

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR



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

JADE T. BUTAY
DIRECTOR

WILLIAM G. KUNSTMAN
DEPUTY DIRECTOR

AHLANI K. QUIOGUE
EXECUTIVE 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
Representative Andrew Garrett

**HAWAII RETIREMENT SAVINGS
BOARD MEETING**

AGENDA

Date: February 18, 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/81889753616?pwd=3lUURl8hkZajxL0u0T5J0xVw56EXs.1>

Phone: +1 669 900 6833

Meeting ID: 818 8975 3616

Passcode: 835060

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 dliir.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. January 28, 2025, Open Session Meeting Minutes

III. 2025 Legislative Session

A. Legislation

i. H.B. 847, H.D.1, 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. Effective 7/1/3000. (HD1)

ii. S.B. 855, S.D.1, RELATING TO HAWAII RETIRMENT 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 opts 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. Effective 7/1/2050. (SD1)

iii. H.B. 1136 / SB1455, 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.

IV. Next Meeting: March 18, 2025
Virtual Videoconference Meeting – Zoom Meeting

and

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

V. 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: January 28,
2025, Open Session Meeting Minutes**

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR



JADE T. BUTAY
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STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
830 PUNCHBOWL STREET, ROOM 321
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Representative Andrew Garrett

**HAWAII RETIREMENT SAVINGS
BOARD**

MINUTES OF THE MEETING

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 Webinar

<https://us02web.zoom.us/j/83857463165?pwd=CKkaiNHHYTovZpVaurEFUIG2w3VU7y.1>

Present: Jade T. Butay, Director, Department of Labor and
Industrial Relations (“DLIR”), Co-Chairperson
Jesse Keola Dean, Member
Barbara Krieg, Member
Andrew Nomura, Member
Brian Taniguchi, Member
Senator Henry J.C. Aquino, Member
Michael J.S. Moriyama, Deputy Attorney General
Ahlani K. Quiogue, Executive Director
Chavonnie M. Ramos, DLIR Public Information Officer
Jenesis M. Fink, DLIR Intern
Tri C. Pham, DLIR Information Technology Specialist

Excused: Luis Salaveria, Director, Budget and
and Finance, Co-Chairperson
William G. Kunstman, Deputy Director, DLIR
Delegate
Representative Andrew Garrett

Zoom Guests: beitzeld
Esther Brown
Ryley
Spicy W.
Grace Sullivan
Daniel Voelker
aknecht
19493033366
Rachel

In-Person Guest(s): Audrey Suga-Nakagawa, AARP Hawaii Advocacy Associate

Agenda: The agenda for this meeting was posted to the State electronic calendar as required by Hawaii Revised Statutes (“HRS”) section 92-7(b).

Chairperson Butay explained to the members of the public the procedures to participate in the hybrid board meeting, including how a member of the public can participate and interact with the Board during the board meeting.

Call to Order: The meeting was called to order at 1:08 p.m., at which time quorum was established.

Chairperson Butay welcomed everyone to the meeting and proceeded with a roll call of the Board members. All Board members attending the meeting virtually confirmed that they were present and alone.

Approval of the October 21, 2024, Open Session Minutes: Chairperson Butay asked for public comment on this agenda item. There was none.

It was moved by Ms. Krieg, seconded by Mr. Dean, and unanimously carried to approve the open session meeting minutes of the October 21, 2024, meeting.

2025 Legislative: A. Legislation

Chairperson Butay informed the Board members and members of the public that the following agenda item would be taken out of order given that it was scheduled for hearing before the Senate Committee on Labor and Technology the following day.

Chairperson Butay asked for public comment on this agenda item. There was none.

iv. S.B. 855 RELATING TO THE HAWAII RETIREMENT SAVINGS PROGRAM

The Board discussed this bill.

The purposes of this measure are to: clarify the definition of "covered employer" under the Hawai'i Retirement Savings Act; require covered employers to automatically enroll covered employees into the Hawai'i Retirement Savings Program ("Program") unless the employee chooses to opt out; repeal the limit on the total fees and expenses that can be spent for the Program each year; and appropriate funds to the Department of Labor and Industrial Relations for the development and operation of the Program.

Ms. Quiogue informed members that because the hearing was scheduled for the following day, she submitted testimony on behalf of the Board, which generally reflects the language of the Board's 2024 testimony. The testimony is supportive of requiring covered employers to automatically enroll covered employees into the Hawai'i Retirement Savings Program unless the employee chooses to opt out. She stated further that the testimony provided an explanation of the appropriation, including consultant contracts, marketing and communications, and legal, audit, and insurance. Additionally, the testimony advised the Senate committee that the Board would provide additional comments or amended testimony at the hearing regarding its discussion at its board meeting.

Ms. Quiogue asked for members comments on S.B. 855 and noted that there are two significant differences in this measure compared to the bills heard in 2024 and the current administration bills: (1) an appropriation of \$720,000; and (2) the repeal of the limit on the total fees and expenses that can be spent for the Program each year.

Ms. Krieg expressed her support for the repeal of the language and stated that the Board had not previously discussed this change during the 2024 legislative session, since it was recently brought to her attention. She went on to say that the cap of the total fees and expenses of the Program each year, which shall not exceed 75 bps (basis point fees) is unrealistic, not functional, and could impede the Board in starting the program. This issue could potentially have to be revisited frequently rather than removing the language as currently proposed in this measure and recommended that the Board support this proposed change.

Mr. Taniguchi inquired whether S.B. 855 is similar to the administration bills that were introduced and what are the differences.

For the public's information, the Board returned to the order of the

agenda and discussed the following:

- i. H.B. 1136 RELATING TO HAWAII RETIREMENT SAVINGS ACT
- ii. S.B. 1455, RELATING TO HAWAII RETIREMENT SAVINGS ACT

The purposes of these bills are to: clarify the definition of "covered employer" under the Hawai'i Retirement Savings Act; and require covered employers to automatically enroll covered employees into the Program unless the covered employee chooses to opt out.

In response to Mr. Taniguchi's question, Ms. Quiogue informed the Board that the administration bills are similar to S.B. 855 as it requires covered employers to automatically enroll covered employees into the Program unless the covered employee chooses to opt out. However, the substantive differences are the repeal of the limit on the total fees and expenses that can be spent for the Program each year and the appropriation.

Ms. Krieg related that it is her understanding that the original act ([Act 296, SLH 2022](#)) appropriated \$25 million for matching funds and \$1 million to provide outreach and education to the Program. Ms. Krieg asked the status of the \$1 million for outreach.

Ms. Quiogue indicated that the \$1 million lapsed on June 30, 2024.

For purposes of clarity, Ms. Krieg asked for confirmation that the Program has approximately \$200,000 in operating funds.

Ms. Quiogue responded in the affirmative.

Chairperson Butay informed the Board that the Department of Labor and Industrial Relations is considering a Governor's Message to the budget.

Ms. Quiogue informed the members that she had drafted language for the Governor's Message, which justifies the request and use for the funds.

Ms. Quiogue asked Mr. Moriyama for his comments regarding all four (4) bills.

Mr. Moriyama advised the Board of the following regarding all four (4) bills on the agenda:

- (1) The timing and procedures related to a covered employee's election to opt out of the program. He suggested that this language may need to be amended to provide clearer guidance to employers;
- (2) Whether an option should be available to employees to opt out of the program after they have been enrolled. Mr. Moriyama explained that in some circumstances, the employee may determine that they no longer want to contribute to the program or may not have thoroughly read through their employment packet; and
- (3) Page 8, line 16, changing the "program administrator" to the "covered employer." He explained that the program administrator should not be responsible to provide the covered employees with written notice of the rights of the employee to opt out.

Regarding (1) and (2) above, Mr. Moriyama discussed in detail possible amendments to all of the bills that the Board may consider as provided below:

Beginning on page 8 of S.B. 855, lines 12-19, and continued to page 9, lines 1-17, amending §389-5, HRS:

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

(1) ~~[Allow a covered employee to enroll into the program after providing the covered employee with a written notice of the employee's right to opt in]~~
Provide to each covered employee written notice of the right of the covered employee to opt out of the program on a form prescribed by the program;
~~[and]~~

(2) Within [time period] after the covered employer provided a covered employee with the written notice of the right of the covered employee to opt out, automatically enroll the covered employee into the program unless the covered employee has elected not to participate; and

~~[(2)]~~ (3) For any covered employee who has opted in to is enrolled in the program:

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

- (B) Transmit the contribution amount withheld from the covered employee's [payroll deduction contribution] salary or wages to the program on the earliest date the amount withheld can reasonably be segregated from the covered employer's assets, but no later than the fifteenth day of the calendar month following the month in which the covered employee's contribution amounts are withheld.
- (g) A covered employee who has been enrolled in the program may:
- (1) Elect to opt out by submitting written notice of the covered employee's election not to participate in the program to the covered employer on a form prescribed by the department; and
 - (2) Upon the election of an enrolled covered employee to opt out of the program, a covered employer shall cease withholding the covered employee's contribution amount from the covered employee's salary or wages earned starting on the sixteenth day of the calendar month following the month in which the enrolled covered employee elected to opt out of the program.

Ms. Krieg, Mr. Nomura, Mr. Dean, and Mr. Taniguchi stated that time periods should not be set in statute. Instead, the Board should consider these time periods in its administrative rules. The Board should also draft administrative rules to further clarify issues in its statutes.

Chairperson Butay expressed his agreement with all the previous comments.

