Dear Oregon Legislators,

HB2163 makes two very important changes that will almost certainly improve public employees' retirement readiness. The first is consistent with the objectives set forth to obtain passage of the Oregon Retirement Saving Plan, and the second is a refinement of the new Tier 4 plan that is part of the Optional Retirement Plan at Oregon's public universities. In this email, I would like the highlight the reasons that I strongly support this bill.

1) Part of this bill will allow Public Employers to choose to use Auto-Enrollments and Auto-Escalation clauses to encourage retirement savings in vehicles like 403(b), 401(k) and 457(b) plans that are available to Oregon's public employees. There are two primary reasons that this bill will benefit public employers and employees. First, auto-enrollment has been shown to increase retirement savings and is the state of art in many private sector retirement plans. The auto-enrollment experience in public sector plans in Wyoming and Indiana has shown similar promise. Second, encouraging public employees to save for retirement in their supplemental retirement plans is critical to the well being of retirees who are seeing smaller state contributions to retirement plans going forward. Ultimately, better retirement readiness puts less pressure on public services for retirees that are financially unprepared for retirement.

2) A second part of this bill makes some housekeeping adjustments to a prior bill (SB269) that created a new retirement tier in Optional Retirement Program for Oregon University employees. SB269 was passed for the then Oregon University System (OUS) in 2013,(http://gov.oregonlive.com/bill/2013/SB269/). This Tier 4 retirement plan, for faculty and administration at Oregon universities, allows employees to choose either a DB plan (PERS) or a DC plan where the University contributes 8% and the participant receives up to a 4% match for contributions to their 403(b) account. However, in the DC plan the match is calculated on a month by month basis. This has inadvertently caused some employees to not receive a full 4% match. For example, an employee who contributes $3,000 in January through June, will hits the federal maximum of $18,000 in June, will receive a 4% match in January through June, but not for the rest of the year, thereby missing out on 6 months of employer match. So someone who saves early, as we want them to, is penalized by not receiving a full match for the year from the University. HB2163 addresses this issue and properly connects the matching contributions to the annual contributions made to date rather than a month by month measurement of the match. This properly aligns employee incentives and reduces the calculations that need to be made by HR departments and employees to make sure that they are making full use of their matching contributions.

I strongly support HB2163 and I encourage you to pass it during this legislative session. HB2163 is good for Oregonians.

Best regards,

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