replacement Rates for Social Security Benefits and Retirement Income." *US Social Security Administration.* Accessed March 22. http://www.ssa.gov/policy/docs/ssb/v68n2/v68n2p1.pdf

Biggs, Andrew G., Mark Sarney, and Christopher R. Tambornini. 2009. "A Progressivity Index for Social Security." *US Social Security Administration.* Accessed March 22. http://www.ssa.gov/policy/docs/issuepapers/ip2009-01.html

Bush, Madge, and Robert Schneider. 2009. "VEVA: Virginia Employee Voluntary Accounts 'The Wave of the Future.' " Presentation slides. Richmond: American Association of Retired People of Virginia. http://dls.virginia.gov/GROUPS/business/meetings/080309/VEVA.pdf.

Business & Legal Resources. 2012. "Massachusetts Creates Retirement Plan for Nonprofits." April 12. http://www.shrm.org/LegalIssues/StateandLocalResources/Pages/MassachusettsCreatesRetirementPlan.aspx

Butrica, Barbara, Eric Toder, and Desmond Toohey. 2008. "Boomers at the Bottom: How Will Low-Income Boomers Cope in Retirement?" *American Association of Retired Persons.* Accessed March 22. http://assets.aarp.org/rgcenter/econ/inb158_boomers.pdf.

California Secure Choice Retirement Savings Program. “Board Members” Accessed February 15. http://www.treasurer.ca.gov/scib/.

Caplinger, David. 2014. “What Obama's myRA Plan Could Do for You.” Feb 3rd. http://www.dailyfinance.com/on/myra-plan-obame-retirement-savings/#!slide=9389

CollegeChoiceAdvisor. 2014. “Their future is waiting: CollegeChoice Advisor at a glance.” Accessed April 11. https://www.collegechoiceadvisor529.com/content/benefits.html.

Collins, J. Michael. 2014. E-mail from professor Collins from the University of Wisconsin-Madison School of Public Affairs to authors, May 2nd. E-mail in possession of author.

Collins, Margaret and Mike Dorning. 2014. “Obama Offering Retirement-Savings Plans for Workers.” *Bloomberg.* Accessed March 22. http://www.bloomberg.com/news/2014-01-28/obama-seen-offering-retirement-savings-plans-for-workers.html.

Copeland, Craig. 2012. “Retirement Plan Participation: Survey of Income and Program Participation (SIPP) Data, 2012.” *Employee Benefits Research Institute*. Accessed April 11. http://www.ebri.org/pdf/notespdf/EBRI_Notes_08_Aug-13_RetPart1.pdf

Cowan, Spencer. September 2012. “Coming up Short: The Scope of Retirement Insecurity Among Illinois Workers.” *Woodstock Institute*. http://www.woodstockinst.org/sites/default/files/attachments/comingupshort_sept2012_cowan_0.pdf.

Coy, Peter. 2014. “Can Obama's myRA Retirement Plan Get Americans to Save?” *Bloomberg Businessweek*, January 30. Accessed April 11. http://www.businessweek.com/articles/2014-01-30/can-obamas-myra-retirement-plan-get-americans-to-save.

Creech, Amanda. 2014. “Lawmakers Consider State-Assisted Retirement Plan.” *Indianapolis Business Journal*, January 8. Accessed April 11.

http://www.ibj.com/lawmakers-consider-state-assisted-retirement-plan/PARAMS/article/45482.

Davis, Rowland and Madland, David. 2013. "American Retirement Savings Could Be Much Better." *Center for American Progress*. Accessed April 11. http://www.americanprogress.org/wp-content/uploads/2013/08/SAFEreport.pdf

Dynan, Karen E., Skinner, Jonathan, and Zeldes, Stephen P. 2004. "Do the Rich Save More?" *Journal of Political Economy.* 112(2): 397-444.

