



## House of Representatives State of Idaho

### HOUSE MINORITY LEADER

Dear Members of the Joint Legislative Oversight Committee:

Thank you for considering our request to complete a study on the preparedness of Idahoans to retire in a financially secure manner. We hope to explore ways the State of Idaho can reduce the regulatory and operational burden on small businesses who want to offer payroll deduction retirement savings options to employees. We would like to take this opportunity to share some information as to why it is so important for Idaho to act now.

#### **The Problem: There is a Retirement Crisis in Idaho**

The average Social Security benefit in Idaho is only about \$16,450 a year, older families average about \$18,000 a year on food, utilities, and health care alone. Nearly one in four Idahoans relied on Social Security for 90% or more of their income. Idaho taxpayers would save \$11.5 million on public assistance programs between 2018 and 2032 if lower-income retirees save enough to increase their retirement income by \$1,000 more per year.

About 54% of Idaho's private sector employees – approximately 290,000 individuals – work for an employer that does not offer a retirement plan, and certain groups are disproportionately impacted by this lack of access. *Employees are 15 times more likely to save merely by having access to a workplace retirement plan*, but often small businesses choose not to offer retirement plans to employees due to concerns about costs, complexity, time burdens, and potential liability. As the state of Idaho has a vested interest in helping people save their own money for retirement in order to be self-sufficient as they age, Idaho can reduce the regulatory and operational burden on small businesses who want to offer payroll deduction retirement savings options to employees.

In completing this study, we ask that the Committee identify and make recommendations in five areas concerning the preparedness of residents to retire in a financially secure manner including wealth distribution, liquid assets, and home ownership:


1. Complete an evaluation of options and processes for private sector employees having limited or no access to a retirement savings program at their places of employment.
2. More information regarding the demographics of employees in the state currently not participating in an employer sponsored retirement savings plan or program including: Geographic distribution, Age, Income level, Race, and Education level.
3. Ways the State of Idaho can reduce the regulatory and operational burden on small businesses who want to offer payroll deduction retirement savings options to employees through public private partnership; and
4. The Joint Legislative Oversight Committee share its report and recommendations during the 2020 legislative session.

Some information regarding this report can be researched through the following state entities:

- State Tax Commission: individuals reporting tax deferred contributions, w/ income level total & average contribution
- Department of Commerce: In-depth analysis of what types of businesses offer retirement plans
- Department of Labor: How retirement plan benefit packages impact job desirability or employee or help retain the workforce
- Health and Welfare: In-depth analysis of a cost savings to taxpayers from social safety net programs
- Small Business Development Center: small business requesting help in offering retirement plans and barriers small businesses face in offering a 401(k) retirement plan to their employees
- Workforce Development Council: How retirement savings availability can add to the stability of the workforce

This is a positive first step towards addressing retirement insecurity in Idaho. With the report, Idaho can make informed policy decisions and help identify, enact, and implement an Idaho solution to help Idahoans save for and reach a secure retirement.

Sincerely,



Representative Mat Erpelding



Senator Mark Harris



Representative Randy Armstrong



Representative Bill Goesling



Senator Dave Nelson



Senator Lee Heider



Representative Sage Dixon



Representative Kevin Andrus



Senator Jim Patrick



Representative Caroline Troy



Representative James Holtzclaw



Representative Ilana Rubel