

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR



JADE T. BUTAY
DIRECTOR

WILLIAM G. KUNSTMAN
DEPUTY DIRECTOR

**STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
830 PUNCHBOWL STREET, ROOM 321
HONOLULU, HAWAII 96813**

**HAWAII RETIREMENT
SAVINGS BOARD**

Co-Chairs
Jade T. Butay
Luis Salaveria

Members
Jessie Keola Dean
Barbara Krieg
Andrew Nomura
Brian Taniguchi
Karen Yasukawa
Senator Henry J.C. Aquino
Representative Andrew Garrett

**HAWAII RETIREMENT SAVINGS
BOARD MEETING**

AGENDA

Date: January 28, 2025

Time: 1:00 p.m.

In-Person Meeting Location: Princess Ruth Ke'elikolani Building
830 Punchbowl Street, Room 321
Honolulu, Hawaii 96813

Virtual Participation: Virtual Videoconference Meeting – Zoom Meeting (Link below)

<https://us02web.zoom.us/j/83857463165?pwd=CKkaiNHHTovZpVaurEFUIG2w3VU7y.1>

Phone: +1 669-444-9171

Meeting ID: 838 5746 3165

Passcode: 766008

Agenda: The agenda was posted to the State electronic calendars as required by §92-7(b), Hawaii Revised Statutes (“HRS”).

Board Meeting Materials: Meeting materials are available for review at <https://labor.hawaii.gov/hrsp/board-meetings/>.

If you wish to submit written testimony on any agenda item, please email your testimony to dlir.hrsp@hawaii.gov or by hard copy mail to: Attn: Hawaii Retirement Savings Program, 830 Punchbowl Street, Room 321, Honolulu, HI 96813. We request submission of testimony at least 24 hours prior to the meeting to ensure that it can be distributed to the Board members.

INTERNET ACCESS:

To view the meeting and provide live oral testimony, please use the link at the top of the agenda. You will be asked to enter your name. The Board requests that you enter your full name, but you may use a pseudonym or other identifier if you wish to remain anonymous. You will also be asked for an email address. You may fill in this field with any entry in an email format, e.g., ****@***mail.com.

Your microphone will be automatically muted and video will be turned off. When the Chairperson asks for public testimony, you may click the Raise Hand button found on your Zoom screen to indicate that you wish to testify about an agenda item. You will individually be enabled to unmute your microphone, turn on your video if you choose to, and testify. When recognized by the Chairperson, please unmute your microphone and turn on your video if you choose to before speaking and mute your microphone and turn off your video after you finish speaking.

PHONE ACCESS:

If you cannot get internet access, you may get audio-only access by calling the Zoom Phone Number listed at the top on the agenda. Upon dialing the number, you will be prompted to enter the Meeting ID which is also listed at the top of the agenda. After entering the Meeting ID, you will be asked to wait to be admitted into the meeting.

When the Chairperson asks for public testimony, you may indicate you want to testify by entering “*” and then “9” on your phone’s keypad. After entering “*” and then “9”, a voice prompt will let you know that the host of the meeting has been notified. When recognized by the Chairperson, you may unmute yourself by pressing “*” and then “6” on your phone. A voice prompt will let you know that you are unmuted. Once you are finished speaking, please enter “*” and then “6” again to mute yourself.

For both internet and phone access, when testifying, you will be asked to identify yourself and the organization, if any, that you represent. Each testifier will be limited to five minutes of testimony per agenda item. Pursuant to Act 12, SLH 2024, the Board may remove or block any person who willfully disrupts or compromise the conduct of the meeting.

If connection to the meeting is lost for more than 30 minutes, the meeting will be continued on a specified date and time. This information will be provided on the Board’s website at <https://labor.hawaii.gov/hrsp/board-meetings/>.

Instructions to attend State of Hawaii virtual board meetings may be found online at <https://labor.hawaii.gov/wp-content/uploads/2025/01/State-of-Hawaii-Virtual-Board-Attendee-Instructions.pdf>.

I. Call Meeting to Order

II. Approval of the Minutes

A. October 21, 2024, Open Session Meeting Minutes

III. 2025 Legislative Session

A. Legislation

i. H.B. 1136 RELATING TO HAWAII RETIREMENT SAVINGS ACT

Clarifies the definition of "covered employer" under the Hawai'i Retirement Savings Act. Requires covered employers to automatically enroll covered employees into the Hawai'i Retirement Savings Program unless the covered employee chooses to opt out. Effective upon approval.

ii. S.B. 1455 RELATING TO RELATING TO HAWAII RETIREMENT SAVINGS ACT

Clarifies the definition of "covered employer" under the Hawai'i Retirement Savings Act. Requires covered employers to automatically enroll covered employees into the Hawai'i Retirement Savings Program unless the covered employee chooses to opt out. Effective upon approval.

iii. H.B. 847 RELATING TO HAWAII RETIREMENT SAVINGS ACT

Clarifies the definition of "covered employer" under the Hawai'i Retirement Savings Act. Requires covered employers to automatically enroll covered employees into the Hawai'i Retirement Savings Program unless the employee chooses to opt out. Repeals the limit on the total fees and expenses that can be spent for the Program each year. Appropriates funds to the Department of Labor and Industrial Relations for the development and operation of the Program.

iv. S.B. 855 RELATING TO HAWAII RETIREMENT SAVINGS ACT

Clarifies the definition of "covered employer" under the Hawai'i Retirement Savings Act. Requires covered employers to automatically enroll covered employees into the Hawai'i Retirement Savings Program unless the employee chooses to opt out. Repeals the limit on the total fees and expenses that can be spent for the Program each year. Appropriates funds to the Department of Labor and Industrial Relations for the development and operation of the Program.

B. Legislative Liaison(s)

The Board will consider appointing legislative liaison(s) to assist in providing position and testifying on legislative proposals.

IV. Executive Director Report

A. 2025 Board Meeting Schedule

**V. Next Meeting: February 18, 2025
Virtual Videoconference Meeting – Zoom Meeting
and**

In-Person Princess Ruth Ke'elikolani Building
830 Punchbowl Street, Room 321
Honolulu, Hawaii 96813

VI. Adjournment

Reasonable accommodations for people with disabilities are available upon request. Requests for accommodations should be submitted via email to david.j.rodriquez@hawaii.gov or by calling David Rodriguez at (808) 586-8855 (voice) as soon as possible. Such requests should include a detailed description of the accommodation needed. In addition, please include a way for David Rodriguez to contact the requester if more information is needed to fulfill the request. Last minute requests will be accepted but may not be possible to accommodate. Upon request, this notice is available in alternate formats.

**Agenda Item II.A.
Approval of the Minutes: October 21,
2024, Open Session Meeting Minutes**

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HAWAII RETIREMENT SAVINGS PROGRAM BOARD MEETING

MINUTES

October 21, 2024
2:30 PM

I. Call Meeting to Order

Co-Chair Kunstman called the meeting to order at 2:30 p.m. on Monday, October 21, 2024, at the Ke'elikolani Building, Room 321, 830 Punchbowl St., Honolulu, HI 96813.

Quorum (6): Co-Chairs Bill Kunstman & Luis Salaveria, Members Keola Dean, Barbara Krieg, & Karen Yasukawa; Representative Andrew Takuya Garrett & Senator Henry J.C. Aquino.

Others in attendance: Keali'i Lopez, AARP, Michael Moriyama, Deputy Attorney General, Jenesis Finks, DLIR Intern, Tri Pham, DLIR IT support.

II. Approval of the Minutes of the May 20, 2024 Meeting

Co-Chair Kunstman inquired if there were any corrections to the minutes of the May 20th, 2024, meeting that had been distributed. The minutes were approved.

III. Public Comment Period for Agenda Items

Co-Chair Kunstman solicited testimony from the public and none was offered at this time.

IV. Executive Session (closed to the public)

- A. Personnel: (To consider the hire, evaluation, dismissal, or discipline of an officer or employee, where consideration of matters affecting privacy will be involved, pursuant to Section 92-5(a)(2), Hawaii Revised Statutes (HRS))

- i. Approval of the Co-Chairs' Employment of an Executive Director
Pursuant to Sections 389-3(f) and 389-4(a)(20), HRS

Co-Chair Salaveria moved to convene into executive session, seconded by Barbara

Krieg, and with all members present voting in the affirmative, the board approved convening in executive session to consider the hire, evaluation, dismissal, or discipline of an officer or employee or of charges brought against the officer or employee, where consideration of matters affecting privacy will be involved, pursuant to Section 92-5(a)(2), HRS.

The meeting recessed at 2:36 p.m.

Co-Chair Kunstman called the meeting back to order at 2:57 p.m. and announced that the board met in executive session to discuss and determine the matters as stated on the agenda.

V. Hiring of the Executive Director

A. Report of Boards' Decision on Approving Co-Chairs' Employment of an Executive Director Pursuant to Sections 389-3(f), 389-4(a)(20), and 92-5(a)(2), HRS

The Board voted to approve the Co-Chair's employment of the Executive Director candidate. However, HRS 26-35(a)(4) gives final authority to hire the executive director to the Director of Labor and Industrial Relations. It is therefore possible that the candidate will not be approved by the DLIR Director. As a result and due to the protected privacy rights of the candidate under the Sunshine Law (HRS 92-5(a)(2)), the Board will not be making an announcement regarding the hiring of the Executive Director until after the DLIR Director approves of the hiring.

Co-Chair Kunstman solicited testimony from the public.

Participant Keali'i Lopez inquired as to why the Director of Labor and Industrial Relations still needs to approve even though the Director was involved in the process. Co-Chair Salaveria explained that the final hiring authority lies with the Director and Co-Chair Kunstman explained that the candidate still had to clear all the usual checks of persons being hired by the State.

VI. Delegation of Authority to Exercise Powers and Duties

A. Approval to Delegate Partial Authority to the Executive Director to Exercise the Powers and Duties of the Hawaii Retirement Savings Board under Section 389-4, HRS, Pursuant to Section 389-3(f), HRS

Co-Chair Kunstman noted that HRS 389-4(20) and 389-3(f) allow the Board to delegate authority to an Executive Director. This delegation can be made to a position and not just to a person. This agenda item was discussed in a previous meeting on December 15, 2023. To summarize that previous discussion, the Board concluded that it was unlikely that the Board would want to delegate all the powers and duties of HRS 389-4 but probably hand off day-to-day operations to the Executive Director whilst setting policies. Moreover, the Board has discussed having an Executive Director analyze HRS 389-4 and program needs and develop delegation recommendations for the Board's consideration.

Co-Chair Kunstman solicited testimony from the public and none was offered.

Co-Chair Kunstman asked the Board about the Executive Director spending all or part of the Board's appropriation. Member Krieg stated that if anything the discussion involved whether to set an amount.

Co-Chair Kunstman noted that the current budget totaled \$259,064. Member Dean moved to approve the Executive Director being authorized to spend the whole appropriation, seconded by Member Krieg and the motion carried with all members present voting in the affirmative.

Co-Chair Kunstman inquired regarding approval for the Executive Director to hire staff. Member Yasukawa moved to approve hiring authority for the Executive Director, seconded by Member Dean and the motion carried with all members present voting in the affirmative.

Co-Chair Kunstman asked about the authority for the Executive Director to enter into contracts. Member Krieg stated that although Board meetings should become more frequent, a relatively low amount of authorization would allow the Executive Director to start up program operations until further discussions could occur with the Board. Co-Chair Salaveria suggested a \$20,000 contract limit as appropriate. Member Dean inquired about budget items and how much was slated for contracts. Co-Chair Salaveria noted that it was a small amount but that payroll savings could be used to get the program off the ground subject to approval by the Board. Member Dean moved to approve authority for the Executive Director to spend up to \$20,000 on contractual services, seconded by Co-Chair Salaveria and the motion carried with all members present voting in the affirmative.

Co-Chair Kunstman asked about the authority for the Executive Director to conduct outreach. Member Krieg moved to approve of the authority for the Executive Director to conduct outreach, seconded by Member Dean and the motion carried with all members present voting in the affirmative.

Co-Chair Kunstman asked about the authority for the Executive Director to represent the Board with and before the Legislature. Co-Chair Kunstman noted that there is a standing authority for two Board members to represent the Board with the Legislature (Kunstman, Taniguchi) and that can still stand, and the Board may also delegate to the Executive Director.

Member Krieg asked for clarification regarding the authority, wouldn't the Executive Director need to obtain approval for policies from the Board? Co-Chair Kunstman replied yes and remarked that the Board had a standing policy of supporting "opt-out" legislation. Member Krieg moved to approve of the authority for the Executive Director to represent the Board with the Legislature, seconded by Member Dean and the motion carried with all members present voting in the affirmative.

Co-Chair Kunstman, referencing HRS 389-4, asked if there were any other provisions the Board would like to discuss in delegating partial authority to the Executive Director. Co-Chair Salaveria stated the delegations voted upon today were sufficient for now and more or less covered the administrative functions of the Board but there are going to be other things like an investment policy that at some point in time. Co-Chair Kunstman remarked that there will probably be more frequent

board meetings and it will be easier to address items as they crop up when an Executive Director comes on and starts to run the program, operational things, and there will be ample opportunity to have further discussion on the delegation of authority.

VII. Budget

A. FY 2024-25 Fiscal Report

Co-Chair Kunstman reported that no funds have been expended in the current fiscal year.

Co-Chair Kunstman solicited testimony from the public and none was offered.

B. Hawaii Retirement Savings Special Fund Lapse

Co-Chair Kunstman solicited testimony from the public. Participant Keali'i Lopez inquired about the status. Co-Chair Kunstman reported that the funds did lapse at the end of the fiscal year. Member Krieg stated she thought it was placed in special fund so it wouldn't lapse? Co-Chair Salaveria reported that it wasn't deposited into the special fund. Member Krieg asked if there was any particular reason for that? Co-Chair Salaveria stated that there were decisions that were made with regards to the overall financial plan and where the State was at that time, and it was factored in, and the Board could request the funds again at a later date. Senator Aquino asked if the department made the request to transfer the funds and Co-Chair Kunstman answered in the affirmative. Participant Keali'i Lopez stated she understood but was disappointed from her organization's perspective. Discussions with the Legislature involved identifying those funds as matching funds for the program as currently designed—opting-in—to encourage participation and the Legislature did not pass the change to opting-out. Co-Chair Salaveria remarked that as a Board member here we as a Board do recognize that an opt-out provision would make the utilization of the program much higher and alleviate a lot of pressure on the Board and the Executive Director—there is a policy call involved as to what the program should be, and we can push for that.

C. Fiscal Biennium 2025-27 Executive Budget Request

Co-Chair Kunstman stated that the budget requests were due to the Department of Budget and Finance on October 11 and the department asked for the same budget as in the current fiscal year except for an increase of \$30,000 in the Executive Director's salary.

Co-Chair Kunstman solicited testimony from the public and none was offered.

VIII. 2025 Legislature

A. 2025 Legislation

i. Board Policy on Enrollment Participation (Opt-In, Opt-Out)

Co-Chair Kunstman stated that there is a current Board policy supporting legislation to change the statute to opt-out and as previously noted there's no money in the special fund to support opt-in. Member Krieg asked if there was a departmental legislative proposal and

Co-Chair Kunstman replied that the department had not in considering the Board had not yet met to discuss considering current circumstances.

Member Dean moved to have the DLIR submit a bill to the Legislature identical to the measure from last year and including the amendment to the definition of employer, seconded by Member Krieg and the motion carried with all members present voting in the affirmative.

Co-Chair Kunstman solicited testimony from the public and none was offered.

IX. Announcements

A. Next Meeting to be Determined

Co-Chair Salaveria suggested that one more board meeting occur before the next legislative session and hopefully with the new Executive Director.

X. Adjournment

DRAFT

Agenda Item III
2025 Legislative Session

| BILL | REPORT TITLE | MEASURE TITLE | DESCRIPTION | STATUS | INTRODUCER(S) | CURRENT | COMPANION | COMMENTS/NOTES |
|------------------------|---|--|--|---------------------------------|--|---------|------------------------|-------------------------------|
| HB1136 | Hawai'i Retirement Savings Act; Hawai'i Retirement Savings Program; Covered Employer; Definition; Automatic Enrollment; Opt-out Option | RELATING TO HAWAII RETIREMENT SAVINGS ACT. | Clarifies the definition of "covered employer" under the Hawai'i Retirement Savings Act. Requires covered employers to automatically enroll covered employees into the Hawai'i Retirement Savings Program unless the covered employee chooses to opt out. Effective upon approval. | H 1/21/25 Pending introduction | NAKAMURA (Introduced by request of another party) | | SB1455 | Admin Bill/Governor's Package |
| SB1455 | Hawai'i Retirement Savings Act; Hawai'i Retirement Savings Program; Covered Employer; Definition; Automatic Enrollment; Opt-out Option | RELATING TO HAWAII RETIREMENT SAVINGS ACT. | Clarifies the definition of "covered employer" under the Hawai'i Retirement Savings Act. Requires covered employers to automatically enroll covered employees into the Hawai'i Retirement Savings Program unless the covered employee chooses to opt out. Effective upon approval. | S 1/21/25 Pending introduction | KOUCHI (Introduced by request of another party) | | HB1136 | Admin Bill/Governor's Package |
| HB847 | DLIR; Hawai'i Retirement Savings Act; Hawai'i Retirement Savings Program; Covered Employer; Definition; Automatic Enrollment; Opt-Out Option; Appropriations (\$) | RELATING TO HAWAII RETIREMENT SAVINGS ACT. | Clarifies the definition of "covered employer" under the Hawai'i Retirement Savings Act. Requires covered employers to automatically enroll covered employees into the Hawai'i Retirement Savings Program unless the employee chooses to opt out. Repeals the limit on the total fees and expenses that can be spent for the Program each year. Appropriates funds to the Department of Labor and Industrial Relations for the development and operation of the Program. | H 1/21/25 Pending introduction | SAYAMA, CHUN, GARRETT, GRANDINETTI, ICHIYAMA, KEOHOKAPU-LEE LOY, KILA, KUSCH, LAMOSAO, LEE, M., LOWEN, MARTEN, MATAYOSHI, MIYAKE, OLDS, QUINLAN, TAKAYAMA, TAM, TODD | | | AARP Measure |
| SB855 | DLIR; Hawai'i Retirement Savings Act; Hawai'i Retirement Savings Program; Covered Employer; Definition; Automatic Enrollment; Opt-Out Option; Appropriations (\$) | RELATING TO HAWAII RETIREMENT SAVINGS ACT. | Clarifies the definition of "covered employer" under the Hawai'i Retirement Savings Act. Requires covered employers to automatically enroll covered employees into the Hawai'i Retirement Savings Program unless the employee chooses to opt out. Repeals the limit on the total fees and expenses that can be spent for the Program each year. Appropriates funds to the Department of Labor and Industrial Relations for the development and operation of the Program. | S 1/21/25 Passed first reading. | AQUINO, CHANG, FEVELLA, KIDANI, KIM, MORIWAKI, Richards, Wakai | | | AARP Measure |

Agenda Item III.A.i.
H.B. 1136 RELATING TO HAWAII
RETIREMENT SAVINGS ACT



HB1136

Measure Title: RELATING TO HAWAII RETIREMENT SAVINGS ACT.

Report Title: Hawai'i Retirement Savings Act; Hawai'i Retirement Savings Program; Covered Employer; Definition; Automatic Enrollment; Opt-out Option

Description: Clarifies the definition of "covered employer" under the Hawai'i Retirement Savings Act. Requires covered employers to automatically enroll covered employees into the Hawai'i Retirement Savings Program unless the covered employee chooses to opt out. Effective upon approval.

Companion: [SB1455](#)

Package: Governor

Current Referral:

Introducer(s): NAKAMURA (Introduced by request of another party)

| Sort by Date | Status Text |
|------------------------------|-----------------------|
| 1/21/2025 H | Pending introduction. |

S = Senate | H = House | D = Data Systems | \$ = Appropriation measure | ConAm = Constitutional Amendment

Some of the above items require Adobe Acrobat Reader. Please visit [Adobe's download page](#) for detailed instructions.

HB1136

H.B. NO. 1136

A BILL FOR AN ACT

RELATING TO HAWAII RETIREMENT SAVINGS ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purposes of this Act are to:

2 (1) Clarify the definition of "covered employer" in the
3 Hawaii Retirement Savings Act; and

4 (2) Amend and align provisions of the Hawaii retirement
5 savings program, the state-facilitated payroll-
6 deduction retirement savings plan for private sector
7 employees in Hawaii who do not have access to
8 employer-sponsored retirement plans, to require
9 automatic enrollment unless the employee opts out.

10 SECTION 2. Section 389-2, Hawaii Revised Statutes, is
11 amended by amending the definition of "covered employer" to read
12 as follows:

13 "Covered employer" means any person who is in business in
14 the State and has one or more individuals in employment.

15 "Covered employer" does not include:

16 (1) The United States;

17 (2) The State or any of its political subdivisions; or

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1 (3) A person that has [~~been maintaining~~] offered or
2 maintained for some or all employees at any time
3 during the preceding two years a retirement plan that
4 is tax-qualified under or is described in and
5 satisfies the requirements of section 401(a), 401(k),
6 403(a), 403(b), 408(k), or 408(p) of the Internal
7 Revenue Code."

