



COLORADO CHAMBER
OF COMMERCE



Colorado's SecureSavings Plan & Supplemental Retirement Plans

Live Call with Colorado Treasurer Dave Young

May 24, 2023

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Welcome Today's Presenters:



Dave Young Colorado
State Treasurer



Hunter Railey
Executive Director,
Colorado
SecureSavings
Program



Kirsten Hunter Peterson
Vice President, Workplace
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Employer Outreach Presentation



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Why is the SecureSavings Program Needed?



Why is SecureSavings Needed?

By the numbers:

- Nearly 70% of Americans are concerned that they don't have enough money for retirement.
- In Colorado alone, nearly 940,000 workers don't have access to a qualified retirement savings plan at work
- The cost of doing nothing to alter the retirement landscape would cost Colorado 2.5 billion annually
- Those offered a retirement savings plan at work are 15 times more likely to save



Why is SecureSavings Needed?

Changing Retirement Landscape:

- Aging population nationally
- Defined Benefit (Pension) plans no longer the norm - of the past
- For many of us, Social Security will not be enough to sustain our lifestyle (1/2 the median income of a single earner in Colorado)



Who is SecureSavings For?

EMPLOYERS

Do not offer a qualified retirement plan

5+ Colorado Employees

In business two or more years

EMPLOYEES

Employed in the State of Colorado

18 years or older

Social Security Number

Examples of Qualifying Retirement Plans

- 401 (k) plans (including multiple employer or pooled employer plans)
- 403 (b) plans
- 403 (a) plans
- 408 (k) - Simplified Employed Pension (SEP) plans
- A governmental deferred compensation plan
- A simple IRA plan
- A traditional pension plan



Employer Registration Waves

Number of employees	Registration deadline
Employers with 50 or more employees	March 15, 2023
Employers with 15 to 49 employees	May 15, 2023
Employers with 5 to 14 employees	June 30, 2023

Employers have over a year to get into compliance with CSSP. No penalties will be assessed until February of 2024.

Primary Features of SecureSavings

1. Automatic Enrollment for Employees

Participation is voluntary for employees, and they are able to opt out or back in at any time.

Voluntary participants (Self Employed/Gig workers/Employees of ineligible businesses can participate on a self enrollment basis)

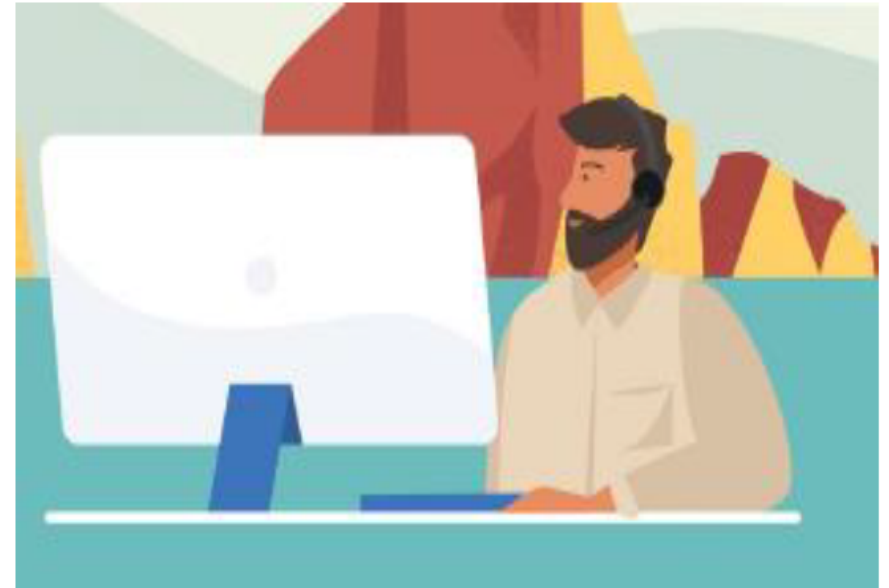
2. Public/Private Partnership

Professionally managed and advised by financial service companies

Overseen by the State Treasurer and Board

3. Zero Cost to the State, Employer, Taxpayer

Self-sustaining through saver fees



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Facilitating SecureSavings



Employer Features

The biggest hurdles we found in the 2019 board study for employers from issuing a retirement plan were:

Administrative Burden

Fees

Turnover

The SecureSavings Program addresses these top three concerns:

