

1       **FROM:**       The Committee on Government Operations

2       **TO:**            The Committee on Commerce and Economic Development

3       **RE:**            S.135, Sec. C.1 and C.2, suggested amendments

4                                   \* \* \* Public Retirement \* \* \*

5       Sec. C.1. THE GREEN MOUNTAIN SECURE RETIREMENT PLAN

6            (a) The State of Vermont shall, consistent with federal law and regulation,  
7            adopt and implement a voluntary Multiple Employer Plan (MEP) public  
8            retirement plan, which shall remain in compliance with federal law and  
9            regulations once implemented, and shall be called the “Green Mountain Secure  
10           Retirement Plan.”

11           (b) The Plan shall be designed and implemented based upon the following  
12           guiding principles:

13               (1) Simplicity: the Plan should be easy for participants to understand.

14               (2) Affordability: the Plan should be administered to maximize cost  
15               effectiveness and efficiency.

16               (3) Ease of access: the Plan should be easy to join.

17               (4) Trustworthy oversight: the Plan should be administered by an  
18               organization with unimpeachable credentials.

19               (5) Protection from exploitation: the Plan should protect its participants,  
20               particularly the elderly, from unscrupulous business practices and individuals.

1           (6) Portability: the Plan should not depend upon employment with a  
2           specific firm or organization.

3           (7) Choice: the Plan should provide sufficient investment alternatives to  
4           be suitable for individuals with distinct goals, but not too many options to  
5           induce analysis paralysis.

6           (8) Voluntary: the Plan should not be mandatory but autoenrollment  
7           should be used to increase participation.

8           (9) Financial education and financial literacy: the Plan should assist the  
9           individual in understanding their financial situation.

10           (10) Sufficient savings: the Plan should encourage adequate savings in  
11           retirement combined with existing pension savings and Social Security.

12           (11) Additive not duplicative: the Plan should not compete with  
13           existing private sector solutions.

14           (12) Use of pretax dollars: contributions to the Plan should be made  
15           using pretax dollars.

16           (c) The Plan shall:

17           (1) be available on a voluntary basis to:

18           (A) employers:

19           (i) with 50 employees or fewer; and

20           (ii) who do not currently offer a retirement plan to their

21           employees; and

1           (B) self-employed individuals;

2           (2) automatically enroll all employees of employers who choose to  
3 participate in the MEP;

4           (3) allow employees the option of withdrawing their enrollment and  
5 ending their participation in the MEP;

6           (4) be funded by employee contributions with an option for future  
7 voluntary employer contributions; and

8           (5) be overseen by a board:

9           (A) that shall:

10           (i) set program terms;

11           (ii) prepare and design plan documents; and

12           (iii) be authorized to appoint an administrator to assist in the  
13 selection of investments, managers, custodians, and other support services; and

14           (B) that shall be composed of seven members as follows:

15           (i) an individual with investment experience, to be appointed by  
16 the Governor;

17           (ii) an individual with private sector retirement plan experience, to  
18 be appointed by the Governor;

19           (iii) an individual with investment experience, to be appointed by  
20 the State Treasurer;

1                   (iv) an individual who is an employee or retiree, to be appointed  
2 by the State Treasurer;

3                   (v) an individual who is an employee advocate or consumer  
4 advocate, to be appointed by the Speaker of the House;

5                   (vi) an individual who is an employer with 50 employees or fewer  
6 and who does not offer a retirement plan to his or her employees, to be  
7 appointed by the Committee on Committees; and

8                   (vii) the State Treasurer, who shall serve as chair.

9                   (C) that shall, on or before January 15, 2020, and every year  
10 thereafter, report to the House and Senate Committees on Government  
11 Operations concerning the Green Mountain Secure Retirement Plan, including:

12                   (i) the number of employers and self-employed individuals  
13 participating in the plan;

14                   (ii) the total number of individuals participating in the plan;

15                   (iii) the number of employers and self-employed individuals who  
16 are eligible to participate in the plan but who do not participate;

17                   (iv) the number of employers and self-employed individuals, and  
18 the number of employees of participating employers, who have ended their  
19 participation during the preceding twelve months;

20                   (v) the total amount of funds contributed to the Plan during the  
21 preceding twelve months;

1                    (vi) the total amount of funds withdrawn from the Plan during the  
2 preceding twelve months;

3                    (vii) the total funds or assets under management by the Plan;

4                    (viii) the average return during the preceding twelve months;

5                    (ix) the costs of administering the Plan;

6                    (x) the Board’s assessment concerning whether the Plan is  
7 sustainable and viable;

8                    (xi) once the marketplace is established:

9                    (I) the number of individuals participating;

10                    (II) the number and nature of plans offered; and

11                    (III) the Board’s process and criteria for vetting plans; and

12                    (xii) any other information the Board considers relevant, or that  
13 the Committee requests.

