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Date: February 7, 2022

To: The Honorable Steven Johnson, Chair
House Committee on Insurance and Pensions

FROM: Glenda DuBoise, AARP Kansas State Director
Jessica Eckman, AARP Senior Legislative Representative

RE: HB 2586, Enacting the Kansas work and save type program act.

Dear Chairman Johnson,

Chairman Johnson and members of the House Insurance and Pensions Committee, my name is Glenda DuBoise and I am AARP Kansas State Director. Thank you, on behalf of AARP Kansas's more than 284,000 members, for considering our testimony in support of HB 2586, establishing the Kansas work and save administrative fund in the state treasury. We are a nonprofit, nonpartisan organization dedicated to helping people ages 50 and older to improve their quality of life as they age. In doing so, we focus not only on those nearing and currently in retirement, but those who are at all stages of their careers and will retire in the future.

A self-sufficient retirement is no longer within reach for far too many Kansans. But it doesn't have to be that way. That's why AARP Kansas supports this commonsense solution in HB 2586, which we refer to as the Kansas Secure Future Act.

We have worked with Republican and Democratic Treasurers, Legislators and other stakeholders on the bill. Work and Save is bipartisan. It is similar to the Kansas Learning Quest 529 Education Savings Plan and will help more than 423,000 Kansans save for retirement.

This is a program that will be available to all Kansans and employers, if they choose. And, it's not mandatory. With permission, I would like to yield my time to my colleague, Jessica Eckman, to explain more about the program.

The pandemic has shown us the importance of being prepared for an uncertain future, including having savings to depend on. Unfortunately, over 42% of Kansas workers employed by companies with less than 100 employees do not have a workplace retirement plan.

What is a Work and Save Program?

With Work and Save small businesses would have access to a simple, plug-and-play option that provides an easy pathway for owners and their workers to start building a safety net and growing the savings they need to take control of their future. It also helps small businesses compete with larger employers by helping them recruit and retain employees, while sparing them the burden and liability of administering plans themselves.

- * **No-cost and No-risk:** All employers do is pass on information from the program to their employees and add a line-item deduction to paychecks – with zero employer fees and no fiduciary responsibility.
- * **Choice:** Employers can open a retirement option of their choosing at any time.
- * **Employees Have Control:** It's up to each worker to decide if they want to participate and how much they want to put away.

An Effective Public-Private Partnership

- * The financial industry will have a significant role in the establishment of a Work and Save program.
- * Economies of scale will keep costs low while also generating new business for the private sector.
- * Work and Save will grow a new generation of investors who can build their assets and invest in more complex financial service products down the road.

A Work and Save Program is Fiscally Responsible

- * **Promotes self-reliance:** Giving employees an easy way to save for retirement will mean fewer Kansans will need to rely on public safety net services, which will save taxpayer dollars.
- * **No ongoing costs for the state:** This work and save program is designed to be self-sustaining and will be participant funded after initial start-up costs are paid back to the state. The work and save program funds can't be comingled with public pension dollars, nor can they add to the state's public pension liability.
- * **No risk for businesses:** Employers participating in a work and save program are not responsible for participant gains or losses in the market.

The program will be a public-private partnership between the state and a professional financial institution.

In a 2019 AARP Kansas survey of Kansas registered voters the results showed that voters were anxious and behind schedule in having enough money for retirement. Results revealed that 88% believe that it is important to save for retirement at work. 85% of workers without access to a workplace savings plan would take advantage of one if were offered and 88% agree that Kansas Lawmakers should support a Kansas retirement savings program.

Also, a 2021 survey of Kansas small business owners showed over four in five [small businesses in Kansas \(81%\) agree](#) that state lawmakers should support legislation to make it easier for Kansans to start saving for retirement so they can live with dignity as they age, according to a new AARP poll.

Research shows that people are 15 times more likely to save when they can do so out of their regular paycheck. Yet, half of Kansas's private sector employees –nearly [423,000 workers](#) –work for an employer that does not offer a way to save for retirement at work.

The results of our survey show that small business owners agree legislators should support a Kansas retirement savings option like the Secure Future Act to help make businesses in the state more competitive and to give more Kansas residents an easy way to save for their retirement. Among the survey's other key findings:

- 80% agree being able to offer a portable retirement savings program would help attract and retain employees – and stay competitive;
- 71% agree that Kansas lawmakers should support a state retirement savings program;
- 82% agree it is vital for themselves and their employees to have access to the proposed program when thinking about the COVID 19 pandemic's impact on small business owners and workers;
- 74% are concerned as taxpayers that some Kansas residents haven't saved enough and could become dependent on public assistance programs in retirement.

Passing HB 2586 would be a win for small businesses and hardworking Kansans as well as the state. Giving employees a simple way to save for retirement means fewer Kansans will need to rely on public assistance later in life. [This could save Kansas taxpayers more than \\$51.7 million.](#)

It's clear from this survey that many small businesses can see that a secure future is out of reach for far too many Kansas residents, especially those who work for themselves or small businesses. While Social Security is a critical piece of the puzzle, it is not enough to depend upon. Many future retirees will not be able to handle the rising cost of basic needs and health care, and that is why we need the work and save type program legislation passed into law.

Therefore, we respectfully request your support of HB 2586.

Thank you,
Glenda DuBoise