8 SECTION 3. Section 389-4, Hawaii Revised Statutes, is
9 amended by amending subsections (a) and (b) to read as follows:

10 "(a) The board shall have powers and duties in accordance
11 with law to:

12 (1) Establish, implement, and maintain the program;

13 (2) Cause the program and arrangements and accounts
14 established under the program to be designed,
15 established, and operated:

16 (A) In accordance with best practices for retirement
17 savings vehicles;

18 (B) To encourage participation, saving, sound
19 investment practices, and appropriate selection
20 of default investments;

21 (C) To maximize simplicity and ease of administration
22 for employers;

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- 1 (D) To minimize costs, including by collective
2 investment and other measures to achieve
3 economies of scale and other efficiencies in
4 program design and administration;
- 5 (E) To promote portability of benefits; and
- 6 (F) To avoid preemption of the program by federal
7 law;
- 8 (3) Arrange for collective, common, and pooled investment
9 of assets of the program;
- 10 (4) Determine the eligibility of an employer, employee, or
11 other individual to participate in the program;
- 12 (5) Ensure the program's compliance with all applicable
13 laws and regulations;
- 14 (6) Establish procedures for the timely and fair
15 resolution of participant and other disputes related
16 to accounts or program operation;
- 17 (7) Develop and Implement:
- 18 (A) An investment policy that defines the program's
19 investment objectives and that is consistent with
20 the objectives of the program; and
- 21 (B) Other policies and procedures consistent with
22 those investment objectives;

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- 1 (8) Cause expenses incurred to initiate, implement,
2 maintain, and administer the program to be paid from
3 the program and other available sources;
- 4 (9) Establish and collect application, account, and
5 administrative fees;
- 6 (10) Accept grants, gifts, donations, legislative
7 appropriations, loans, and other moneys from the
8 State, any unit of federal, state, or local
9 government, or any other person to defray the costs of
10 administering and operating the program;
- 11 (11) Enter into contracts pursuant to chapter 103D for
12 services that the board deems necessary to carry out
13 the purposes of this chapter, including:
- 14 (A) Services of private and public financial
15 institutions, depositories, consultants,
16 actuaries, counsel, auditors, investment
17 advisors, investment administrators, investment
18 management firms, other investment firms, third-
19 party administrators, other professionals and
20 service providers;
- 21 (B) Research, technical, financial, administrative,
22 and other services; and

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- 1 (C) Services of other state agencies to assist the
2 board in the exercise of its powers and duties;
- 3 (12) Develop and implement an outreach plan to gain input
4 and disseminate information regarding the program and
5 retirement savings in general;
- 6 (13) Cause moneys to be held and invested and reinvested
7 under the program;
- 8 (14) Ensure that all contributions to individual retirement
9 accounts under the program may be used only to:
- 10 (A) Pay benefits to participants under the program;
11 (B) Pay the cost of administering the program; and
12 (C) Make investments for the benefit of the program;
13 provided that no assets of the program shall be
14 transferred to the general fund of the State or
15 to any other fund of the State or otherwise
16 encumbered or used for any purpose other than
17 those specified in this paragraph;
- 18 (15) Provide for the payment of costs of administration and
19 operation of the program;
- 20 (16) Evaluate the need for and, if the board deems
21 necessary, procure:

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- 1 (A) Insurance against any and all loss in connection
2 with the property, assets, or activities of the
3 program; and
- 4 (B) Pooled private insurance;
- 5 (17) Indemnify, including procurement of insurance if and
6 as needed for this purpose, each board member from
7 personal loss or liability resulting from the member's
8 action or inaction as a board member;
- 9 (18) Collaborate with and evaluate the role of financial
10 advisors or other financial professionals, including
11 in assisting and providing guidance for covered
12 employees; [and]
- 13 (19) Reimburse, when appropriate, the general fund of the
14 State of Hawaii for the initial expenses incurred for
15 initiating, implementing, maintaining, and
16 administering the program; and
- 17 (20) Take any other action the board deems reasonably
18 necessary to carry out the purpose of this chapter.
- 19 (b) The board may develop and disseminate information
20 designed to educate covered employees about the impacts of
21 ~~[opting in to]~~ the program on take-home pay, savings strategies,
22 and the benefits of planning and saving for retirement to help

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1 covered employees in deciding whether to participate and at what
2 level participation may be appropriate."

3 SECTION 4. Section 389-5, Hawaii Revised Statutes, is
4 amended by amending its title to read as follows:

5 "[~~+~~] §389-5 [~~+~~] Hawaii retirement savings program; due
6 diligence; establishment; payroll deduction [~~upon election to~~
7 ~~contribute~~]."

8 SECTION 5. Section 389-5, Hawaii Revised Statutes, is
9 amended by amending subsections (d), (e), and (f) to read as
10 follows:

11 "(d) [~~Any covered employee may elect to contribute a~~
12 ~~portion of the employee's salary or wages to an individual~~
13 ~~retirement account provided by the program through payroll~~
14 ~~deduction.] Each covered employer shall enroll its covered
15 employees in the program and withhold payroll deduction
16 contributions from each covered employee's paycheck unless the
17 covered employee has elected not to contribute.~~

18 (e) Beginning on a date to be determined by the board
19 pursuant to subsection (a), a covered employer shall:

20 (1) [~~Allow a~~] Automatically enroll covered [~~employee to~~
21 ~~enroll~~] employees into the program after [~~providing~~]
22 the program administrator provides the covered

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1 ~~[employee]~~ employees with a written notice of the
2 ~~[employees']~~ right to opt ~~[in]~~ out; and
3 (2) For any covered employee who ~~[has opted in to]~~ is
4 enrolled into the program~~[+]~~, a covered employer
5 shall:
6 (A) Withhold the covered employee's contribution
7 amount from the employee's salary or wages; and
8 (B) Transmit the covered employee's payroll deduction
9 contribution to the program on the earliest date
10 the amount withheld can reasonably be segregated
11 from the covered employer's assets, but no later
12 than the fifteenth day of the calendar month
13 following the month in which the covered
14 employee's contribution amounts are withheld.
15 (f) The program shall establish for each enrolled employee
16 a Roth ~~[IRA]~~ individual retirement account, into which the
17 contributions deducted from ~~[an]~~ the employee's payroll shall be
18 deposited. The board may add an option for all participants to
19 affirmatively elect to contribute to a traditional ~~[IRA]~~
20 individual retirement account in addition to or in lieu of a
21 Roth ~~[IRA]~~ individual retirement account."

H.B. NO. 1136

1 SECTION 6. Section 389-14, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) Any covered employer who fails to enroll a covered
4 employee into the program in accordance with section 389-5(e)(1)
5 without equitable justification shall be liable:

6 (1) To the covered employee, in an amount equal to the
7 contribution amount that would have been made by the
8 employee into the program and interest at a rate of
9 six per cent per year on the contribution amount,
10 beginning from the date the contribution would have
11 been made into the account; provided that the sum of
12 the contribution amount and interest thereto shall be
13 transmitted by the covered employer to the program to
14 be paid into the covered employee's IRA; and

15 (2) A penalty of:

16 (A) \$25 for each month the covered employee was not
17 enrolled in the program; and

18 (B) \$50 for each month the covered employee continues
19 to be unenrolled in the program after the date on
20 which a penalty has been assessed with respect to
21 the covered employee who [~~had elected to~~

H.B. NO. 1136

1 ~~participate]~~ should have been enrolled in the
2 program."

3 SECTION 7. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 8. This Act shall take effect upon its approval.

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INTRODUCED BY: *Nathan K. Rubin*

9

BY REQUEST
JAN 21 2025

H.B. NO. 1136

Report Title:

Hawaii Retirement Savings Act; Hawaii Retirement Savings Program; Covered Employer; Definition; Automatic Enrollment; Opt-out Option

Description:

Clarifies the definition of "covered employer" under the Hawaii Retirement Savings Act. Requires covered employers to automatically enroll covered employees into the Hawaii Retirement Savings Program unless the covered employee chooses to opt out. Effective upon approval.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

DEPARTMENT: Labor and Industrial Relations

TITLE: A BILL FOR AN ACT RELATING TO HAWAII RETIREMENT SAVINGS ACT.

PURPOSE: To require employers to automatically enroll covered employees in the Hawaii Retirement Savings Program; allow covered employees to opt-out instead of opt-in; and clarify the definition of "covered employer".

MEANS: Amend sections 389-2, 389-4(a) and (b), and 389-5(d), (e), and (f), the title of section 389-5, and section 389-14(a), Hawaii Revised Statutes.

JUSTIFICATION: The Hawaii Retirement Savings Board (HRSB) believes that the current program design that requires employees to opt-in adversely impacts the viability of the Hawaii Retirement Savings Program. Automatically requiring employee enrollment with an option to opt-out is a best practice for retirement savings programs and would align Hawaii's program with most of the other states' programs.

Aligning Hawaii's program design with most of the other states' automatic enrollment provisions facilitates the potential for Hawaii to engage in an interstate compact agreement, which the HRSB believes is critical to the feasibility of the program.

This bill also (1) clarifies the definition of "covered employer" to exclude an employer that has offered or maintained for some or all employees at any time during the preceding two years a tax-qualified retirement plan; and (2) amends the penalty provision to include employer liability for a penalty for covered employees who should be enrolled in the program but are not enrolled. This bill also includes a

housekeeping provision that spells out "IRA" and "Roth IRA" as "individual retirement account" and "Roth individual retirement account."

Impact on the public: This proposal will facilitate the feasibility of the program and help enable business owners to offer a voluntary, portable retirement savings program to help them attract and retain employees and stay competitive.

Impact on the department and other agencies: This bill will positively affect agencies providing support to Hawaii's aging population as it will facilitate the establishment of private sector savings plans.

GENERAL FUND: None.

OTHER FUNDS: Hawaii retirement savings special fund.

PPBS PROGRAM
DESIGNATION: LBR 902.

OTHER AFFECTED
AGENCIES: Department of Budget and Finance.

EFFECTIVE DATE: Upon approval.

Agenda Item III.A.ii.
S.B. 1455 RELATING TO HAWAII
RETIREMENT SAVINGS ACT



SBI455

Measure Title: RELATING TO HAWAII RETIREMENT SAVINGS ACT.

Report Title: Hawai'i Retirement Savings Act; Hawai'i Retirement Savings Program; Covered Employer; Definition; Automatic Enrollment; Opt-out Option

Description: Clarifies the definition of "covered employer" under the Hawai'i Retirement Savings Act. Requires covered employers to automatically enroll covered employees into the Hawai'i Retirement Savings Program unless the covered employee chooses to opt out. Effective upon approval.

Companion: [HB1136](#)

Package: Governor

Current Referral:

Introducer(s): KOUCHI (Introduced by request of another party)

Sort by Date

Status Text

| <u>Sort by Date</u> | | Status Text |
|---------------------|---|-----------------------|
| 1/21/2025 | S | Pending Introduction. |

S = Senate | H = House | D = Data Systems | \$ = Appropriation measure | ConAm = Constitutional Amendment

Some of the above items require Adobe Acrobat Reader. Please visit [Adobe's download page](#) for detailed instructions.

SBI455

S.B. NO. 1455

JAN 23 2025

A BILL FOR AN ACT

RELATING TO HAWAII RETIREMENT SAVINGS ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purposes of this Act are to:

2 (1) Clarify the definition of "covered employer" in the
3 Hawaii Retirement Savings Act; and

4 (2) Amend and align provisions of the Hawaii retirement
5 savings program, the state-facilitated payroll-
6 deduction retirement savings plan for private sector
7 employees in Hawaii who do not have access to
8 employer-sponsored retirement plans, to require
9 automatic enrollment unless the employee opts out.

10 SECTION 2. Section 389-2, Hawaii Revised Statutes, is
11 amended by amending the definition of "covered employer" to read
12 as follows:

13 "Covered employer" means any person who is in business in
14 the State and has one or more individuals in employment.

15 "Covered employer" does not include:

16 (1) The United States;

17 (2) The State or any of its political subdivisions; or

S.B. NO. 1455

1 (3) A person that has [~~been maintaining~~] offered or
2 maintained for some or all employees at any time
3 during the preceding two years a retirement plan that
4 is tax-qualified under or is described in and
5 satisfies the requirements of section 401(a), 401(k),
6 403(a), 403(b), 408(k), or 408(p) of the Internal
7 Revenue Code."

8 SECTION 3. Section 389-4, Hawaii Revised Statutes, is
9 amended by amending subsections (a) and (b) to read as follows:

10 "(a) The board shall have powers and duties in accordance
11 with law to:

12 (1) Establish, implement, and maintain the program;

13 (2) Cause the program and arrangements and accounts
14 established under the program to be designed,
15 established, and operated:

16 (A) In accordance with best practices for retirement
17 savings vehicles;

18 (B) To encourage participation, saving, sound
19 investment practices, and appropriate selection
20 of default investments;

21 (C) To maximize simplicity and ease of administration
22 for employers;

S.B. NO. 1455

- 1 (D) To minimize costs, including by collective
2 investment and other measures to achieve
3 economies of scale and other efficiencies in
4 program design and administration;
- 5 (E) To promote portability of benefits; and
- 6 (F) To avoid preemption of the program by federal
7 law;
- 8 (3) Arrange for collective, common, and pooled investment
9 of assets of the program;
- 10 (4) Determine the eligibility of an employer, employee, or
11 other individual to participate in the program;
- 12 (5) Ensure the program's compliance with all applicable
13 laws and regulations;
- 14 (6) Establish procedures for the timely and fair
15 resolution of participant and other disputes related
16 to accounts or program operation;
- 17 (7) Develop and Implement:
- 18 (A) An investment policy that defines the program's
19 investment objectives and that is consistent with
20 the objectives of the program; and
- 21 (B) Other policies and procedures consistent with
22 those investment objectives;

S.B. NO. 1455

- 1 (8) Cause expenses incurred to initiate, implement,
2 maintain, and administer the program to be paid from
3 the program and other available sources;
- 4 (9) Establish and collect application, account, and
5 administrative fees;
- 6 (10) Accept grants, gifts, donations, legislative
7 appropriations, loans, and other moneys from the
8 State, any unit of federal, state, or local
9 government, or any other person to defray the costs of
10 administering and operating the program;
- 11 (11) Enter into contracts pursuant to chapter 103D for
12 services that the board deems necessary to carry out
13 the purposes of this chapter, including:
- 14 (A) Services of private and public financial
15 institutions, depositories, consultants,
16 actuaries, counsel, auditors, investment
17 advisors, investment administrators, investment
18 management firms, other investment firms, third-
19 party administrators, other professionals and
20 service providers;
- 21 (B) Research, technical, financial, administrative,
22 and other services; and

S.B. NO. 1455

- 1 (C) Services of other state agencies to assist the
2 board in the exercise of its powers and duties;
- 3 (12) Develop and implement an outreach plan to gain input
4 and disseminate information regarding the program and
5 retirement savings in general;
- 6 (13) Cause moneys to be held and invested and reinvested
7 under the program;
- 8 (14) Ensure that all contributions to individual retirement
9 accounts under the program may be used only to:
- 10 (A) Pay benefits to participants under the program;
11 (B) Pay the cost of administering the program; and
12 (C) Make investments for the benefit of the program;
13 provided that no assets of the program shall be
14 transferred to the general fund of the State or
15 to any other fund of the State or otherwise
16 encumbered or used for any purpose other than
17 those specified in this paragraph;
- 18 (15) Provide for the payment of costs of administration and
19 operation of the program;
- 20 (16) Evaluate the need for and, if the board deems
21 necessary, procure:

S.B. NO. 1455

- 1 (A) Insurance against any and all loss in connection
2 with the property, assets, or activities of the
3 program; and
- 4 (B) Pooled private insurance;
- 5 (17) Indemnify, including procurement of insurance if and
6 as needed for this purpose, each board member from
7 personal loss or liability resulting from the member's
8 action or inaction as a board member;
- 9 (18) Collaborate with and evaluate the role of financial
10 advisors or other financial professionals, including
11 in assisting and providing guidance for covered
12 employees; [and]
- 13 (19) Reimburse, when appropriate, the general fund of the
14 State of Hawaii for the initial expenses incurred for
15 initiating, implementing, maintaining, and
16 administering the program; and
- 17 (20) Take any other action the board deems reasonably
18 necessary to carry out the purpose of this chapter.
- 19 (b) The board may develop and disseminate information
20 designed to educate covered employees about the impacts of
21 [~~opting in to~~] the program on take-home pay, savings strategies,
22 and the benefits of planning and saving for retirement to help

S.B. NO. 1455

1 covered employees in deciding whether to participate and at what
2 level participation may be appropriate."

3 SECTION 4. Section 389-5, Hawaii Revised Statutes, is
4 amended by amending its title to read as follows:

5 "[+] §389-5[+] Hawaii retirement savings program; due
6 diligence; establishment; payroll deduction [~~upon election to~~
7 ~~contribute~~]."

8 SECTION 5. Section 389-5, Hawaii Revised Statutes, is
9 amended by amending subsections (d), (e), and (f) to read as
10 follows:

11 "(d) [~~Any covered employee may elect to contribute a~~
12 ~~portion of the employee's salary or wages to an individual~~
13 ~~retirement account provided by the program through payroll~~
14 ~~deduction.] Each covered employer shall enroll its covered
15 employees in the program and withhold payroll deduction
16 contributions from each covered employee's paycheck unless the
17 covered employee has elected not to contribute.~~

18 (e) Beginning on a date to be determined by the board
19 pursuant to subsection (a), a covered employer shall:

20 (1) [~~Allow a~~] Automatically enroll covered [~~employee to~~
21 ~~enroll~~] employees into the program after [~~providing~~]
22 the program administrator provides the covered

S.B. NO. 1455

1 ~~[employee]~~ employees with a written notice of the
2 ~~[employees']~~ right to opt ~~[in,]~~ out; and

3 (2) For any covered employee who ~~[has opted in to]~~ is
4 enrolled into the program~~[+]~~, a covered employer
5 shall:

6 (A) Withhold the covered employee's contribution
7 amount from the employee's salary or wages; and

8 (B) Transmit the covered employee's payroll deduction
9 contribution to the program on the earliest date
10 the amount withheld can reasonably be segregated
11 from the covered employer's assets, but no later
12 than the fifteenth day of the calendar month
13 following the month in which the covered
14 employee's contribution amounts are withheld.

15 (f) The program shall establish for each enrolled employee
16 a Roth ~~[IRA,]~~ individual retirement account, into which the
17 contributions deducted from ~~[an]~~ the employee's payroll shall be
18 deposited. The board may add an option for all participants to
19 affirmatively elect to contribute to a traditional ~~[IRA]~~
20 individual retirement account in addition to or in lieu of a
21 Roth ~~[IRA,]~~ individual retirement account."

S.B. NO. 1455

1 SECTION 6. Section 389-14, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) Any covered employer who fails to enroll a covered
4 employee into the program in accordance with section 389-5(e)(1)
5 without equitable justification shall be liable:

6 (1) To the covered employee, in an amount equal to the
7 contribution amount that would have been made by the
8 employee into the program and interest at a rate of
9 six per cent per year on the contribution amount,
10 beginning from the date the contribution would have
11 been made into the account; provided that the sum of
12 the contribution amount and interest thereto shall be
13 transmitted by the covered employer to the program to
14 be paid into the covered employee's IRA; and

15 (2) A penalty of:

16 (A) \$25 for each month the covered employee was not
17 enrolled in the program; and

18 (B) \$50 for each month the covered employee continues
19 to be unenrolled in the program after the date on
20 which a penalty has been assessed with respect to
21 the covered employee who ~~[had elected to~~

S.B. NO. 1455

1 ~~participate]~~ should have been enrolled in the
2 program."

3 SECTION 7. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 8. This Act shall take effect upon its approval.

6

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INTRODUCED BY: 

9

BY REQUEST

S.B. NO. 1455

Report Title:

Hawaii Retirement Savings Act; Hawaii Retirement Savings Program; Covered Employer; Definition; Automatic Enrollment; Opt-out Option

Description:

Clarifies the definition of "covered employer" under the Hawaii Retirement Savings Act. Requires covered employers to automatically enroll covered employees into the Hawaii Retirement Savings Program unless the covered employee chooses to opt out. Effective upon approval.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

SB. NO. 1455

DEPARTMENT: Labor and Industrial Relations

TITLE: A BILL FOR AN ACT RELATING TO HAWAII
RETIREMENT SAVINGS ACT.

PURPOSE: To require employers to automatically enroll covered employees in the Hawaii Retirement Savings Program; allow covered employees to opt-out instead of opt-in; and clarify the definition of "covered employer".

MEANS: Amend sections 389-2, 389-4(a) and (b), and 389-5(d), (e), and (f), the title of section 389-5, and section 389-14(a), Hawaii Revised Statutes.

JUSTIFICATION: The Hawaii Retirement Savings Board (HRSB) believes that the current program design that requires employees to opt-in adversely impacts the viability of the Hawaii Retirement Savings Program. Automatically requiring employee enrollment with an option to opt-out is a best practice for retirement savings programs and would align Hawaii's program with most of the other states' programs.

Aligning Hawaii's program design with most of the other states' automatic enrollment provisions facilitates the potential for Hawaii to engage in an interstate compact agreement, which the HRSB believes is critical to the feasibility of the program.

This bill also (1) clarifies the definition of "covered employer" to exclude an employer that has offered or maintained for some or all employees at any time during the preceding two years a tax-qualified retirement plan; and (2) amends the penalty provision to include employer liability for a penalty for covered employees who should be enrolled in the program but are not enrolled. This bill also includes a

SB. NO. 1455

housekeeping provision that spells out "IRA" and "Roth IRA" as "individual retirement account" and "Roth individual retirement account."

Impact on the public: This proposal will facilitate the feasibility of the program and help enable business owners to offer a voluntary, portable retirement savings program to help them attract and retain employees and stay competitive.

Impact on the department and other agencies: This bill will positively affect agencies providing support to Hawaii's aging population as it will facilitate the establishment of private sector savings plans.

GENERAL FUND: None.

OTHER FUNDS: Hawaii retirement savings special fund.

PPBS PROGRAM DESIGNATION: LBR 902.

OTHER AFFECTED AGENCIES: Department of Budget and Finance.

EFFECTIVE DATE: Upon approval.

**Agenda Item III.A.iii.
H.B. 847 RELATING TO HAWAII
RETIREMENT SAVINGS ACT**



HB847

Measure Title: RELATING TO HAWAII RETIREMENT SAVINGS ACT.

Report Title: DLIR; Hawai'i Retirement Savings Act; Hawai'i Retirement Savings Program; Covered Employer; Definition; Automatic Enrollment; Opt-Out Option; Appropriations (\$)

Description: Clarifies the definition of "covered employer" under the Hawai'i Retirement Savings Act. Requires covered employers to automatically enroll covered employees into the Hawai'i Retirement Savings Program unless the employee chooses to opt out. Repeals the limit on the total fees and expenses that can be spent for the Program each year. Appropriates funds to the Department of Labor and Industrial Relations for the development and operation of the Program.

Companion:

Package: None

Current Referral:

Introducer(s): SAYAMA, CHUN, GARRETT, GRANDINETTI, ICHIYAMA, KEOHOKAPU-LEE LOY, KILA, KUSCH, LAMOSAO, LEE, M., LOWEN, MARTEN, MATAYOSHI, MIYAKE, OLDS, QUINLAN, TAKAYAMA, TAM, TODD

| <u>Sort by Date</u> | | Status Text |
|---------------------|---|-----------------------|
| 1/21/2025 | H | Pending introduction. |

S = Senate | H = House | D = Data Systems | \$ = Appropriation measure | ConAm = Constitutional Amendment

Some of the above items require Adobe Acrobat Reader. Please visit [Adobe's download page](#) for detailed instructions.