Mr. Moriyama restated that this language may provide clarity to both the covered employer regarding specified time periods in providing covered employees notice and providing clearer direction for covered employees to opt out of the program. He went on to say that the Board has authority pursuant to subsection (e) to create administrative rules.

Mr. Nomura stated that he would support the suggested amendment to page 8, line 16, to read:

- (1) ~~Allow a~~ Automatically enroll covered employees into the program after [providing] the program administrator **covered employer** provides the [covered employee] employees with a written notice of the [employee's] right of the employees to opt [in;] out;

Members agreed that they all supported this recommended

change.

Ms. Quiogue asked that for purposes of consistency, if the administration bills are heard, that the testimony reflect the proposed amendment changing "program administrator" to "covered employer" and add an appropriation section.

Ms. Quiogue asked the Board to consider making a motion regarding the legislation included on the agenda.

Senator Aquino indicated that he would abstain from the vote on these matters.

Mr. Moriyama advised the Board that it may consider all bills in its motion.

It was moved by Ms. Krieg, seconded by Mr. Taniguchi, and unanimously carried to submit testimony in support of H.B. 1136, S.B. 1455, H.B. 847, and S.B. 855, Relating to the Hawaii Retirement Savings Act with suggested amendments as referenced above.

Senator Aquino left the meeting at 1:39 p.m.

B. Legislative Liaison

Chairperson Butay asked for public comment on this agenda item. There was none.

The Board considered appointing legislative liaison(s) to assist in providing positions and testifying on legislative proposals.

Mr. Moriyama advised the Board that it should limit the number of liaisons to no more than two (2) members and its executive director.

Ms. Krieg reminded members that at a past meeting, the Board had delegated these responsibilities to Mr. Taniguchi and Mr. Kunstman. Ms. Krieg sought clarification regarding whether a member who is excused from the board meeting can be considered for the position.

Ms. Quiogue responded in the affirmative.

It was moved by Ms. Krieg, seconded by Mr. Dean and unanimously carried to appoint Mr. Taniguchi and Mr. Kunstman as the Board's legislative liaisons.

Executive Director Report: A. 2025 Board Meeting Schedule

Chairperson Butay asked for public comment on this agenda item. There were none.

Ms. Quiogue informed the Board members that a 2025 board meeting schedule was included in their packets. During the legislative session (January through April) the Board will meet monthly; thereafter, the Board will meet every other month with its last meeting in October. The meetings are scheduled for the second Tuesday of the month and will begin at 1:00 p.m.

Ms. Krieg asked what the protocol is for Board members if they would like to request a matter be placed on a future agenda.

Ms. Quiogue informed the members that they may email her directly if they would like anything added to the agenda.

Ms. Krieg requested that, at a future meeting, the Board invite and receive formal training from The Pew Charitable Trusts ("Pew"). Pew would be able to provide what other states have done, what is most effective in those states so that this Board can use what works and avoid what does not, and what the Board's oversight is, and the executive director's responsibilities are. She went on to say that this is a recommendation only and would like to ensure that the other members opinions are sought.

Messrs. Dean, Nomura, Taniguchi, and Chairperson Butay supported this recommendation.

Ms. Quiogue requested that this type of training occur at a scheduled board meeting following the legislative session.

Mr. Nomura stated, and Mr. Dean concurred that, a strategic plan should be created to ensure the proper implementation of the Program to ensure specific deadlines are met timely.

Next Meeting: Tuesday, February 18, 2025

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

Virtual Videoconference Meeting – Zoom Webinar

Adjournment: The meeting adjourned at 1:57 p.m.

Taken and Recorded by:

/s/ Ahlani K. Quiogue

Executive Director

- () Minutes approved as is.
- () Minutes approved with changes:

DRAFT

Agenda Item III
2025 Legislative Session

BILL	REPORT TITLE	MEASURE TITLE	DESCRIPTION	STATUS	INTRODUCER(S)	CURRENT REFERRAL	COMPANION	COMMENTS/NOTES
HB847, HD1	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	LAB, FIN	SB855	<p>AARP Measure</p> <p>2/6/2025: The committee on LAB recommended that the measure be PASSED, WITH AMENDMENTS. The votes were as follows: 5 Ayes: Representative(s) Sayama, Lee, M., Kapela, Kong, Reyes Oda; Ayes with reservations: none; Noes: none; and 1 recused: Representative(s) Garrett.</p> <p>2/12/2025: 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) Cochran, Sayama, Ward excused (3).</p>
SB855, SD1	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	LBT, WAM	HB847	<p>AARP Measure</p> <p>1/29/2025: The committee(s) on LBT recommended that the measure be PASSED, WITH AMENDMENTS. The votes in LBT were as follows: 3 Aye(s): Senator(s) Aquino, Lee, C., Fevella; Aye(s) with reservations: none ; 0 No(es): none; and 2 Excused: Senator(s) Ihara, Moriwaki.</p> <p>2/12/2025: The committee(s) on WAM recommended that the measure be PASSED, UNAMENDED. The votes in WAM were as follows: 13 Aye(s): Senator(s) Dela Cruz, Moriwaki, Aquino, DeCoite, Elefante, Hashimoto, Inouye, Kanuha, Kidani, Kim, Lee, C., Wakai, Fevella; Aye(s) with reservations: none ; 0 No(es): none; and 0 Excused: none.</p>
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)	LAB, FIN	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)	LBT, WAM	HB1136	Admin Bill/Governor's Package
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**Agenda Item III.A.i.
H.B. 847, H.D. 1, Relating to
Hawaii Retirement Savings Act**

HB847 HD1



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. Effective 7/1/3000. (HD1)

Companion: [SB855](#)

Package: None

Current Referral: LAB, FIN

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	Status Text
2/12/2025	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) Cochran, Sayama, Ward excused (3).
2/12/2025	H	Reported from LAB (Stand. Com. Rep. No. 479) as amended in HD 1, recommending passage on Second Reading and referral to FIN.
2/6/2025	H	The committee on LAB recommend that the measure be PASSED, WITH AMENDMENTS. The votes were as follows: 5 Ayes: Representative(s) Sayama, Lee, M., Kapela, Kong, Reyes Oda; Ayes with reservations: none; Noes: none; and 1 Excused: Representative(s) Garrett.
2/3/2025	H	Bill scheduled to be heard by LAB on Thursday, 02-06-25 9:00AM in House conference room 309 VIA VIDEOCONFERENCE.
1/23/2025	H	Referred to LAB, FIN, referral sheet 3
1/23/2025	H	Introduced and Pass First Reading.
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 HD1

STAND. COM. REP. NO.

479

Honolulu, Hawaii

FEB 12 , 2025

RE: H.B. No. 847
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Labor, to which was referred H.B. No. 847
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" in the
Hawaii Retirement Savings Act;
- (2) Require automatic enrollment of employees into the
Hawaii Retirement Savings Program unless the employee
opts out;
- (3) Repeal the limit on the total fees and expenses that can
be spent for the program each year; and
- (4) Appropriate funds for the Hawaii Retirement Savings
Program's development and operations.

Your Committee received testimony in support of this measure
from the Executive Office on Aging; Hawai'i Retirement Savings
Board; 604 Hospitality Group LLC; Hawai'i Family Caregiver
Coalition; Hawai'i Restaurant Association; and one individual.

2025-1541 HB847 HD1 HSCR HMSO



Your Committee received comments on this measure from the Retail Merchants of Hawaii and Tax Foundation of Hawaii.

Your Committee finds that employers with retirement savings programs auto-enrollment policies have higher overall contribution rates by their employees than employers with only voluntary enrollment. Your Committee believes that this measure encourages employees to engage with their retirement plans and make proactive and informed decisions about their financial future.

Your Committee has amended this measure by:

- (1) Replacing the term "program administrator" with "covered employer" with regard to who is to provide employees written notice of employees' right to opt out of automatic enrollment;
- (2) Changing the appropriation to an unspecified amount;
- (3) Changing the effective date to July 1, 3000, to encourage further discussion.

Your Committee respectfully requests your Committee on Finance, should it deliberate on this measure, to consider an appropriation amount of \$720,000.

As affirmed by the record of votes of the members of your Committee on Labor that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 847, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 847, H.D. 1, and be referred to your Committee on Finance.

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



JACKSON D. SAYAMA, Chair



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:



- 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) 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 covered employer provides the [~~covered employee~~]
17 employees with a written notice of the [~~employee's~~]
18 right of the employees to opt [~~in+~~] out; and

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



- 1 (A) Withhold the covered employee's contribution
- 2 amount from the employee's salary or wages; and
- 3 (B) Transmit the covered employee's payroll deduction
- 4 contribution to the program on the earliest date
- 5 the amount withheld can reasonably be segregated
- 6 from the covered employer's assets, but no later
- 7 than the fifteenth day of the calendar month
- 8 following the month in which the covered
- 9 employee's contribution amounts are withheld.

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

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

17 "(b) The program manager shall keep total fees and
 18 expenses as low as practicable~~[/; provided that the total fees~~
 19 ~~and expenses of the program each year shall not exceed seventy-~~
 20 ~~five basis points of the total assets of the program; provided~~



1 ~~further that this limit shall not apply during the initial~~
2 ~~three-year period following the establishment of the program]."~~

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

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

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

17 (2) A penalty of:
18 (A) \$25 for each month the covered employee was not
19 enrolled in the program; and
20 (B) \$50 for each month the covered employee continues
21 to be unenrolled in the program after the date on



1 which a penalty has been assessed with respect to
 2 the covered employee who [~~had elected to~~
 3 ~~participate~~] should have been enrolled in the
 4 program."

