HB 239-FN-A - AS INTRODUCED

2015 SESSION

15-0753 10/03

HOUSE BILL 239-FN-A

AN ACT establishing a statutory commission to study the creation of a state retirement

security program and making an appropriation therefor.

SPONSORS: Rep. Danielson, Hills 7; Rep. Cohen, Hills 30; Sen. Bradley, Dist 3; Sen. Feltes,

Dist 15

COMMITTEE: Finance

ANALYSIS

This bill establishes a statutory commission to study the creation of a state retirement security program for New Hampshire residents who do not have access to an employer-sponsored plan. The bill makes an appropriation for the purposes of the study.

Explanation: Matter added to current law appears in bold italics.

Matter removed from current law appears [in brackets and struckthrough.]

Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Fifteen

AN ACT establishing a statutory commission to study the creation of a state retirement security program and making an appropriation therefor.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 New Chapter; Statutory Commission on Retirement Security. Amend RSA by inserting after chapter 11 the following new chapter:

3 CHAPTER 11-A

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STATUTORY COMMISSION ON RETIREMENT SECURITY

- 11-A:1 Commission Established. To overcome the challenges faced by New Hampshire residents who want to save and prevent the potential strain on public social services, funded by taxpayers resulting from inadequate savings rates for all New Hampshire residents, and because approximately 45 percent of New Hampshire workers do not have access to an employer sponsored retirement plan, a commission is hereby established to conduct a study of the creation of a retirement security program with the following characteristics:
- I. Voluntary participation with auto-enroll. Employees should be automatically enrolled upon employment with the right to opt out.
- II. Contributions from payroll deductions. Defined contribution amounts should be made from employee payroll deductions.
- III. Tax benefit. The plan should meet the requirements to qualify for federal tax deductions for the participants.
 - IV. No required employer contribution. Employers should not be required to contribute to employee accounts.
- V. Reports to participants. Accounts should be individual and account information should be regularly reported to each participant.
 - VI. Portability. Accounts should be portable, allowing participants to maintain their accounts from one job to the next and during periods of unemployment or self-employment.
- VII. Pooled and professionally managed. Funds should be pooled and professionally managed to maximize returns for participants.
- VIII. Self-sustaining. The costs to manage the accounts should be paid from employee payroll contributions and/or earnings.
 - IX. Auto escalation of contribution levels with employee control.
 - 11-A:2 Membership. The commission shall consist of the following members:
- I. One member appointed by the governor, who shall serve as the chairperson of the commission.

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- II. One member of the house of representatives appointed by the speaker of the house of representatives.
- 3 III. One member of the senate appointed by the president of the senate.
- 4 IV. The state treasurer, or the treasurer's designee.
- V. The executive director of the New Hampshire retirement system, or the executive director's designee.
- VI. A representative of state's 529 plan, the college tuition savings plan under RSA 195-H, appointed by the New Hampshire college tuition savings plan advisory commission.
- 9 11-A:3 Duties; Meetings.
- I. The commission shall study the creation of a retirement security program as described in RSA 11-A:1 and may employ experts and contract for services in furtherance of its mission.
- 12 Legislative members of the commission shall receive mileage at the legislative rate.
- II. The chairperson of the commission shall call meetings as necessary. The commission shall prepare a report to be submitted to the governor, the speaker of the house of representatives, the president of the senate, and the state library, by November 1, 2015.
- 2 Appropriation; Retirement Savings Plan. The sum of \$100,000 for the biennium ending June 30, 2017 is hereby appropriated to the statutory commission on retirement security. The governor is authorized to draw a warrant for said sum out of any money in the treasury not otherwise appropriated.
- 20 3 Repeal; 2017. RSA 11-A, relative to the statutory commission on retirement security, is repealed.
- 22 4 Effective Date.
- I. Section 3 of this act shall take effect July 1, 2017.
- 24 II. The remainder of this act shall take effect upon its passage.

HB 239-FN-A - FISCAL NOTE

AN ACT

establishing a statutory commission to study the creation of a state retirement security program and making an appropriation therefor.

FISCAL IMPACT:

The Office of Legislative Budget Assistant states this bill, <u>as introduced</u>, will increase state general fund expenditures by \$100,000 in FY 2016. There will be no impact on county and local expenditures, or state, county, and local revenue.

This bill appropriates \$100,000 from the state general fund for the biennium ending June 30, 2017 to the statutory commission on retirement security.

METHODOLOGY:

The Office of Legislative Budget Assistant states this bill appropriates \$100,000 to a newly created statutory commission on retirement security for the FY 2016/17 biennium. The bill charges the commission with studying the creation of a retirement security program for workers who do not have an employer-sponsored retirement plan.