

UVRA Update

VOLUME 1 - ISSUE 1

MARCH 2008

IN THIS ISSUE

State Updates

CALIFORNIA

CONNECTICUT

ILLINOIS

MARYLAND

MICHIGAN

PENNSYLVANIA

WASHINGTON

WEST VIRGINIA

Conferences and Events

CHICAGO

WASHINGTON, D.C.

Welcome

With half of all working Americans not covered by a retirement plan at their workplace, many states across the country are taking an interest in Universal Retirement Savings Accounts (UVRAs). UVRAs make it easier for individuals to save for retirement through work and for businesses without pension plans to offer one to their employees.

The UVRA Update, brought to you by the Economic Opportunity Institute, brings together the latest ideas, developments and information for state leaders, agency staff, advocates and others interested in this exciting new policy development and other related initiatives.

We hope you'll find the UVRA Update to be useful and informative – feel free to share it with others who might be interested. If you have ideas to suggest or information to contribute, please contact Gary Burris, Senior Policy Associate, Economic Opportunity Institute, at 206-529-6365 or email gary@eoionline.org.

UVRAs in brief

About 50% of all working Americans are not covered by a retirement plan at their place of work. This includes both traditional defined benefit pensions and the more recently popular defined contribution 401(k) and Individual Retirement Accounts. Employees of small and medium sized businesses are at the greatest risk of not having access to a retirement program.

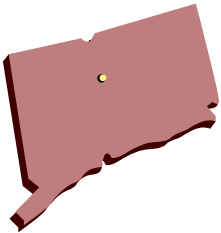
The policy concept of Universal Voluntary Retirement Accounts (UVRAs) arose to meet the current gap in workplace based retirement savings, to support both workers and businesses. UVRAs are voluntary programs that make it easier for individuals lacking a way to save for retirement through work and for businesses lacking pension plans to offer such options for their employees.

Continued on page 7



California

The New America Foundation is promoting the idea of universal retirement accounts to California policymakers, led by their California Legislative Director Olivia Calderon. With background information and a program design by Mark Paul, a former state Deputy Treasurer and New America Senior Scholar, there is some active interest among key members in the legislature.



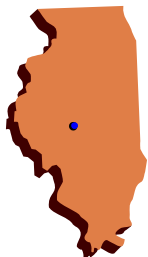
Connecticut

Legislation recently introduced in the Connecticut General Assembly (SB 652) would allow the Comptroller to establish and administer a retirement plan that will be available to small employers and individuals.

After a public hearing in the Joint Commerce Committee on March 11th, where both the Senate President and State Comptroller testified in favor of the bill, the bill passed out of committee on March 13th.

About SB 652:

http://www.cga.ct.gov/asp/CGABillStatus/CGABillstatus.asp?selBillType=Bill&bill_num=SB652



Illinois

Dory Rand, of the Sargent Shriver National Center on Poverty Law, and staff members of the Illinois governor's office, attended the September 2006 State Solutions Conference. Since that time, Ms. Rand has worked with pro bono attorneys who specialize in the Employee Retirement Income Security Act (ERISA) to design three possible options for an Illinois Voluntary Retirement Account program. These concepts have been shared with the governor's staff.

Ms. Rand continues to build and broaden a coalition of individuals interested in retirement security and voluntary accounts. Last month, the Shriver Center sponsored a gathering of representatives from the offices of the Governor and Treasurer, Shriver Center staff and Board members, and other supporters to discuss progress to date in Illinois and other parts of the country. Ms. Rand is organizing a group from Illinois to participate in the EOI-sponsored regional universal voluntary retirement accounts meeting this May in Chicago.

Maryland

Senator Madaleno introduced legislation in the Maryland Senate (SB 728) and Representative Rosenberg and seven additional co-sponsors introduced a companion bill in the House of Delegates (HB 1228), to establish the Maryland Voluntary Employee Accounts program. The bills were heard in committee on March 10th and March 13th respectively.

About SB 728: <http://mlis.state.md.us/2008rs/billfile/sbo728.htm>

About HB 1228: <http://mlis.state.md.us/2008rs/billfile/HB1228.htm>



Michigan

In her 2006 and 2007 State of the State addresses, Governor Jennifer Granholm advocated for a state sponsored pension plan to support small businesses. The plan would make it affordable for small companies that don't currently have a pension plan to offer a 401(k).

