

Alaska Work and Save SB 21

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**Senate Labor and
Commerce**

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What is Alaska Work & Save

- Establishes an auto-IRA program for all Alaskan employees who qualify.
 - Creates an option to allow PFD checks to go toward retirement.

SB 21 would be established in the Department of Revenue

- The Commissioner, or designee, would be responsible for establishing, executing and creating appropriate rules for program
- Allows discretion to partner with other states to lower costs even more for participants

Program Participants

- Would be enrolled automatically upon hiring
- Can decide to opt-out or adjust rate
- May contribute PFD towards their retirement

Why does Alaska need an auto IRA program?

- 54% of households have no retirement savings₍₄₎
- Alaskans aged 60+ account for 20% of the population and growing₍₃₎
- Median retirement savings for ages 65-74 is \$200,000, age 75+ is \$130,000₍₅₎

Survey of Alaska Small Businesses

A recent survey of small businesses in Alaska shows:

- 64% don't offer retirement of any kind, with cost being the biggest factor
- 70% support an Alaskan retirement savings option

Current Cost of an IRA program for businesses:

A survey of 121 plans with less than \$2 million in assets₍₂₎ found that:

- provider fees could vary from **\$4,800** to **\$17,000** per year
(this figure does not include investment fees)

SB 21 Supports Small Businesses

- 12th year of out-migration of working aged Alaskans₍₁₎
- Work and Save eliminates the high costs and bureaucracy for businesses
- Allows small businesses to:
 - Better recruit and retain employees
 - Stay competitive with larger businesses

Other States have already started

- As of this year, 17 other states have enacted their own auto-IRA programs⁽⁸⁾
 - Of those 17 states, 7 of them have entered partnership agreements.
 - Colorado Partnership for a Dignified Retirement (PDR): Colorado, Maine, Delaware, Vermont, Nevada
 - MyCTSA Savings Program: Connecticut and Rhode Island
- Interstate partnerships allow for faster enactment and possibly lower fees.
- Similar federal legislation has recently been proposed

Summary

SB 21 will create a system like other states, providing small business a mechanism for their employees to save for retirement. This will allow for competition between big and small businesses for quality talent. SB 21 will help Alaskans better prepare for their future, improving their quality of life.

Thank you

Any Questions?

Sources

1. <https://www.adn.com/business-economy/2024/01/15/alaskas-working-age-population-continues-its-long-decline-a-headwind-for-the-economy/>
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