Easy and quick to
facilitate

No cost to business owner

Portable for employees -
travels with them

Your role in three easy steps

Your role is to simply facilitate the program

- No cost to you
- Sign-up is fast and easy
- Not responsible for employee enrollment or education
- Works with your payroll processes and can be managed by payroll providers



1

Register

Go to ColoradoSecureSavings.com to register



2

Set Up

Upload payroll and employee info to the system



3

Update

Keep staff lists up to date and submit your employees' savings contributions on your payroll schedule

What to expect: program summary



EDUCATION



CONTRIBUTIONS



FEES



DISTRIBUTION/LOANS

EMPLOYER

No responsibility

No matching contributions in a Roth IRA

No fees

Does not have to manage loans

SAVER

Will receive information directly from the program or on the website

Can contribute \$6,000 plus \$1,000 in catch up if 50 or older
plus \$1000 in catch up if 50 or older

Small asset-based and annual account fee

Can take a tax-free withdrawal of contributions at any time

Employer Responsibilities

Employer will NOT:

1. Occur any account fees
2. Have any fiduciary responsibility
3. Be allowed to make an employer contribution (“Match”)

Employer must NOT:

1. Encourage or discourage employee participation in the Program
2. Provide investment or financial advice to employees
3. Manage changes an employee must make (ie. beneficiaries, investments, address change, opting out)



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Savers in Colorado Secure Savings



Employee notification & information

Colorado SecureSavings will contact employees directly when they are added to explain their options of engaging with the program



Email



Mailing
addresses

What are their options?

Do nothing and start saving automatically

.....
Customize your savings options

.....
Opt out, you can rejoin the program at any time

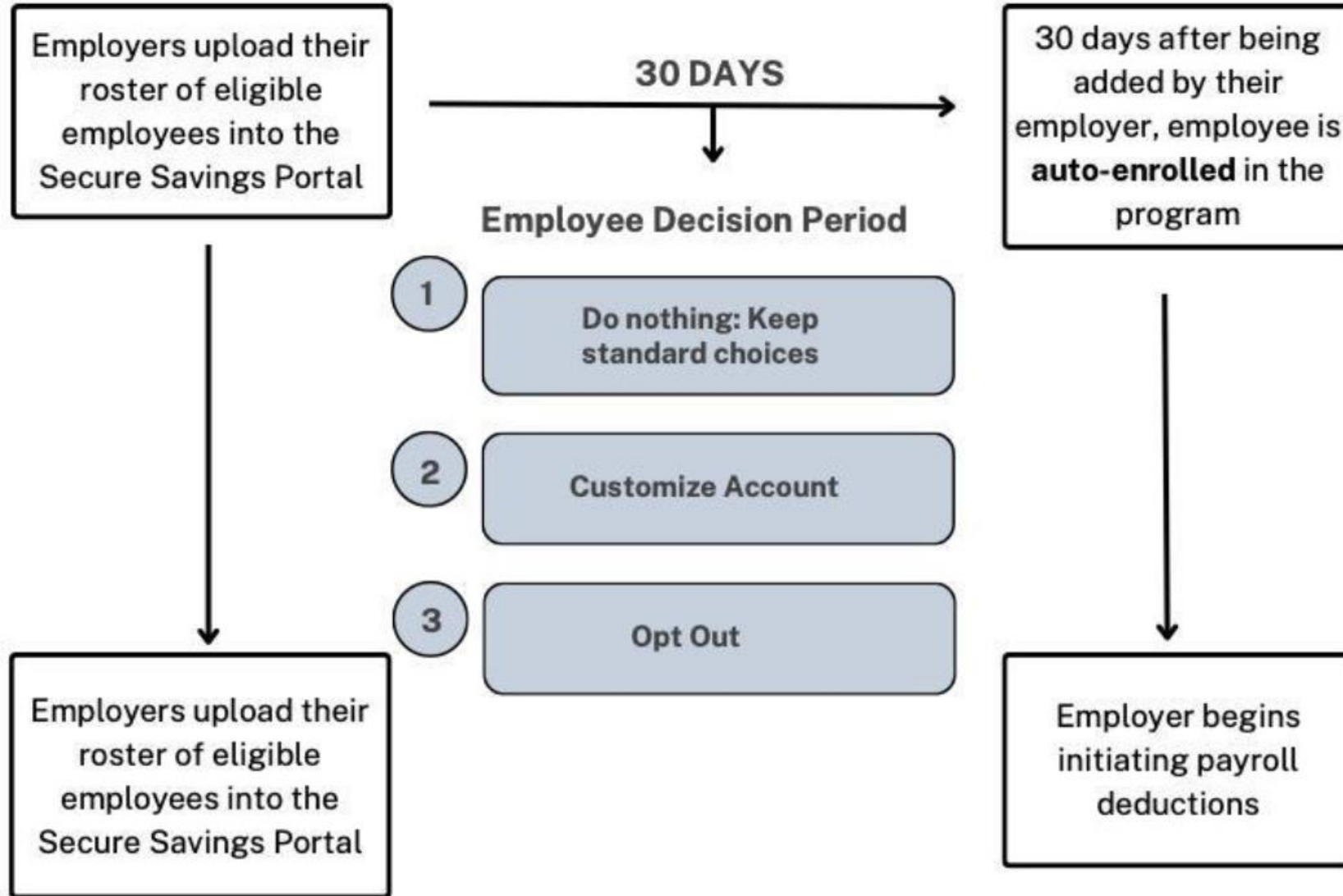
Can save up \$6,500 in 2023 and an additional \$1,000 if over the age of 50