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

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

15 SECTION 8. Statutory material to be repealed is bracketed
 16 and stricken. New statutory material is underscored.

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



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. 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.



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

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**HAWAII RETIREMENT SAVINGS
BOARD**

February 6, 2025

To: The Honorable Jackson D. Sayama, Chair,
The Honorable Mike Lee, Vice Chair, and
Members of the House Committee on Labor

Date: Thursday, February 6, 2025
Time: 9:00 a.m.
Place: Conference Room 309, State Capitol

From: Ahlani K. Quiogue, Executive Director
Hawaii Retirement Savings Board

Re: H.B. 847, RELATING TO HAWAII RETIREMENT SAVINGS ACT

I. OVERVIEW OF PROPOSED LEGISLATION

The **Hawaii Retirement Savings Board (Board)** is in **strong support** of this bill.

The purposes of this bill are to: clarify the definition of "covered employer" under the Hawaii Retirement Savings Act; require covered employers to automatically enroll covered employees into the Hawaii Retirement Savings Program (Program) unless the employee chooses to opt out; repeal the limit on the total fees and expenses that can be spent for the Program each year; and appropriate funds to the Department of Labor and Industrial Relations for the development and operation of the Program.

II. CURRENT LAW

§389-2 definition of "covered employer" does not include any employer that has maintained for all employees a retirement plan during the preceding two years a

tax-qualified retirement plan.

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

§389-7 provides that the program manager shall keep total fees and expenses as low as practicable; provided that the total fees and expenses of the program each year shall not exceed seventy-five basis points of the total assets of the program; provided further that the limit shall not apply during the initial three-year period following the establishment of the program.

III. COMMENTS ON THE SENATE BILL

The Board 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 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 Program. For the Committee's information, as of January 1, 2025, thirteen (13) of the twenty (20) state programs have an individual retirement account or Auto-IRA, and two (2) state programs are open to all other employers and workers either through a voluntary marketplace or multiple employer plan. Hawaii's current model is most similar to that of New Mexico, which is a voluntary payroll deduction IRA. Unfortunately, The New Mexico Work and \$ave IRA Program has been placed on an indefinite hold with no known new implementation date because, in part, the model of its plan.

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.

Furthermore, 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 effect 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.

At its board meeting on January 28, 2025, the Board discussed in detail: (1) a suggested amendment to section 4, page 8, line 16; and (2) the repeal of the limit on the total fees and expenses that can be spent for the Program each year on section 5, page 9, line 21 to page 10, lines 1 through 5, as outlined below:

(1) Suggested amendment to section 4, page 8, line 16:

The Board recommends that, "~~the program administrator provides...~~" be amended to "the **covered employer** provides..."

(2) Regarding the repeal of the limit on the total fees and expenses that can be spent for the Program each year (section 5, page 9, line 21 to page 10, lines 1 through 5)

The Board expressed support of the repeal of this language. By way of background, when the first state programs launched in Oregon, Illinois, and California, they only had basis point fees (bps) on assets under management (AUM) charged to the individual retirement accounts. The statutes in these states did have fee caps in place. Over-time it became clear that the AUM growth was not as fast as initially anticipated and for the program administrators to keep the public-private partnerships going, they needed to pivot to a hybrid fee structure. The programs now have both bps fees on AUM and a flat dollar-based account fee. This system of fees allows the program administrators to cover their costs in the early days of the programs while the AUM is ramping up. It also allows the programs to add on state-level account fees that help them cover their own costs.

The reason other states have removed the bps caps from statute is because it is impossible to push the per account fees under these caps until the programs are well-established and they have relatively high average account balances.

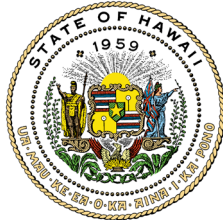
Further, if Hawaii plans to partner with another state, Hawaii will use the same fee structure that the lead state has already negotiated with the program administrator. No state currently has a fee structure that would keep total fees under 75 bps, including states with very large populations.

Lastly, the Board also notes that this bill appropriates funds to the Department of Labor and Industrial Relations for the development and operation of the Program in the amount of \$720,000 for FY 25-26, and so much thereof for FY 26-27. This funding will address startup costs of consultant contracts (\$75,000), marketing and communications (\$500,000), and legal, audit, and insurance (\$145,000). More specifically, the utilization of the funding is to: (1) establish baseline information for program administration; (2) create a financial model to determine fees necessary to support Program costs; (3) evaluate and determine investment design and policy statement; (4) program administration services; and (5) participant marketing, financial education, and disclosures.

Thank you for the opportunity to testify.

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

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



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

**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

CAROLINE CADIRAO
DIRECTOR
Executive Office on Aging

Telephone
(808) 586-0100

Fax
(808) 586-0185

**Testimony in SUPPORT of HB847
RELATING TO HAWAII RETIREMENT SAVINGS ACT**

COMMITTEE ON LABOR
REP. JACKSON SAYAMA, CHAIR
REP. MIKE LEE, VICE CHAIR

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

Hearing: Thursday, February 6, 2025 at 9:00 A.M., Conference Room 309

- 1 **EOA Position:** The Executive Office on Aging (EOA), an attached agency to the Department of Health
- 2 (DOH) supports the intent of HB847.
- 3 **Fiscal Implications:** Appropriates \$720,000 for fiscal year 2025-2026 and the same sum for fiscal year
- 4 2026-2027 to the Department of Labor and Industrial Relations (DLIR) for the development and
- 5 operation of the program.
- 6 **Purpose and Justification:** The Hawai'i Retirement Savings Program (Act 296) creates a low-cost
- 7 retirement savings program that will help private sector workers save money for retirement. HB847
- 8 clarifies the definition of "covered employer" under this Act; amends and aligns provisions of the
- 9 Hawai'i Retirement Savings Program to require automatic enrollment unless the employee chooses to
- 10 opt out; repeals the total amount of fees and expenses that can be spent annually; and appropriates
- 11 funds for the program's development and operations. Automatic enrollment in a retirement savings
- 12 program is considered a "best practice" in the industry and will enable more employees to save for

- 1 their future. Additionally, the opt-out feature allows employees to make informed decisions about
- 2 their retirement savings. It also encourages employees to engage with their retirement plans and
- 3 make proactive choices about their financial futures.
- 4 **Recommendation:** EOA supports the intent of HB847 and defers to the DLIR for implementation.
- 5 Thank you for the opportunity to testify.



Andy Huang, Chairman – L&L Hawaiian Barbecue Ave Kwok, Past Chair – Jade Dynasty Seafood Restaurant
Mike Palmer, Incoming Chair – Ho'okipa Partners Tambara Garrick, Treasurer – Hawaii Farm Project
Victor Lim, Government Relations Lead – McDonald's | Mail: 2909 Wai'ala'e Avenue #22, Honolulu, HI 96826

Sheryl Matsuoka, President & CEO Ginny Wright, Operations Associate Holly Kessler, Vice President of Operations

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Date: February 4, 2025

To: Rep. Jackson D. Sayama, Chair
Rep. Mike Lee, Vice Chair
Members of the Committee on Labor

From: Victor Lim, Legislative Lead

Subj: HB 847 Relating to Hawaii Retirement Savings Act

The Hawaii Restaurant Association representing 4,000 Eating and Drinking Place here in Hawaii support the intent of this bill HB 847 to provide a retirement savings plan for many employees that are not covered by some kind of a employer sponsored plan. This will benefit the employees of the many small and medium-sized businesses here in the state that do not have one because they either can't afford one or not big enough to have one of their own.

Key principles has to be Is it simple, easy to understand, minimal or no administrative fees, and is portable as one move from one job to another.

Thank you for allowing us to share our comments.



February 4, 2025

Rep. Jackson D. Sayama, Chair
Rep. Mike Lee, Vice Chair
Members of the Committee on Labor

Members of the Committee on Labor,

The 604 Hospitality Group LLC, representing eight dining establishments on Oahu with 400 employees, supports HB 847.

Many employees in our industry do not place their retirement savings as a priority due to living paycheck to paycheck. It would be great to ensure the state retirement savings plan is simple to understand, has minimal fees, and has a strong educational program to gain broader interest.

Thank you for the opportunity to support Bill HB 847.

Sincerely,

Matthew Asato
Vice President of Operations



**TESTIMONY OF TINA YAMAKI
PRESIDENT
RETAIL MERCHANTS OF HAWAII
FEBRUARY 6, 2025
HB 847 RELATING TO HAWAII RETIREMENT SAVINGS ACT**

Good morning, Chair Sayama and members of the House Committee on Labor. 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 HB 8475 and do not support it at this time. This measure 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; and appropriates funds to the Department of Labor and Industrial Relations for the development and operation of the Program.

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 incurs 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. Employees expect compensation when their scope of work is expanded and many are already short staffed in internal accounting departments. While one third party may be able to do it for a nominal or no cost, this is not indicative of other CPA firms and companies who handle payroll.

