



Office of the State Treasurer
109 State Street, 4th Floor
Montpelier, VT 05602
802-828-1451

Public Retirement Study Committee
11.16.2015

Public Retirement Study Committee— November 16, 2015
Room 10, Vermont State House
Montpelier, VT 05602

Committee Members in Attendance:

Beth Pearce, Chair, Vermont State Treasurer
Matt Barewicz, Vermont Department of Labor (Designee)
Robert Hooper, Appointed by the legislative Committee on Committees (Phone)
Rebecca Towne, Appointed by the legislative Committee on Committees
Dan Boardman, Appointed by the Speaker
Monica Hutt, Commissioner, Vermont Department of Disabilities, Aging & Independent Living (Phone)
Russ Bennet, Appointed by the Speaker

Also Attending:

Kathleen Kennedy Townsend, Founder, Center for Retirement Initiatives, McCourt School of Public Policy,
Georgetown University
Chris D'Elia, Vermont Bankers Association
Tim Lueders-Dumont, Office of the State Treasurer
Chris Rice, MMR Legal Services, LLC.
Ashley Moore, Main Street Alliance
John Mangan, Regional Vice President, American Council of Life Insurers (ACLI) (Phone)
Daniel Bryant, Regional Vice President, American Council of Life Insurers (ACLI)
George Malek, Central Vermont Chamber of Commerce
John Cronin, LPL Financial
Joanie Maclay, VSEA - RC
Sarah DeFelice, Owner, Bailey Road
Matt Birong, Owner, 3 Squares Café
Darren Allen, Vermont – NEA
Lindsay DesLauriers, Director, Main Street Alliance - Vermont



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CALL TO ORDER

Ms. Pearce called the meeting to order at 10:30 a.m.

ITEM 1: Opening Remarks and Approval of Minutes

Ms. Pearce gave an overview of the charge and deliverables of the Public Retirement Study Committee. Ms. Pearce noted that the focus of the meeting would be on how the issue of retirement security is being discussed in other states and nationally, as well as how Vermont businesses have contemplated retirement security for their employees.

Ms. Pearce cited an AARP study that noted 104,000 Vermonters do not have access to a retirement plan through employment. Ms. Pearce listed the guiding principles that the Public Retirement Study Committee listed in their report in January 2015:

- a. Simplicity—a plan should be easy for participants to understand
- b. Affordable—a plan should be administered to maximize cost-effectiveness and efficiency
- c. Ease of Access—the plan should be easy to join
- d. Trustworthy Oversight—the plan should be administered by an organization with unimpeachable credentials
- e. Protection from Exploitation—the plan should protect its participants, particularly the elderly, from unscrupulous business practices or individuals
- f. Portability—the plan should not depend upon employment with a specific firm or organization
- g. Choice—the plan should provide sufficient investment alternatives to be suitable for individuals with distinct goals, but not too many options to induce “analysis paralysis”
- h. Voluntary—the plan should not be mandatory; however, auto-enrollment may increase participation
- i. Financial Education and Financial Literacy—the plan should assist the individual in understanding their financial situation
- j. Sufficiency Savings—encourage adequate savings in retirement combined with existing pension savings and social security
- k. Additive not Duplicative—the plan should not compete with existing private sector solutions
- l. Able to use pre-tax dollars



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ITEM 2: Presentation by Kathleen Kennedy Townsend

Ms. Pearce introduced Ms. Kennedy Townsend. Ms. Townsend gave an overview of the national issue of retirement security. Ms. Townsend also noted that the U.S. Department of Labor (DOL) would be releasing guidance concerning ERISA later today.

Ms. Townsend noted longer life-expectancy, insufficient savings, and access to employer based retirement options as contributing factors to the growing issue of retirement security. Ms. Townsend noted economies of scale as an important factor for groups considering retirement options. Ms. Townsend discussed the barriers that face small businesses. Ms. Townsend discussed the different state plans that have been enacted and differences between them. Ms. Townsend noted positive features of a savings-plans and emphasized simplicity and ease-of-access as key to potential success.

Ms. Townsend noted three different possible plan designs:

- Individual Retirement Account (Non-ERISA)
- Multiple Employer ERISA Plan (Similar to 401K)
- Clearinghouse/Exchange/Marketplace

The group and Ms. Townsend discussed different aspects of a potential plan as well as questions that are likely to be addressed by DOL in pending rules.

ITEM 3: Presentation by John Mangan, Regional Vice President, American Council of Life Insurers (ACLI) and Daniel Bryant, Regional Vice President, American Council of Life Insurers (ACLI)

Ms. Pearce introduced Mr. Mangan and Mr. Bryant of the American Council of Life Insurers. Mr. Mangan and Mr. Bryant gave an overview of ACLI's position concerning state-sponsored retirement plan options for individuals in the private sector. Mr. Mangan updated the Committee on the status of related legislative efforts in other states, noted concerns regarding mandating a plan, and stated that any proposed plan should be voluntary. Mr. Mangan also noted that promotion of the federal myRA program and other initiatives such as



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financial literacy should be considered in lieu of a new state-sponsored plan. Mr. Bryant and Mr. Mangan emphasized that a public/private partnership should be considered for any potential plan.

ITEM 3: Vermont Businesses

Ms. Pearce introduced Mr. Birong who is the Owner of 3 Squares Café. Mr. Birong noted that there is a need for state support in assisting small businesses with retirement options. Mr. Birong cited that middle and lower-income Vermonters are in need of support regarding retirement security. Mr. Birong and the group discussed the barriers facing small businesses as well as the importance of simplicity and ease-of-access regarding any future plan provided or assisted by the State.

Ms. Pearce introduced Mr. Malek of the Central Vermont Chamber of Commerce. Mr. Malek noted that he is an advocate of a Simple IRA and Roth IRA. Mr. Malek expressed concern with the State becoming involved in this topic. Mr. Malek advocated for Vermonters to use existing resources currently available.

Ms. Pearce introduced Ms. DeFelice who owns Bailey Road. Ms. DeFelice gave a description of her business and the importance of a system that is easy to use and not a burden to small businesses. Ms. DeFelice and the group discussed how employees of different ages might interact with a potential system and the importance of understanding how a younger employee and an older employee might differ in what a plan should offer. Ms. DeFelice gave a description of what she would like to see in a potential plan.

ITEM 4: Open Discussion and Public Comment

The Committee discussed next steps and potential barriers for businesses. The group discussed the importance of financial education and financial literacy in partnership with any retirement plan.

The Committee discussed outlining a work plan and next steps in preparation for the report due on January 15, 2016.

ITEM 4: Adjournment



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Ms. Pearce moved to adjourn the meeting. Mr. Boardman seconded the motion. A roll call was taken and the Committee unanimously voted to adjourn.