14                    (D) for attendance at meetings, members of the Board who are not  
15 employees of the State of Vermont shall be reimbursed at the per diem rate set  
16 in 32 V.S.A. § 1010 and shall be reimbursed for mileage and travel expenses.

17                    (d) The State of Vermont shall implement the “Green Mountain Secure  
18 Retirement Plan” on or before January 15, 2019, based on the  
19 recommendations of the Public Retirement Plan Study Committee as set forth  
20 in Sec. C.2 of this act.

1 Sec. C.2. 2016 Acts and Resolves No. 157, Sec. F.1 is amended to read:

2 Sec. F.1. INTERIM STUDY ON THE FEASIBILITY OF

3 ESTABLISHING A PUBLIC RETIREMENT PLAN

4 (a) Creation of Committee.

5 (1) There is created a the Public Retirement Plan Study Committee to

6 evaluate the feasibility of establishing a public retirement plan.

7 (2) It is the intent of the General Assembly that the Committee continue

8 the work of the Public Retirement Plan Study Committee created in 2014 Acts

9 and Resolves No. 179, Sec. C.108, as amended by 2015 Acts and Resolves

10 No. 58, Sec. C.100, which ceased to exist on January 15, 2016, and to develop

11 specific recommendations concerning the design, creation, and implementation

12 of the Multiple Employer Plan (MEP), pursuant to in Sec. C.1 of this act and as

13 set forth in the January 6, 2017 report issued by the Committee.

14 (b) Membership.

15 (1) The Public Retirement Plan Study Committee shall be composed of

16 eight members as follows:

17 (A) the State Treasurer or designee;

18 (B) the Commissioner of Labor or designee;

19 (C) the Commissioner of Disabilities, Aging, and Independent Living

20 or designee;

1           (D) an individual with private sector experience in the area of  
2 providing retirement products and financial services to small businesses, to be  
3 appointed by the Speaker;

4           (E) an individual with experience or expertise in the area of the  
5 financial needs of an aging population, to be appointed by the Committee  
6 on Committees;

7           (F) an individual with experience or expertise in the area of the  
8 financial needs of Vermont youth or young working adults, to be appointed by  
9 the Treasurer;

10           (G) a representative of employers, to be appointed by the  
11 Speaker; and

12           (H) a representative of employees who currently lack access to  
13 employer-sponsored retirement plans, to be appointed by the Committee  
14 on Committees.

15           (2) Unless another appointee is specified pursuant to the authority  
16 granted under subdivision (1) of this subsection, the members of the Public  
17 Retirement Plan Study Committee created in 2014 Acts and Resolves No. 179,  
18 Sec. C.108, as amended by 2015 Acts and Resolves No. 58, Sec. C.100, which  
19 ceased to exist on January 15, 2016, shall serve as the members of the  
20 Committee created pursuant to this section.

1 (c) Powers and duties.

2 (1)(A) The Committee shall ~~study the feasibility of establishing a~~  
3 develop specific recommendations concerning the design, creation, and  
4 implementation time line of the Multiple Employer Plan (MEP) public  
5 retirement plan, including the following pursuant to Sec. C.1 of this act, which  
6 shall:

7 (i) ~~the access Vermont residents currently have to employer-~~  
8 ~~sponsored retirement plans and the types of employer-sponsored retirement~~  
9 ~~plans;~~

10 (ii) ~~data and estimates on the amount of savings and resources~~  
11 ~~Vermont residents will need for a financially secure retirement;~~

12 (iii) ~~data and estimates on the actual amount of savings and~~  
13 ~~resources Vermont residents will have for retirement, and whether those~~  
14 ~~savings and resources will be sufficient for a financially secure retirement;~~

15 (iv) ~~current incentives to encourage retirement savings, and the~~  
16 ~~effectiveness of those incentives;~~

17 (v) ~~whether other states have created a public retirement plan and~~  
18 ~~the experience of those states;~~

19 (vi) ~~whether there is a need for a public retirement plan~~  
20 ~~in Vermont;~~



1                   ~~(vii) whether a public retirement plan would be feasible and~~  
2                   ~~effective in providing for a financially secure retirement for Vermont residents;~~