Of significant concern is the impact on smaller, locally owned businesses already grappling with "how can we afford another mandate?" Many still carry a large debt from being shut down and the lack of customers – especially since the Asian visitors have not returned. The rising cost for employee health care benefits, products and goods, services, and shipping continue to have a substantial effect on our operations. Furthermore, numerous businesses are still trying to recover from the Maui Fires as some of our local retailers lost multiple stores in the fires – this not only includes Maui based stores but also business from the neighboring islands who have expanded to Maui. We are also seeing streamlined and pivoted business with shortened hours of operations and freeze in employee hiring for certain positions. We continue to see local and national retailers quietly closing their doors in Hawaii. Many small locally owned businesses are also unsure how they will afford the minimum wage hike coming in January 2026.

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. Measures like this will encourage more businesses to close their doors as they can no longer afford to operate in Hawaii and thus more of our friends, family and neighbors will be unemployed. 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.

We are also concerned that repealing the cap on fees and expenses for the Program opens the door to excessive and unchecked costs. This lack of fiscal restraint jeopardizes the efficiency and transparency of the Program, with potential financial repercussions for both employees and taxpayers.

Mahalo for this opportunity to testify.



3610 Waiālae Ave • Honolulu, HI 96816



(808) 592-4200



tyamaki@rmhawaii.org



Testimony to the House Committee on Labor
Thursday, February 6, 2025
9:00 a. m.
State Capitol Conference Room 309 and via videoconference

Re: HB 847 Relating to Hawaii Retirement Savings Act

Dear Chair Sayama, Vice Chair Lee, and Honorable Members of the House Committee on Labor:

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 HB 847, 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 the practice in California, Colorado, Connecticut, Illinois, Maryland, Oregon, and Virginia.

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 HB 847, 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 garysimon@hawaii.rr.com

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS; Hawai'i Retirement Savings Act, Automatic Enrollment, Opt-Out Option

BILL NUMBER: HB 847, SB 855

INTRODUCED BY: HB by SAYAMA, CHUN, GARRETT, GRANDINETTI, ICHIYAMA, KEOHOKAPU-LEE LOY, KILA, KUSCH, LAMOSAO, LEE, M., LOWEN, MARTEN, MATAYOSHI, MIYAKE, OLDS, QUINLAN, TAKAYAMA, TAM, TODD; SB by AQUINO, CHANG, FEVELLA, KIDANI, KIM, MORIWAKI, Richards, Wakai

EXECUTIVE SUMMARY: 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.

SYNOPSIS: Amends section 389-2, HRS, to give an exemption to an employer who, at any time in the preceding two years, maintained a tax-qualified retirement plan for its employees. Under current law, the exemption only applies if the employer had been maintaining such a plan continuously for the preceding two years.

Amends section 389-5(d)-(f), HRS, to require covered employers to enroll its covered employees in the program and withhold and remit payroll deduction contributions from each covered employee's paycheck unless the covered employee has elected not to participate. Currently, covered employees may elect to contribute. The measure provides for automatic enrollment with an employee's right to opt out of participation.

Amends section 389-7, HRS by removing the cap on fees and expenses of the program.

Section 7 appropriates out of the general fund \$720,000 or so much as may be necessary for fiscal year 2025-2026 and fiscal year 2026-2027 for the development and operation of the Hawaii retirement savings program.

EFFECTIVE DATE: July 1, 2025.

STAFF COMMENTS: The Hawaii Retirement Savings Program, HRS Chapter 389, established by Act 296, SLH 2022, is supposed to offer a prefabricated vehicle for small employers to sign up for a retirement program, on the theory that small employers would not offer retirement savings programs at all to their employees if they are going to be overwhelmed with compliance costs. The Foundation itself, for example, decided to terminate its retirement savings program after it found that it needed to pay attorneys lots of money every few years for plan amendments required by the federal government.

As the program now exists, employees may opt in to the program (once it gets going). The default contribution amount is 5% of the covered employee’s compensation, but the employee can elect to contribute more or less.

The bill would change the enrollment criteria. All employees would be enrolled in the program unless they opted out. And remember, this program affects any employer who employs one or more employees. There is no minimum.

If the State can competently offer such a plan to private employers in a way to blunt the pain of periodic legal fees, the program in general might be a beneficial idea; but the State needs to remember that it doesn’t have either the resources or the expertise to be all things to all people. We are concerned that the governmental activity proposed by this bill is not a core function of government, and we wonder if government can deliver on this plan. We observe that although this program was established in 2022, the Hawaii Retirement Savings Board has yet to implement the program. See <https://labor.hawaii.gov/hrsp/>, “Program Status.”

The State has tried savings encouragement before, by providing Individual Development Accounts sweetened with a state tax credit. The market uptake of this program was dismal, as shown in this table of IDA contribution credits claimed.

Year	Number of Taxpayers	Aggregate Credit Claimed
2000	0	0
2001	0	0
2002	0	0
2003	0	0
2004	9	\$3,000
2015	0	0
2016	Suppressed to prevent disclosure of taxpayer return information	
2017	0	0

Source: Department of Taxation, *Tax Credits Claimed by Hawaii Taxpayers 23 (2017)*; Department of Taxation, *Tax Credits Claimed by Hawaii Individuals and Corporations (2000, 2001, 2002, 2003, 2004)*.

If this program has a similar market uptake, we will have wasted lots of resources and time.

With many folks here in Hawaii living from paycheck to paycheck, people simply don’t have excess cash to put away for their retirement. Unless we address our cost of living, we think it

Re: HB 847, SB 855

Page 3

will be difficult for this proposed program to have much more market traction than the IDA program.

We also remind lawmakers that financial controls are necessary to keep a program like this from becoming a financial black hole and a magnet for fraud.

Digested: 2/4/2025

HB-847

Submitted on: 2/5/2025 2:03:07 PM

Testimony for LAB on 2/6/2025 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Barbara J. Service	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Sayama and committee members,

I am Barbara Service and I'm a resident of SD9 and HD19 and a Kupuna.

I strongly encourage your support of HB847 (Hawaii Retirement Savings) to provide a means for small business employees to save money for their retirement. It is important that this be an opt-out arrangement, rather than an opt-in. In this manner, employees will have to take action to stop the deductions from their paychecks. Unfortunately, if they opt-out, they will be missing out on savings when they retire.

The concept of Hawaii Retirement Savings was approved by the state legislature three years ago and is slow to get moving. Please support the opt-out arrangement AND also clarifies the definition of "covered employers."

Mahalo for the opportunity to testify.

Barbara J. Service. MSW

Child Welfare Supervisor (ret.)

Passionate Kupuna advocate

**Agenda Item III.A.ii.
S.B. 855, S.D. 1, Relating to
Hawaii Retirement Savings Act**

SB855 SD1



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 opts 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. Effective 7/1/2050. (SD1)

Companion: [HB847](#)

Package: None

Current Referral: LBT, WAM

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

Sort by Date	Status	Status Text
2/12/2025	S	The committee(s) on WAM recommend(s) that the measure be PASSED, UNAMENDED. The votes in WAM were as follows: 13 Aye(s): Senator(s) Dela Cruz, Moriwaki, Aquino, DeCoite, Elefante, Hashimoto, Inouye, Kanuha, Kidani, Kim, Lee, C., Wakai, Fevella; Aye(s) with reservations: none ; 0 No(es): none; and 0 Excused: none.
2/10/2025	S	The committee(s) on WAM will hold a public decision making on 02-12-25 10:01AM; Conference Room 211 & Videoconference.
2/6/2025	S	Report adopted; Passed Second Reading, as amended (SD 1) and referred to WAM.
2/6/2025	S	Reported from LBT (Stand. Com. Rep. No. 56) with recommendation of passage on Second Reading, as amended (SD 1) and referral to WAM.
1/29/2025	S	The committee(s) on LBT recommend(s) that the measure be PASSED, WITH AMENDMENTS. The votes in LBT were as follows: 3 Aye(s): Senator(s) Aquino, Lee, C., Fevella; Aye(s) with reservations: none ; 0 No(es): none; and 2 Excused: Senator(s) Ihara, Moriwaki.
1/24/2025	S	The committee(s) on LBT has scheduled a public hearing on 01-29-25 3:00PM; Conference Room 224 & Videoconference.
1/23/2025	S	Referred to LBT, WAM.

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 SD1

Honolulu, Hawaii

FEB 06 2025RE: S.B. No. 855
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Labor and Technology, to which was referred
S.B. No. 855 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Clarify the definition of "covered employer" in the Hawaii Retirement Savings Act;
- (2) Require covered employers to automatically enroll covered employees in the Hawaii Retirement Savings Program unless the employee opts out;
- (3) Repeal the limit on total fees and expenses that can be spent for the Program annually; and
- (4) Appropriate funds to the Department of Labor and Industrial Relations for the development and operation of the Program.

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



Your Committee received testimony in opposition to this measure from the Retail Merchants of Hawaii.

Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that there is an urgent need to provide a viable retirement savings option for private sector employees who do not have access to employer-sponsored retirement savings plans. Established to address this issue, a majority of local small businesses support the Hawaii Retirement Savings Program for its minimal fiscal impact on business and potential to stabilize and fortify the State's economy. Your Committee finds, however, that unlike other state-sponsored plans, the Hawaii Retirement Savings Program does not have an automatic enrollment process, which may hinder its ability to accumulate a critical mass of participants needed for the Program's long-term viability and potential to enter into interstate compact agreements. This measure will make the enrollment process automatic for covered employees, with an option to opt out, to avail this crucial life-planning option to an increased number of employees in the State.

