



From: Tim Voigt, Partner and Employee Owner
Pension Works, Inc. (A Vermont Employee Owned Company)
To: The Public Retirement Study Committee
Date: March 2, 2017
RE: Green Mountain Retirement Plan

As a person with 40 years of involvement with the sale, administration and compliance of industry, professional, service, educational and governmental retirement plans of all stripes, I am writing to oppose legislation – H. 387. This potential act will enable the state to unnecessarily compete with private retirement plan service providers without improving the retirement security of Vermonters.

If acted upon, H. 387 would adopt and implement a voluntary state-run “open” multiple employer plan, the Green Mountain Secure Retirement Plan (“GMSRP”). The GMSRP would only be eligible for private employers with less than 50 employees in the state.

H. 387 is based on the erroneous premises that small employers in Vermont do not have affordable retirement plans available to them and the proposal can be implemented and sustained at little to no cost to taxpayers. Besides the economic fact that nothing in this life comes at little to no cost,

- (1) The retirement plan marketplace in Vermont is vibrant and very competitive. Small employers can currently find reasonably priced plans of all types from a number of providers and companies operating in Vermont.
- (2) A state-run “open” multiple employer plan for private employers would have far different administrative requirements and would not achieve the same efficiencies as the plan Vermont currently operates for its state employees. The state would incur start-up and administrative costs – including performing annual coverage and nondiscrimination tests required by the Internal Revenue Code for each participating employer. In addition, the state would be subject to liability under the Employee Retirement Income Security Act (ERISA) – the federal consumer protection law for retirement plans – because it would be in charge of selecting the investments and the record keeper. This is a liability the state can ill afford, and that state would have to purchase fiduciary insurance to cover its exposure.

For these reasons and others I would willingly share with the committee, , I urge you to reject H. 387 and explore alternative ways to increase access to payroll deduction savings for Vermonters in order to achieve real retirement security for the workers of the Green Mountain State.