RELATING TO RETIREMENT SAVINGS.

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

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

In 2017, Oregon was the first state to implement a retirement savings plan that covers private sector workers who do not otherwise have access to a savings plan provided by their employer. Other states have adopted similar programs, including California, Connecticut, Illinois, Maryland, Massachusetts, New Jersey, and Vermont.

The legislature also finds that individuals need a lifelong savings system that provides them with the opportunity to build their assets and attain future financial stability. Providing
private sector employees with access to employer-sponsored retirement plans is a reliable way to promote savings needed for a secure retirement, improve employees' financial security, and reduce wealth disparity in society.

The legislature further finds that approximately fifty percent of the State's private sector employees work for an employer that does not offer a retirement plan or are not eligible for the plan offered. The lack of opportunity to participate in an employer-provided retirement plan spans all levels of education and earnings. An employee who is offered the opportunity to save through the employee's place of employment is significantly more likely to participate and make steady contributions to build retirement savings.

The purpose of this Act is to establish a retirement savings task force to secure a consultant to:

(1) Assess the feasibility of establishing a Hawaii retirement savings program and the viability of current state retirement savings programs in other states;

(2) Determine the feasibility of joining a multi-state, state-facilitated retirement savings program;
(3) Research the implications of the federal SECURE Act, enacted on December 20, 2019;

(4) Draft an implementation plan for a retirement savings program; provided that the task force determines that a retirement savings program is feasible; and

(5) Submit to the legislature a report of findings and recommendations, including any proposed legislation, to implement the plan.

SECTION 2. (a) There is established a retirement savings task force to secure a consultant to:

(1) Assess the feasibility of a Hawaii retirement savings program;

(2) Assess the viability of current state retirement savings programs in other states;

(3) Determine the feasibility of joining a multi-state, state-facilitated retirement savings program;

(4) Research the implications of the federal SECURE Act, enacted on December 20, 2019;

(5) Draft an implementation plan for a retirement savings program; provided that the task force determines that a retirement savings program is feasible; and
(6) Submit to the legislature a report of the findings and recommendations, including any proposed legislation, to implement the plan.

(b) The task force shall comprise the following members:

(1) The director of finance, or the director's designee;

(2) The director of labor and industrial relations, or the director's designee;

(3) The director of taxation, or the director's designee;

(4) One individual to represent employees, who shall be selected by the speaker of the house of representatives;

(5) One individual to represent small businesses, who shall be selected by the president of the senate; provided that for purposes of this paragraph, "small business" means an independently owned business with less than fifty employees;

(6) An attorney with professional experience in pension plans, who shall be selected by the speaker of the house of representatives;

(7) A third-party plan administrator, who shall be selected by the president of the senate;
(8) A fiduciary investment adviser, who shall be selected by the speaker of the house of representatives;

(9) A fee-for-service investment adviser, who shall be selected by the president of the senate;

(10) A representative of retirees, who shall be selected by the speaker of the house of representatives; and

(11) A representative of business who offers a 401(k) plan, individual retirement account plan, or other similar retirement plan, who shall be selected by the president of the senate.

(c) The task force may issue a request for proposals for a third party to conduct the activities identified in section 2(a) of this Act. The contracting of services pursuant to this Act shall be exempt from chapter 103D, Hawaii Revised Statutes.

(d) No task force member selected pursuant to sections 2(b)(5), (6), (7), (8), (9), or (11), nor any entity for which they are employed, shall bid on any potential contract arising from this Act.

(e) The task force shall submit to the legislature a report of its findings and recommendations, including any
proposed legislation, no later than forty days prior to the
convening of the regular session of 2021.

(f) The task force shall cease to exist on June 30, 2021.

SECTION 3. There is appropriated out of the general
revenues of the State of Hawaii the sum of $ or so
much thereof as may be necessary for fiscal year 2020-2021 to
retain a consultant to conduct the activities identified in
section 2(a) of this Act and pay for associated expenses,
including $ for full-time equivalent
(FTE) position to manage the retirement savings
program.

The sum appropriated shall be expended by the department of
budget and finance for the purposes of this Act.

SECTION 4. This Act shall take effect on January 1, 2050.
Report Title:
Retirement Savings; Hawaii Retirement Savings Program; Task Force; Consultant; Appropriation

Description:
Establishes the retirement savings task force to secure a consultant to assess the feasibility of a Hawaii retirement savings program; research the implications of the enactment of the federal SECURE Act; draft an implementation plan for the retirement savings program; and submit a report to the legislature. Appropriates funds. Sunsets the task force on 6/30/2021. Takes effect on 1/1/2050. (HD1)

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