Your Committee has amended this measure by:

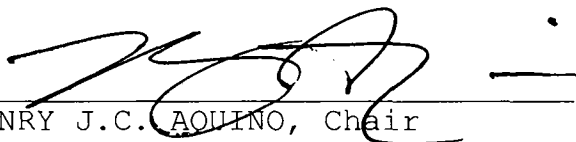
- (1) Requiring covered employers, rather than the program administrators, to provide covered employees with a written notice of their right to opt out of the Program;
- (2) Clarifying that the Board may add an option for program participants to contribute to a traditional individual retirement account (IRA), in addition to or in lieu of a Roth IRA;
- (3) Changing the appropriation to an unspecified amount;
- (4) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.



Your Committee notes that this measure, as amended, contains an unspecified appropriation amount. Should your Committee on Ways and Means choose to deliberate on this measure, your Committee respectfully requests that it consider inserting an appropriation amount of \$720,000 for the development and operation of the Hawaii Retirement Savings Program.

As affirmed by the record of votes of the members of your Committee on Labor and Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 855, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 855, S.D. 1, and be referred to your Committee on Ways and Means.


Respectfully submitted on
behalf of the members of the
Committee on Labor and
Technology,


HENRY J.C. AQUINO, Chair



The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
Committee on Labor and Technology
LBT

Bill / Resolution No.:* HB855	Committee Referral: LBT, WAM	Date: 1/29/25		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
AQUINO, Henry J.C. (C)	x			
LEE, Chris (VC)	x			
IHARA, Jr., Les				x
MORIWAKI, Sharon Y.				x
FEVELLA, Kurt	x			
TOTAL	3			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

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:



- 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) 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 covered employer provides the [~~covered employee~~]
17 employees with a written notice of the [~~employee's~~]
18 right of the employees to opt [~~in+~~] out; and

19 (2) For any covered employee who [~~has opted in to~~] is
20 enrolled into the program[+] and has not opted out:



1 (A) Withhold the covered employee's contribution
2 amount from the employee's salary or wages; and
3 (B) Transmit the covered employee's payroll deduction
4 contribution to the program on the earliest date
5 the amount withheld can reasonably be segregated
6 from the covered employer's assets, but no later
7 than the fifteenth day of the calendar month
8 following the month in which the covered
9 employee's contribution amounts are withheld.

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

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

18 "(b) The program manager shall keep total fees and
19 expenses as low as practicable~~;~~ ~~provided that the total fees~~
20 ~~and expenses of the program each year shall not exceed seventy-~~
21 ~~five basis points of the total assets of the program; provided~~



1 ~~further that this limit shall not apply during the initial~~
2 ~~three-year period following the establishment of the program]."~~

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

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

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

17 (2) A penalty of:

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

20 (B) \$50 for each month the covered employee continues
21 to be unenrolled in the program after the date on



1 which a penalty has been assessed with respect to
2 the covered employee who [~~had elected to~~
3 ~~participate~~] should have been enrolled in the
4 program."

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

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

15 SECTION 8. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 9. This Act shall take effect on July 1, 2050.



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 opts 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. Effective 7/1/2050. (SD1)

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



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR



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

HAWAII RETIREMENT SAVINGS
BOARD

February 12, 2025

JADE T. BUTAY
DIRECTOR

WILLIAM G. KUNSTMAN
DEPUTY DIRECTOR

AHLANI K. QUIOGUE
EXECUTIVE 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
Representative Andrew Garrett

To: The Honorable Donovan M. Dela Cruz, Chair,
The Honorable Sharon Y. Moriwaki, Vice Chair, and
Members of the Senate Committee on Labor

Date: Wednesday, February 12, 2025
Time: 10:01 a.m.
Place: Conference Room 211, State Capitol

From: Ahlani K. Quiogue, Executive Director
Hawaii Retirement Savings Board

Re: S.B. 855, S.D. 1, RELATING TO HAWAII RETIREMENT SAVINGS ACT

I. OVERVIEW OF PROPOSED LEGISLATION

The **Hawaii Retirement Savings Board (Board)** is in **strong support** of this bill.

The purposes of this bill are to: clarify the definition of "covered employer" under the Hawaii Retirement Savings Act; require covered employers to automatically enroll covered employees into the Hawaii Retirement Savings Program (Program) unless the employee chooses to opt out; repeal the limit on the total fees and expenses that can be spent for the Program each year; and appropriate funds to the Department of Labor and Industrial Relations for the development and operation of the Program.

II. CURRENT LAW

§389-2 definition of "covered employer" does not include any employer that has maintained for all employees a retirement plan during the preceding two years a

tax-qualified retirement plan.

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

§389-7 provides that the program manager shall keep total fees and expenses as low as practicable; provided that the total fees and expenses of the program each year shall not exceed seventy-five basis points of the total assets of the program; provided further that the limit shall not apply during the initial three-year period following the establishment of the program.

III. COMMENTS ON THE SENATE BILL

The Board 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 to opt-out is not only beneficial to workers and considered a best practice in retirement savings programs, but a feature of 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 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 that will also aid in the viability of the Program. For the Committee's information, as of January 1, 2025, thirteen (13) of the twenty (20) state programs have an individual retirement account or Auto-IRA, and two (2) state programs are open to all other employers and workers either through a voluntary marketplace or multiple employer plan. Hawai'i's current model is most like that of New Mexico, which is a voluntary payroll deduction IRA. Unfortunately, The New Mexico Work and \$ave IRA Program has been placed on an indefinite hold with no known new implementation date because, in part, the model of its plan.

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 Hawai'i Retirement Savings Task Force identified that many 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.

Furthermore, 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 impact on our economy and the State's

fiscal situation is forecast to significantly increase as Hawai'i'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 Hawai'i study² prepared for DBEDT estimated that this dynamic will produce a \$7.7 billion hole in Ha Hawai'i's economy by 2035.

Additionally, the Board recognizes the importance of repealing the limit on the total fees and expenses that can be spent for the Program each year. By way of background, when the first state programs launched in Oregon, Illinois, and California, they only had basis point fees (bps) on assets under management (AUM) charged to the individual retirement accounts. The statutes in these states did have fee caps in place. Over-time it became clear that the AUM growth was not as fast as initially anticipated and for the program administrators to keep the public-private partnerships going, they needed to pivot to a hybrid fee structure. The programs now have both bps fees on AUM and a flat dollar-based account fee. This system of fees allows the program administrators to cover their costs in the early days of the programs while the AUM is ramping up. It also allows the programs to add on state-level account fees that help them cover their own costs.

The reason other states have removed the bps caps from statute is because it is impossible to push the per account fees under these caps until the programs are well-established and they have relatively high average account balances.

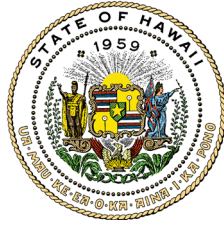
Further, if Hawai'i plans to partner with another state, Hawai'i will use the same fee structure that the lead state has already negotiated with the program administrator. No state currently has a fee structure that would keep total fees under 75 bps, including states with very large populations.

Lastly, the Board also notes that this bill appropriates funds to the Department of Labor and Industrial Relations for the development and operation of the Program in the amount of \$720,000 for FY 25-26, and so much thereof for FY 26-27. This funding will address startup costs of consultant contracts (\$75,000), marketing and communications (\$500,000), and legal, audit, and insurance (\$145,000). More specifically, the utilization of the funding is to: (1) establish baseline information for program administration; (2) create a financial model to determine fees necessary to support Program costs; (3) evaluate and determine investment design and policy statement; (4) program administration services; and (5) participant marketing, financial education, and disclosures.

Thank you for the opportunity to testify.

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

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



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

**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

CAROLINE CADIRAO
DIRECTOR
Executive Office on Aging

Telephone
(808) 586-0100

Fax
(808) 586-0185

**Testimony in SUPPORT of SB855 SD1
RELATING TO HAWAII RETIREMENT SAVINGS ACT**

COMMITTEE ON WAYS AND MEANS
SENATOR DONOVAN M. DELA CRUZ, CHAIR
SENATOR SHARON MORIWAKI, VICE CHAIR

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

Hearing: Wednesday, February 12, 2025 at 10:01 A.M., Conference Room 211

1 **EOA Position:** The Executive Office on Aging (EOA), an attached agency to the Department of Health
2 (DOH) supports SB855.

3 **Fiscal Implications:** Appropriates funds for fiscal year 2025-2026 and for fiscal year 2026-2027 for
4 the Department of Labor and Industrial Relations (DLIR) for the development and operations of the
5 Hawai'i Retirement Savings program.

6 **Purpose and Justification:** SB855 clarifies the definition of "covered employer" under this Act;
7 amends and aligns provisions of the Hawai'i Retirement Savings Program to require automatic
8 enrollment unless the employee chooses to opt out; repeals the total amount of fees and expenses that
9 can be spent annually; and appropriate funds for the program's development and operations.

10 The Hawai'i Retirement Savings Program (Act 296) creates a low-cost retirement savings
11 program that will help about 173,000 private sector workers save money for retirement through an
12 automatic payroll deduction. Automatic enrollment in a retirement savings program is considered a
13 "best practice" in the industry and will enable more employees to save for their future. Additionally,

- 1 the opt-out feature allows employees to make informed decisions about their retirement savings. It also
- 2 encourages employees to engage with their retirement plans and make proactive choices about their
- 3 financial futures.
- 4 **Recommendation:** EOA supports the intent of SB855 and defers to the DLIR on its implementation.
- 5 Thank you for the opportunity to testify.