Since these Roth IRAs employers cannot make matching contributions

ColoradoSecureSavings.com has program details, resources on saving, investment information

Multi-lingual support available by contacting the client service team

How do Savers join SecureSavings at work?



Standard and Customizable Options

	Account Type	Contribution Rate	Investment Options
Standard	Roth IRA	5% with auto-escalation of 1% annually until 8%	Target Date after 30 days in Money Market Fund
Customizable	Savers can recharacterize to a Traditional IRA	<ul style="list-style-type: none">- Savers can turn on/off the auto-escalation feature- Savers can raise or lower the %	<p>Savers can choose from:</p> <ul style="list-style-type: none">• Target Date Fund• Fixed Income Fund• Global Equity (ESG)• Money Market Fund

Saver Features

Access to online tools and real people trained to answer questions

Completely Voluntary:
Employees are able to opt-out or re-enroll at any time (no special enrollment period)

Portable - attached to Social Security Number

Customizable

Simple options:
Set up Roth IRA (post-tax)

- Ability to recategorize as traditional IRA if interested

Voluntary Participation

Those not already affected by the requirement may voluntarily enroll

Employees whose employer already has a retirement plan

1099 workers or those who are self-employed

Seasonal employees

Employees who work for a business with under 5 employees

Important Points - Recap

1. Businesses must register or certify their exemption by their state deadline
2. Penalties will not begin until after February 28, 2024
3. No employer fees; no employer fiduciary responsibilities
4. Savers are “auto enrolled” into the program unless they are voluntary participants
5. The program opened for registration in January of 2023

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MAY 2023

Workplace Retirement Plans

Options and considerations for small businesses facing a state mandate

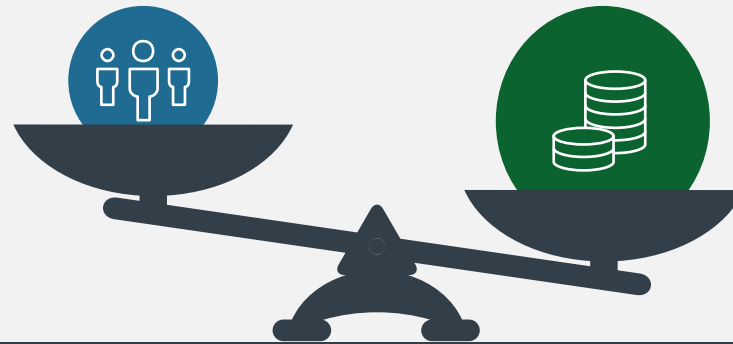


Small businesses are trying to compete in a tight labor market¹

Workers' expectations continue to grow

Employees are quick to look for new jobs

Inflation and other financial pressures are a top source of stress



Job market is still hot

Job openings continue to increase

Layoffs remain historically low²

What does this mean for small businesses?

Nearly half of U.S. small businesses report it's hard to fill jobs³

9-out-of-10 owners report few or no qualified applicants for the roles they need to fill⁴

40% of workers are less likely to quit in the first year when they are offered retirement benefits⁵

^{1,2}Greg Iacurci, "The job market is cooling but remains 'red hot,' economist says. What to expect as a job seeker," CNBC, April 4, 2023.