3                   ~~(viii) other programs or incentives the State could pursue in~~  
4                   ~~combination with a public retirement plan, or instead of such a plan, in order to~~  
5                   ~~encourage residents to save and prepare for retirement; and be available on a~~  
6                   voluntary basis to:

7                   (I) employers:

8                   (aa) with 50 employees or fewer; and

9                   (bb) who do not currently offer a retirement plan to their  
10                  employees; and

11                  (II) self-employed individuals;

12                  (ii) automatically enroll all employees of employers who choose  
13                  to participate in the MEP;

14                  (iii) allow employees the option of withdrawing their enrollment  
15                  and ending their participation in the MEP;

16                  (iv) be funded by employee contributions with an option for future  
17                  voluntary employer contributions; and

18                  (v) be overseen by a board that shall:

19                  (I) set programs terms;

20                  (II) prepare and design plan documents; and

1                    (III) be authorized to appoint an administrator to assist in the  
2                    selection of investments, managers, custodians, and other support services.

3                    ~~(B) if the Committee determines that a public retirement plan is~~  
4                    ~~necessary, feasible, and effective, the Committee shall study:~~

5                    ~~(i) potential models for the structure, management, organization,~~  
6                    ~~administration, and funding of such a plan;~~

7                    ~~(ii) how to ensure that the plan is available to private sector~~  
8                    ~~employees who are not covered by an alternative retirement plan;~~

9                    ~~(iii) how to build enrollment to a level where enrollee costs can~~  
10                   ~~be lowered;~~

11                   ~~(iv) whether such a plan should impose any obligation or liability~~  
12                   ~~upon private sector employers; The Committee, and thereafter the board that~~  
13                   ~~will oversee the MEP, shall study and make specific recommendations~~  
14                   ~~concerning:~~

15                   (i) options to provide access to retirement plans to individuals who  
16                   are not eligible to participate in, or choose not to participate in, the MEP public  
17                   retirement plan, including alternative plans and options vetted by the board that  
18                   shall oversee the MEP, and which private sector plans and options shall be  
19                   provided through a marketplace implemented no earlier than one year after the  
20                   MEP begins;

1                   (ii) options for paying for the costs of administering the MEP for  
2 the period during which program costs may exceed revenues, including  
3 allowing financial service providers to subsidize costs in exchange for longer  
4 term contracts;

5                   (iii) the composition, membership, and powers of the board that  
6 shall oversee the MEP if after three years there remain significant numbers of  
7 Vermonters who are not covered by a retirement plan, methods to increase  
8 participation in the MEP;

9                   (iv) if after three years there remain significant numbers of  
10 Vermonters who are not covered by a retirement plan, methods to increase  
11 participation in the MEP; and

12                   ~~(v)~~(iv) any other issue the Committee deems relevant.

13                   (2) The Committee shall:

14                   (A) continue monitoring U.S. Department of Labor guidance  
15 concerning State Savings Programs for Non-Governmental Employees  
16 regarding ERISA rules and other pertinent areas of analysis;

17                   (B) further analyze the relationship between the role of states and the  
18 federal government; and

19                   (C) continue its collaboration with educational institutions, other  
20 states, and national stakeholders.

1           (3) The Committee shall have the assistance of the staff of the Office of  
2 the Treasurer, the Department of Labor, and the Department of Disabilities,  
3 Aging, and Independent Living.

4           (d) Report. On or before January 15, 2018, the Committee shall report to  
5 the General Assembly its findings and ~~any~~ recommendations ~~for legislative~~  
6 ~~action~~. In its report, the Committee shall state its findings as to every factor set  
7 forth in ~~subdivision~~ subdivisions (c)(1)(A) ~~of this section, whether it~~  
8 ~~recommends that a public retirement plan be created, and the reasons for that~~  
9 ~~recommendation. If the Committee recommends that a public retirement plan~~  
10 ~~be created, the Committee's report shall include specific recommendations as~~  
11 ~~to the factors listed in subdivision~~ and (c)(1)(B) of this section.

12           (e) Meetings; term of Committee; Chair. The Committee may meet  
13 as frequently as necessary to perform its work and shall cease to exist on  
14 January 15, 2018. The State Treasurer shall serve as Chair of the Committee  
15 and shall call the first meeting.

16           (f) Reimbursement. For attendance at meetings, members of the  
17 Committee who are not employees of the State of Vermont shall be reimbursed  
18 at the per diem rate set in 32 V.S.A. § 1010 and shall be reimbursed for  
19 mileage and travel expenses.