HB847

A BILL FOR AN ACT

RELATING TO HAWAII RETIREMENT SAVINGS ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purpose of this Act is to:

2 (1) Clarify the definition of "covered employer" in the
3 Hawaii Retirement Savings Act;

4 (2) Amend and align provisions of the Hawaii retirement
5 savings program, the state-facilitated
6 payroll-deduction retirement savings plan for private
7 sector employees in Hawaii who do not have access to
8 employer-sponsored retirement plans, to require
9 automatic enrollment unless the employee opts out;

10 (3) Repeal the limit on the total fees and expenses that
11 can be spent for the program each year; and

12 (4) Appropriate funds for the Hawaii retirement savings
13 program's development and operations.

14 SECTION 2. Section 389-2, Hawaii Revised Statutes, is
15 amended by amending the definition of "covered employer" to read
16 as follows:



H.B. NO. 847

1 ""Covered employer" means any person who is in business in
2 the State and has one or more individuals in employment.

3 "Covered employer" does not include:

- 4 (1) The United States;
- 5 (2) The State or any of its political subdivisions; or
- 6 (3) [~~A person~~] Any employer that has [~~been maintaining~~]
7 offered or maintained a retirement plan for some or
8 all employees [~~during~~] at any time in the preceding
9 two years [~~a retirement plan~~] that is tax-qualified
10 under or is described in and satisfies the
11 requirements of section 401(a), 401(k), 403(a),
12 403(b), 408(k), or 408(p) of the Internal Revenue
13 Code."

14 SECTION 3. Section 389-4, Hawaii Revised Statutes, is
15 amended by amending subsections (a) and (b) to read as follows:

16 "(a) The board shall have powers and duties in accordance
17 with law to:

- 18 (1) Establish, implement, and maintain the program;
- 19 (2) Cause the program and arrangements and accounts
20 established under the program to be designed,
21 established, and operated:



H.B. NO. 847

- 1 (A) In accordance with best practices for retirement
- 2 savings vehicles;
- 3 (B) To encourage participation, saving, sound
- 4 investment practices, and appropriate selection
- 5 of default investments;
- 6 (C) To maximize simplicity and ease of administration
- 7 for employers;
- 8 (D) To minimize costs, including by collective
- 9 investment and other measures to achieve
- 10 economies of scale and other efficiencies in
- 11 program design and administration;
- 12 (E) To promote portability of benefits; and
- 13 (F) To avoid preemption of the program by federal
- 14 law;
- 15 (3) Arrange for collective, common, and pooled investment
- 16 of assets of the program;
- 17 (4) Determine the eligibility of an employer, employee, or
- 18 other individual to participate in the program;
- 19 (5) Ensure the program's compliance with all applicable
- 20 laws and regulations;



H.B. NO. 847

- 1 (6) Establish procedures for the timely and fair
2 resolution of participant and other disputes related
3 to accounts or program operation;
- 4 (7) Develop and implement:
- 5 (A) An investment policy that defines the program's
6 investment objectives and that is consistent with
7 the objectives of the program; and
- 8 (B) Other policies and procedures consistent with
9 those investment objectives;
- 10 (8) Cause expenses incurred to initiate, implement,
11 maintain, and administer the program to be paid from
12 the program and other available sources;
- 13 (9) Establish and collect application, account, and
14 administrative fees;
- 15 (10) Accept grants, gifts, donations, legislative
16 appropriations, loans, and other moneys from the
17 State, any unit of federal, state, or local
18 government, or any other person to defray the costs of
19 administering and operating the program;



- 1 (11) Enter into contracts pursuant to chapter 103D for
- 2 services that the board deems necessary to carry out
- 3 the purposes of this chapter, including:
- 4 (A) Services of private and public financial
- 5 institutions, depositories, consultants,
- 6 actuaries, counsel, auditors, investment
- 7 advisors, investment administrators, investment
- 8 management firms, other investment firms, third-
- 9 party administrators, other professionals and
- 10 service providers;
- 11 (B) Research, technical, financial, administrative,
- 12 and other services; and
- 13 (C) Services of other state agencies to assist the
- 14 board in the exercise of its powers and duties;
- 15 (12) Develop and implement an outreach plan to gain input
- 16 and disseminate information regarding the program and
- 17 retirement savings in general;
- 18 (13) Cause moneys to be held and invested and reinvested
- 19 under the program;
- 20 (14) Ensure that all contributions to individual retirement
- 21 accounts under the program may be used only to:



H.B. NO. 847

- 1 (A) Pay benefits to participants under the program;
- 2 (B) Pay the cost of administering the program; and
- 3 (C) Make investments for the benefit of the program;
- 4 provided that no assets of the program shall be
- 5 transferred to the general fund of the State or
- 6 to any other fund of the State or otherwise
- 7 encumbered or used for any purpose other than
- 8 those specified in this paragraph;
- 9 (15) Provide for the payment of costs of administration and
- 10 operation of the program;
- 11 (16) Evaluate the need for and, if the board deems
- 12 necessary, procure:
- 13 (A) Insurance against any and all loss in connection
- 14 with the property, assets, or activities of the
- 15 program; and
- 16 (B) Pooled private insurance;
- 17 (17) Indemnify, including procurement of insurance if and
- 18 as needed for this purpose, each board member from
- 19 personal loss or liability resulting from the member's
- 20 action or inaction as a board member;



1 (18) Collaborate with and evaluate the role of financial
2 advisors or other financial professionals, including
3 in assisting and providing guidance for covered
4 employees; [and]

5 (19) Reimburse, when appropriate, the general fund of the
6 State of Hawaii for the initial expenses incurred for
7 initiating, implementing, maintaining, and
8 administering the program; and

9 (20) Take any other action the board deems reasonably
10 necessary to carry out the purpose of this chapter.

11 (b) The board may develop and disseminate information
12 designed to educate covered employees about the impacts of
13 ~~[opting in to]~~ the program on take-home pay, savings strategies,
14 and the benefits of planning and saving for retirement to help
15 covered employees in deciding whether to participate and at what
16 level participation may be appropriate."

17 SECTION 4. Section 389-5, Hawaii Revised Statutes, is
18 amended as follows:

19 1. By amending its title to read:



H.B. NO. 847

1 "~~[[§389-5]]~~ Hawaii retirement savings program; due
2 diligence; establishment; payroll deduction [~~upon election to~~
3 ~~contribute~~]."

4 2. By amending subsections (d) through (f) to read:

5 "(d) [~~Any covered employee may elect to contribute a~~
6 ~~portion of the employee's salary or wages to an individual~~
7 ~~retirement account provided by the program through payroll~~
8 ~~deduction.~~] Each covered employer shall enroll its covered
9 employees in the program and withhold and remit payroll
10 deduction contributions from each covered employee's paycheck
11 unless the covered employee has elected not to participate.

12 (e) Beginning on a date to be determined by the board
13 pursuant to subsection (a), a covered employer shall:

14 (1) [~~Allow a~~] Automatically enroll covered [~~employee to~~
15 ~~enroll~~] employees into the program after [~~providing~~]
16 the program administrator provides the [~~covered~~
17 ~~employee~~] employees with a written notice of the
18 [~~employee's~~] right of the employees to opt [~~in~~] out;
19 and



1 (2) For any covered employee who ~~[has opted in to]~~ is
2 enrolled into the program[+] and has not opted out, a
3 covered employer shall:

4 (A) Withhold the covered employee's contribution
5 amount from the employee's salary or wages; and

6 (B) Transmit the covered employee's payroll deduction
7 contribution to the program on the earliest date
8 the amount withheld can reasonably be segregated
9 from the covered employer's assets, but no later
10 than the fifteenth day of the calendar month
11 following the month in which the covered
12 employee's contribution amounts are withheld.

13 (f) The program shall establish for each enrolled employee
14 a Roth IRA, into which the contributions deducted from ~~[an]~~ the
15 employee's payroll shall be deposited. The board may add an
16 option for all participants to affirmatively elect to contribute
17 to a traditional IRA in addition to or in lieu of a Roth IRA."

18 SECTION 5. Section 389-7, Hawaii Revised Statutes, is
19 amended by amending subsection (b) to read as follows:

20 "(b) The program manager shall keep total fees and
21 expenses as low as practicable~~[-; provided that the total fees~~



H.B. NO. 847

1 ~~and expenses of the program each year shall not exceed seventy-~~
2 ~~five basis points of the total assets of the program; provided~~
3 ~~further that this limit shall not apply during the initial~~
4 ~~three-year period following the establishment of the program]."~~

5 SECTION 6. Section 389-14, Hawaii Revised Statutes, is
6 amended by amending subsection (a) to read as follows:

7 "(a) Any covered employer who fails to enroll a covered
8 employee into the program in accordance with section 389-5(e)(1)
9 without equitable justification shall be liable:

10 (1) To the covered employee, in an amount equal to the
11 contribution amount that would have been made by the
12 employee into the program and interest at a rate of
13 six per cent per year on the contribution amount,
14 beginning from the date the contribution would have
15 been made into the account; provided that the sum of
16 the contribution amount and interest thereto shall be
17 transmitted by the covered employer to the program to
18 be paid into the covered employee's IRA; and

19 (2) A penalty of:

20 (A) \$25 for each month the covered employee was not
21 enrolled in the program; and



1 (B) \$50 for each month the covered employee continues
 2 to be unenrolled in the program after the date on
 3 which a penalty has been assessed with respect to
 4 the covered employee who [~~had elected to~~
 5 ~~participate~~] should have been enrolled in the
 6 program."

7 SECTION 7. There is appropriated out of the general
 8 revenues of the State of Hawaii the sum of \$720,000 or so much
 9 thereof as may be necessary for fiscal year 2025-2026 and the
 10 same sum or so much thereof as may be necessary for fiscal year
 11 2026-2027 for the development and operation of the Hawaii
 12 retirement savings program, including but not limited to
 13 expenses for legal, outreach, communication, and marketing
 14 services, and consultants, audits, and insurance.

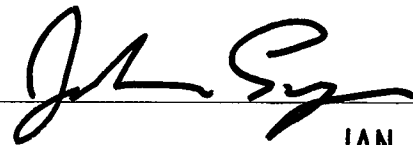
15 The sums appropriated shall be expended by the department
 16 of labor and industrial relations for the purposes of this Act.

17 SECTION 8. Statutory material to be repealed is bracketed
 18 and stricken. New statutory material is underscored.

19 SECTION 9. This Act shall take effect on July 1, 2025.

20

INTRODUCED BY:



JAN 21 2025



Report Title:

DLIR; Hawaii Retirement Savings Act; Hawaii Retirement Savings Program; Covered Employer; Definition; Automatic Enrollment; Opt-Out Option; Appropriations

Description:

Clarifies the definition of "covered employer" under the Hawaii Retirement Savings Act. Requires covered employers to automatically enroll covered employees into the Hawaii Retirement Savings Program unless the employee chooses to opt out. Repeals the limit on the total fees and expenses that can be spent for the Program each year. Appropriates funds to the Department of Labor and Industrial Relations for the development and operation of the Program.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.



**Agenda Item III.A.iv.
S.B. 855 RELATING TO HAWAII
RETIREMENT SAVINGS ACT**



SB855

Measure Title: RELATING TO HAWAII RETIREMENT SAVINGS ACT.

Report Title: DLIR; Hawai'i Retirement Savings Act; Hawai'i Retirement Savings Program; Covered Employer; Definition; Automatic Enrollment; Opt-Out Option; Appropriations (\$)

Description: Clarifies the definition of "covered employer" under the Hawai'i Retirement Savings Act. Requires covered employers to automatically enroll covered employees into the Hawai'i Retirement Savings Program unless the employee chooses to opt out. Repeals the limit on the total fees and expenses that can be spent for the Program each year. Appropriates funds to the Department of Labor and Industrial Relations for the development and operation of the Program.

Companion:

Package: None

Current Referral:

Introducer(s): AQUINO, CHANG, FEVELLA, KIDANI, KIM, MORIWAKI, Richards, Wakai

| <u>Sort by Date</u> | | Status Text |
|---------------------|---|-----------------------|
| 1/21/2025 | S | Passed First Reading. |
| 1/17/2025 | S | Introduced. |

S = Senate | **H** = House | **D** = Data Systems | **\$** = Appropriation measure | **ConAm** = Constitutional Amendment

Some of the above items require Adobe Acrobat Reader. Please visit [Adobe's download page](#) for detailed instructions.

SB855

JAN 17 2025

A BILL FOR AN ACT

RELATING TO HAWAII RETIREMENT SAVINGS ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

- 1 SECTION 1. The purpose of this Act is to:
- 2 (1) Clarify the definition of "covered employer" in the
- 3 Hawaii Retirement Savings Act;
- 4 (2) Amend and align provisions of the Hawaii retirement
- 5 savings program, the state-facilitated
- 6 payroll-deduction retirement savings plan for private
- 7 sector employees in Hawaii who do not have access to
- 8 employer-sponsored retirement plans, to require
- 9 automatic enrollment unless the employee opts out;
- 10 (3) Repeal the limit on the total fees and expenses that
- 11 can be spent for the program each year; and
- 12 (4) Appropriate funds for the Hawaii retirement savings
- 13 program's development and operations.

14 SECTION 2. Section 389-2, Hawaii Revised Statutes, is

15 amended by amending the definition of "covered employer" to read

16 as follows:



1 ""Covered employer" means any person who is in business in
2 the State and has one or more individuals in employment.

3 "Covered employer" does not include:

- 4 (1) The United States;
- 5 (2) The State or any of its political subdivisions; or
- 6 (3) [~~A person~~] Any employer that has [~~been maintaining~~]
7 offered or maintained a retirement plan for some or
8 all employees [~~during~~] at any time in the preceding
9 two years [~~a retirement plan~~] that is tax-qualified
10 under or is described in and satisfies the
11 requirements of section 401(a), 401(k), 403(a),
12 403(b), 408(k), or 408(p) of the Internal Revenue
13 Code."

14 SECTION 3. Section 389-4, Hawaii Revised Statutes, is
15 amended by amending subsections (a) and (b) to read as follows:

16 "(a) The board shall have powers and duties in accordance
17 with law to:

- 18 (1) Establish, implement, and maintain the program;
- 19 (2) Cause the program and arrangements and accounts
20 established under the program to be designed,
21 established, and operated:



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- 1 (A) In accordance with best practices for retirement
- 2 savings vehicles;
- 3 (B) To encourage participation, saving, sound
- 4 investment practices, and appropriate selection
- 5 of default investments;
- 6 (C) To maximize simplicity and ease of administration
- 7 for employers;
- 8 (D) To minimize costs, including by collective
- 9 investment and other measures to achieve
- 10 economies of scale and other efficiencies in
- 11 program design and administration;
- 12 (E) To promote portability of benefits; and
- 13 (F) To avoid preemption of the program by federal
- 14 law;
- 15 (3) Arrange for collective, common, and pooled investment
- 16 of assets of the program;
- 17 (4) Determine the eligibility of an employer, employee, or
- 18 other individual to participate in the program;
- 19 (5) Ensure the program's compliance with all applicable
- 20 laws and regulations;



- 1 (6) Establish procedures for the timely and fair
- 2 resolution of participant and other disputes related
- 3 to accounts or program operation;
- 4 (7) Develop and implement:
- 5 (A) An investment policy that defines the program's
- 6 investment objectives and that is consistent with
- 7 the objectives of the program; and
- 8 (B) Other policies and procedures consistent with
- 9 those investment objectives;
- 10 (8) Cause expenses incurred to initiate, implement,
- 11 maintain, and administer the program to be paid from
- 12 the program and other available sources;
- 13 (9) Establish and collect application, account, and
- 14 administrative fees;
- 15 (10) Accept grants, gifts, donations, legislative
- 16 appropriations, loans, and other moneys from the
- 17 State, any unit of federal, state, or local
- 18 government, or any other person to defray the costs of
- 19 administering and operating the program;



- 1 (11) Enter into contracts pursuant to chapter 103D for
- 2 services that the board deems necessary to carry out
- 3 the purposes of this chapter, including:
- 4 (A) Services of private and public financial
- 5 institutions, depositories, consultants,
- 6 actuaries, counsel, auditors, investment
- 7 advisors, investment administrators, investment
- 8 management firms, other investment firms, third-
- 9 party administrators, other professionals and
- 10 service providers;
- 11 (B) Research, technical, financial, administrative,
- 12 and other services; and
- 13 (C) Services of other state agencies to assist the
- 14 board in the exercise of its powers and duties;
- 15 (12) Develop and implement an outreach plan to gain input
- 16 and disseminate information regarding the program and
- 17 retirement savings in general;
- 18 (13) Cause moneys to be held and invested and reinvested
- 19 under the program;
- 20 (14) Ensure that all contributions to individual retirement
- 21 accounts under the program may be used only to:



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- 1 (A) Pay benefits to participants under the program;
- 2 (B) Pay the cost of administering the program; and
- 3 (C) Make investments for the benefit of the program;
- 4 provided that no assets of the program shall be
- 5 transferred to the general fund of the State or
- 6 to any other fund of the State or otherwise
- 7 encumbered or used for any purpose other than
- 8 those specified in this paragraph;
- 9 (15) Provide for the payment of costs of administration and
- 10 operation of the program;
- 11 (16) Evaluate the need for and, if the board deems
- 12 necessary, procure:
- 13 (A) Insurance against any and all loss in connection
- 14 with the property, assets, or activities of the
- 15 program; and
- 16 (B) Pooled private insurance;
- 17 (17) Indemnify, including procurement of insurance if and
- 18 as needed for this purpose, each board member from
- 19 personal loss or liability resulting from the member's
- 20 action or inaction as a board member;



1 (18) Collaborate with and evaluate the role of financial
 2 advisors or other financial professionals, including
 3 in assisting and providing guidance for covered
 4 employees; [~~and~~]

5 (19) Reimburse, when appropriate, the general fund of the
 6 State of Hawaii for the initial expenses incurred for
 7 initiating, implementing, maintaining, and
 8 administering the program; and

9 (20) Take any other action the board deems reasonably
 10 necessary to carry out the purpose of this chapter.

11 (b) The board may develop and disseminate information
 12 designed to educate covered employees about the impacts of
 13 [~~opting in to~~] the program on take-home pay, savings strategies,
 14 and the benefits of planning and saving for retirement to help
 15 covered employees in deciding whether to participate and at what
 16 level participation may be appropriate."

17 SECTION 4. Section 389-5, Hawaii Revised Statutes, is
 18 amended as follows:

19 1. By amending its title to read:



1 "[~~f~~]~~\$389-5~~[~~f~~] Hawaii retirement savings program; due
2 diligence; establishment; payroll deduction [~~upon election to~~
3 ~~contribute~~]."

4 2. By amending subsections (d) through (f) to read:

5 "(d) [~~Any covered employee may elect to contribute a~~
6 ~~portion of the employee's salary or wages to an individual~~
7 ~~retirement account provided by the program through payroll~~
8 ~~deduction.~~] Each covered employer shall enroll its covered
9 employees in the program and withhold and remit payroll
10 deduction contributions from each covered employee's paycheck
11 unless the covered employee has elected not to participate.

12 (e) Beginning on a date to be determined by the board
13 pursuant to subsection (a), a covered employer shall:

14 (1) [~~Allow a~~] Automatically enroll covered [~~employee to~~
15 ~~enroll~~] employees into the program after [~~providing~~]
16 the program administrator provides the [~~covered~~
17 ~~employee~~] employees with a written notice of the
18 [~~employee's~~] right of the employees to opt [~~in~~] out;
19 and



1 (2) For any covered employee who ~~[has opted in to]~~ is
2 enrolled into the program[+] and has not opted out, a
3 covered employer shall:

4 (A) Withhold the covered employee's contribution
5 amount from the employee's salary or wages; and

6 (B) Transmit the covered employee's payroll deduction
7 contribution to the program on the earliest date
8 the amount withheld can reasonably be segregated
9 from the covered employer's assets, but no later
10 than the fifteenth day of the calendar month
11 following the month in which the covered
12 employee's contribution amounts are withheld.

13 (f) The program shall establish for each enrolled employee
14 a Roth IRA, into which the contributions deducted from ~~[an]~~ the
15 employee's payroll shall be deposited. The board may add an
16 option for all participants to affirmatively elect to contribute
17 to a traditional IRA in addition to or in lieu of a Roth IRA."

18 SECTION 5. Section 389-7, Hawaii Revised Statutes, is
19 amended by amending subsection (b) to read as follows:

20 "(b) The program manager shall keep total fees and
21 expenses as low as practicable~~[, provided that the total fees~~



~~1 and expenses of the program each year shall not exceed seventy
2 five basis points of the total assets of the program; provided
3 further that this limit shall not apply during the initial
4 three year period following the establishment of the program]."~~

5 SECTION 6. Section 389-14, Hawaii Revised Statutes, is
6 amended by amending subsection (a) to read as follows:

7 "(a) Any covered employer who fails to enroll a covered
8 employee into the program in accordance with section 389-5(e)(1)
9 without equitable justification shall be liable:

10 (1) To the covered employee, in an amount equal to the
11 contribution amount that would have been made by the
12 employee into the program and interest at a rate of
13 six per cent per year on the contribution amount,
14 beginning from the date the contribution would have
15 been made into the account; provided that the sum of
16 the contribution amount and interest thereto shall be
17 transmitted by the covered employer to the program to
18 be paid into the covered employee's IRA; and

19 (2) A penalty of:

20 (A) \$25 for each month the covered employee was not
21 enrolled in the program; and



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1 (B) \$50 for each month the covered employee continues
 2 to be unenrolled in the program after the date on
 3 which a penalty has been assessed with respect to
 4 the covered employee who [~~had elected to~~
 5 ~~participate~~] should have been enrolled in the
 6 program."

7 SECTION 7. There is appropriated out of the general
 8 revenues of the State of Hawaii the sum of \$720,000 or so much
 9 thereof as may be necessary for fiscal year 2025-2026 and the
 10 same sum or so much thereof as may be necessary for fiscal year
 11 2026-2027 for the development and operation of the Hawaii
 12 retirement savings program, including but not limited to
 13 expenses for legal, outreach, communication, and marketing
 14 services, and consultants, audits, and insurance.

15 The sums appropriated shall be expended by the department
 16 of labor and industrial relations for the purposes of this Act.

17 SECTION 8. Statutory material to be repealed is bracketed
 18 and stricken. New statutory material is underscored.

19 SECTION 9. This Act shall take effect on July 1, 2025.

20

INTRODUCED BY:




S.B. NO. 855

Report Title:

DLIR; Hawaii Retirement Savings Act; Hawaii Retirement Savings Program; Covered Employer; Definition; Automatic Enrollment; Opt-Out Option; Appropriations

Description:

Clarifies the definition of "covered employer" under the Hawaii Retirement Savings Act. Requires covered employers to automatically enroll covered employees into the Hawaii Retirement Savings Program unless the employee chooses to opt out. Repeals the limit on the total fees and expenses that can be spent for the Program each year. Appropriates funds to the Department of Labor and Industrial Relations for the development and operation of the Program.

