

Colorado Secure Savings Program (SB20-200)

Testimony to the Senate Finance Committee

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Thank you for the opportunity to testify today. I am Tyler Jaeckel, the director of policy and research at the Bell Policy Center. The Bell Policy Center provides policymakers, advocates, and the public with reliable resources to create a practical policy agenda that promotes economic mobility for every Coloradan.

The Bell Policy Center supports SB20-200, the Colorado Secure Savings Program, a state-facilitated partnership to offer workplace retirement savings plans for private sector workers without access to one.

The COVID-19 pandemic has had devastating effects on our economy and further demonstrated the inequities that existing within our workplaces. We now see what happens when Coloradans don't have access to workplace benefits that help them build financial independence and security. Access to low-fee retirement accounts is one of those benefits.

If this crisis has shown us anything, it's that workers need easier ways to save and create financial security, both for emergencies and the long term. During the pandemic, penalties were reduced for those with retirement accounts, allowing them to withdraw funds to keep a roof over their heads or food on the table. However, for those without a retirement savings account, pulling from savings to address immediate financial needs wasn't an option.

Colorado, like the rest of the nation, continues to face a retirement crisis. **Yet nearly half of private sector workers (over 900,000 Coloradans) don't have a workplace plan.**

The average American has only \$5,000 in retirement savings and studies show boosting savings by even 10 percent creates significantly more financial stability for people when they are unable to continue working. We must do more as a state to ensure every worker has access to and takes advantage of a strong option for saving for retirement.

Colorado's younger, minority, and workers with low wages are disproportionately affected. Forty-eight percent of workers between the age of 25 and 29, 46 percent of workers between the age of 30 and 34, and 41 percent of workers between the age of 35 and 39 lack access to a retirement program at work. Forty-six percent of African-American workers and 59 percent of Latinx workers lacking access to a retirement program at work. Sixty-nine percent of Colorado's workers in the lowest income quintile and 40 percent of Colorado's workers in the second lowest income quintile have no access to a retirement program at work

The major reason many workers do not participate in retirement savings programs is because their employers do not offer them. Experts on retirement recommend that the best way to increase retirement savings is to enroll all employees in a workplace savings program with the right to opt out. **Workers are 15 times more likely to save for retirement when they have access to an automatic enrollment savings program at work.**

A Secure Savings Plan that auto enrolls employees is the most effective way for Colorado to address our retirement crisis without placing a large burden on small businesses. Businesses in Oregon, the first state to create such a plan, overwhelmingly support the new system. So do employees. Over 75 percent of the people automatically enrolled continue to participate.

The Colorado Secure Savings Program will help state and local governments by increasing the savings held by Coloradans entering retirement. This will reduce the number of seniors needing financial assistance and help with housing and Medicaid in retirement. [The Colorado Secure Savings Plan Board found](#) **doing nothing will cost the state of Colorado nearly \$10 billion in lost revenue and increased expenditures, in addition to losing \$6 billion in economic activity.** The impact to Colorado's local governments is more than \$280 million between now and 2035.

To increase savings, six states — California, Connecticut, Illinois, Maryland, New Jersey, and Oregon — have already approved programs that offer workers easy access to investment retirement accounts if they don't have plans at work.

The time for passing a program in Colorado is now. It's the right move to help employers do right by their employees and the Colorado economy. If we don't, the costs to Colorado in the future will be devastating.