

Alaska Work and Save SB 21

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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.

Retirement in Alaska

- 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₎
- Average social security monthly payment in January 2026 is \$,2071 ₍₆₎
- With the average cost of living in Alaska exceeding \$5,000 a month, social security just isn't going to cut it.

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

What would SB 21 do?

SB 21 would be established in the Department of Revenue

- The Commissioner, or designee, would be responsible for establishing and running the program
- The Commissioner would create the appropriate rules and investments to offer employees
- 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

Current Costs for a 401k Plan

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)

Setting up a retirement plan presently

- Adopt a written plan
 - Create and distribute the rules for 401k plan to all participants
- Arrange a trust fund for the plan's assets
 - Acting as a fiduciary, a designated trustee will handle contributions, investments, and distributions
- Develop a recordkeeping system
 - Records of the plan must be kept, and an annual report and tax documents must be prepared
- Provide plan information to participants
 - Employer must provide a plan summary to existing and new participants, along with updates

SB 21 Supports Small Businesses

- 11th 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 passed similar auto-IRA legislation.
- Interstate partnerships allow for faster enactment and possibly lower fees for all parties.
- Partnership for a Dignified Retirement is hosted by Colorado and has six other participating states with over \$212 million in assets.

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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