Gov. Granholm, 2006: "Finally, many of you listening tonight who work for small businesses do not have a pension plan. My administration will design and open a 401(k) plan, like the state's plan, for those workers of small companies who don't offer a pension plan. At minimal expense to state government, we will help tens of thousands of Michigan workers save for their retirement and achieve economic security." (<http://www.michigan.gov/gov/0,1607,7-168--134956--,00.html>)

Gov. Granholm, 2007: "I also urge you to finally pass the small business retirement plan I introduced at this podium last year. It will make it easier and more affordable for small businesses to offer their employees a retirement plan. Rep. Bieda and Sen. Thomas have introduced bills to turn this good idea into law. I urge you to pass them now." (http://www.michigan.gov/gov/0,1607,7-168-23442_21981-161761--,00.html)

Senator Samuel Thomas and Representative Steve Bieda introduced UVRA legislation (SB 0024 and HB 4135, respectively) in 2007. The Bieda bill has 34 co-sponsors.

About SB 0024:

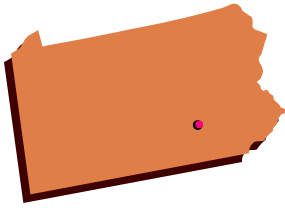
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About HB 4135:

[http://www.legislature.mi.gov/\(S\(rmnzzw5523ruyyjbeaoc5q22\)\)/mileg.aspx?page=GetObject&objectname=2007-HB-4135&queryid=22395737](http://www.legislature.mi.gov/(S(rmnzzw5523ruyyjbeaoc5q22))/mileg.aspx?page=GetObject&objectname=2007-HB-4135&queryid=22395737)



Pennsylvania



In 2007, Representative Galloway and seventeen additional co-sponsors introduced HB 1669, establishing the Pennsylvania Voluntary Accounts program: <http://www.legis.state.pa.us/WU01/LI/BI/BH/2007/0/HB1669.HTM>.

The Center for American Progress produced “Rewarding Hard Work: Giving Pennsylvania Families A Shot at Middle Class” which discusses the importance of expanding defined contribution pension systems for private sector workers and shoring up the defined benefit program for state workers:

http://www.americanprogress.org/issues/2006/10/pa_pension_report.html/pdf/pa_pensions_report.pdf

Washington



During the 2007 legislative session, funding was provided to the Washington State Department of Retirement Systems (DRS) to investigate and design a plan for the operation of a universal voluntary retirement accounts program that could be offered to workers and employers in Washington on a tax qualified basis.

The legislature asked DRS to look at plan options that could include a defined contribution plan with a limited pre-selected menu of investment options, administered by the Department of Retirement Systems (DRS) with investment oversight by the Washington State Investment Board. The program could also be portable between jobs and utilize payroll deductions.

DRS will also look at existing savings vehicles like Employer IRA’s, SIMPLE IRA’s and other programs open to any employers who choose and their employees as either additional or substitute vehicles to accomplish the legislative goals. The Department will provide formal program recommendations to the Governor and Legislature in December of 2008.

As this is the first program of its kind in the nation, there are numerous IRS, Employee Retirement Income Security Act (ERISA), and legal issues to consider. The Department of Retirement Systems is working with the law firm Ice Miller, which specializes in public and private sector pensions, to address these issues.

Sandy Matheson, Director of the Department of Retirement Systems, is a champion of retirement savings and supports the concept of the program. Ms. Matheson presented on this issue at last month’s Winter Administrator’s Meeting of the National Association of State Retirement Administrators.

West Virginia

During the 2007 legislative session, Senators Foster and McCabe introduced a concurrent resolution in the Senate requesting the Joint Committee on Government and Finance study the benefits, costs and feasibility of establishing a West Virginia Universal Voluntary Accounts Program. The program would assist private employers in offering employees an optional retirement plan.

The West Virginia Citizen Action Group took a lead on this project in 2007, and during the following winter, the coalition of organizations interested in voluntary accounts program expanded. Angela Vance, with AARP, and Ted Boettner, of the newly formed West Virginia Center for Budget & Policy, took a leadership role in working with the legislature.

In the 2008 legislature, Senator Foster introduced Senate Concurrent Resolution 6, similar to last year's resolution. West Virginia Treasurer John Purdue strongly supported the resolution. The Senate adopted the resolution on March 5 and the House adopted it on March 8, 2008:

http://www.legis.state.wv.us/Bill_Text_HTML/2008_SESSIONS/rs/BILLS/scr6%20intr.htm



National Initiatives

Several individuals and organizations are champions for expanding retirement savings. Mark Iwry, Brookings Institution Non-resident Fellow, and Dean Baker, Co-director for the Center for Economic and Policy Research, have provided support to states across the country. Both Mr. Iwry and Mr. Baker have been instrumental in researching and promoting UVRAs.