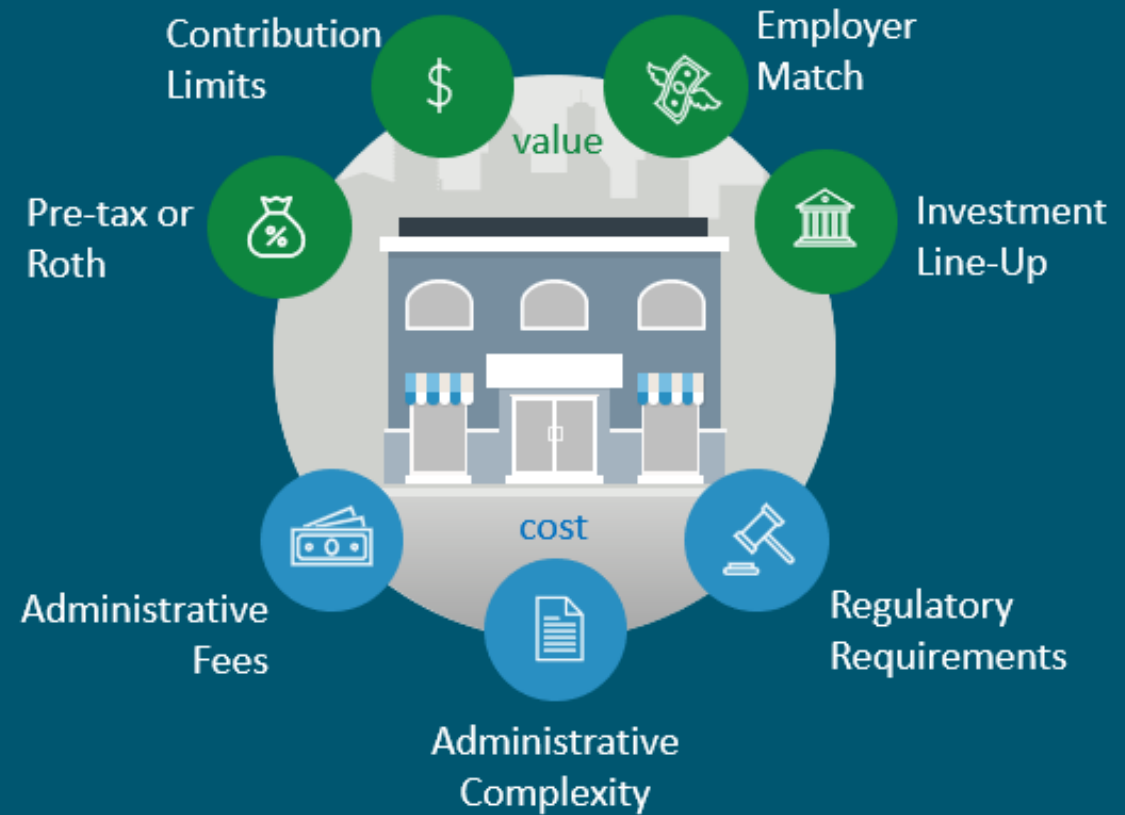
³Fidelity internal research, April, 2023.

⁴National Association of Independent Businesses, January, 2023 Jobs Report.

⁵Luke Pardue, Tom Bowen, Olga Standrityuk, "One Secret to Retaining Top Talent? Offering Retirement Benefits." Gusto research, November, 2022.

Employers have a range of retirement plan options to fulfil state mandates

What to consider before choosing a retirement plan



Pooled Employer Plans (PEPs) are a new kind of 401(k)

What's Different about a PEP?

Pooled Plan Provider is the plan sponsor and handles most of the administration

With economies of scale, costs to employers are lower

Plan designs are often simpler with fewer choices, making start-up easier

The Secure Act allows for a **Pooled Employer Plan (PEP)**

Multiple unrelated employers participate in one retirement plan



A retirement plan with potentially **lower costs** and **less work** for the business owner

Which retirement offering is right for you?

Consider your options



Minimize cost & administration?