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Agenda Item III
2025 Legislative Session

**2024 Legislation, Board Meeting Minutes, and
Testimony for Informational Purposes**

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR



JADE T. BUTAY
DIRECTOR

WILLIAM G. KUNSTMAN
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
830 PUNCHBOWL STREET, ROOM 321
HONOLULU, HAWAII 96813

HAWAII RETIREMENT
SAVINGS BOARD

Co-Chairs
Jade T. Butay
Luis Salaveria

Members
Jessie Keola Dean
Barbara Krieg
Andrew Nomura
Brian Taniguchi
Karen Yasukawa
Senator Sharon Moriwaki
Rep Andrew Takuya

**HAWAII RETIREMENT SAVINGS PROGRAM
BOARD MEETING**

MINUTES

**February 15, 2023
3:00 p.m.**

MEMBER ATTENDEES

Bill Kunstman, Department of Labor and Industrial Relations (DLIR), Director's Designee, Co-Chair
Luis Salaveria, Cho-Chair, Department of Budget & Finance (B&F)
Jessie "Keola" Dean, Member
Barbara Krieg, Member
Andrew Nomura, Member
Karen Yasukawa, Member

Others in attendance

Kristine K. Reitan, DLIR (Secretary)
Michael Moriyama, Department of the Attorney General
Keali'i Lopez, AARP
Audry Suga-Nakagawa, AARP
Andi Pawasarat-Losalio

I. Call Meeting to Order

Co-Chair Kunstman called the meeting to order at 3:00 p.m.

II. Approval of the Minutes of the December 15, 2023, Meeting

Co-Chair Kunstman inquired if there were any corrections to the minutes of December 15th, 2023, meeting that had been distributed. Hearing none, the minutes were approved.

III. Public Comment Period

No public comments were provided.

IV. Executive Session (Closed to the public)

Member Nomura moved to convene into executive session, seconded by member Dean, with all members present voting in the affirmative, the board approved convening in executive session to consider the hire, evaluation, dismissal, or discipline of an officer or employee, where consideration of matters affecting privacy will be involved, pursuant to Section 92-5(a)(2), Hawaii Revised Statutes (HRS)) for the hiring of the Executive

Director pursuant to section 389-3(f), HRS.

The meeting recessed at 3:05 p.m.

Co-Chair Kunstman called the meeting back to order at 3:20 p.m. and announced that the board met in executive session to discuss the hiring of the executive director.

V. Hiring of the Executive Director

Co-Chair Kunstman announced that an offer to the top candidate by the selection panel was rejected by the candidate in the first week in January. The selection panel engaged virtually with the second ranked candidate during the second week of January, and based on those discussions decided against making an offer to the candidate. The job announcements are still posted on the Department of Labor and Industrial Relations job page as well as Department of Human Resources Development under their non-civil services announcements page.

Co-Chair Kunstman asked if the board members had any questions or comments regarding the selection of an Executive Director and solicited public input regarding the selection process.

Co-Chair Salaveria noted that he had met with the candidates and said they were of high caliber and had high qualifications. He also noted that the selection panel is struggling with meeting certain expectations on compensation but is hopeful that they could continue and find the right person. Co-Chair Bill Kunstman thanked Co-Chair Salaveria for his comments and also noted that more candidates might be interested if there were a change to the opt-in law as it may be difficult for the Executive Director to succeed with the way the current law is written.

Co-Chair Kunstman solicited testimony from the public.

Andi Pawasarat-Losalio asked if the board could hire an interim Executive Director while the board is looking for a permanent one so some of the basic functions can move forward. Co-Chair Kunstman replied that it is possible to hire someone temporarily and noted another suggestion that has been made is that until the of hiring an Executive Director a temporary program specialist could be hired to help with the operations of the board, which he noted would be discussed later on per the agenda.

Keali'i Lopez commented that people currently working for the state that do this type of work may not have applied for the opening because of the budgeted amount. She mentioned that compensation is a factor with local candidates.

VI. Discussion on Legislation

A. HB2197/SB2553 Relating to Hawaii Retirement Savings Act

Co-Chair Kunstman stated these proposals require employers to automatically enroll employees in the Hawaii Retirement Savings Program and allow employees to opt-out instead of opt-in to the program. The measures also make a housekeeping amendment to the definition of covered employer, which aligns with the purpose of the original Act to provide a state-facilitated payroll deduction retirement savings program for private sector employees who do not have access to employer sponsored retirement plans. Member Nomura asked what the difference between the two measurers was. Co-Chair Kunstman replied that the measures were essentially identical as

they are companion measures. Due to the different drafting agencies, there may be slightly different technical amendments. Both measures have had hearings in both chambers and are at the point where they are going to the last committee in the originating chambers, which are the money committees—Finance and Ways and Means.

Co-Chair Kunstman explained the legislative process for the bills and stated that one way or another the board should know no later than the end of April if there will be any changes to the statute.

Co-Chair Kunstman solicited testimony from the public and none was offered.

B. Board Approval of Automatic Enrollment with Opt-Out Policy.

Co-Chair Kunstman proposed a question to the board: Shall the Board support legislative proposals to change the Hawaii Retirement Savings Program statute to require employers to automatically enroll employees in the Hawaii Retirement Savings Program and allow employees to opt-out instead of opt-in to the program?

Co-Chair Kunstman solicited testimony from the public and none was offered.

Member Yasukawa shared her support as well as Co-Chair Salaveria and Member Dean. Member Dean moved a motion to have the board vote on supporting changing the statute to opt-out instead of opt-in and the motion was seconded by Member Nomura. There having been a motion that was moved and seconded, a vote was taken, and the motion carried with all members present voting in the affirmative.

C. Approval to Delegate Authority to Two Board Members Pursuant to 92-2.5(a), HRS, to Prepare and Submit Legislative Testimony, Talk to Legislators, and Attend Legislative Hearings in Accordance with Board Policy on HB2197/SB2553

Co-Chair Kunstman referred members to the packets regarding the Office of Information Practice (OIP) Guidance on the legislative process for boards and commissions. The Sunshine Law requirements make it difficult for boards to weigh in timely on legislative matters. The OIP has provided 7 different options, 3 of which involve Permitted Interaction Groups, one is delegation to staff (which there is none at this time), one for the counties, and an emergency meeting. That leaves OIP option #2 as the most efficient approach for the board should the board want to participate in the legislative process.

Member Nomura asked if it would be helpful. Co-Chair Kunstman replied that he believed so and Co-Chair Salaveria also stated it would definitely be helpful. Co-Chair Kunstman referenced what Senator Moriwaki had said in a previous board meeting when she mentioned that it was more powerful when boards came before a committee to advocate for legislation. The other usual option for boards is to delegate to staff, however, currently there is no staff. Member Dean asked if the board was required to identify the individuals on the PIG if that was a route the board wanted to pursue. Co-Chair Kunstman

responded yes, if the board wanted to use the PIG route that would be the whole PIG process and the board would have to have a meeting, establish the purpose and the scope, identify the individuals, then have a subsequent meeting to vote on it and at that point a PIG could operate for legislative purposes.

It was further clarified that two board members have to be identified by name should the board chose to delegate authority to have two members participate in the legislative process.

Member Dean asked if board members not present at the meeting could be assigned the delegation. AG Moriyama clarified that by statute the board could identify board members that are not present at the board meeting.

Co-Chair Kunstman then opened the discussion for public testimony. Audrey Suga-Nakagawa suggested that it would be good to have someone with some technical expertise especially in the area of retirement savings. Keali'i Lopez stated what the board might want to consider is that if the bill changes drastically, whether the board is going to want to engage in the legislative process and which board members might have the biggest impact.

Member Nomura moved to delegate authority to Co-Chair Kunstman and Member Taniguchi to represent the board before the legislature regarding HB2197/SB2553 and the motion was seconded by Member Dean. Co-Chair Kunstman solicited discussion from the board and then the public, and none was offered.

There having been a motion that was moved and seconded, a vote was taken, and the motion carried with all members present voting in the affirmative.

AG Moriyama suggested the board also deliberate upon the amendments in the bills to the covered employer definition.

Member Yasukawa made a motion to approve of the amendments in the bill to the covered employer definition, which was seconded by Member Nomura.

Co-Chair Kunstman solicited testimony from the public and none was offered.

There having been a motion that was moved and seconded, a vote was taken, and the motion carried with all members present voting in the affirmative.

VII. FY2024 Budget

A. FY 2023-24 Fiscal Report

Co-Chair Kunstman referred to the board packet for members to see the report from the Administrative Services Office (ASO), which is the fiscal unit in the department. The report shows the general fund appropriation and how much has been spent so far this fiscal year (\$3,105.41). The report reflects the money that was spent for the recruitment process to bring two

candidates to Hawaii and no other expenses have been recorded. Co-Chair Kunstman did learn from ASO that the AG has provided 5.6 hours of legal services to the board but has yet to receive the charges from the Department of the Attorney General. He explained that those charges should be reflected at a future meeting and that the hourly rate is unknown at this time, but those hourly charges should not be exorbitant.

Co-Chair Kunstman solicited testimony from the public and none was offered.

VIII. Hiring

A. Program Specialist Recruitment

Co-Chair Kunstman mentioned that the board previously approved a position description for the program specialist per the statutory requirement for the board to approve of position descriptions. Co-Chair Kunstman had previously asked AG Moriyama if the board could hire the position and not the person and the answer is the board needs to approve of hiring a person not a position, even for a temporary hire.

Co-Chair Kunstman stated that the temporary position is posted at the DLIR's as well as the Department of Human Resources websites. Previous board discussions involved waiting on the Executive Director to hire the other staff but perhaps hiring a temporary staff to help with board operations until such a time that an Executive Director was onboarded and could hire the permanent staff would facilitate board operations.

Board member Yasukawa inquired as to the work to be performed by the temporary staff. Co-Chair Kunstman said at this time it would be limited to board meetings and related duties including minutes, agendas, etc.

Co-Chair Kunstman solicited testimony from the public and none was offered.

IX. Announcements

No announcements were offered by the board or members of the public.

- A. Next meeting to be determined.

X. Adjournment

There being no further business, Co-Chair Kunstman adjourned the meeting at 4:05 p.m.

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR



JADE T. BUTAY
DIRECTOR

WILLIAM G. KUNSTMAN
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
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HAWAII RETIREMENT
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Karen Yasukawa
Senator Henry Aquino
Rep. Andrew Takuya Garrett

**HAWAII RETIREMENT SAVINGS PROGRAM
BOARD MEETING**

MINUTES

**May 20, 2024
3:30 p.m.**

I. Call Meeting to Order

Co-Chair Kunstman called the meeting to order at 3:30 p.m. on Monday, May 20, 2024, at the Ke'elikolani Building, Room 321, 830 Punchbowl St., Honolulu, HI 96813.

Quorum (6): Co-Chairs Bill Kunstman & Luis Salaveria, Members Keola Dean, Barbara Krieg, Brian Taniguchi & Karen Yasukawa. Representative Andrew Takuya Garrett joined the meeting at 3:40 p.m.

Others in attendance: Keali'i Lopez, AARP, Tereza Alezandre, David Rodriguez, DLIR Designated Legislative Coordinator, Kristine Reitan, Acting Board Secretary, Tri Pham, DLIR IT support.

II. Approval of the Minutes of the February 15, 2024, Meeting

Co-Chair Kunstman inquired if there were any corrections to the minutes of the February 15th, 2024, meeting that had been distributed. Co-Chair Kunstman noted there was a typo in the member attendee title for Luis Salaveria, that it should be changed from "Cho-Chair" to "Co-Chair".

The minutes were approved.

III. Public Comment Period

Co-Chair Kunstman solicited testimony from the public and none was offered at this time.

IV. Hiring of the Executive Director

A. Update on the Hiring of the Executive Director

Co-Chair Kunstman stated that over the last six months six additional applications have been received in addition to one application that had been received shortly after the selection panel had screened the first round of applicants. He noted that after the previous offer of selection was made to an applicant and subsequent Board discussion that recruitment was put on hold until the legislative process played out. The selection panel is willing and able to re-engage with the recruitment process on behalf of the Co-Chairs to derive candidates for the Co-Chairs' and subsequently Board's consideration. How would the Board like for the recruitment to proceed?

Member Krieg stated as soon as possible and suggested that hiring someone a temporary basis would not be a fruitful strategy. Instead, the Board should consider hiring someone that can do a good job setting up the program and then have the Board monitor that person's performance and development. She stated that personally she thinks the Board needs more of a high level project manager to get the program off the ground rather than a person with financial market expertise.

Co-Chair Salaveria agreed and recommended that the Board should consider looking for someone who will focus on meeting with small businesses and explain the advantages of having employees enrolling in the program including as a recruitment incentive.

Member Dean agreed with Co-Chair Salaveria and Member Krieg and advocated for the Executive Director to have experience with local chambers of commerce or economic development offices and move forward. He also noted that legislation regarding the "opt-out" may not have passed due to the program not being up and running and not having an Executive Director.

Co-Chair Kunstman solicited testimony from the public.

Participant Keali'i Lopez recommended that although it would be helpful to have an Executive Director that had experience in navigating the state system, working with boards, understanding of the procurement process - preferably within the state or county, and experience in administrative rules, with the legislature. If the Board hyper-focuses on a person with financial industry experience it would limit the potential candidates. Participant Keali'i Lopez further mentioned that with the support of the Board, the Executive Director would have the resources and expertise to successfully start the program.

Co-Chair Kunstman again solicited testimony from the public and no more testimony was offered.

Co-Chair Kunstman noted that the consensus of the Board was to actively proceed with recruitment of an Executive Director.

V. Discussion on Legislation

A. HB1800 Relating to the State Budget/SB2553 Relating to Hawaii Retirement Savings Act

Co-Chair Kunstman sought testimony from the public and none was offered.

Co-Chair Kunstman explained that the Senate version of the measure (SB2553) moved through the legislative process intact as originally introduced—to require employers to automatically enroll employees into the Program and allow employees to opt-out instead of opt-in to the program as well as the housekeeping amendment to the definition of covered employer. The bill was only substantively amended by the last committee – House Finance. The Finance Committee amended the measure to strike the \$25M appropriation for the matching contributions from the original Act and lapse that money to the general fund.

Co-Chair Kunstman continued stating that in HB1800 RELATING TO THE STATE BUDGET both the House Draft and Senate Drafts contained a provision to delete the \$25M appropriation from the original Hawaii Retirement Savings Act. It appeared there was agreement to lapse the \$25M, which seemed to be a good sign for the bill passing because with opt-out the State match would not be necessary. However, the legislation

did not pass, essentially making no change to the existing Act or statute. The \$25M is still there and the budget worksheets will provide more information than the line items in the bill and should be posted soon to confirm that the FY2024-25 budget contains \$259,064 for the salaries for the Executive Director, program specialist, secretary, computer/software (\$2,000) and travel (\$15,000).

Co-Chair Salaveria and Member Taniguchi noted that not having House Conferees to SB2553 indicated that there was an issue that needed to be further examined by the Board and advocates regarding the legislation. Member Taniguchi noted that the lapse may be listed without any identifying information in the budget bill. Co-Chair Salaveria responded that the \$25M was not lapsed in the proviso section, for all intents and purposes the money is still there to be requested.

Co-Chair Salaveria requested that the DLIR request to deposit \$25M into the special fund to avoid lapsing the funds. Co-Chair Kunstman stated that the DLIR had initiated the process and should be shortly transmitting the request to the Dept. of Budget and Finance for approval.

Co-Chair Kunstman stated that in effect the legislature, by not making any changes to the statute, was indicating that program adjustments weren't necessary at this time—does the Board want to effectuate the program as is and maybe consider going back to the legislature next year and asking for a change?

Member Krieg said that seemed to be the best course of action and suggested that going back to the legislature next legislative session and that in the meantime that the Board could continue to recruit staff and initiate the program. She mentioned that there's a lot of work that should and needs to be done before that change in program design is made by the legislature. Member Krieg also mentioned it would be helpful to obtain more information on what prevented the bill from passing this past session.

Co-Chair Kunstman then solicited testimony from the public.

Participant Keali'i Lopez acknowledged that AARP will be working prior to the next legislative session with the legislature to learn about the issues and concerns regarding the measure. Passing legislation may be easier to do once the Executive Director is hired and the program is up and running.

Co-Chair Kunstman again solicited testimony from the public. No other testimony was offered.

B. GM658 Brian Taniguchi

Co-Chair Kunstman congratulated Mr. Taniguchi who was unanimously confirmed for a second term on the Board through June 30, 2028, by the State Senate. He also detailed that Board members Barbara Krieg & Karen Yasukawa terms expire at the end of June in 2025 and Board Members Keola Dean & Andrew Nomura expire at the end of June in 2026.

Co-Chair Kunstman solicited testimony from the public and none was offered.

VI. Budget

Co-Chair Kunstman reported that the first nine months of the fiscal year the Board has

spent \$3,105.39—a correction of two cents. Board members were notified that the Department of the Attorney General will not be charging the program for legal services because services are provided by general funded staff. The only monies that the Board has spent is in recruitment and travel for Executive Director candidates.

Co-Chair Kunstman solicited testimony from the public, none was offered.

VII. Hawaii State Ethics Commission: Annual Financial Disclosure

Co-Chair Kunstman reminded the Board members to file their 2024 financial disclosure with the Hawai'i State Ethics Commission by May 31, 2024, and noted that the Board packet included the E-Filing Quick Guide for Filers.

Co-Chair Kunstman solicited testimony from the public, none was offered.

VIII. Announcements

Co-Chair Kunstman asked the Board members or public for announcements.

Keali'i Lopez suggested that the Board designees for legislative matters are the best conduits for the Board to keep informed about legislative developments during the interim and engage the Board as needed.

No other announcements were offered by the Board or members of the public.

- A. Next meeting to be determined.

IX. Adjournment

There being no further business, Co-Chair Kunstman called to adjourn the meeting at 4:04 p.m. Member Krieg moved to adjourn the meeting and was seconded by Member Dean. The Board voted unanimously to adjourn.





2024 Archives

You are viewing archived information from 2024

SB2553 SD1 HD2

| | |
|-------------------|---|
| Measure Title: | RELATING TO HAWAII RETIREMENT SAVINGS ACT. |
| Report Title: | Hawai'i Retirement Savings Act; Hawai'i Retirement Savings Program; Covered Employer; Definition; Automatic Enrollment; Opt-out Option |
| Description: | Clarifies the definition of "covered employer" under the Hawai'i Retirement Savings Act. Requires covered employers to automatically enroll covered employees into the Hawai'i Retirement Savings Program unless the employee chooses to opt out. Repeals and lapses the funds appropriated into and out of the Hawai'i Retirement Savings Special Fund in Act 296, Session Laws of Hawai'i 2022. Effective 7/1/3000. (HD2) |
| Companion: | HB2197 |
| Package: | None |
| Current Referral: | LGO, FIN |
| Introducer(s): | MORIWAKI, CHANG, DECOITE, FEVELLA, Kim, San Buenaventura |

| <u>Sort by</u> <u>Date</u> | Status | Text |
|-------------------------------|--------|---|
| 4/15/2024 | H | Received notice of Senate conferees (Sen. Com. No. 678). |
| 4/15/2024 | S | Senate Conferees Appointed: Aquino Chair; Kanuha Co-Chair; Fevella. |
| 4/11/2024 | H | Received notice of disagreement (Sen. Com. No. 673). |
| 4/11/2024 | S | Senate disagrees with House amendments. |
| 4/11/2024 | S | Received from House (Hse. Com. No. 704). |
| 4/9/2024 | H | Passed Third Reading as amended in HD 2 with none voting aye with reservations; Representative(s) Garcia, Pierick voting no (2) and none excused (0). Transmitted to Senate. |
| 4/5/2024 | H | Forty-eight (48) hours notice Tuesday, 04-09-24. |
| 4/5/2024 | H | Reported from FIN (Stand. Com. Rep. No. 1830-24) as amended in HD 2, recommending passage on Third Reading. |
| 4/2/2024 | H | The committee on FIN recommend that the measure be PASSED, WITH AMENDMENTS. The votes were as follows: 15 Ayes: Representative(s) Yamashita, Kitagawa, Aiu, Chun, Cochran, Garrett, Kahaloa, Kila, Lamosao, Morikawa, Nishimoto, Poepoe, Takenouchi, Alcos, Ward; Ayes with reservations: none; 0 Noes: none; and 1 Excused: Representative(s) Kobayashi. |
| 3/29/2024 | H | Bill scheduled to be heard by FIN on Tuesday, 04-02-24 2:30PM in House conference room 308 VIA VIDEOCONFERENCE. |
| 3/19/2024 | H | Passed Second Reading as amended in HD 1 and referred to the committee(s) on FIN with none voting aye with reservations; none voting no (0) and Representative(s) Belatti, Hashem, Kong, Sayama excused (4). |
| 3/19/2024 | H | Reported from LGO (Stand. Com. Rep. No. 1165-24) as amended in HD 1, recommending passage on Second Reading and referral to FIN. |
| 3/14/2024 | H | The committee on LGO recommend that the measure be PASSED, WITH AMENDMENTS. The votes were as follows: 4 Ayes: Representative(s) Matayoshi, Garrett, Martinez, Tam; Ayes with reservations: none; Noes: none; and 3 Excused: Representative(s) Kapela, Sayama, Alcos. |
| 3/11/2024 | H | Bill scheduled to be heard by LGO on Thursday, 03-14-24 9:15AM in House conference room 309 VIA VIDEOCONFERENCE. |
| 3/7/2024 | H | Referred to LGO, FIN, referral sheet 16 |
| 3/7/2024 | H | Pass First Reading |

| | | | |
|-----------|---|--|---|
| 3/5/2024 | H | Received from Senate (Sen. Com. No. 148) in amended form (SD 1). |  |
| 3/5/2024 | S | Report adopted; Passed Third Reading. Ayes, 25; Aye(s) with reservations: none . Noes, 0 (none). Excused, 0 (none). Transmitted to House. |  |
| 3/1/2024 | S | One Day Notice 03-05-24. | |
| 3/1/2024 | S | Reported from WAM (Stand. Com. Rep. No. 3008) with recommendation of passage on Third Reading. | |
| 3/1/2024 | S | The committee(s) on WAM recommend(s) that the measure be PASSED, UNAMENDED. The votes in WAM were as follows: 12 Aye(s): Senator(s) Dela Cruz, Moriwaki, Aquino, DeCoite, Hashimoto, Inouye, Kanuha, Kidani, Kim, Lee, Wakai, Fevella; Aye(s) with reservations: none ; 0 No(es): none; and 1 Excused: Senator(s) Shimabukuro. | |
| 2/28/2024 | S | The committee(s) on WAM will hold a public decision making on 03-01-24 9:55AM; Conference Room 211 & Videoconference. | |
| 2/13/2024 | S | Report adopted; Passed Second Reading, as amended (SD 1) and referred to WAM. | |
| 2/13/2024 | S | Reported from LBT (Stand. Com. Rep. No. 2266) with recommendation of passage on Second Reading, as amended (SD 1) and referral to WAM. | |
| 2/2/2024 | S | The committee(s) on LBT recommend(s) that the measure be PASSED, WITH AMENDMENTS. The votes in LBT were as follows: 5 Aye(s): Senator(s) Aquino, Moriwaki, Ihara, Fevella, Lee; Aye(s) with reservations: none ; 0 No(es): none; and 0 Excused: none. | |
| 1/30/2024 | S | The committee(s) on LBT has scheduled a public hearing on 02-02-24 3:10PM; CR 224 & Videoconference. | |
| 1/24/2024 | S | Referred to LBT, WAM. | |
| 1/22/2024 | S | Passed First Reading. | |
| 1/19/2024 | S | Introduced. | |

S = Senate | H = House | D = Data Systems | \$ = Appropriation measure | ConAm = Constitutional Amendment

Some of the above items require Adobe Acrobat Reader. Please visit [Adobe's download page](#) for detailed instructions.