**Testimony to the Senate Committee on Ways and Means
Wednesday, February 12, 2025; 10:01 a.m.
State Capitol, Conference Room 211
Via Videoconference**

RE: SENATE BILL NO. 0855, SENATE DRAFT 1, RELATING TO THE HAWAII RETIREMENT SAVINGS ACT.

Chair Dela Cruz, Vice Chair Moriwaki, 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. 0855, Senate 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.

This measure, as received by your Committee, would, among other things, clarify the Hawaii Retirement Savings Program to automatically enroll private sector employees in Hawaii who do not have access to employer-sponsored retirement plans. The bill would take effect on July 1, 2050.

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. 0855, Senate Draft 1
Wednesday, February 12, 2025; 10:01 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.

Accordingly, the HPCA respectfully urges your favorable consideration of this measure.

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@hawaiipca.net.



**TESTIMONY OF TINA YAMAKI. PRESIDENT OF THE RETAIL MERCHANTS OF HAWAII
FEBRUARY 12, 2025
SB 855 SD1 RELATING TO HAWAII RETIREMENT SAVINGS ACT**

Aloha, Chair Dela Cruz and members of the Senate Committee on Ways and Means. 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 855 SD1 and do not support it at this time. This measure 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 opts 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; and is effective 7/1/2050.

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 incurs 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. Employees expect compensation when their scope of work is expanded, and many are already short staffed in internal accounting departments. While one third party may be able to do it for a nominal or no cost, this is not indicative of other CPA firms and companies who handle payroll.

Of significant concern is the impact on smaller, locally owned businesses already grappling with "how can we afford another mandate?" Many still carry a large debt from being shut down and the lack of customers especially since the Asian visitors have not returned. The rising cost for employee health care benefits, products and goods, services, and shipping continue to have a substantial effect on our operations. Furthermore, numerous businesses are still trying to recover from the Maui Fires as some of our local retailers lost multiple stores in the fires this not only includes Maui based stores but also business from the neighboring islands who have expanded to Maui. We are also seeing streamlined and pivoted business with shortened hours of operations and freeze in employee hiring for certain positions. We continue to see local and national retailers quietly closing their doors in Hawaii. Many small locally owned businesses are also unsure how they will afford the minimum wage hike coming in January 2026.

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. Measures like this will encourage more businesses to close their doors as they can no longer afford to operate in Hawaii and thus more of our friends, family and neighbors will be unemployed 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.

We are also concerned that repealing the cap on fees and expenses for the Program opens the door to excessive and unchecked costs. This lack of fiscal restraint jeopardizes the efficiency and transparency of the Program, with potential financial repercussions for both employees and taxpayers.

Mahalo for this opportunity to testify.



Testimony to the Senate Committee on Ways and Means
Wednesday, February 12, 2025
10:01 a. m.
State Capitol Conference Room 211 and via videoconference

Re: SB 855 SD 1 Relating to Hawai'i Retirement Savings Act

Dear Chair Dela Cruz, Vice Chair Moriwaki, and Honorable Members of the Senate Committee on Ways and Means:

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 855 SD 1, which requires covered employers to automatically enroll covered employees into the Hawai'i Retirement Savings Program unless the employee opts out and appropriates funds to the Department of Labor and Industrial Relations for the development and operation of the Program.

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 the practice in California, Colorado, Connecticut, Illinois, Maryland, Oregon, and Virginia.

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 SB 855 HD 1, 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 garysimon@hawaii.rr.com



1315 Kalaniana'ole Avenue, Hilo, HI 96720
PO Box 210, Waimanalo, HI 96795
808-587-7656
www.hawaiicommunitylending.com

February 10, 2025

Support for SB855, SD1 – Relating to Hawai'i Retirement Savings Act

Aloha Committee Members,

I am writing on behalf of Hawai'i Community Lending (HCL), and as a member of the task force that recommended the creation of the Hawai'i Retirement Savings Program, to **strongly support SB855, SD1.**

SB855, SD1 amends provisions of the Hawai'i Retirement Savings Program, the state-facilitated payroll deduction retirement savings program for Hawaii's private sector employees. The measure also requests \$720,000 for the program's implementation and operations. These amendments and funding are critical to make the program operational in supporting our local workers.

HCL is a nonprofit community development financial institution that makes grants and loans to help our local people build, buy, and save homes from foreclosure. In our 23-year history we have helped mobilize more than \$160 million and assist over 4,500 local residents in securing and sustaining housing. The majority of those we assist are local families who are unable to qualify for loans at local banks and credit unions. Too often, the families we serve are faced with unpredictable emergencies that create financial hardship due in large part to having a lack of savings and being faced with ever-increasing expenses. As a result, our people find their ability to stay housed, stay healthy, and stay in Hawai'i, threatened.

Saving for future retirement is crucial to ensure security against such emergencies and helps us collectively slow outmigration of our local people, which is at its highest level in the history of our state.

By passing SB855, SD1 you will be supporting financial security so our local workers have a retirement fund that ensures financial resources to cover your living expenses, healthcare, and any unexpected costs without relying solely on social security or family support.

Please pass SB855, SD1.

Mahalo for your time and consideration. Please contact me directly at 808.587.7653 or jeff@hawaiicommunitylending.com should you have any questions.

Sincerely

A handwritten signature in black ink that reads 'Jeff Gilbreath'. The signature is written in a cursive, flowing style.

Jeff Gilbreath
Executive Director

We Don't Say No, We Say How



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 Senate Committee on Ways and Means
Wednesday, February 12, 2025
Room 211, 10:01 a.m.**

To: The Honorable Donovan Dela Cruz
From: Keali'i Lopez, State Director, AARP Hawaii
Re: Strong Support for S.B. 855, SD 1 - Relating to Hawaii Retirement Savings Act

Aloha Chair Dela Cruz 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 135,000 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. 855, SD1** which amends provisions of the Hawai'i Retirement Savings Program, the state-facilitated payroll deduction retirement savings program for Hawaii's private sector employees. The measure also requests \$720,000 for the program's implementation and operations.

The Hawai'i Retirement Savings Program (Act 296 -SLH 2022) creates a low-cost, easy retirement savings program that will help about 173,000 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 the hiring of an executive director 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. 855, SD1 amends to include the automatic enrollment of private sector employees into the program unless the employee opts out and clarifies the definition of "covered employer" under the Hawai'i Retirement Savings Act. 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. 14 of these states include the automatic enrollment provision where the employ can opt out of the 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 2025, about \$1.78 billion has been saved by 965,000 participants-- generally \$50 and \$60 a paycheck. These are the accumulative figures from the 10 states in operations such as California, Oregon, Illinois, Colorado, Connecticut, Maryland, Virginia, Maine , and Washington. 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. 855, SD1 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.

An appropriation is requested to provide the Executive Director and Board the necessary resources to launch the Hawaii Retirement Savings Program. AARP defers to the Hawaii Retirement Savings Board and Executive Director regarding the appropriate funding required.

Thank you for the opportunity to testify in **strong support** of S.B. 855, SD1.

SB-855-SD-1

Submitted on: 2/10/2025 4:09:13 PM

Testimony for WAM on 2/12/2025 10:01:00 AM

Submitted By	Organization	Testifier Position	Testify
Merle Minami-Shima	Testifying for AARP Hawaii	Support	Written Testimony Only

Comments:

Aloha Chair Dela Cruz and Members of the Committee:

My name is Merle Minami-Shima, and in **STRONG SUPPORT** of SB 855, SD1 which amends/aligns provisions of the Hawaii Retirement Savings Program, the state-facilitated payroll deduction retirement savings program for Hawaii's private sector employees, and appropriate funds for the program.

The Hawaii Retirement Savings Program (Act 296 - SLH 2022) creates a low-cost, easy retirement savings program that will help about 173,000 private sector workers set aside money through an automatic payroll deduction from their paycheck.

As a retired HR professional, I often counseled employees to save for their retirement since social security alone will not cover their expenses.

Many retirees will face unexpected challenges such as the rising cost of health care and daily living expenses due to inflation. Also, COLA on social security benefits will not cover these increases. This measure will help cushion any unexpected challenges that may arise causing financial hardship.

With that, we should support efforts to make saving as easy as possible for workers. Having an opt-out retirement savings plan will facilitate and promote this process.

Mahalo for your consideration.

Merle Minami-Shima, Wailuku, Maui



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

LATE

**HEARING BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 211
Wednesday, February 12, 2025 AT 10:01 A.M.**

To The Honorable Senator Donovan M. Dela Cruz, Chair
The Honorable Senator Sharon Y. Moriwaki, Vice Chair
Members of the committee on Ways and Means

OPPOSE SB855 SD1 RELATING TO HAWAII RETIREMENT SAVINGS ACT

The Maui Chamber of Commerce would like to offer **COMMENTS on SB855 SD1** which 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 opts out; repeals the limit on the total fees and expenses that can be spent for the Program each year; and appropriates funds to the Department of Labor and Industrial Relations for the development and operation of the Program.

The Maui Chamber was supportive of the Hawai'i Retirement Savings Act when the bill was moving through the State Legislative Session previously because we understand the importance of retirement savings. At the time, we greatly appreciated that the program required employees to opt-in as it reduced the burden on businesses, and we felt it was a win-win.

However, we would like to note that the proposed change to the program where employees have to opt-out may present the following challenges for small businesses. Implementing and managing such programs incurs ongoing costs for businesses, which can be particularly challenging for those with high turnover rates, such as in customer service roles. Additionally, the rising costs of employee healthcare benefits, products, goods, services, and shipping continue to have a substantial impact on our operations. Moreover, many businesses are still struggling to recover from the Maui fires, from those directly impacted to those still hurting due to low visitor counts. Even a small change like this could force more businesses to close their doors, as they may no longer be able to afford to operate in Hawai'i, leading to job losses for our friends, family, and neighbors.