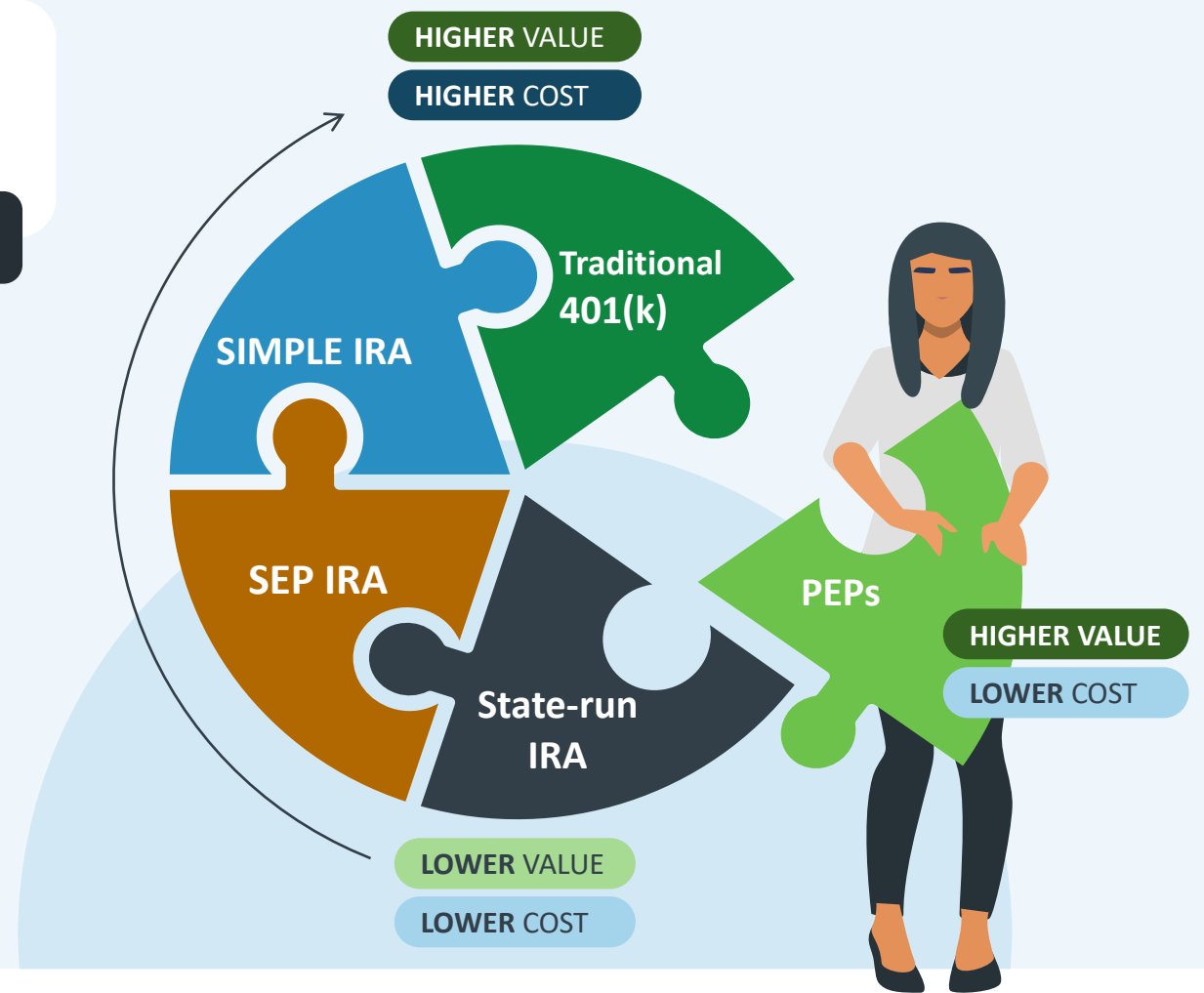
Consider no-cost, basic options

Improve hiring & retention?

Differentiate yourself from other employers

Support employee financial wellness?

Employer match and financial wellness education enhance a retirement benefit



Fidelity's PEP: Fidelity Advantage 401(k)SM

A 401(k) especially designed for first time plan providers, that saves you time so you can focus on your business



Plus

Under the SECURE ACT, receive up to **\$5,000 in annual tax savings** for the first 3 years to help with start-up costs

Want to learn more?



Connect with us



or

FidelityAdvantageInfo@fmr.com



Time for Your Questions

Call Sponsors:





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Thank you!

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