SB2553 SD1 HD2

2024 MINUTES & BILLS

STAND. COM. REP. NO. 1830-24

Honolulu, Hawaii

APR 05, 2024

RE: S.B. No. 2553
S.D. 1
H.D. 2

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 2553, S.D. 1, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HAWAII RETIREMENT SAVINGS ACT,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Clarify the definition of "covered employer" under the Hawaii Retirement Savings Act; and
- (2) Require covered employers to automatically enroll covered employees into the Hawaii Retirement Savings Program unless the employees opt out.

Your Committee received testimony in support of this measure from the Executive Office on Aging; AARP Hawai'i; Hawai'i Family Caregiver Coalition; Hawai'i Primary Care Association; and eight individuals. Your Committee received comments on this measure from the Hawaii Retirement Savings Board and Retail Merchants of Hawaii.

Your Committee has amended this measure by:

2024-2753 SB2553 HD2 HSCR HMSO



- (1) Repealing and lapsing the funds appropriated into and out of the Hawaii Retirement Savings Special Fund in Act 296, Session Laws of Hawaii 2022; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2553, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2553, S.D. 1, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



KYLE T. YAMASHITA, Chair



THE SENATE
THIRTY-SECOND LEGISLATURE, 2024
STATE OF HAWAII

S.B. NO. 2553
S.D. 1
H.D. 2

A BILL FOR AN ACT

RELATING TO HAWAII RETIREMENT SAVINGS ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

- 1 SECTION 1. The purpose of this Act is to:
- 2 (1) Clarify the definition of "covered employer" in the
- 3 Hawaii Retirement Savings Act;
- 4 (2) Amend and align provisions of the Hawaii retirement
- 5 savings program, the state-facilitated payroll-
- 6 deduction retirement savings plan for private sector
- 7 employees in Hawaii who do not have access to
- 8 employer-sponsored retirement plans, to require
- 9 automatic enrollment unless the employee opts out; and
- 10 (3) Repealing and lapsing the funds appropriated into and
- 11 out of the Hawaii retirement savings special fund in
- 12 Act 296, Session Laws of Hawaii 2022.
- 13 SECTION 2. Section 389-2, Hawaii Revised Statutes, is
- 14 amended by amending the definition of "covered employer" to read
- 15 as follows:



1 "Covered employer" means any person who is in business in
2 the State and has one or more individuals in employment.

3 "Covered employer" does not include:

4 (1) The United States;

5 (2) The State or any of its political subdivisions; or

6 (3) A person that has [~~been maintaining~~] offered or
7 maintained for some or all employees at any time
8 during the preceding two years a retirement plan that
9 is tax-qualified under or is described in and
10 satisfies the requirements of section 401(a), 401(k),
11 403(a), 403(b), 408(k), or 408(p) of the Internal
12 Revenue Code."

13 SECTION 3. Section 389-4, Hawaii Revised Statutes, is
14 amended by amending subsections (a) and (b) to read as follows:

15 "(a) The board shall have powers and duties in accordance
16 with law to:

17 (1) Establish, implement, and maintain the program;

18 (2) Cause the program and arrangements and accounts
19 established under the program to be designed,
20 established, and operated:



- 1 (A) In accordance with best practices for retirement
2 savings vehicles;
- 3 (B) To encourage participation, saving, sound
4 investment practices, and appropriate selection
5 of default investments;
- 6 (C) To maximize simplicity and ease of administration
7 for employers;
- 8 (D) To minimize costs, including by collective
9 investment and other measures to achieve
10 economies of scale and other efficiencies in
11 program design and administration;
- 12 (E) To promote portability of benefits; and
- 13 (F) To avoid preemption of the program by federal
14 law;
- 15 (3) Arrange for collective, common, and pooled investment
16 of assets of the program;
- 17 (4) Determine the eligibility of an employer, employee, or
18 other individual to participate in the program;
- 19 (5) Ensure the program's compliance with all applicable
20 laws and regulations;



- 1 (6) Establish procedures for the timely and fair
2 resolution of participant and other disputes related
3 to accounts or program operation;
- 4 (7) Develop and implement:
- 5 (A) An investment policy that defines the program's
6 investment objectives and that is consistent with
7 the objectives of the program; and
- 8 (B) Other policies and procedures consistent with
9 those investment objectives;
- 10 (8) Cause expenses incurred to initiate, implement,
11 maintain, and administer the program to be paid from
12 the program and other available sources;
- 13 (9) Establish and collect application, account, and
14 administrative fees;
- 15 (10) Accept grants, gifts, donations, legislative
16 appropriations, loans, and other moneys from the
17 State, any unit of federal, state, or local
18 government, or any other person to defray the costs of
19 administering and operating the program;



- 1 (11) Enter into contracts pursuant to chapter 103D for
2 services that the board deems necessary to carry out
3 the purposes of this chapter, including:
- 4 (A) Services of private and public financial
5 institutions, depositories, consultants,
6 actuaries, counsel, auditors, investment
7 advisors, investment administrators, investment
8 management firms, other investment firms, third-
9 party administrators, other professionals and
10 service providers;
- 11 (B) Research, technical, financial, administrative,
12 and other services; and
- 13 (C) Services of other state agencies to assist the
14 board in the exercise of its powers and duties;
- 15 (12) Develop and implement an outreach plan to gain input
16 and disseminate information regarding the program and
17 retirement savings in general;
- 18 (13) Cause moneys to be held and invested and reinvested
19 under the program;
- 20 (14) Ensure that all contributions to individual retirement
21 accounts under the program may be used only to:



- 1 (A) Pay benefits to participants under the program;
- 2 (B) Pay the cost of administering the program; and
- 3 (C) Make investments for the benefit of the program;
- 4 provided that no assets of the program shall be
- 5 transferred to the general fund of the State or
- 6 to any other fund of the State or otherwise
- 7 encumbered or used for any purpose other than
- 8 those specified in this paragraph;
- 9 (15) Provide for the payment of costs of administration and
- 10 operation of the program;
- 11 (16) Evaluate the need for and, if the board deems
- 12 necessary, procure:
- 13 (A) Insurance against any and all loss in connection
- 14 with the property, assets, or activities of the
- 15 program; and
- 16 (B) Pooled private insurance;
- 17 (17) Indemnify, including procurement of insurance if and
- 18 as needed for this purpose, each board member from
- 19 personal loss or liability resulting from the member's
- 20 action or inaction as a board member;



1 (18) Collaborate with and evaluate the role of financial
2 advisors or other financial professionals, including
3 in assisting and providing guidance for covered
4 employees; ~~and~~

5 (19) Reimburse, when appropriate, the general fund of the
6 State of Hawaii for the initial expenses incurred for
7 initiating, implementing, maintaining, and
8 administering the program; and

9 (20) Take any other action the board deems reasonably
10 necessary to carry out the purpose of this chapter.

11 (b) The board may develop and disseminate information
12 designed to educate covered employees about the impacts of
13 ~~[opting in to]~~ the program on take-home pay, savings strategies,
14 and the benefits of planning and saving for retirement to help
15 covered employees in deciding whether to participate and at what
16 level participation may be appropriate."

17 SECTION 4. Section 389-5, Hawaii Revised Statutes, is
18 amended as follows:

19 1. By amending its title to read:



1 "~~[+]§389-5[+]~~ Hawaii retirement savings program; due
2 diligence; establishment; payroll deduction [~~upon election to~~
3 ~~contribute~~]."

4 2. By amending subsections (d) to (f) to read:

5 "(d) [~~Any covered employee may elect to contribute a~~
6 ~~portion of the employee's salary or wages to an individual~~
7 ~~retirement account provided by the program through payroll~~
8 ~~deduction.~~] Each covered employer shall enroll its covered
9 employees in the program and withhold payroll deduction
10 contributions from each covered employee's paycheck unless the
11 covered employee has elected not to contribute.

12 (e) Beginning on a date to be determined by the board
13 pursuant to subsection (a), a covered employer shall:

14 (1) [~~Allow a~~] Automatically enroll covered [~~employee to~~
15 ~~enroll~~] employees into the program after [~~providing~~]
16 the program administrator provides the [~~covered~~
17 ~~employee~~] employees with a written notice of the
18 [~~employee's~~] right of the employees to opt [~~in,~~] out;
19 and



1 (2) For any covered employee who [~~has opted in to~~] is
2 enrolled into the program[+], a covered employer
3 shall:

4 (A) Withhold the covered employee's contribution
5 amount from the employee's salary or wages; and

6 (B) Transmit the covered employee's payroll deduction
7 contribution to the program on the earliest date
8 the amount withheld can reasonably be segregated
9 from the covered employer's assets, but no later
10 than the fifteenth day of the calendar month
11 following the month in which the covered
12 employee's contribution amounts are withheld.

13 (f) The program shall establish for each enrolled employee
14 a Roth IRA, into which the contributions deducted from [~~an~~] the
15 employee's payroll shall be deposited. The board may add an
16 option for all participants to affirmatively elect to contribute
17 to a traditional IRA in addition to or in lieu of a Roth IRA."

18 SECTION 5. Section 389-14, Hawaii Revised Statutes, is
19 amended by amending subsection (a) to read as follows:



1 "(a) Any covered employer who fails to enroll a covered
2 employee into the program in accordance with section 389-5(e)(1)
3 without equitable justification shall be liable:

4 (1) To the covered employee, in an amount equal to the
5 contribution amount that would have been made by the
6 employee into the program and interest at a rate of
7 six per cent per year on the contribution amount,
8 beginning from the date the contribution would have
9 been made into the account; provided that the sum of
10 the contribution amount and interest thereto shall be
11 transmitted by the covered employer to the program to
12 be paid into the covered employee's IRA; and

13 (2) A penalty of:

14 (A) \$25 for each month the covered employee was not
15 enrolled in the program; and

16 (B) \$50 for each month the covered employee continues
17 to be unenrolled in the program after the date on
18 which a penalty has been assessed with respect to
19 the covered employee who ~~[had elected to~~
20 ~~participate]~~ should have been enrolled in the
21 program."



1 SECTION 6. Act 296, Session Laws of Hawaii 2022, is
2 amended by amending section 6 to read as follows:

3 "~~SECTION 6. [There is appropriated out of the general~~
4 ~~revenues of the State of Hawaii the sum of \$25,000,000 or so~~
5 ~~much thereof as may be necessary for fiscal year 2022-2023 to be~~
6 ~~deposited into the Hawaii retirement savings special fund.~~

7 ~~There is appropriated out of the Hawaii retirement savings~~
8 ~~special fund the sum of \$25,000,000 or so much thereof as may be~~
9 ~~necessary for fiscal year 2022-2023 for the State to make~~
10 ~~matching contributions of up to \$500 to the accounts of the~~
11 ~~first 50,000 covered employees who participate in the Hawaii~~
12 ~~retirement savings program for twelve consecutive months after~~
13 ~~initial enrollment.] Repealed."~~

14 SECTION 7. Act 296, Session Laws of Hawaii 2022, section
15 6, in the amount of \$25,000,000, or balance thereof, general
16 funds unallotted, allotted, encumbered, and unrequired, is
17 hereby lapsed.

18 SECTION 8. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.

20 SECTION 9. This Act shall take effect on July 1, 3000.



S.B. NO. 2553
S.D. 1
H.D. 2

Report Title:

Hawaii Retirement Savings Act; Hawaii Retirement Savings Program; Covered Employer; Definition; Automatic Enrollment; Opt-out Option

Description:

Clarifies the definition of "covered employer" under the Hawaii Retirement Savings Act. Requires covered employers to automatically enroll covered employees into the Hawaii Retirement Savings Program unless the employee chooses to opt out. Repeals and lapses the funds appropriated into and out of the Hawaii Retirement Savings Special Fund in Act 296, Session Laws of Hawaii 2022. Effective 7/1/3000. (HD2)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

2024-2753 SB2553 HD2 HMSO



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JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR



JADE T. BUTAY
DIRECTOR

WILLIAM G. KUNSTMAN
DEPUTY DIRECTOR

HAWAII RETIREMENT
SAVINGS BOARD

Co-Chairs
Jade T. Butay
Luis Salaveria

Members
Jessie Keola Dean
Barbara Krieg
Andrew Nomura
Brian Taniguchi
Karen Yasukawa
Senator Henry J.C. Aquino
Rep Andrew Takuya

STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
HAWAII RETIREMENT SAVINGS BOARD
830 PUNCHBOWL STREET, ROOM 321
HONOLULU, HAWAII 96813

April 2, 2024

To: The Honorable Kyle T. Yamashita, Chair,
The Honorable Lisa Kitagawa, Vice Chair, and
Members of the House Committee on Finance

Date: Tuesday, April 2, 2024

Time: 2:30 p.m.

Place: Conference Room 308, State Capitol and via Videoconference

From: William Kunstman, Co-Chair
Hawaii Retirement Savings Board

Re: S.B. 2553 SD1 HD1 RELATING TO HAWAII RETIREMENT SAVINGS ACT

The **Hawai'i Retirement Savings Board strongly supports** this proposal to require employers to automatically enroll employees in the Hawai'i Retirement Savings Program and allow employees to opt-out instead of opt-in to the program. SB2553 SD1 HD1 also makes a housekeeping amendment to the definition of "covered employer."

There is an urgent need to provide a viable option for private sector employers and workers to have access to a state-facilitated retirement savings plan. An employer survey¹ conducted by the Hawaii Retirement Savings Task Force identified that the majority of small business owners agree that being able to offer a voluntary, portable retirement savings program would help local small businesses attract and retain quality employees and stay competitive. Opt-out retirement plans also increase participation rates as too few workers would otherwise put away savings for retirement.

The Board believes that without this change the program may not be viable, especially as aligning Hawai'i's law with most of the other states' automatic enrollment provisions facilitates the potential for Hawai'i to engage in an interstate compact agreement. The Board has not taken steps to conduct a feasibility study because it believes that it would fail to procure a vendor willing to conduct the study based on the current statutory program design i.e., "opt-in." Similarly, the Board believes its efforts to recruit an Executive Director have been hindered by the current "opt-in" program design.

Moreover, failure for the State to facilitate a private sector retirement savings plan for employers and workers will greatly impact the state's economy and the State's fiscal situation. This negative affect on our economy and the State's fiscal situation is forecast to significantly increase as Hawaii's population continues to age and a relatively low-

growth workforce is required to support increased levels of social services for seniors without adequate savings. A 2020 University of Hawaii study² prepared for DBEDT estimated that this dynamic will produce a \$7.7 billion hole in Hawaii's economy by 2035.

It is for the reasons above that the Hawai'i Retirement Savings Board urges the Committee to pass this measure and respectfully requests that it be amended to be effective upon approval.

Thank you for the opportunity to provide testimony on this vital matter.

¹ https://www.capitol.hawaii.gov/sessions/session2022/bills/DC188_.pdf

² https://files.hawaii.gov/dbedt/economic/reports/Hawaii_Generational_Economy_Oct2020.pdf

2024 MINUTES & BILLS

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Rep Andrew Takuya

STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
HAWAII RETIREMENT SAVINGS BOARD
830 PUNCHBOWL STREET, ROOM 321
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The Board believes that without this change the program may not be viable, especially as aligning Hawai'i's law with most of the other states' automatic enrollment provisions facilitates the potential for Hawai'i to engage in an interstate compact agreement. The Board has not taken steps to conduct a feasibility study because it believes that it would fail to procure a vendor willing to conduct the study based on the current statutory program design i.e., "opt-in." Similarly, the Board believes its efforts to recruit an Executive Director have been hindered by the current "opt-in" program design.

Moreover, failure for the State to facilitate a private sector retirement savings plan for employers and workers will greatly impact the state's economy and the State's fiscal situation. This negative affect on our economy and the State's fiscal situation is forecast to significantly increase as Hawaii's population continues to age and a relatively low-

growth workforce is required to support increased levels of social services for seniors without adequate savings. A 2020 University of Hawaii study² prepared for DBEDT estimated that this dynamic will produce a \$7.7 billion hole in Hawaii's economy by 2035.

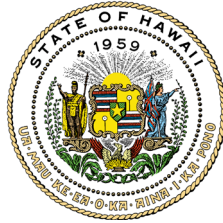
It is for the reasons above that the Hawai'i Retirement Savings Board urges the Committee to pass this measure and respectfully requests that it be amended to be effective upon approval.

Thank you for the opportunity to provide testimony on this vital matter.

¹ https://www.capitol.hawaii.gov/sessions/session2022/bills/DC188_.pdf

² https://files.hawaii.gov/dbedt/economic/reports/Hawaii_Generational_Economy_Oct2020.pdf

2024 MINUTES & BILLS



JOSH GREEN, M.D.
GOVERNOR OF HAWAII
KE KIA'ĀINA O KA MOKU'ĀINA 'O HAWAII

KENNETH FINK, MD, MGA, MPH
DIRECTOR OF HEALTH
KA LUNA HO'OKELE

CAROLINE CADIRAO
DIRECTOR
Executive Office on Aging

Telephone
(808) 586-0100

Fax
(808) 586-0185

STATE OF HAWAII
DEPARTMENT OF HEALTH
KA 'OIHANA OLAKINO
EXECUTIVE OFFICE ON AGING
NO. 1 CAPITOL DISTRICT
250 SOUTH HOTEL STREET, SUITE 406
HONOLULU, HAWAII 96813-2831

**Testimony in SUPPORT of SB2553 SD1 HD1
RELATING TO HAWAII RETIREMENT SAVINGS ACT**

COMMITTEE ON FINANCE
REP. KYLE T. YAMASHITA, CHAIR
REP. LISA KITAGAWA, VICE CHAIR

Testimony of Caroline Cadirao
Director, Executive Office on Aging
Attached Agency to the Department of Health

Hearing: Tuesday, April 2, 2024 at 2:30 P.M., Conference Room 308

- 1 **EOA Position:** The Executive Office on Aging (EOA), an attached agency to the Department of Health
- 2 (DOH) **supports** the intent of this measure.
- 3 **Fiscal Implications:** None.
- 4 **Purpose and Justification:** Clarifies the definition of "covered employer" under this Act. Requires
- 5 covered employers to automatically enroll covered employees into the Hawaii Retirement Savings
- 6 Program unless the employee chooses to "opt out."
- 7 Automatic enrollment in a retirement savings program is considered a "best practice" in the industry
- 8 and will enable more employees to save for their future. Additionally, the opt-out feature allows
- 9 employees to make informed decisions about their retirement savings. It also encourages employees
- 10 to engage with their retirement plans and make proactive choices about their financial futures.
- 11 **Recommendation:** EOA supports the intent of SB2553 SD1 HD1.
- 12 Thank you for the opportunity to testify.



1001 Bishop Street | Suite 625 | Honolulu, HI 96813-2830
1-866-295-7282 | Fax: 808-536-2882
aarp.org/hi | aarphi@aarp.org | twitter.com/AARPHawaii
facebook.com/AARPHawaii

The State Legislature
The House Committee on Finance
Tuesday, April 2, 2024
Room 308, 2:30 p.m.

To: The Honorable Kyle Yamashita Chair
From: Keali'i Lopez, State Director, AARP Hawaii
Re: Strong Support for S.B. 2553 SD1, HD1 - Relating to Hawaii Retirement Savings Act

Dear Chair Yamashita, and Members of the Committee,

My name is Keali'i Lopez, and I am the State Director for AARP Hawai'i. AARP is a nonpartisan, social mission organization that advocates for individuals age 50 and older. We have a membership of nearly 38 million nationwide and over 140,000 in Hawai'i. We advocate for the issues that matter to Hawai'i families including financial security, access to affordable, quality health care for all generations; and serves as a reliable information source on issues critical to people over the age of fifty.

AARP Hawai'i **strongly supports S.B. 2553, SD1, HD1** which amends and aligns provisions of the Hawai'i Retirement Savings Program, the state-facilitated payroll deduction retirement savings program for Hawaii's private sector employees.

The Hawai'i Retirement Savings Program (Act 296 -SLH 2022) creates a low-cost, easy retirement savings program that will help about 174,000 private sector workers set aside money through an automatic payroll deduction from their paycheck. Through Act 296, a board has been established to develop and oversee this state-facilitated automatic IRA program which includes hiring an administrator and support staff to start the program up over the next two years. The program would be a public-private partnership, like the college 529 savings program.

S.B. 2553 SD1, HD1 clarifies the definition of "covered employer" under the Hawai'i Retirement Savings Act and adds automatic enrollment of private sector employees into the program unless the employee opts out. These are necessary amendments and alignment of administrative provisions that will help facilitate successful implementation and program roll-out. To date, there are 19 states that have enacted a retirement savings program for private sector workers. Fifteen states (which include Hawaii) are automatic Individual Retirement Account (IRA) programs. All these states (except Hawaii) include the automatic enrollment provision where the employ can opt out in their retirement savings program. This provision has

been extremely helpful to savers and is easy for them to use. Hawai'i is the only state with a "voluntary opt-in" enrollment provision. In both the public and private sectors, automatic enrollment for workers into retirement accounts is considered a "Best Practice" in the retirement savings industry. The **opt-out feature** increases participation while remaining completely voluntary for workers. As of the December 2023, more than \$1 billion had been saved by 750,000 new savers -- generally \$50 and \$60 a paycheck. The number of savers and savings continues grow very steadily among the participating states.

