

Public Retirement Working Group:

Committee Will Recommend State Create Retirement Plan for Private Sector Workers

By STEVE ZIND

A study committee created by the legislature will recommend that lawmakers create a public retirement program. The program would be designed for Vermont workers whose employers don't offer them.

According to a 2015 AARP study, 45 percent of Vermont businesses, employing a total of 104,000 people, don't offer workers access to a retirement plan.

Many don't save on their own and they end up with little set aside for retirement.

State Treasurer Beth Pearce who chairs the Public Retirement Study Committee says the group will recommend that lawmakers create a public plan for businesses with fewer than 50 employees that currently don't have a way for workers to invest in their retirement.

Pearce says the idea is to save businesses the expense of offering their own retirement plan.

"Our review is that a lot of smaller employers do not have the administrative time for plans. We think this will be helpful in terms of increasing employee participation," she says.

The retirement plan the committee is recommending is called an open multiple employer plan.

Unlike an Individual Retirement Account, the multiple employer plan would allow businesses to make matching contributions.

There would be an option for employees to participate in a plan if their employer decides not to.

Pearce says the committee envisions having a vendor administer the plan for a fee levied on contributions.

The committee is recommending that participation by businesses be voluntary, although the final report to the legislature will include a call by some members to make participation mandatory.

According to the Pew Charitable Trusts, more than half of the states have introduced legislation to study or create state-sponsored retirement savings programs. The Pew analysis says Illinois, Massachusetts, Oregon, New Jersey, and Washington have enacted state programs.