EBRI. 2009. "*Fundamentals of Employee Benefit Programs, 6th Edition.*" Edited by Dallas Salisbury. Washington DC: Employee Benefit Research Institute. Accessed April 20. http://www.ebri.org/publications/books/?fa=fundamentals

Fronstin, Paul and Helman, Ruth. 2013. "Views on the Value of Voluntary Workplace Benefits: Findings from the 2013 Health and Voluntary Workplace Benefits Survey." *EBRI Notes*. Vol. 34, No. 11. Accessed April 11. http://ssrn.com/abstract=2355166.

Grossman, Steven. March 22, 2012. "Grossman Heralds Passage of Non-Profit Deferred Comp Plan." *Office of the Treasurer and Receiver General*. http://www.mass.gov/treasury/about/media-pubs/treas-press-rel/2012/grossman-passage-of-non-profit-deferred-comp-plan.html.

Goda, Gopi Shah; Jones, Damon; Manchester, and Colleen Flaherty. 2012. "Employee Mobility and Employer Provided Retirement Plans." Center for Retirement Research at Boston College. http://crr.bc.edu/wp-content/uploads/2012/11/wp_2012-28-508.pdf.

Government Accountability Office. 2006. "Changes Needed to Provide 401(k) Plan Participants and the Department of Labor Better Information on Fees." November 16, 2006. Accessed April 11. http://www.gao.gov/assets/260/253638.pdf.

Government Accountability Office. 2009. "Automatic Enrollment Shows Promise for Some Workers, but Proposals to Broaden Retirement Savings for Other Workers Could Face Challenges." Accessed February 9. http://www.gao.gov/products/GAO-10-31.

Government Accountability Office. 2013. "Automatic IRAs, Lower-Earning Households Could Realize Increases in Retirement Income." Accessed February 10. http://www.gao.gov/assets/660/657171.pdf.

Illinois General Assembly. "Bill Status of S.B.2400." Accessed February 16. http://www.ilga.gov/legislation/BillStatus.asp?DocNum=2400&GAID=12&DocTypeID=SB&SessionID=85&GA=98.

Indiana General Assembly. "Senate Bill 66" Accessed April 20. http://iga.in.gov/legislative/2014/bills/senate/66/

Hamilton Project. 2006. "Improving Opportunities and Incentives for Saving by Middle- and Low-Income Households." Brookings Institution. Policy Brief No. 2006-02. http://www.brookings.edu/views/papers/200604hamilton_2_pb.pdf.

Harris, Karen. March 7, 2013. "Illinois Automatic IRA Bill" *New America Foundation*. http://assets.newamerica.net/blogposts/2013/guest_post_illinois_automatic_ira_bill_98th_general_assembly-80354.

Harris, Benjamin H., and Johnson, Rachel M. 2012. "Economic Effects of Automatic Enrollment in Individual Retirement Accounts." Reprinted on AARP.org website publish by AARP Public Policy Institute. http://www.aarp.org/content/dam/aarp/research/public_policy_institute/econ_sec/2012/Economic-Effects-of-Auto-IRA-Research-Report-AARP-ppi-econ-sec.pdf.

Hiltzik, Michael. 2013. "A crucial step toward retirement security for the working class." *Los Angeles Times*. Accessed February 19. http://articles.latimes.com/2013/feb/19/business/la-fi-hiltzik-20130219

Hudson, David. 2014. "myRA: Helping Millions of Americans Save for Retirement." The White House Blog. Accessed April 11.

http://www.whitehouse.gov/blog/2014/02/11/myra-helping-millions-americans-save-retirement

Internal Revenue Service. 2012. "Plan Now to Get Full Benefit of Saver's Credit; Tax Credit Helps Low- and Moderate-Income Workers Save for Retirement." Accessed March 4. http://www.irs.gov/uac/Newsroom/Plan-Now-to-Get-Full-Benefit-of-Saver's-Credit;-Tax-Credit-Helps-Low-and-Moderate-Income-Workers-Save-for-Retirement

Internal Revenue Service. 2014. "IRA Contribution Limits." Accessed March 25. http://www.irs.gov/Retirement-Plans/Plan-Participant,-Employee/Retirement-Topics-IRA-Contribution-Limits.