With Hawaii's program still in an early development stage, it is critical now that the proposed amendments in S.B. 2553 are incorporated to align Hawai'i with the 14 other states and open the pathway for a future partnership with an existing program, should Hawai'i chooses to. (For example, partner with OregonSaves, or Colorado Secure Savings). This inter-state compact agreement will likely save Hawai'i time, money, and be easier to maintain over time.

Thank you for the opportunity to testify in **strong support** of S.B. 2553, SD1, HD1.

2024 MINUTES & BILLING



Testimony to the House Committee on Finance
Tuesday, April 2, 2024
2:30 p.m.
State Capitol Conference Room 308 and via videoconference

Re: SB 2553 SD 1 HD 1 Relating to Hawaii Retirement Savings Act

Dear Chair Yamashita, Vice Chair Kitagawa, and Honorable Members of the House Committee on Finance:

I am Gary Simon, a member of the board of the Hawai i Family Caregiver Coalition, whose mission is to improve the quality of life of those who give and receive care by increasing community awareness of caregiver issues through continuing advocacy, education, and training. I am offering testimony on behalf of the Hawai i Family Caregiver Coalition.

The Hawai i Family Caregiver Coalition supports SB 2553 SD 1 HD 1, which requires covered employers to automatically enroll covered employees into the Hawaii Retirement Savings Program unless the employee chooses to opt out.

Auto enrollment policies are particularly effective with young workers and low-income employees, resulting in higher account balances. Companies with retirement savings program auto enrollment policies see higher overall contribution rates than companies with only voluntary enrollment.

Auto enrollment is a good practice based on good public policy (promoting the financial stability of our residents).

We urge you to support the Hawaii Retirement Savings Program and SB2553 SD1 HD1, and we urge you to recommend its passage.

Mahalo for seriously considering the bill.

Very sincerely,

A handwritten signature in black ink that reads "Gary Simon".

Gary Simon



Email gsimon@aarp.org



**Testimony to the House Committee on Finance
Tuesday, April 2, 2024; 2:30 p.m.
State Capitol, Conference Room 308
Via Videoconference**

RE: SENATE BILL NO. 2553, SENATE DRAFT 1, HOUSE DRAFT 1, RELATING TO HAWAII RETIREMENT SAVINGS ACT.

Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee:

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA **SUPPORTS** Senate Bill No. 2553, Senate Draft 1, House Draft 1, RELATING TO HAWAII RETIREMENT SAVINGS ACT.

By way of background, the HPCA represents Hawaii's Federally Qualified Health Centers (FQHCs). FQHCs provide desperately needed medical services at the frontlines to over 150,000 patients each year who live in rural and underserved communities. Long considered champions for creating a more sustainable, integrated, and wellness-oriented system of health, FQHCs provide a more efficient, more effective and more comprehensive system of healthcare.

The bill, as received by your Committee, would clarify the definition of “covered employer” under the Hawaii Retirement Savings Act, and require automatic enrollment of private sector employees in the Hawaii Retirement Savings Program unless the employee opts out.

This measure would take effect on July 1, 3000, for discussion purposes.

A hallmark of the HPCA is our steadfast belief that the social determinants of health -- more than any other factor -- contributes to the overall wellbeing of our people. Person who experience homelessness, language barriers, and poverty are more likely to suffer persistent, chronic health issues and have shorter life expectations than those who do not. Seventy-three percent of the patients seen by FQHCs live below one hundred percent of the federal poverty limit.

Testimony on Senate Bill No. 2553, Senate Draft 1, House Draft 1
Tuesday, April 2, 2024; 2:30 p.m.
Page 2

Our patients **ARE** the ALICE population. As seen through the fine work of the Aloha United Way in their groundbreaking research on the Asset Limited, Income Constrained Employed in 2022, there were 148,771 ALICE households in Hawaii, with 41,619 households that live below the poverty line. Because of the COVID-19 pandemic, another 35,000 had fallen into ALICE status or below by the end of 2022.

This bill is intended to help ALICE families protect themselves from future economic shock. It would give families the financial tools to plan for the future and to ensure that they will have the resources to adjust to changing demands that will be placed on them as they progress through life.

The HPCA wishes to thank AARP for shepherding this concept throughout the community for nearly the past decade and not giving up our most vulnerable populations. We commend them and stand ready to assist them in this worthy cause.

Thank you for the opportunity to testify. Should you have any questions, please do not hesitate to contact Public Affairs and Policy Director Erik K. Abe at 536-8442, or eabe@hawaiiipca.net.

2024 MINUTES & BILLS



**TESTIMONY OF TINA YAMAKI
PRESIDENT
RETAIL MERCHANTS OF HAWAII
APRIL 2, 2024**

SB 2553 SD1 HD1 RELATING TO HAWAII RETIREMENT SAVINGS ACT

Good afternoon, Chair Yamashita and members of the House Committee on Finance. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii was founded in 1901 and is a statewide, not for profit trade organization committed to supporting the growth and development of the retail industry in Hawaii. Our membership includes small mom & pop stores, large box stores, resellers, luxury retail, department stores, shopping malls, on-line sellers, local, national, and international retailers, chains, and everyone in between.

While we understand the intent of this measure, we have some concerns about SB 2553 SD1 HD1. This measure clarifies the definition of "covered employer" under the Hawaii Retirement Savings Act; requires covered employers to automatically enroll covered employees into the Hawaii Retirement Savings Program unless the employee chooses to opt out; and is effective 7/1/3000.

Businesses, like individuals, prioritize the well-being of their employees and aim to ensure that retirees can enjoy their golden years without relying on public assistance programs. However, **achieving this goal must be balanced with the financial realities that businesses face in order to remain operational and sustain employment.**

While a Retirement Savings program already exists and effectively aids in this endeavor by allowing employees to voluntarily enroll, **our concern lies with the potential burden placed on small, locally owned businesses if mandatory automatic enrollment is enforced, requiring subsequent processing for those wishing to opt out.**

Implementing and managing such programs incur ongoing costs for businesses, particularly challenging for those with high turnover rates, such as customer service roles. Whether managed internally or through third-party services, the financial strain is considerable, with additional expenses incurred to opt employees in and out of the program.

Of significant concern is the impact on smaller, locally owned businesses already grappling with financial challenges, exacerbated by recent events such as the Maui Fires. These businesses, some of which have extended their operations to Lahaina from neighboring islands, are facing diminished foot traffic from visitors, compounded by increased operational costs stemming from recent minimum wage hikes, rising healthcare expenses, and escalating product and shipping costs.

The visible closures of stores within malls reflect the stark reality of these economic pressures, with the closure of businesses translating directly to lost jobs for employees. We cannot afford to witness further closures among small, local retailers due to their inability to absorb yet another governmental mandate.

We do not want to see more of our neighbors, family, and friends losing their livelihoods as additional local retailers shutter their doors due to the financial strain imposed by yet another costly governmental mandate. Presently, the existing system is functional, and now is not the time to change this.

Mahalo for this opportunity to testify.

 3610 Waiialae Ave • Honolulu, HI 96816
  (808) 592-4200
  tyamaki@rmhawaii.org

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SB-2553-HD-1

Submitted on: 3/30/2024 11:16:05 AM

Testimony for FIN on 4/2/2024 2:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------|--------------|--------------------|------------------------|
| Steve Wilkins | Individual | Support | Written Testimony Only |

Comments:

Testimony on Senate Bill No. 2553, Senate Draft 1, House Draft 1

RELATING TO Hawaii Retirement Savings Program Act

Tuesday, April 2, 2024 at 2:30 pm

Conference Room 308 & Videoconference

State Capitol

415 South Beretania Street

Chair Kyle Yamashita and Members of the Committee:

My name is Steve Wilkins, and I am in **STRONG SUPPORT of SB 2553, SD1, HD1 which amends and aligns provisions of the Hawai'i Retirement Savings Program, the state-facilitated payroll deduction retirement savings program for Hawaii's private sector employees.**

The Hawai'i Retirement Savings Program (Act 296 -SLH 2022) creates a low-cost, easy retirement savings program that will help about 174,000 private sector workers set aside money through an automatic payroll deduction from their paycheck.

The proposed program amendments which includes an automatic participation with an opt-out option will align Hawai'i with the 14 other states already or close to being in full operations. This program feature is considered best practice in the retirement savings industry. Hawaii's workers need an easy way to save for their future.

Mahalo for the opportunity to testify!

Steve Wilkins
Honolulu, HI

HOUSE OF REPRESENTATIVES
THE THIRTY-SECOND LEGISLATURE
REGULAR SESSION OF 2024

COMMITTEE ON FINANCE

Rep. Kyle T. Yamashita, Chair
Rep. Lisa Kitagawa, Vice Chair

Date of Hearing: Tuesday, April 2, 2024, 2:30 p.m.

Aloha Chair Yamashita, Vice Chair Kitagawa and Members of the House Committee on Finance. My name is Carol Wakayama and I wish to submit testimony in STRONG SUPPORT of S.B. 2553, S.D. 1 H.D. 1 which creates amendments to the Hawaii Retirement Savings Program (Act 296-SLH 2022).

As a taxpayer, I am very concerned that many private-sector businesses in Hawaii do not offer retirement programs for their employees. The Hawaii Retirement Savings Program can make it easier for employees to set aside monies (through payroll deductions) and save for their future retirement. This Program could help reduce the possibility that future retirees would rely on public assistance - which would save monies for the State and its taxpayers.

As currently designed, the Hawaii Retirement Savings Program does not have an 'automatic' enrollment feature. Unfortunately, this could cause some confusion and, possibly, a perception of additional burden. This innovative Program could have a greater opportunity for success if - registering to participate is as seamless and cost-effective as possible.

S.B. 2553, S.D. 1 H.D. 1 would help employees (and their employers) because participants will be automatically registered unless they 'opt-out' of participating. S.B. 2553, S.D. 1 H.D. 1 will make the enrollment process simpler and reduce administrative fees for the business and operating entities.

Humbly, I request your support for S.B. 2553, S.D. 1 H.D. 1. Thank you for this opportunity to submit my testimony.

Aloha,

Carol Wakayama
Honolulu, HI

SB-2553-HD-1

Submitted on: 3/31/2024 11:56:55 AM

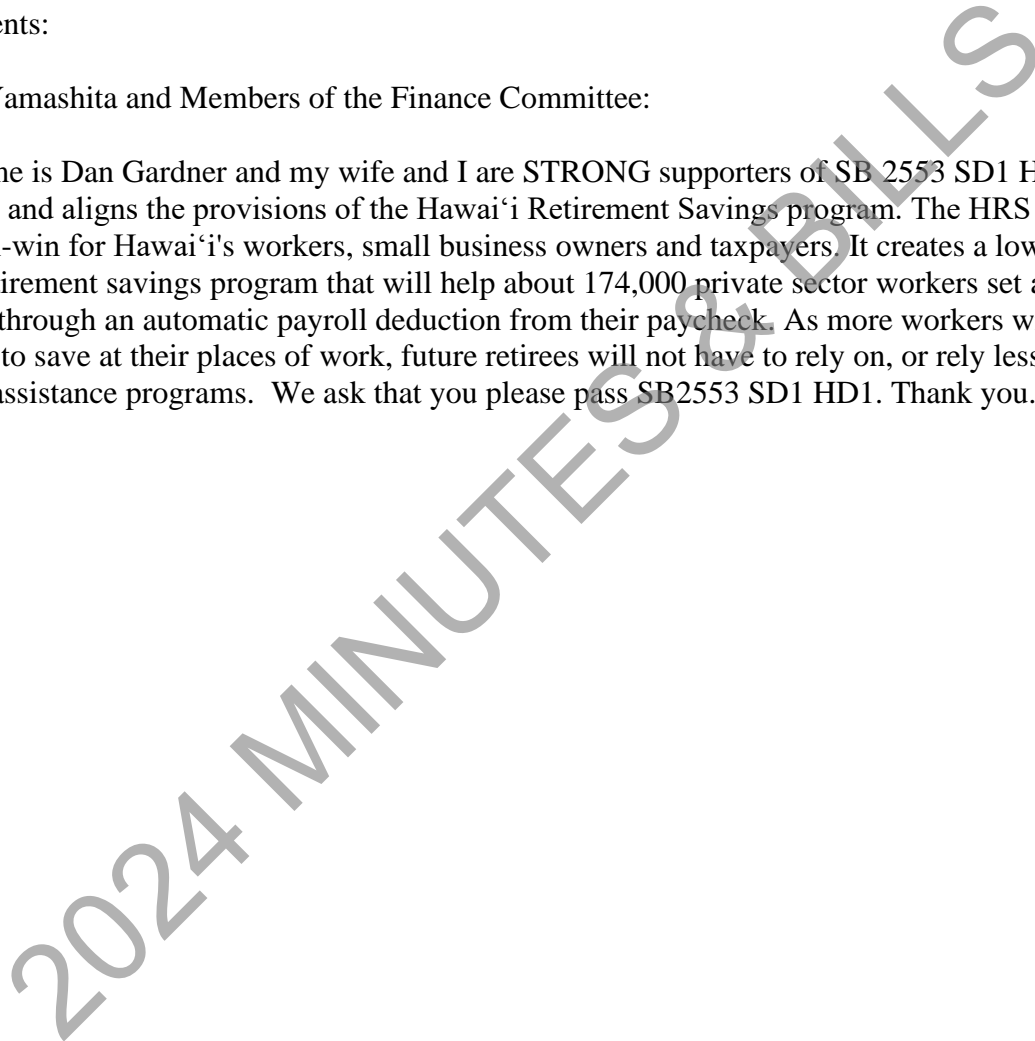
Testimony for FIN on 4/2/2024 2:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|--------------|--------------|--------------------|------------------------|
| Dan Gardner | Individual | Support | Written Testimony Only |

Comments:

Chair Yamashita and Members of the Finance Committee:

My name is Dan Gardner and my wife and I are STRONG supporters of SB 2553 SD1 HD1 that amends and aligns the provisions of the Hawai‘i Retirement Savings program. The HRS program is a win-win for Hawai‘i’s workers, small business owners and taxpayers. It creates a low-cost, easy retirement savings program that will help about 174,000 private sector workers set aside money through an automatic payroll deduction from their paycheck. As more workers will now be able to save at their places of work, future retirees will not have to rely on, or rely less on, public assistance programs. We ask that you please pass SB2553 SD1 HD1. Thank you.



Testimony on Senate Bill No. 2553, Senate Draft 1, House Draft 1
RELATING TO Hawaii Retirement Savings Program Act
Tuesday, April 2, 2024 at 2:30 pm
Conference Room 308 & Videoconference
State Capitol
415 South Beretania Street


Chair Kyle Yamashita and Members of the Committee:

My name is Dolores Foley and in **STRONG SUPPORT of SB 2553, SD1, HD1 which amends and aligns provisions of the Hawai'i Retirement Savings Program, the state-facilitated payroll deduction retirement savings program for Hawaii's private sector employees.**

The Hawai'i Retirement Savings Program (Act 296 -SLH 2022) creates a low-cost, easy retirement savings program that will help about 174,000 private sector workers set aside money through an automatic payroll deduction from their paycheck.

The proposed program amendments which includes an automatic participation with an opt-out option will align Hawai'i with the 14 other states already or close to being in full operations. This program feature is considered best practice in the retirement savings industry. Hawaii's workers need an easy way to save for their future.

Mahalo for the opportunity to testify!

Dolores Foley
Kailua Oahu


2024 MINUTES & BILLS

HOUSE COMMITTEE ON FINANCE

Rep. Kyle T. Yamashita, Chair

Rep. Lisa Kitagawa, Vice Chair

NOTICE OF HEARING

DATE: Tuesday, April 2, 2024

TIME: 2:30 p.m

Re: SB 2553 SD1 HD1 RELATING TO HAWAII RETIREMENT SAVINGS ACT.

Aloha Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee:

My name is Linda Dorset, and I am in STRONG SUPPORT of SB2553 SD1 HD1. The purpose of this bill is to amend and align the provisions of the Hawaii Retirement Savings program, the state-facilitated payroll deduction retirement savings program for Hawaii's private sector employees.

The Hawai'i Retirement Savings Program (Act 296-SLH 2022) creates a low-cost, easy retirement savings program that will help about 174,000+ private sector workers set aside money out of their regular paycheck, but only if they take advantage of it. This program which is currently in the planning and development phase benefits Hawai'i's workers, small business owners and taxpayers. As a taxpayer, helping people save for their retirement will save the State money in the long run. Future retirees won't have to rely on public-assistance programs to make ends meet.

The proposed amendment would clarify the definition of "covered employer" under the Hawaii Retirement Savings Act and require automatic enrollment of private sector employees in the Hawaii Retirement Savings Program unless the employee opts out. It is more likely that workers would stay in if enrolled than take the trouble to opt in. These are necessary amendments that will help facilitate successful implementation and program roll-out.

Mahalo for the opportunity to testify!

**Linda Dorset
Wailuku, Maui**

Kevin L. Johnson, Ko Olina, Hawai'i

**Hawai'i Legislature
House Committee on Finance
Tuesday, April 2, 2024, Conference Room 308, 2:30 p.m.**

TO: The Honorable Kyle T. Yamashita, Chair
RE: Support for SB2553 SD1 HD1 Relating to Hawai'i Retirement Savings Act

I would like to take this opportunity to express my **strong support of SB2553 SD1 HD1 Relating to Hawai'i Retirement Savings Act.**

The Hawai'i Retirement Savings Program, wisely implemented by the Legislature in 2022, provides a foundation for people working in small businesses to plan for retirement. This program clearly gives a greater number of people access to savings plans not otherwise available to them. It's a win-win for them and the State, as they will not be solely reliant on government funding in their post-work years.

As the program moves along its development process the Department of Labor through the Hawaii Retirement Savings Board has recognized that clarification of the definition of "covered employer" and requiring participation unless the employee opts out, are two amendments that will significantly improve the long term viability and success of this valuable program.

I would ask your **support of SB2553 SD1 HD1** to help ensure an economically robust retirement community for Hawai'i.

Sincerely,

Kevin L. Johnson

SB-2553-HD-1

Submitted on: 4/1/2024 10:04:32 AM

Testimony for FIN on 4/2/2024 2:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|--------------|--------------|--------------------|------------------------|
| Missy Saiki | Individual | Support | Written Testimony Only |

Comments:

Testimony on Senate Bill No. 2553, Senate Draft 1, House Draft 1

RE: Hawaii Retirement Savings Program Act

Chair Kyle Yamashita and Members of the Committee:

My name is Missy Saiki, and in strong support of SB 2553, SD1, HD1 which amends and aligns provisions of the Hawaii Retirement Savings Program, the state-facilitated payroll deduction retirement savings program for Hawaii's private sector employees.

The Hawai'i Retirement Savings Program (Act 296 -SLH 2022) creates a low-cost, easy retirement savings program that will help approximately 174,000 private sector workers put aside money through an automatic payroll deduction from their paychecks.

The proposed program amendments which includes an automatic participation with an opt-out option will align Hawai'i with the 14 other states already or close to being in full operations. This program feature is considered best practice in the retirement savings industry. Hawaii's workers greatly need an easy way to save for their future.

Thank you for this opportunity to testify.

Sincerely,

Missy Saiki

Kapaa, Kauai, HI

SB-2553-HD-1

Submitted on: 4/1/2024 10:25:45 AM

Testimony for FIN on 4/2/2024 2:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|--------------|--------------|--------------------|------------------------|
| Esther Ueda | Individual | Support | Written Testimony Only |

Comments:

Chair Kyle T. Yamashita, Vice-Chair Lisa Kitagawa and Committee members,

Thank you for the opportunity to provide these comments in support of SB2553, SD1, HD1 Relating to the Hawaii Retirement Savings Program Act.

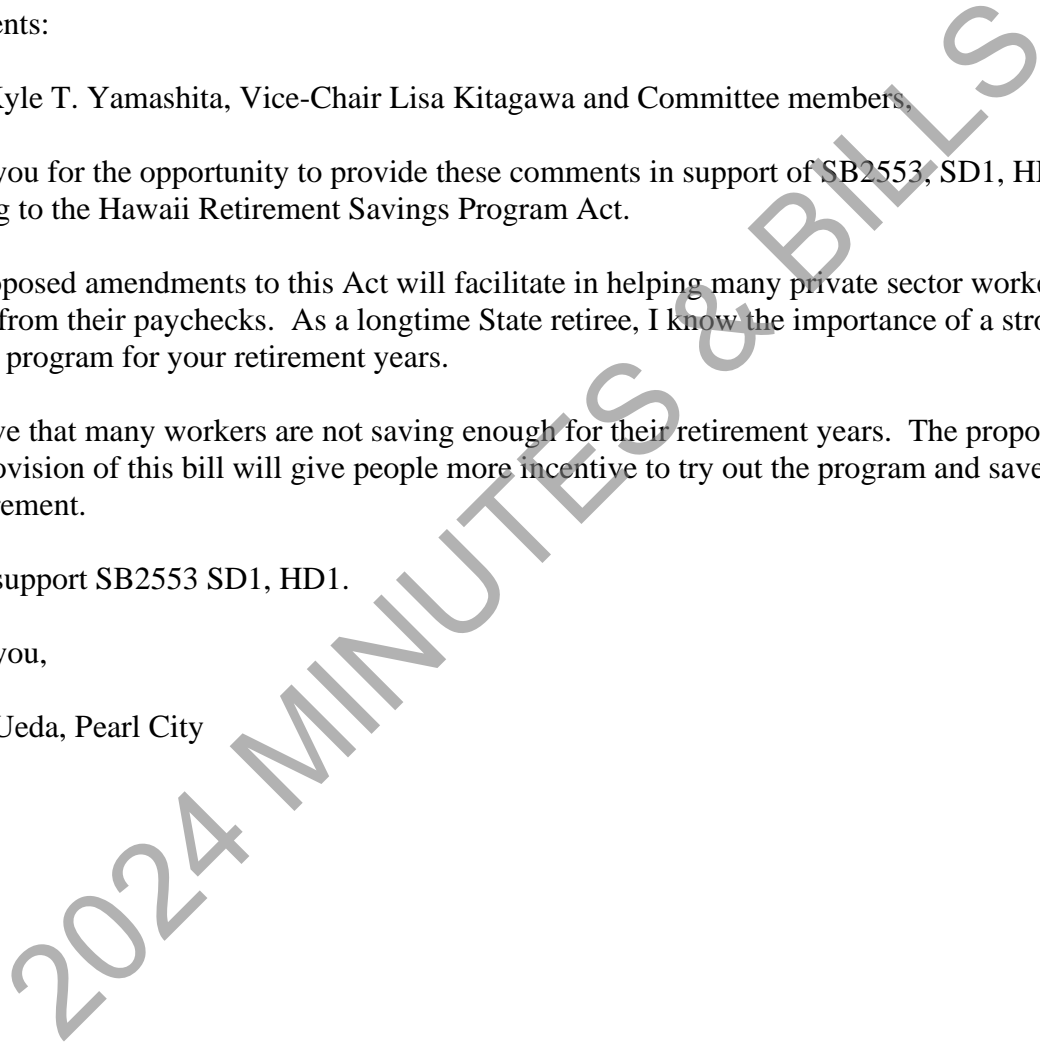
The proposed amendments to this Act will facilitate in helping many private sector workers save money from their paychecks. As a longtime State retiree, I know the importance of a strong savings program for your retirement years.

