



ALASKA STATE LEGISLATURE

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Senate Bill 21 Alaska Work and Save Sponsor Statement

SB 21, Alaska Work and Save, presents a unique opportunity to help small businesses offer a no-cost retirement program for employees, helps Alaskan workers save for retirement, and reduces the strain on government assistance programs in the future.

SB 21 is an auto-individual Retirement Account (IRA) program for qualified employees. This bill will automatically enroll employees into the program who are not currently offered an eligible retirement program with their employer. Retirement contributions are deducted from their paycheck each pay period, and employees can opt-out anytime. The program makes it easier for individuals to save for retirement and ensures that they are making progress toward their retirement goals.

It also allows Alaskans to 'Pick. Click. Save.' and use their Permanent Fund Dividend check for retirement with a click of a button on the annual application.

Alaska is facing an aging population, with the number of Alaskans aged 60 and over expected to double between 2010 - 2030. The average monthly Social Security Payment is \$1,827 according to a Council on Aging 2021 fact sheet. The average cost of living in Alaska is \$4,527.58/month (\$54,331) in comparison.

SB 21 helps businesses by reducing the administrative costs of managing their retirement program. This program will be simple to sign up for and will help businesses attract and retain employees by offering a valuable benefit.

Alaska Work and Save models other state-facilitated IRA programs that have already demonstrated success. Currently, 16 states have implemented programs, saving \$630 million among 610,000 accounts. Alaska could even partner with other states offering similar programs to lower costs.

By encouraging individuals to save for retirement, Alaska Work and Save will help reduce the burden on state programs such as SNAP benefits. The percentage of Alaska seniors living below the poverty level has nearly doubled since 2010 (5.5% to 9.9% in 2021.) The number of Alaska seniors receiving SNAP benefits has doubled since 2011.

SB 21, Alaska Work and Save, will benefit individuals, businesses, and our state economy. By making retirement savings easy and automatic, this program can help individuals save for the future, reduce administrative costs for businesses, and improve financial security for older Alaskans while reducing the burden on social service programs.