Testimony by Mr. Iwry's before the House Committee on Education and Labor on a federal Automatic IRA:

http://www.brookings.edu/testimony/2007/1108_retirement_iwry.aspx

Mr. Baker's report on Universal Voluntary Accounts:

http://www.cepr.net/documents/publications/universal_voluntary_accounts.pdf

The New America Foundation and their Vice President, Michael Calabrese have been advocating for a national UVRA policy initiative. Here is a link to their proposal for a universal 401(k) plan:

http://www.newamerica.net/publications/policy/a_universal_401_k_plan





May 29th, 2008

Regional Work Session

Chicago, IL

This meeting will bring together interested advocates, elected officials, policy staff and others from mid-western states, to provide new and relevant information in support of states in planning next steps for their UVRA programs.

Mark Iwry, Brookings Institution Non-resident Fellow, and Dean Baker, Co-director for the Center for Economic and Policy Research, have agreed to present and work with state teams. Both Mr. Iwry and Mr. Baker have been instrumental in researching and promoting universal retirement.

The Joyce Foundation is supporting this event by donating the use of meeting rooms. The Brookings Institution, Great Lakes Initiative led by John Austin is actively working to recruit elected officials, policy staff, and business leaders to this effort.

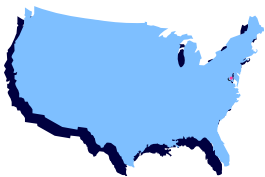


July 2008

Regional Work Session

Washington, D.C.

Similar to the Chicago meeting, this meeting will bring together states from the Potomac region. Details will be coming soon.



November or December 2008

National Conference

This meeting will provide an opportunity to hear from state and national experts and engage in discussions on UVRAs. A grant from the Retirement Research Foundation will provide core funding for this national meeting. More details to come.

UVRAs in brief

continued from page 1

A UVRA utilizes portions of a state's retirement system or investment system infrastructure as a foundation for the program, and takes advantage of economies of scale created by pooling the investments of thousands of workers and businesses, resulting in very low administrative and investment fees for participants.

UVRAs are intended to supplement Social Security, which provides a defined benefit pension for older Americans, but alone is barely enough to keep many retirees out of poverty. UVRAs are not intended to replace current pension plans, whether defined benefit or defined contribution plans. Instead, they are designed for individuals and businesses not currently utilizing workplace-based retirement investing.

UVRAs are also referred to by other names, such as Universal Retirement Savings Accounts (URSA) and Universal Voluntary Accounts (UVA).

EOI and UVRAs

In our home state of Washington, EOI has been working on retirement security issues for several years. We catalyzed funding for the design of Washington Voluntary Accounts in the 2007 state budget. We also work with other states in developing similar policies. In September of 2006, we co-sponsored a national conference with the Economic Policy Institute (EPI) and Mark Iwry from the Brookings Institution.

We currently receive grants from the Retirement Research Foundation, AARP, the Bauman Family Foundation and the Joyce Foundation to support our work in this arena. Previous grantees and financial support has come from the Heinz, Mott, Ford, Annie E Casey and Rockefeller Foundations, Friedman Family Fund, Economic Policy Institute, and Women's Institute for Secure Retirement.

Information about the rationale, goals, and envisioned design of Washington Voluntary accounts can be found at:

http://www.eoionline.org/washington_voluntary_accounts/voluntary_accounts.html

To learn more, contact Gary Burris, Senior Policy Associate, Economic Opportunity Institute, at 206-529-6365 or email gary@eoionline.org.



About Us

The Economic Opportunity Institute (EOI) is a nonpartisan, not-for-profit public policy organization founded in 1998 and based in Seattle, Washington. We are a member of the Economic Analysis and Research Network.



Our mission is to forge realistic and robust public policies that promote long-term economic security and opportunity for Washington's middle-class and low-income workers and families, ensuring the benefits of prosperity are broadly available to all those who contribute to it.

We utilize research, education and advocacy to shape public debate and advance new policy ideas that support high-quality education, modern work-life standards, retirement security, and shared investments in our common wealth.

Learn more about EOI at <http://www.eoionline.org>, or visit our blog at: <http://www.washingtonpolicywatch.org>.