I believe that many workers are not saving enough for their retirement years. The proposed "opt out" provision of this bill will give people more incentive to try out the program and save more for retirement.

Please support SB2553 SD1, HD1.

Thank you,

Esther Ueda, Pearl City





2025 HOUSE AND SENATE SESSION JOB OPPORTUNITIES AVAILABLE NOW

HB2197 HD1

| | |
|-------------------|---|
| Measure Title: | RELATING TO HAWAII RETIREMENT SAVINGS ACT. |
| Report Title: | Hawai'i Retirement Savings Act; Hawai'i Retirement Savings Program; Covered Employer; Definition; Automatic Enrollment; Opt-Out Option |
| Description: | Clarifies the definition of "covered employer" under the Hawai'i Retirement Savings Act. Requires covered employers to automatically enroll covered employees into the Hawai'i Retirement Savings Program unless the employee chooses to opt out. Effective 7/1/3000. (HD1) |
| Companion: | SB2553 |
| Package: | None |
| Current Referral: | LGO, FIN |
| Introducer(s): | GARRETT, AMATO, BELATTI, CHUN, COCHRAN, GATES, HOLT, HUSSEY-BURDICK, ICHIYAMA, KAHALOA, KAPELA, KILA, MARTEN, MATAYOSHI, MIYAKE, NISHIMOTO, PERRUSO, POEPOE, TAKENOUCI, TAM |

| Sort by | | Status Text |
|-------------------------|---|---|
| Date | | |
| 2/6/2024 | H | Passed Second Reading as amended in HD 1 and referred to the committee(s) on FIN with none voting aye with reservations; none voting no (0) and Representative(s) Kapela, Nakashima, Ward excused (3). |
| 2/6/2024 | H | Reported from LGO (Stand. Com. Rep. No. 104-24) as amended in HD 1, recommending passage on Second Reading and referral to FIN. |
| 2/1/2024 | H | The committee on LGO recommend that the measure be PASSED, WITH AMENDMENTS. The votes were as follows: 5 Ayes: Representative(s) Matayoshi, Garrett, Kapela, Martinez, Tam; Ayes with reservations: none; Noes: none; and 2 Excused: Representative(s) Sayama, Alcos. |
| 1/29/2024 | H | Bill scheduled to be heard by LGO on Thursday, 02-01-24 9:00AM in House conference room 309 VIA VIDEOCONFERENCE. |
| 1/26/2024 | H | Referred to LGO, FIN, referral sheet 3 |
| 1/24/2024 | H | Introduced and Pass First Reading. |
| 1/22/2024 | H | Pending introduction. |

S = Senate | H = House | D = Data Systems | \$ = Appropriation measure | ConAm = Constitutional Amendment

Some of the above items require Adobe Acrobat Reader. Please visit [Adobe's download page](#) for detailed instructions.

HB2197 HD1

STAND. COM. REP. NO. 104 -24

Honolulu, Hawaii
FEB 06 , 2024RE: H.B. No. 2197
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Labor & Government Operations, to which was referred H.B. No. 2197 entitled:

"A BILL FOR AN ACT RELATING TO HAWAII RETIREMENT SAVINGS ACT,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Require covered employers to automatically enroll covered employees into the Hawaii Retirement Savings Program unless the employee chooses to opt out; and
- (2) Clarify the definition of "covered employer" in the Hawaii Retirement Savings Act.

Your Committee received testimony in support of this measure from the Department of Labor and Industrial Relations; Hawai'i Primary Care Association; Hawai'i Family Caregiver Coalition; AARP Hawai'i; and numerous individuals. Your Committee received comments on this measure from the Retail Merchants of Hawaii.

Your Committee finds that there is an imminent retirement security crisis in the State, as many individuals do not have access to an employer-sponsored retirement plan. Individuals without a retirement plan are at significant risk of not having

2024-1100 HB2197 HD1 HSCR HMSO



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enough retirement income to meet basic expenses during retirement. Providing private sector employees with access to employer-sponsored retirement plans, unless they opt out, is a reliable way to promote savings needed for a secure retirement, improve employees' financial security, and reduce wealth disparity in society.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2197, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2197, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Government
Operations,



SCOT Z. MATAYOSHI, Chair



HOUSE OF REPRESENTATIVES
THIRTY-SECOND LEGISLATURE, 2024
STATE OF HAWAII

H.B. NO. 2197
H.D. 1

A BILL FOR AN ACT

RELATING TO HAWAII RETIREMENT SAVINGS ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purpose of this Act is to:

2 (1) Amend and align provisions of the Hawaii Retirement

3 Savings Program, the state-facilitated payroll-

4 deduction retirement savings plan for private sector

5 employees in Hawaii who do not have access to

6 employer-sponsored retirement plans, to require

7 automatic enrollment unless the employee opts out; and

8 (2) Clarify the definition of "covered employer" in the

9 Hawaii Retirement Savings Act.

10 SECTION 2. Section 389-2, Hawaii Revised Statutes, is

11 amended by amending the definition of "covered employer" to read

12 as follows:

13 "Covered employer" means any person who is in business in

14 the State and has one or more individuals in employment.

15 "Covered employer" does not include:

- 16 (1) The United States;
- 17 (2) The State or any of its political subdivisions; or



1 (3) A person that has [~~been maintaining~~] offered or
 2 maintained for some or all employees at any time
 3 during the preceding two years a retirement plan that
 4 is tax-qualified under or is described in and
 5 satisfies the requirements of section 401(a), 401(k),
 6 403(a), 403(b), 408(k), or 408(p) of the Internal
 7 Revenue Code."

8 SECTION 3. Section 389-4, Hawaii Revised Statutes, is
 9 amended by amending subsections (a) and (b) to read as follows:

10 "(a) The board shall have powers and duties in accordance
 11 with law to:

- 12 (1) Establish, implement, and maintain the program;
- 13 (2) Cause the program and arrangements and accounts
 14 established under the program to be designed,
 15 established, and operated:
 - 16 (A) In accordance with best practices for retirement
 17 savings vehicles;
 - 18 (B) To encourage participation, saving, sound
 19 investment practices, and appropriate selection
 20 of default investments;



H.B. NO. 2197
H.D. 1

- 1 (C) To maximize simplicity and ease of administration
- 2 for employers;
- 3 (D) To minimize costs, including by collective
- 4 investment and other measures to achieve
- 5 economies of scale and other efficiencies in
- 6 program design and administration;
- 7 (E) To promote portability of benefits; and
- 8 (F) To avoid preemption of the program by federal
- 9 law;
- 10 (3) Arrange for collective, common, and pooled investment
- 11 of assets of the program;
- 12 (4) Determine the eligibility of an employer, employee, or
- 13 other individual to participate in the program;
- 14 (5) Ensure the program's compliance with all applicable
- 15 laws and regulations;
- 16 (6) Establish procedures for the timely and fair
- 17 resolution of participant and other disputes related
- 18 to accounts or program operation;
- 19 (7) Develop and implement:



- 1 (A) An investment policy that defines the program's
2 investment objectives and that is consistent with
3 the objectives of the program; and
- 4 (B) Other policies and procedures consistent with
5 those investment objectives;
- 6 (8) Cause expenses incurred to initiate, implement,
7 maintain, and administer the program to be paid from
8 the program and other available sources;
- 9 (9) Establish and collect application, account, and
10 administrative fees;
- 11 (10) Accept grants, gifts, donations, legislative
12 appropriations, loans, and other moneys from the
13 State, any unit of federal, state, or local
14 government, or any other person to defray the costs of
15 administering and operating the program;
- 16 (11) Enter into contracts pursuant to chapter 103D for
17 services that the board deems necessary to carry out
18 the purposes of this chapter, including:
- 19 (A) Services of private and public financial
20 institutions, depositories, consultants,
21 actuaries, counsel, auditors, investment



- 1 advisors, investment administrators, investment
 2 management firms, other investment firms, third-
 3 party administrators, other professionals and
 4 service providers;
- 5 (B) Research, technical, financial, administrative,
 6 and other services; and
- 7 (C) Services of other state agencies to assist the
 8 board in the exercise of its powers and duties;
- 9 (12) Develop and implement an outreach plan to gain input
 10 and disseminate information regarding the program and
 11 retirement savings in general;
- 12 (13) Cause moneys to be held and invested and reinvested
 13 under the program;
- 14 (14) Ensure that all contributions to individual retirement
 15 accounts under the program may be used only to:
- 16 (A) Pay benefits to participants under the program;
 17 (B) Pay the cost of administering the program; and
 18 (C) Make investments for the benefit of the program;
 19 provided that no assets of the program shall be
 20 transferred to the general fund of the State or
 21 to any other fund of the State or otherwise



- 1 encumbered or used for any purpose other than
2 those specified in this paragraph;
- 3 (15) Provide for the payment of costs of administration and
4 operation of the program;
- 5 (16) Evaluate the need for and, if the board deems
6 necessary, procure:
- 7 (A) Insurance against any and all loss in connection
8 with the property, assets, or activities of the
9 program; and
- 10 (B) Pooled private insurance;
- 11 (17) Indemnify, including procurement of insurance if and
12 as needed for this purpose, each board member from
13 personal loss or liability resulting from the member's
14 action or inaction as a board member;
- 15 (18) Collaborate with and evaluate the role of financial
16 advisors or other financial professionals, including
17 in assisting and providing guidance for covered
18 employees; [and]
- 19 (19) Reimburse, when appropriate, the general fund of the
20 State of Hawaii for the initial expenses incurred for



1 initiating, implementing, maintaining, and
2 administering the program; and

3 (20) Take any other action the board deems reasonably
4 necessary to carry out the purpose of this chapter.

5 (b) The board may develop and disseminate information
6 designed to educate covered employees about the impacts of
7 ~~[opting in to]~~ the program on take-home pay, savings strategies,
8 and the benefits of planning and saving for retirement to help
9 covered employees in deciding whether to participate and at what
10 level participation may be appropriate."

11 SECTION 4. Section 389-5, Hawaii Revised Statutes, is
12 amended as follows:

13 1. By amending its title to read:

14 "~~[+]§389-5[+] Hawaii retirement savings program; due~~
15 ~~diligence; establishment; payroll deduction [upon election to~~
16 ~~contribute]."~~

17 2. By amending subsections (d), (e), and (f) to read:

18 "(d) ~~[Any covered employee may elect to contribute a~~
19 ~~portion of the employee's salary or wages to an individual~~
20 ~~retirement account provided by the program through payroll~~
21 ~~deduction.] Each covered employer shall enroll its covered~~



1 employees in the program and withhold payroll deduction
2 contributions from each covered employee's paycheck unless the
3 covered employee has elected not to contribute.

4 (e) Beginning on a date to be determined by the board
5 pursuant to subsection (a), a covered employer shall:

6 (1) [~~Allow a~~] Automatically enroll covered [~~employee to~~
7 ~~enroll~~] employees into the program after [~~providing~~]
8 the program administrator provides the [~~covered~~
9 ~~employee~~] employees with a written notice of the
10 [~~employee's~~] right of the employees to opt [~~in~~] out;
11 and

12 (2) For any covered employee who [~~has opted in to~~] is
13 enrolled in to the program[+], a covered employer
14 shall:

15 (A) Withhold the covered employee's contribution
16 amount from the employee's salary or wages; and

17 (B) Transmit the covered employee's payroll deduction
18 contribution to the program on the earliest date
19 the amount withheld can reasonably be segregated
20 from the covered employer's assets, but no later
21 than the fifteenth day of the calendar month



1 following the month in which the covered
2 employee's contribution amounts are withheld.

3 (f) The program shall establish for each enrolled employee
4 a Roth IRA, into which the contributions deducted from ~~[an]~~ the
5 employee's payroll shall be deposited. The board may add an
6 option for all participants to affirmatively elect to contribute
7 to a traditional IRA in addition to or in lieu of a Roth IRA."

8 SECTION 5. Section 389-14, Hawaii Revised Statutes, is
9 amended by amending subsection (a) to read as follows:

10 "(a) Any covered employer who fails to enroll a covered
11 employee into the program in accordance with section 389-5(e)(1)
12 without equitable justification shall be liable:

13 (1) To the covered employee, in an amount equal to the
14 contribution amount that would have been made by the
15 employee into the program and interest at a rate of
16 six per cent per year on the contribution amount,
17 beginning from the date the contribution would have
18 been made into the account; provided that the sum of
19 the contribution amount and interest thereto shall be
20 transmitted by the covered employer to the program to
21 be paid into the covered employee's IRA; and



1 (2) A penalty of:

2 (A) \$25 for each month the covered employee was not
3 enrolled in the program; and

4 (B) \$50 for each month the covered employee continues
5 to be unenrolled in the program after the date on
6 which a penalty has been assessed with respect to
7 the covered employee who [~~had elected to~~
8 ~~participate~~] should have been enrolled in the
9 program."

10 SECTION 6. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 7. This Act shall take effect on July 1, 3000.



H.B. NO. 2197
H.D. 1

Report Title:

Hawaii Retirement Savings Act; Hawaii Retirement Savings Program; Covered Employer; Definition; Automatic Enrollment; Opt-Out Option

Description:

Clarifies the definition of "covered employer" under the Hawaii Retirement Savings Act. Requires covered employers to automatically enroll covered employees into the Hawaii Retirement Savings Program unless the employee chooses to opt out. Effective 7/1/3000. (HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

2024 MINUTES & BILLS

2024-1100 HB2197 HD1 HMSO



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR



JADE T. BUTAY
DIRECTOR

WILLIAM G. KUNSTMAN
DEPUTY DIRECTOR

STATE OF HAWAII
KA MOKU'ĀINA O HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
KA 'OIHANA PONO LIMAHANA

February 1, 2024

To: The Honorable Scot Z. Matayoshi, Chair,
The Honorable Andrew Takuya Garrett, Vice Chair, and
Members of the House Committee on Labor & Government Operations

Date: Thursday, February 1, 2024
Time: 9:00 a.m.
Place: Conference Room 309, State Capitol

From: Jade T. Butay, Director
Department of Labor and Industrial Relations (DLIR)

Re: H.B. 2197 RELATING TO HAWAII RETIREMENT SAVINGS ACT

I. OVERVIEW OF PROPOSED LEGISLATION

The **DLIR strongly supports** this proposal to require employers to automatically enroll employees in the Hawaii Retirement Savings Program and allow employees to opt-out instead of opt-in to the program. The measure also makes a housekeeping amendment to the definition of “covered employer” which aligns with the purpose of the original Act to provide a state-facilitated payroll deduction retirement savings program for private sector employees who do not have access to employer sponsored retirement plans. The measure also makes housekeeping, conforming amendments to align other parts of the statute with the proposed amendments.

II. CURRENT LAW

§389-2 definition of “covered employer” does not include a person that has been maintaining for all employees during the preceding two years a tax-qualified retirement plan.

§389-5 gives employees the option to opt into the Hawaii Retirement Savings Program that covered employers are required to offer.

III. COMMENTS ON THE HOUSE BILL

The DLIR believes changing Chapter 389, HRS, to require automatic enrollment of employees into the program is critical to the feasibility of the program. There is an urgent need to provide a viable option for private sector workers to have access to a retirement savings plan. Automatically requiring enrollment but allowing workers

HB2197
February 1, 2024
Page 2

to opt-out is not only beneficial to workers and considered a best practice in retirement savings programs, but a feature most of the other state programs because of the recognition that without a critical mass of workers participating in these programs they are not viable over the long-term. Moreover, aligning Hawaii's law with most of the other states' automatic enrollment provisions facilitates the potential for Hawaii to engage in an interstate compact agreement that will also aid in the viability of the Hawaii Retirement Savings Program.

2024 MINUTES & BILLS



**Testimony to the House Committee on Labor and Government Operations
Thursday, February 1, 2024; 9:00 a.m.
State Capitol, Conference Room 309
Via Videoconference**

RE: HOUSE BILL NO. 2197 – RELATING TO HAWAII RETIREMENT SAVINGS ACT.

Chair Matayoshi, Vice Chair Garrett, and Members of the Committee:

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA **SUPPORTS** House Bill No. 2197, RELATING TO HAWAII RETIREMENT SAVINGS ACT.

By way of background, the HPCA represents Hawaii's Federally Qualified Health Centers (FQHCs). FQHCs provide desperately needed medical services at the frontlines to over 150,000 patients each year who live in rural and underserved communities. Long considered champions for creating a more sustainable, integrated, and wellness-oriented system of health, FQHCs provide a more efficient, more effective and more comprehensive system of healthcare.

The bill, as received by your Committee, would clarify the definition of “covered employer” under the Hawaii Retirement Savings Act, and require automatic enrollment of private sector employees in the Hawaii Retirement Savings Program unless the employee opts out.

A hallmark of the HPCA is our steadfast belief that the social determinants of health -- more than any other factor -- contributes to the overall wellbeing of our people. Person who experience homelessness, language barriers, and poverty are more likely to suffer persistent, chronic health issues and have shorter life expectations than those who do not. Seventy-three percent of the patients seen by FQHCs live below one hundred percent of the federal poverty limit.

Testimony on House Bill No. 2197

Thursday, February 1, 2024; 9:00 a.m.

Page 2

Our patients **ARE** the ALICE population. As seen through the fine work of the Aloha United Way in their groundbreaking research on the Asset Limited, Income Constrained Employed in 2022, there were 148,771 ALICE households in Hawaii, with 41,619 households that live below the poverty line. Because of the COVID-19 pandemic, another 35,000 had fallen into ALICE status or below by the end of 2022.

This bill is intended to help ALICE families protect themselves from future economic shock. It would give families the financial tools to plan for the future and to ensure that they will have the resources to adjust to changing demands that will be placed on them as they progress through life.

The HPCA wishes to thank AARP for shepherding this concept throughout the community for nearly the past decade and not giving up our most vulnerable populations. We commend them and stand ready to assist them in this worthy cause.

Thank you for the opportunity to testify. Should you have any questions, please do not hesitate to contact Public Affairs and Policy Director Erik K. Abe at 536-8442, or eabe@hawaiiipca.net.

2024 MINUTES & BILLS



Testimony to the House Committee on Labor & Government Operations
Thursday, February 1, 2024
9:00 a. m.
State Capitol Conference Room 309 and via videoconference

Re: HB 2197 Relating to the Hawaii Retirement Savings Act

Dear Chair Matayoshi, Vice Chair Garrett, and Honorable Members of the House Committee on Labor and Government Operations:

I am Gary Simon, a member of the board of the Hawai i Family Caregiver Coalition, whose mission is to improve the quality of life of those who give and receive care by increasing community awareness of caregiver issues through continuing advocacy, education, and training. I am offering testimony on behalf of the Hawai i Family Caregiver Coalition.

The Hawaii Family Caregiver Coalition strongly supports HB 2197, which clarifies the definition of "covered employer" under the Hawaii Retirement Savings Act and requires covered employers to automatically enroll covered employees into the Hawaii Retirement Savings Program unless the employee chooses to opt out.

Auto enrollment policies are particularly effective with young workers and low-income employees, resulting in higher account balances. Companies with retirement savings program auto enrollment policies see higher overall contribution rates than companies with only voluntary enrollment.

Auto enrollment is a good practice based on good public policy (enabling the financial stability of our residents).

We urge you to support the Hawaii Retirement Savings Program and HB 2179, and we urge you to recommend its passage.

Mahalo for seriously considering the bill.

Very sincerely,

A handwritten signature in black ink that reads "Gary Simon".

Gary Simon



Email gsimon@aarp.org



**TESTIMONY OF TINA YAMAKI
PRESIDENT
RETAIL MERCHANTS OF HAWAII
FEBRUARY 1, 2024
HB 2197 RELATING TO HAWAII RETIREMENT SAVINGS ACT**

Good morning, Char Matayoshi and members of the House Committee on Labor & Government Operations. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii was founded in 1901 and is a statewide, not for profit trade organization committed to supporting the growth and development of the retail industry in Hawaii. Our membership includes small mom & pop stores, large box stores, resellers, luxury retail, department stores, shopping malls, on-line sellers, local, national, and international retailers, chains, and everyone in between.

We understand the intent of this measure but have some concerns about HB 2197. This measure clarifies the definition of "covered employer" under the Hawaii Retirement Savings Act; requires covered employers to automatically enroll covered employees into the Hawaii Retirement Savings Program unless the employee chooses to opt out.

Businesses like everyone want to see our kupuna enjoy retirement and not having to rely on public assistance programs. This Retirement Savings program already exists and is already helping to accomplish this with employees being able to opt into the program.

Our concern is the financial impact on especially our small locally owned businesses if they **MUST** automatically enroll every employee and then process them if they want to opt out of the program. **There is an ongoing cost to the businesses to implement and maintain this type of program.** Customer service jobs often see a high turnover in employees. If our accounting is inhouse we must pay the person more for the added responsibility. If a 3rd party is used, the contract price will increase to opt everyone in and then opt them out if they don't want to participate.

We are also concerned if businesses, especially smaller locally owned businesses, can afford this added cost to administer at this time. The recent Maui Fires have devastated many small businesses. This includes businesses who expanded their store to Lahaina but originally are from a neighboring island as well as the lack of customers coming to their stores as the visitors are not back to pre-fire levels on Maui. The recent increase in minimum wage in January along with higher cost of healthcare, shipping, and products to name a few has also had a devastating effect on businesses, especially small locally owned ones. Walk around any mall and you will see stores have quietly closed. **We don't want to see more small local retailers closing because they can't afford to do business in Hawaii.**

Mahalo for this opportunity to testify.



1001 Bishop Street | Suite 625 | Honolulu, HI 96813-2830
1-866-295-7282 | Fax: 808-536-2882
aarp.org/hi | aarphi@aarp.org | twitter.com/AARPHawaii
facebook.com/AARPHawaii

The State Legislature
The House Committee on Labor and Government Operations
Thursday, February 1, 2024
Room 309, 9:00 a.m.