Further, we believe the Hawai'i Retirement Savings Program (as it currently stands as an opt-in program) should be given time to see how it works first before changes are introduced that would businesses. We would be happy to help distribute promotional electronic materials on the existing program to share the benefits with businesses.

As an organization who directly represents businesses and hears of their struggles and what is helpful and hurtful to them every day, we cannot support this proposed change.

Mahalo for the opportunity to offer **OPPOSITION on SB855 SD1**.

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

Sincerely,

Pamela Tumpap

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

ADULT FOSTER HOMECARE ASSOCIATION OF HAWAII

P.O. Box 970092, Waipahu, Hawai'i 96797

The State Legislature
The House Committee on Labor and Tourism

LATE

TO: The Senate Committee on Ways and Means

RE: S.B.855, S.D.1 Related to Retirement Savings – TESTIMONY IN SUPPORT

Dear Chair Dela Cruz and Members of the Committee,

Thank you for the opportunity to testify in support of S.B. 855 S.D.1 which establishes a state-facilitated retirement savings program for Hawaii's private sector workers who don't have an easy way to save for their retirement at the workplace. The Adult Foster Homecare Association of Hawaii (AFHA), **stands in strong support of S.B. 855, S.D. 1 relating to Hawaii Retirement Savings.** With a **membership of over 1000 providers**, AFHA's mission is to promote the interests of providers as well as resident clients. AFHA members provide 24-hour care to resident clients 7 days a week, 365 days a year in a family setting, allowing residents to remain integrated in the community, maintain independence, and retain a sense of dignity

We are small business owners dedicated to caring for Hawaii's frailest and most vulnerable kupuna who want to live and age in a home-like residence as long as possible. We are able to serve our residents with the help of dedicated health care workers – many who work multiple jobs to make ends meet in Hawaii's high cost of living. We know that every dollar counts. As employers, we value their work and want to offer benefits that other larger employers are able to, but cannot with our own limited resources and time.

S.B. 855 creates a Hawai'i retirement savings program that could easily help workers save at little or no cost to the business. We want to help our workers save for their future. Many workers in our industry are women and we know that women have a longer life expectancy. Therefore, it is even more imperative that they have sufficient financial resources to last throughout their life span. Making it easier for people to save through an automatic payroll deduction makes good sense and helps build a nest egg for their future. Small businesses benefit because they can offer a savings program that can help them keep workers. Taxpayers benefit because increased savings means fewer people will need taxpayer-funded social services. Most importantly, workers and their families will get a chance to save their own money for a secure financial future.

Please pass S.B. 855 S.D. 1 and let's empower our future retirees.

Sincerely

Maribel Tan, President

About AFHA

The Adult Foster Home Association of Hawaii (AFHA) is the industry trade association of providers under the Community Care Foster Family Home program under the Department of Human Services, State of Hawaii. With a membership of almost 750 providers, AFHA's mission is to promote the interests of providers as well as resident clients. AFHA members provide 24-hour care to resident clients 7 days a week, 365 days a year.

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS; Hawai'i Retirement Savings Act; Hawai'i Retirement Savings Program; Covered Employer; Definition; Automatic Enrollment; Opt-Out Option

BILL NUMBER: SB 855 SD 1

INTRODUCED BY: Senate Committee on Labor and Technology

LATE

EXECUTIVE SUMMARY: 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.

SYNOPSIS: Amends section 389-2, HRS, to give an exemption to an employer who, at any time in the preceding two years, maintained a tax-qualified retirement plan for its employees. Under current law, the exemption only applies if the employer had been maintaining such a plan continuously for the preceding two years.

Amends section 389-5(d)-(f), HRS, to require covered employers to enroll its covered employees in the program and withhold and remit payroll deduction contributions from each covered employee's paycheck unless the covered employee has elected not to participate. Currently, covered employees may elect to contribute. The measure provides for automatic enrollment with an employee's right to opt out of participation.

Amends section 389-7, HRS by removing the cap on fees and expenses of the program.

Section 7 appropriates out of the general fund \$_____ or so much as may be necessary for fiscal year 2025-2026 and fiscal year 2026-2027 for the development and operation of the Hawaii retirement savings program.

EFFECTIVE DATE: July 1, 2050.

STAFF COMMENTS: The Hawaii Retirement Savings Program, HRS Chapter 389, established by Act 296, SLH 2022, is supposed to offer a prefabricated vehicle for small employers to sign up for a retirement program, on the theory that small employers would not offer retirement savings programs at all to their employees if they are going to be overwhelmed with compliance costs. The Foundation itself, for example, decided to terminate its retirement savings program after it found that it needed to pay attorneys lots of money every few years for plan amendments required by the federal government.

As the program now exists, employees may opt in to the program (once it gets going). The default contribution amount is 5% of the covered employee's compensation, but the employee can elect to contribute more or less.

The bill would change the enrollment criteria. All employees would be enrolled in the program *unless* they opted *out*. And remember, this program affects any employer who employs one or more employees. There is no minimum.

If the State can competently offer such a plan to private employers in a way to blunt the pain of periodic legal fees, the program in general might be a beneficial idea; but the State needs to remember that it doesn't have either the resources or the expertise to be all things to all people. We are concerned that the governmental activity proposed by this bill is not a core function of government, and we wonder if government can deliver on this plan. We observe that although this program was established in 2022, the Hawaii Retirement Savings Board has yet to implement the program. See <https://labor.hawaii.gov/hrsp/>, "Program Status."

The State has tried savings encouragement before, by providing Individual Development Accounts sweetened with a state tax credit. The market uptake of this program was dismal, as shown in this table of IDA contribution credits claimed.

Year	Number of Taxpayers	Aggregate Credit Claimed
2000	0	0
2001	0	0
2002	0	0
2003	0	0
2004	9	\$3,000
2015	0	0
2016	Suppressed to prevent disclosure of taxpayer return information	
2017	0	0

Source: Department of Taxation, [Tax Credits Claimed by Hawaii Taxpayers 23 \(2017\)](#); Department of Taxation, [Tax Credits Claimed by Hawaii Individuals and Corporations \(2000, 2001, 2002, 2003, 2004\)](#).

If this program has a similar market uptake, we will have wasted lots of resources and time.

With many folks here in Hawaii living from paycheck to paycheck, people simply don't have excess cash to put away for their retirement. Unless we address our cost of living, we think it will be difficult for this proposed program to have much more market traction than the IDA program.

We also remind lawmakers that financial controls are necessary to keep a program like this from becoming a financial black hole and a magnet for fraud.

Re: SB 855 SD 1
Page 3

Digested: 2/11/2025

SB-855-SD-1

Submitted on: 2/10/2025 10:59:34 AM

Testimony for WAM on 2/12/2025 10:01:00 AM

Submitted By	Organization	Testifier Position	Testify
Angela Serota	Testifying for AARP	Support	Written Testimony Only

Comments:

Aloha Chair Dela Cruz and Members of the Committee:

My name is Angela Serota and I live on the North Shore of Kauai. I am in **STRONG SUPPORT** of SB855, SD1 which amends provisions of the Hawai'i Retirement Savings Program, the state-facilitated payroll deduction retirement savings program for Hawaii's private sector employees, and appropriates funds for the program's implementation.

Mahalo nui loa for your consideration and support.

SB-855-SD-1

Submitted on: 2/10/2025 11:25:26 AM

Testimony for WAM on 2/12/2025 10:01:00 AM

Submitted By	Organization	Testifier Position	Testify
dolores foley	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Dela Cruz and Members of the Committee:

My name is Dolores Foley I am testifying in **STRONG SUPPORT of SB 855, SD1 which amends/aligns provisions of the Hawai'i Retirement Savings Program, the state-facilitated payroll deduction retirement savings program for Hawaii's private sector employees, and appropriate funds for the program implementation.**

The Hawai'i Retirement Savings Program (Act 296 -SLH 2022) creates a low-cost, easy retirement savings program that will help about 173,000 private sector workers set aside money through an automatic payroll deduction from their paycheck.

Saving for future retirement is crucial for several reasons:

Financial Security- Having a retirement fund ensures you have the financial resources to cover your living expenses, healthcare, and any unexpected costs without relying solely on social security or family support..

Inflation- Over time, the cost of living tends to increase due to inflation. Saving and investing wisely can help your money grow and keep up with or outpace inflation, ensuring your purchasing power remains strong.

Life is unpredictable, and having a financial cushion can help you navigate unforeseen circumstances, such as economic downturns or personal emergencies, without jeopardizing your retirement plans.

Hawaii's workers need an easy way to save for their future.

Mahalo for the opportunity to testify in support!

Dolores Foley

Kailua

Testimony on Senate Bill No. 855 SD1
RELATING TO Hawaii Retirement Savings Program Act
Wednesday, February 12, 2025, at 10:01 AM
Conference Room 211 & Videoconference
State Capitol
415 South Beretania Street

Aloha Chair Dela Cruz and Members of the Committee,

My name is Coby Chock, and I am in STRONG SUPPORT of SB 855 SD1, 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, and appropriates funds for the program's implementation.

The Hawai'i Retirement Savings Program (Act 296 - SLH 2022) creates a low-cost, easy retirement savings program that will help about 173,000 private sector workers set aside money through an automatic payroll deduction from their paycheck.

