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**TESTIMONY OF KANSAS STATE TREASURER LYNN ROGERS  
IN SUPPORT OF HB 2586**

February 8, 2022

Chairman Johnson and Members of the Committee on Insurance and Pensions,

Thank you for your consideration of **HB 2586**. I support this bill because it would help Kansas workers and employers. Currently, about 42 percent of Kansas workers ages 18 to 64 in the private sector work for businesses that do not offer a retirement plan. The Kansas Works and Save Program would allow businesses to offer these employees the ability to contribute to an IRA to save for their retirement.

Kansas employers tell us that this program would help them. A recent survey of Kansas small businesses by the AARP found that 2 of 3 small business owners support a privately managed state retirement plan, with 3 of 5 saying they would offer participation in this program to employees were it to become available. Offering a retirement option helps businesses compete and attract and retain talent. The same survey found that 75% of small employers not currently offering a retirement plan tell us that cost is their main obstacle to doing it. This program would allow the State to help employers help their employees.

A Work and Save Program would also help Kansas employees. Social Security alone is not enough for a secure retirement. Employees will need to draw on additional savings through a pension or retirement savings account. Increased access to retirement savings helps retirees maintain their dignity and independence in retirement, reduces the strain on their families and reduces their dependence on other government services. Research has found that increasing retirement incomes for lower-income retirees by even \$1,000 per year could save Kansas over \$50 million in public assistance over the medium term.

Our Office has successfully worked with third-party vendors and entered into agreements with other states to establish and support other savings programs such as the 529 college savings program and ABLE accounts. How this process unfolds will ultimately determine the fee structure this program will operate with, which will in turn determine how long it will take the program to become self-sufficient. However, based on research conducted for New Mexico, which has a comparable program in that employer participation is voluntary, it may be difficult to attract enough employer participation to produce a positive cash flow for a number of years. Increasing fees could help here, but only marginally, as this would also impact participation rates and is constrained by statutory language. A major way to reduce administrative costs and improve the time to self-sufficiency would likely be to partner with another state as has been done with our ABLE accounts.

I support the bill provided it is appropriately funded and our office is given the appropriate time needed to properly implement HB 2586. We see this bill as a strong benefit to Kansas businesses, employees and the future of reasonably funded retirements for all Kansas employees.