Iwry, J. Mark; John, David C. 2009. "Pursuing Universal Retirement Security Through Automatic IRAs." The Retirement Security Project. Reprinted on Brookings.edu website published by the Retirement Security Project. http://www.brookings.edu/research/papers/2009/07/automatic-ira-iwry

Jones, Gavin. 2013. "Longevity Risk and Reinsurance." Reinsurance News, July. Reprinted on the Society of Actuaries website published by the Society of Actuaries. http://www.soa.org/library/newsletters/reinsurance-section-news/2013/july/rsn-2013-issue76-jones.aspx

Laibson, David I. 1996. "Hyperbolic Discount Functions, Undersaving, and Savings Policy." *National Bureau of Economic Research.* http://scholar.harvard.edu/files/laibson/files/hyperbolic_discount_functions_undersaving_and_savings_policy.pdf.

Mahler, Patten Priestley, Chingos Matthew M., and Whitehurst, Grover J. 2014. "Improving Public Pensions: Balancing Competing Priorities." *Brookings Institution.* Brown Center on Education Policy. http://www.brookings.edu/~/media/research/files/papers/2014/02/26%20public%20pension%20reform/improving%20public%20pensions_final.pdf.

Munnell, Golub-Sass., and Kopcke, Webb. 2009. "What Does it Cost to Guarantee Returns?" *Center for Retirement Research*. Boston College. http://crr.bc.edu/wp-content/uploads/2009/02/IB_9-4.pdf

National Conference of State Legislatures. 2014. "State Sponsored Retirement Savings Plans for Non-Public Employees." http://www.ncsl.org/research/labor-and-employment/state-sponsored-retirement-plans-for-nonpublic.aspx#4

Office of Governor Deval Patrick. March 22, 2012. "Governor Patrick Signs Bill Creating Retirement Support for Small Non-Profits." News Release. http://www.mass.gov/governor/pressoffice/pressreleases/2012/2012322-governor-patrick-signs-bill-supporting-retirement-for-non-profits.html

Office of the Press Secretary. 2014, March 04. "Opportunities for All: Middle Class Tax Cuts in the President's FY 2015 Budget." News release. http://www.whitehouse.gov/the-press-office/2014/03/04/opportunity-all-middle-class-tax-cuts-president-s-fy-2015-budget

Office of the Press Secretary. 2014, January 29. "FACT SHEET: Opportunity for All: Securing a Dignified Retirement for All Americans." http://www.whitehouse.gov/the-press-office/2014/01/28/fact-sheet-opportunity-all-securing-dignified-retirement-all-americans

Quandt, Barbara. 2014. "Indiana 2014 Legislative Session Halftime Report." *National Federation of Independent Businesses*. February 5. http://www.nfib.com/article/indiana-2014-legislative-session-halftime-report-64740/

Rhee, Nari. 2013. "The Retirement Savings Crisis: Is It Worse Than We Think?" National Institute on Retirement Security. Accessed February 13. http://www.nirsonline.org/storage/nirs/documents/Retirement%20Savings%20Crisis/retirementsavingscrisis_final.pdf

Senate Health, Education, Labor, and Pension Committee. 2012. "The Retirement Crisis and a Plan to Solve It." http://www.harkin.senate.gov/documents/pdf/5011b69191eb4.pdf

Senate Health, Education, Labor, and Pension Committee. 2014. "HELP Chairman Tom Harkin Introduces the USA Retirement Funds Act."

http://www.help.senate.gov/imo/media/doc/USARF%20Summary%20-%20Long.pdf

Senate Health, Education, Labor, and Pension Committee. 2014. "Harkin Unveils Legislation to Address Retirement Crisis, Rebuild Private Pension System." http://www.help.senate.gov/newsroom/press/release/?id=841825d1-509e-4934-9d7e-968d0853b795

Small Business Commission. August 3, 2009. Testimony of Robert N. Bradshaw, Jr., President and CEO, Independent Insurance Agents of Virginia (IIAV). http://dls.virginia.gov/pubs/legisrec/2009/business1.htm