I support this bill because saving for future retirement is crucial for several reasons:

- **Financial Security:** Having a retirement fund ensures you have the financial resources to cover your living expenses, healthcare, and any unexpected costs without relying solely on social security or family support.
- **Inflation:** Over time, the cost of living tends to increase due to inflation. Saving and investing wisely can help your money grow and keep up with or outpace inflation, ensuring your purchasing power remains strong.
- **Unpredictability of Life:** Life is unpredictable, and having a financial cushion can help you navigate unforeseen circumstances, such as economic downturns or personal emergencies, without jeopardizing your retirement plans.

Hawaii's workers need an easy way to save for their future.

Mahalo for the opportunity to testify in support!

Coby Chock

Kailua, HI

February 12, 2025

TO: Senator Dela Cruz, Chair
and Members of the Committee

FROM: Carl Takamura

RE: SB 855, Relating to Hawaii Retirement Savings Program Act

I am strongly in support of SB 855 which makes necessary amendments to the Hawaii Retirement Savings Program, and appropriates funds for the program implementation.

Studies have shown that 75% of Americans nearing retirement have less than \$30,000 in savings which means that when they retire, they will need assistance for food, housing, and medical care. Enabling more people to save for their retirement through automatic payroll deductions is a no-brainer and has been proven to work in other states, such as Oregon. More significantly, studies show that workers are 15 times more likely to save for their future if they can save through payroll deduction at work.

SB 855 makes needed changes to this established program and provides the funding for its implementation.

Thank you and I urge you to pass this important measure.

To: Senate Committee on Ways and Means

Date: Wednesday, February 12, 2025

Re: SB 855, SD1 Relating to Hawaii Retirement Savings Act

Chair Dela Cruz, Vice Chair Moriwaki and Members of the Committee:

My name is Esther Ueda, and I am writing in SUPPORT of SB 855, SD1 Relating to the Hawaii Retirement Savings Act.

The Bill provides for a provision for automatic enrollment unless the employee opts out and funds for the development and operations of the program.

As a long time State retiree, I understand the need to save for the future. The automatic enrollment system is a good way to get workers to save for that future. I understand that in other States with this type of program the “opt-out” option has been more successful in getting workers to continue in this type of savings program.

The funding for the development and operations of the program is another necessary part of implementing this program.

With all the increasing costs occurring everywhere, -- inflation, cost of housing and rising insurance costs etc., it is essential that each of us be responsible for saving for our own futures and not depend on government or other forms of assistance.

The passage of this bill will be a right step in this direction.

In summary, I support SB 855, SD1 that will help to ensure that more workers are saving for their own futures.

Thank you for your support of this important measure.

Sincerely,

Esther Ueda
Pearl City, Hawaii

Beverly Gotelli
6286 Opaekaa Road
Kapaa, HI 96746

SB 855 SD 1

Wednesday, February 12, 2025

Conference Room 211 & Videoconference

Committee on Ways and Means

Good morning, Chair Dela Cruz, Vice- Chair Moriwaki members of the Committee,

My name is Beverly Gotelli and in **STRONG SUPPORT of SB 855 SD 1, which amends/aligns provisions of the Hawai'i Retirement Savings Program, the state-facilitated payroll deduction retirement savings program for Hawaii's private sector employees, and appropriate funds for the program implementation.**

The Hawai'i Retirement Savings Program (Act 296 -SLH 2022) creates a low-cost, easy retirement savings program that will help about 173,000 private sector workers set aside money through an automatic payroll deduction from their paycheck.

The legislation before you has been amended to reflect the following: (1) Requiring covered employers, rather than the program administrators, to provide covered employees with a written notice of their right to opt out of the Program;

(2) Clarifying that the Board may add an option for program participants to contribute to a traditional individual retirement account (IRA), in addition to or in lieu of a Roth IRA.

(3) Changing the appropriation to an unspecified amount.

Upon my retirement I was not concerned about this type of program, why. I'm a retired State employee. My misconception that everyone has some type of retirement is wrong. Upon volunteering with senior organizations, I realized that in retirement nothing is the same. How naïve of me. I look at fellow retirees who worked in the private sector and did save some but not enough for today's rate of inflation. Payroll deduction is the easiest way to put aside retirement.

I was taught save for me first, as you don't know what to expect tomorrow.

Saving for future retirement is crucial for several reasons:

Financial Security- Having a retirement fund ensures you have the financial resources to cover your living expenses, healthcare, and any unexpected costs without relying solely on social security or family support.

Life is unpredictable, and having a financial cushion can help you navigate unforeseen circumstances, such as economic downturns or personal emergencies, without jeopardizing your retirement plans.

Thank you for the opportunity to testify.

SB-855-SD-1

Submitted on: 2/10/2025 4:04:21 PM

Testimony for WAM on 2/12/2025 10:01:00 AM

Submitted By	Organization	Testifier Position	Testify
John A. H. Tomoso	Individual	Support	Written Testimony Only

Comments:

02-10-25

RE: SB855SD1

Aloha,

The Hawai'i Retirement Savings Program (Act 296 -SLH 2022) creates a low-cost, easy retirement savings program that will help about 173,000 private sector workers set aside money through an automatic payroll deduction from their paycheck.

I know that saving for future retirement is crucial for several reasons:

Financial Security- Having a retirement fund ensures you have the financial resources to cover your living expenses, healthcare, and any unexpected costs without relying solely on social security or family support..

Inflation- Over time, the cost of living tends to increase due to inflation. Saving and investing wisely can help your money grow and keep up with or outpace inflation, ensuring your purchasing power remains strong.

Life is unpredictable, and having a financial cushion like, perhaps, Life Insurance, can help one navigate unforeseen circumstances, such as economic downturns or personal emergencies, without jeopardizing your retirement plans.

Hawaii's workers need an easy way, even an "out of sigt, out of mind" one, to save for their future.

Mahalo for the opportunity to testify in support!

John A. H Tomoso+, MSW, ACSW

51 Ku'ula St., Kahului, HI 96732-2906

808-280-1749, john.a.h.tomoso@gmail.com

SENATE COMMITTEE ON WAYS AND MEANS

Senator Donovan M. Dela Cruz, Chair

Senator Sharon Y. Moriwaki, Vice Chair

HEARING

Wednesday, February 12, 2025, 10:01 AM

RE: SB 855 SD1 RELATING TO HAWAII RETIREMENT SAVINGS ACT.

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

My name is Linda Dorset, and I am in STRONG SUPPORT of SB855 SD1. 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. I believe people are more likely to stay in the program if they have to take steps to opt out rather than take steps to opt in. My personal experience is that setting money aside once you have it in hand is very easy to put off but when it got taken out of my pay prior to receiving the check I found it easy to work around. I worry that my son doesn't take this truth seriously and will wind up with not enough money to live on. SB 855 SD1 would require automatic enrollment of private sector employees in the Hawaii Retirement Savings Program unless the employee **opts out**.

This program which is currently in the planning and development phase benefits Hawai'i 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

Mahalo for the opportunity to testify!

Linda Dorset

Wailuku, Maui

SB-855-SD-1

Submitted on: 2/10/2025 7:43:26 PM

Testimony for WAM on 2/12/2025 10:01:00 AM

Submitted By	Organization	Testifier Position	Testify
Nadine NEWLIGHT	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Dela Cruz and Members of the Committee:

My name is Nadine NEWLIGHT, and I am testifying in **STRONG SUPPORT of SB 855, SD1 which amends/aligns provisions of the Hawai‘i Retirement Savings Program, the state-facilitated payroll deduction retirement savings program for Hawaii’s private sector employees, and appropriate funds for the program implementation.**

The Hawai‘i Retirement Savings Program (Act 296 -SLH 2022) creates a low-cost, easy retirement savings program that will help about 173,000 private sector workers set aside money through an automatic payroll deduction from their paycheck.

SB-855-SD-1

Submitted on: 2/11/2025 8:42:31 AM

Testimony for WAM on 2/12/2025 10:01:00 AM

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

Comments:

Chair Dela Cruz and Members of the Senate Ways and Means Committee, I am seeking your strong support for SB855 SD1 which addresses the successful introduction of the Hawaii Retirement Savings Program. This program was established by the Legislature in 2022 to provide an automatic payroll savings program supporting over 170,000 small business employees. SB855 SD1 will amend the program to automatically enroll workers with an opt out option. As a best practice, the opt out option has proven to work well in all 14 other States that have a similar employee savings program. The opt out practice will improve overall enrollment while still ensuring it remains a voluntary program. I also believe the funding request for outreach, marketing, communications, and initial operating needs is logical and worthwhile and should be included. Thank you for your support of SB855 SD1 and this program that will help secure the future of today's hardworking employees.

**Agenda Item III.A.iii.
H.B. 1136/S.B. 1455,
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: LAB, FIN

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

<u>Sort by Date</u>		Status Text
1/23/2025	H	Referred to LAB, FIN, referral sheet 3
1/23/2025	H	Introduced and Pass First Reading.
1/21/2025	H	Pending introduction.

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

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HB1136

SBI455



Measure Title: RELATING TO HAWAII RETIREMENT SAVINGS ACT.

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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: LBT, WAM

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

Sort by Date Status Text

1/27/2025 S Referred to LBT, WAM.

1/23/2025 S Introduced and passed First Reading.

1/21/2025 S Pending Introduction.

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

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SBI455