To: Representative Scot Matayoshi, Chair
From: Keali'i Lopez, State Director, AARP Hawaii
Re: Strong Support for H.B. 2197 - Relating to Hawaii Retirement Savings Act

Dear Chair Matayoshi, Vice Chair Garrett and Members of the Committee,

My name is Keali'i Lopez, and I am the State Director for AARP Hawai'i. AARP is a nonpartisan, social mission organization that advocates for individuals age 50 and older. We have a membership of nearly 38 million nationwide and over 140,000 in Hawai'i. We advocate for the issues that matter to Hawai'i families including financial security, access to affordable, quality health care for all generations; and serves as a reliable information source on issues critical to people over the age of fifty.

AARP Hawai'i **strongly supports H.B 2197** which amends and aligns provisions of the Hawai'i Retirement Savings Program, the state-facilitated payroll deduction retirement savings program for Hawaii's private sector employees.

The Hawai'i Retirement Savings Program (Act 296 -SLH 2022) creates a low-cost, easy retirement savings program that will help about 174,000 private sector workers set aside money through an automatic payroll deduction from their paycheck. Through Act 296, a board has been established to develop and oversee this state-facilitated automatic IRA program which includes hiring an administrator and support staff to start the program up over the next two years. The program would be a public-private partnership, like the college 529 savings program.

H.B. 2197 clarifies the definition of "covered employer" under the Hawai'i Retirement Savings Act and adds automatic enrollment of private sector employees into the program unless the employee opts out. These are necessary amendments and alignment of administrative provisions that will help facilitate successful implementation and program roll-out. To date, there are 19 states that have enacted a retirement savings program for private sector workers. Fifteen states (which include Hawaii) are automatic Individual Retirement Account (IRA) programs. All these states (except Hawaii) include the automatic enrollment provision where the employ can opt out in their retirement savings program. This provision has been extremely

helpful to savers and is easy for them to use. Hawai'i is the only state with a "voluntary opt-in" enrollment provision. In both the public and private sectors, automatic enrollment for workers into retirement accounts is considered a "Best Practice" in the financial security industry. The **opt-out feature** increases participation while remaining completely voluntary for workers. As of the December 2023, more than \$1 billion had been saved by 750,000 new savers -- generally \$50 and \$60 a paycheck. The number of savers and savings continues grow very steadily among the participating states.

With Hawaii's program still in an early development stage, it is critical now that the proposed amendments in HB. 2197 are incorporated to align Hawai'i with the 14 other states and opens the pathway for a future partnership with an existing program, should Hawai'i chooses to. (For example, partner with OregonSaves, or Colorado Secure Savings). This inter-state compact agreement will likely save Hawai'i time, money, and be easier to maintain over time.

Thank you for the opportunity to testify in **strong support** of H.B. 2197.

2024 MINUTES & BILLING

HB-2197

Submitted on: 1/29/2024 11:01:55 PM

Testimony for LGO on 2/1/2024 9:00:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|-----------------|--------------|--------------------|------------------------|
| Faith F. I hida | Individual | Support | Written Testimony Only |

Comments:

Dear Chairman Scot Matsyoshi and Vice Chair Andrew Garrett

I am writing to support HB 2197 because I am a strong believer that saving for retirement as soon as possible for all workers is vital to maintain an individual in retirement. Many workers, especially those working for small companies who do not provide retirement plans, do not think of long term needs. A member of my family was such a person. In retirement he was not able to meet his basic needs and experienced many debts to live in retirement and had to depend on family members to support him with his daily basic needs. Embarrassed to use government assistance. People are living longer and need retirement income to sustain their basic needs. Please advance HB 2197 to the House of Representatives.

Faith F. Ichida

Lfichida@aol.com

2024 MINUTES & BILLS

Aloha Chair Scot Matayoshi, Vice Chair Andrew Garrett, and Members of the Committee:

My name is Chalintorn Burian, Ph.D., and I have been a STRONG SUPPORTER of HB 2197. The purpose of this bill is to amend and align the provisions of the Hawaii Retirement Savings program, the state-facilitated payroll deduction retirement savings program for Hawaii's private sector employees.

The Hawai'i Retirement Savings Program (Act 296 -SLH 2022) creates a low-cost, easy retirement savings program that will help about 174,000+ private sector workers set aside money out of their regular paycheck. This savings program will make it easier for Hawaii's workers save for their retirement. This program benefits Hawai'i's workers, small business owners and taxpayers. As a taxpayer, helping people save for their retirement will save the State money in the long.

The Hawaii program is currently in the planning and development phase led by the Department of Labor and the Hawaii Retirements Savings Board. H.B. 2197 would clarify the definition of "covered employer" under the Hawaii Retirement Savings Act, and require automatic enrollment of private sector employees in the Hawaii Retirement Savings Program unless the employee opts out. These are necessary amendments and alignment of administrative provisions that will help facilitate a successful implementation and program roll-out.

Mahalo for the opportunity to testify!

Chalintorn Burian, Ph.D.

Paauilo, HI 96776

Phone: (808)443-4470

Email: chalintornburian@yahoo.com

HB-2197

Submitted on: 1/30/2024 10:31:47 AM

Testimony for LGO on 2/1/2024 9:00:00 AM

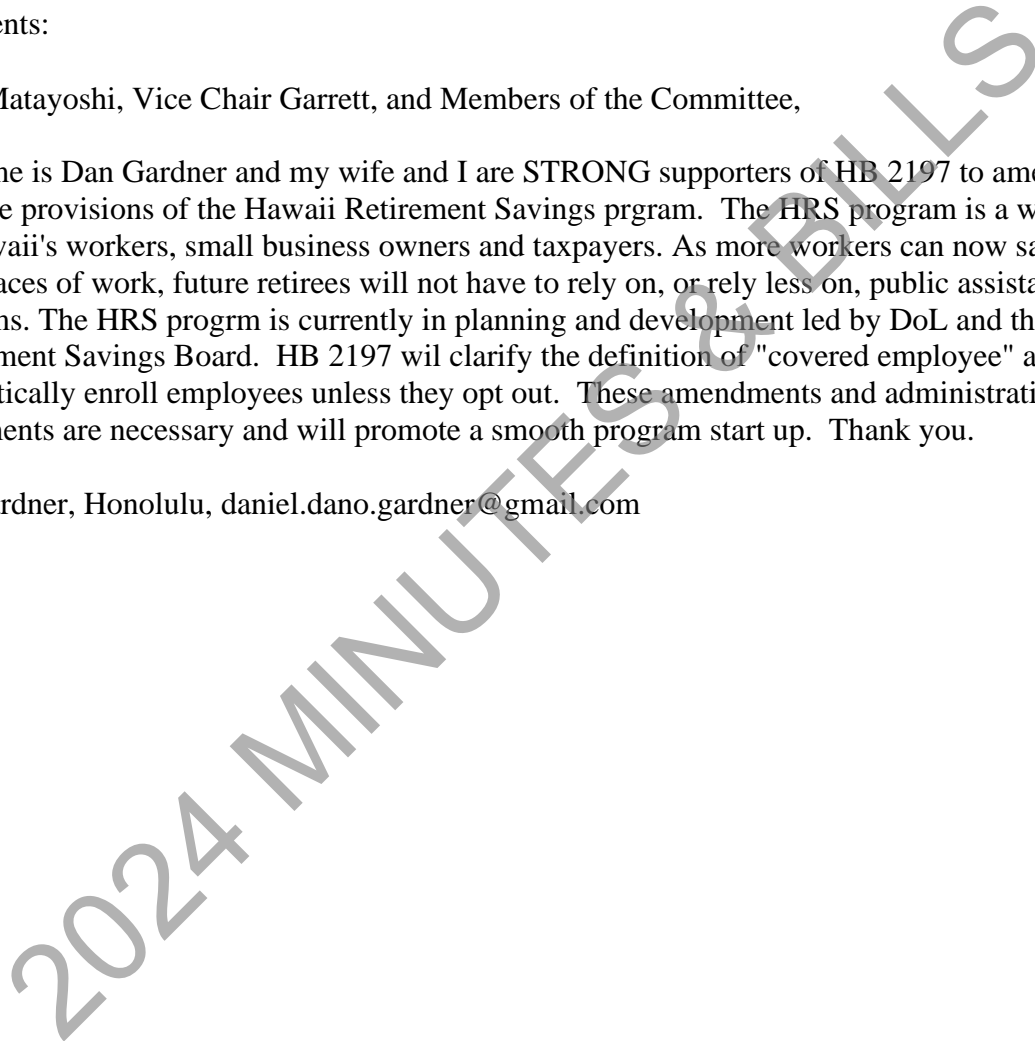
| Submitted By | Organization | Testifier Position | Testify |
|--------------|--------------|--------------------|------------------------|
| Dan Gardner | Individual | Support | Written Testimony Only |

Comments:

Chair Matayoshi, Vice Chair Garrett, and Members of the Committee,

My name is Dan Gardner and my wife and I are STRONG supporters of HB 2197 to amend and align the provisions of the Hawaii Retirement Savings program. The HRS program is a win-win for Hawaii's workers, small business owners and taxpayers. As more workers can now save at their places of work, future retirees will not have to rely on, or rely less on, public assistance programs. The HRS program is currently in planning and development led by DoL and the Hawaii Retirement Savings Board. HB 2197 will clarify the definition of "covered employee" and will automatically enroll employees unless they opt out. These amendments and administrative adjustments are necessary and will promote a smooth program start up. Thank you.

Dan Gardner, Honolulu, daniel.dano.gardner@gmail.com



Testimony on House Bill No. 2197
RELATING TO RETIREMENT SAVINGS
Thursday, February 1 2024 at 9:00 am
Conference Room 309 & Videoconference
State Capitol
415 South Beretania Street

Aloha Chair Scot Matayoshi, Vice Chair Andrew Garrett, and Members of the Committee:

My name is Dolores Foley and I am in STRONG SUPPORT of HB 2197. The purpose of this bill is to amend and align the provisions of the Hawaii Retirement Savings program, the state-facilitated payroll deduction retirement savings program for Hawaii's private sector employees.

The Hawai'i Retirement Savings Program (Act 296 -SLH 2022) creates a low-cost, easy retirement savings program that will help about 174,000+ private sector workers set aside money out of their regular paycheck. This savings program will make it easier for Hawaii's workers save for their retirement. About half of all private sector workers- many who work for small businesses, do not have access to a retirement savings plan at their jobs, or have a simple IRA on their own. This program benefits Hawai'i 's workers, small business owners and taxpayers. As a taxpayer, helping people save for their retirement will save the State money in the long run. Future retirees won't have to rely on public-assistance programs to make ends meet. The Hawaii Retirement Savings program is a common-sense approach to help Hawaii's hard working people a real opportunity to save for the future.

The Hawaii program is currently in the planning and development phase led by the Department of Labor and the Hawaii Retirements Savings Board. H.B. 2197 would clarify the definition of "covered employer" under the Hawaii Retirement Savings Act, and require automatic enrollment of private sector employees in the Hawaii Retirement Savings Program unless the employee opts out. These are necessary amendments and alignment of administrative provisions that will help facilitate a successful implementation and program roll-out.

Mahalo for the opportunity to testify!

Dolores Foley
Kailua Oahu
dolores@hawaii.edu

Testimony on House Bill No. 2197
RELATING TO RETIREMENT SAVINGS
Thursday, January 30, 2024 at 9:00 am
Conference Room 309 & Videoconference
State Capitol
415 South Beretania Street

Aloha Chair Scot Matayoshi, Vice Chair Andrew Garrett, and Members of the Committee:

My name is Beverly Gotelli, and I am in STRONG SUPPORT of HB 2197. The purpose of this bill is to amend and align the provisions of the Hawaii Retirement Savings program, the state-facilitated payroll deduction retirement savings program for Hawaii's private sector employees.

The Hawai'i Retirement Savings Program (Act 296 -SLH 2022) creates a low-cost, easy retirement savings program that will help about 174,000+ private sector workers set aside money out of their regular paycheck. This savings program will make it easier for Hawaii's workers to save for their retirement. About half of all private sector workers- many who work for small businesses, do not have access to a retirement savings plan at their jobs, or have a simple IRA on their own. This program benefits Hawai'i's workers, small business owners and taxpayers. As a taxpayer, helping people save for their retirement will save the State money in the long run. Future retirees won't have to rely on public-assistance programs to make ends meet. The Hawaii Retirement Savings program is a common-sense approach to help Hawaii's hard-working people have a real opportunity to save for the future.

The Hawaii program is currently in the planning and development phase led by the Department of Labor and the Hawaii Retirements Savings Board. H.B. 2197 would clarify the definition of "covered employer" under the Hawaii Retirement Savings Act and require automatic enrollment of private sector employees in the Hawaii Retirement Savings Program unless the employee opts out. These are necessary amendments and alignment of administrative provisions that will help facilitate a successful implementation and program roll-out.

Mahalo for the opportunity to testify!

Beverly Gotelli
Kapaa, Kauai HI
bgotelli@msn.com

HB-2197

Submitted on: 1/30/2024 8:01:47 PM

Testimony for LGO on 2/1/2024 9:00:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|---------------|--------------|--------------------|------------------------|
| Barbara Krieg | Individual | Support | Written Testimony Only |

Comments:

Testimony on HB No. 2197
 RELATING TO RETIREMENT SAVINGS
 Thursday, February 1, 2024 at 9:00 a.m.
 Conference Room 309 & Video Conference

Aloha Chair Matayoshi, Vice Chair Garrett and Members of the Committee:

My name is Barbara Krieg. I submit this testimony in strong support of H.B. 2197, which presents important corrections to the Hawaii Retirement Savings Program statute. I am proud to serve on the Board of Trustees for the Hawaii Retirement Savings Program. However, my testimony today is presented in my individual capacity.

The Hawaii Retirement Savings Program has the potential to change the retirement lives of hundreds of thousands of Hawaii residents. For the first time, all working individuals will have access to a payroll-based retirement savings program.

However, for the program to succeed, we need to establish - without undue delay - a program that is cost-effective to administer. The best way to do this is to partner with an existing program in another state (or multiple states). This approach will allow Hawaii to take advantage of the economies of scale and also to establish an operational program up to a year or more sooner than if Hawaii has to set up a stand-alone program.

Under the current legislation, Hawaii is the only state with the so-called “opt in” provision. This unique approach makes it less likely that another program or contractor would be willing or able to partner with us. H.B. 2197 would instead conform the Hawaii program to all of the other states so the default would be for every eligible employee to be automatically enrolled in the program unless he or she chooses to “opt out”. This critical change aligns Hawaii with the other states and would permit us the opportunity to partner with other programs to expeditiously set up the program and operate it in the most cost-effective manner.

H.B. 2197’s change to an “opt out” program is consistent with the current best practices for payroll-based retirement savings programs. In recent years, more and more 401k and similar type programs have utilized automatic employee enrollments with the opportunity to easily opt out. Experience has shown that the auto enrollment results in significantly greater program participation so that more and more employees can eventually retire with financial stability.

Mahalo for your support of H.B. No. 2197 to amend the Hawaii Retirement Savings Program statute.

Barbara Krieg
Email: barbkrieg808@gmail.com

2024 MINUTES & BILLS

HOUSE COMMITTEE ON LABOR AND GOVERNMENT OPERATIONS**Hearing:**

Thursday, February 1, 2024, 9:00 a.m.
Conference Room 309 & Videoconference
State Capitol
415 South Beretania Street

**TESTIMONEY ON HOUSE BILL 2197
RELATING TO RETIREMENT SAVINGS**

To: Rep. Scot Matayoshi, Chair; Rep. Andrew Garrett, Vice Chair; and Members of the Committee

My name is Anna Filler and I am in strong support of **HB 2197**. The purpose of this bill is to amend and align the provisions of the Hawaii Retirement Savings program, the state-facilitated payroll deduction retirement savings program for Hawaii's private sector employees.

The Hawai'i Retirement Savings Program (Act 296 -SLH 2022) creates a low-cost, easy retirement savings program that will help about 174,000+ private sector workers set aside money out of their regular paycheck. This savings program will make it easier for Hawaii's workers save for their retirement. About half of all private sector workers- many who work for small businesses, do not have access to a retirement savings plan at their jobs, or have a simple IRA on their own. This program benefits Hawai'i's workers, small business owners and taxpayers. As a taxpayer, helping people save for their retirement will save the State money in the long run. Future retirees won't have to rely on public-assistance programs to make ends meet. The Hawaii Retirement Savings program is a common-sense approach to help Hawaii's hard working people a real opportunity to save for the future.

The Hawaii program is currently in the planning and development phase led by the Department of Labor and the Hawaii Retirements Savings Board. H.B. 2197 would clarify the definition of "covered employer" under the Hawaii Retirement Savings Act, and require automatic enrollment of private sector employees in the Hawaii Retirement Savings Program unless the employee opts out. These are necessary amendments and alignment of administrative provisions that will help facilitate a successful implementation and program roll-out.

.I urge you to support **HB 2197**.

Anna Filler
Rep. District 25, Ala Moana, Kaka'ako, Downtown
Email: afiller@twc.com

COMMITTEE ON LABOR & GOVERNMENT OPERATIONS

Rep. Scot Z. Matayoshi, Chair
Rep. Andrew Takuya Garrett, Vice Chair

HEARING

DATE: Thursday, February 1, 2024
TIME: 9:00 a.m.

RE: [HB 2197](#) RELATING TO HAWAII RETIREMENT SAVINGS
ACT.

Aloha Chair Scot Matayoshi, Vice Chair Andrew Garrett, and Members of the
Committee:

My name is Linda Dorset, and I am in STRONG SUPPORT of HB 2197. The purpose
of this bill is to amend and align the provisions of the Hawaii Retirement Savings
program, the state-facilitated payroll deduction retirement savings program for Hawaii's
private sector employees.

The Hawai'i Retirement Savings Program (Act 296 -SLH 2022) creates a low-cost, easy
retirement savings program that will help about 174,000+ private sector workers set
aside money out of their regular paycheck, but only if they take advantage of it. This
program which is currently in the planning and development phase benefits Hawai'i's
workers, small business owners and taxpayers. As a taxpayer, helping people save for
their retirement will save the State money in the long run. Future retirees won't have to
rely on public-assistance programs to make ends meet

The proposed amendment would clarify the definition of "covered employer" under the
Hawaii Retirement Savings Act, and require automatic enrollment of private sector
employees in the Hawaii Retirement Savings Program unless the employee **opts
out**. It is more likely that workers would stay in if enrolled than take the trouble to opt in.
These are necessary amendments that will help facilitate a successful implementation
and program roll-out.

Mahalo for the opportunity to testify!

Linda Dorset

Wailuku, Maui

Kevin L. Johnson, Ko Olina, Hawai'i

Hawai'i Legislature
House Committee on Labor and Government Operations
Thursday, February 1, 2024, Conference Room 309, 9:00 a.m.

TO: The Honorable Scot Z. Matayoshi, Chair
RE: Support for HB2197 Relating to Hawai'i Retirement Savings Act

I would like to take this opportunity to express my **strong support of HB2197 Relating to Hawai'i Retirement Savings Act.**

The Hawai'i Retirement Savings Program, wisely implemented by the Legislature in 2022 provides a foundation for people working in small businesses to plan for retirement. This program clearly gives a greater number of people access to savings plans not otherwise available to them. It's a win-win for them and the State, as they will not be solely reliant on government funding in their post-work years.

As the program moves through it's development phase the Department of Labor through the Hawaii Retirement Savings Board has recognized that clarification of the definition of "covered employer" and requiring participation unless the employee opts out, are two amendments that will significantly improve the long term viability and success of this valuable program.

I would ask your **support of HB2197** to help ensure an economically robust retirement community for Hawai'i.

Sincerely,

Kevin L. Johnson

2024 MINUTES & BILLS

HB-2197

Submitted on: 1/31/2024 8:08:29 AM

Testimony for LGO on 2/1/2024 9:00:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|--------------|--------------|--------------------|------------------------|
| Esther Ueda | Individual | Support | Written Testimony Only |

Comments:

Chair Matayoshi, Vice-Chair Garrett and Committee Members,

I am providing this testimony in support of HB2197 which amends the provisions of the Hawaii Retirement Savings Program.

This program is intended to help many private sector workers set aside money and save out of their regular paycheck.

As a former State employee who has enjoyed the benefits of the State Retirement Plan and also the State sponsored Deferrered Compensation Plan I can attest to the fact that a strong savings program is necessary for your retirement years.

I firmly believe that many young workers are not saving enough for their "Golden Years." We have seen during the recent Pandemic how many families were ill-prepared with sufficient savings. I believe that this program will help more people develop a savings program for themselves. I especially feel that the "opt out" provision in this bill will give people more incentive to try out the program and save.

Thank you for the opportunity to provide these comments.

Please support HB2197.

Esther Ueda, Pearl City

LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.

HB-2197

Submitted on: 1/31/2024 10:30:05 AM

Testimony for LGO on 2/1/2024 9:00:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|----------------|--------------|--------------------|------------------------|
| Mark A. Koppel | Individual | Support | Written Testimony Only |

Comments:

Aloha Committee Members:

The Hawaii Retirement Savings Bill is finally here, and needs to be fully funded. I strongly support this bill.

Almost no one in the State has enough to retire on. By urging people to retire using retirement savings accounts, we can allow people to retire with dignity. They will not be rich, but they will be able to do it.

Especially with today's high interest rates and positive stock market, a little money can turn into a lot.

Without this retirement savings, people too old to work may lose their houses, *will* wind up on some sort of state welfare.

Furthermore, as people save, they will want to put their money in the hands of professionals, leading to MORE JOBS for financial advisors, banks, investment companies, insurance companies.

This costs the State very little money and SAVES THE STATE A LOT OF MONEY.

Another Win-Win AARP bill.

Mahalo,

Mark A. Koppel

Umauma

**Agenda Item IV. Executive Director Report
A. 2025 Board Meeting Schedule**

Hawaii Retirement Savings Board Meeting Schedule
Department of Labor & Industrial Relations
State of Hawaii

2025 MEETING SCHEDULE

Board Meetings Begin at 1:00 p.m.

| Meeting Date | Day | Conference Room |
|---------------------|------------|---|
| January 28 | Tuesday | Directors Office Conference Room, Room 321 |
| February 18 | Tuesday | Directors Office Conference Room, Room 321 |
| March 18 | Tuesday | Directors Office Conference Room, Room 321 |
| April 15 | Tuesday | Directors Office Conference Room, Room 321 |
| June 17 | Tuesday | Directors Office Conference Room, Room 321 |
| August 19 | Tuesday | Directors Office Conference Room, Room 321 |
| October 21 | Tuesday | Directors Office Conference Room, Room 321 |