SMART. 2014. "OBRA." Accessed February 16. https://mass-smart.gwrs.com/preLoginContentLink.do?accu=MassachusettsWR&contentUrl=prelogin.participate.obra&specificBundle=preLogin

Sprague, Aleta. 2013. "The California Secure Choice Retirement Savings Program." *New American Foundation*. April 26. http://www.retirementmadesimpler.org/Library/CAretirementFinal4.26.13.pdf

Stubbs, David & Rhee, Nari. 2012. "Can a Publicly Sponsored Retirement Plan for Private Sector Workers Guarantee Benefits at No Risk to the State?" *UC Berkeley Center for Labor Research and Education*. August. http://laborcenter.berkeley.edu/research/ca_guaranteed_retirement_study12.pdf

Sund, Eric. March 2, 2009. Senate Bill Report S.B. 5791, Senate Committee on Ways & Means. http://apps.leg.wa.gov/documents/billdocs/2009-10/Pdf/Bill%20Reports/Senate/5791%20SBR%20WM%2009.pdf

U.S. Bureau of Labor Statistics. 2013. "Retirement Benefits: Access, Participation, and Take-Up Rates." National Compensation Survey. http://www.bls.gov/ncs/ebs/benefits/2013/ownership/civilian/table02a.htm

U.S. Bureau of Labor Statistics. 2012. "Retirement costs for defined benefit plans higher than for defined contribution plans." December 2012. Volume 1, Number 21. Accessed April 11. http://www.bls.gov/opub/btn/volume-1/pdf/retirement-costs-for-defined-benefit-plans-higher-than-for-defined-contribution-plans.pdf

U.S. Bureau of Labor Statistics. 2006. "Trends in retirement plan coverage." National Compensation Survey. http://www.bls.gov/ncs/ebs/benefits/2013/ownership/civilian/table02a.htm

U.S. Census Bureau. 2012. "Statistics about Business Size (including Small Business)". https://www.census.gov/econ/smallbus.html

U.S. Congress House. 2010. "Summary of the Automatic IRA Act of 2010." Accessed April 11. http://neal.house.gov/images/pdf/summary_auto_ira_act_2010.pdf

U.S. Department of the Treasury. 2014. "Retirement Account FAQ." Accessed April 11, from https://www.treasurydirect.gov/readysavegrow/start_saving/retirementaccountfaqenglish.pdf

VanDerhei. 2011. "A Post- Crisis Assessment of Retirement Income Adequacy for Baby Boomers and Gen Xers ." *Employee Benefits Research Institute*. Accessed March 22, 2014. http://www.ebri.org/pdf/briefspdf/EBRI_02-2011_No354_Post-Crisis_Ret-IncAd.pdf

Virginia General Assembly Legislative Information System. Accessed February 17, 2014. "H.B. 2026 Employee Voluntary Accounts Program." http://leg1.state.va.us/cgi-bin/legp504.exe?091+sum+HB2026

"Virginia529 prePAID." Virginia529. Accessed March 25, 2014. http://www.virginia529.com/prepaid/index.php

Washington State Fiscal Note. February 20, 2009. "S.B. 5791 2009." https://app.leg.wa.gov/CMD/Handler.ashx?MethodName=getdocumentcontent&documentId=NJzJU1rUpNE&att=false

Washington State Legislature. "S.B. 5791 - 2009-10." Accessed February 18, 2014. http://apps.leg.wa.gov/billinfo/summary.aspx?year=2009&bill=5791

Weeks, Michael. 2011 “Testimony in support of House Bill 2411.” *Providers Council for Caring Communities*. http://thecaringforce.org/page/-/nonprofitretirement.may3.pdf

Wells, Stephanie and Holloway, Heath. 2014. “Fiscal Impact Statement S.B. 66.” *Office of Fiscal and Management Analysis*. January 9. http://iga.in.gov/legislative/2014/bills/senate/66/#