



GEORGETOWN UNIVERSITY
McCourt School of Public Policy
Center for Retirement Initiatives

Comparison of Retirement Plan Design Features¹, By State:
Massachusetts, Washington, and New Jersey

October 31, 2016
UPDATE

¹ On November 18, 2015, the U.S. Department of Labor issued a final [Interpretive Bulletin](#) Relating to State Savings Programs That Sponsor or Facilitate Plans Covered by the Employee Retirement Income Security Act (ERISA) of 1974. The Bulletin outlines those state-sponsored retirement savings programs that would include ERISA-covered retirement plans. These options include a marketplace, prototype plans, and state-sponsored “open” multiple employer plans (MEPs). The state plans in this document are plans covered by the Interpretive Bulletin.

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	Massachusetts Retirement Plan for Non-Profits	Washington Small Business Retirement Marketplace	New Jersey Small Business Retirement Marketplace
Bill Sponsor	Rep. Garrett Bradley	Sen. Mark Mullet and Sen. Don Benton	Rep. Vincent Prieto
Bill Number	Chapter 60 (2012)	Chapter 296 (2015)	Chapter 298 (2016)
Bill Status	Enacted March 22, 2012	Enacted May 18, 2015	Enacted January 19, 2016
ERISA Applicability	Yes	Marketplace plans can include ERISA plans and normal ERISA requirements apply to participating employers.	Marketplace can include ERISA plans and normal ERISA requirements apply to participating employers.
Ruling on ERISA Needed Prior to Implementation	Not Applicable	Not Applicable	Not Applicable
Implement if ERISA Applies	Yes	ERISA cannot apply to the state for operating the marketplace, but ERISA plans are allowed in the marketplace.	ERISA cannot apply to the state for operating the marketplace, but ERISA plans are allowed in the marketplace.
Market, Feasibility and/or Legal Analysis Required	No	No	No

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	Massachusetts Retirement Plan for Non-Profits	Washington Small Business Retirement Marketplace	New Jersey Small Business Retirement Marketplace
Administrative Entity	Agency - Office of the State Treasurer. There shall be in the Office of the State Treasurer a not-for-profit defined contribution committee. The committee shall consist of the Treasurer or a designee, who shall serve as chairperson, and additional members appointed by the Treasurer, two of whom shall have practical experience in the non-profit community and two of whom shall be currently employed by not-for profit corporations.	<u>Agency</u> - State Department of Commerce. The Director shall consult with the Washington State Department of Retirement Systems, the Washington State Investment Board, the Office of the Insurance Commissioner and the Department of Financial Institutions in designing and managing the marketplace. The Director will contract with a private entity to establish protocols for reviewing financial services firms interested in selling products and operating the marketplace website.	Agency - The State Treasurer, or the Treasurer's designee, shall consult with the Director of Investment of the Department of the Treasury, or the Director's designee; the Commissioner of Banking and Insurance, or the Commissioner's designee; the Commissioner of Labor and Workforce Development, or the Commissioner's designee; the Chairperson of the State Investment Council, or the Chairperson's designee; the Director of the Division of Pensions and Benefits, or the Director's designee; and the Chief Executive Officer (CEO) of the New Jersey Economic Development Authority, or the CEO's designee, in designing and managing the marketplace.
Administrators Compensated	Not applicable other than would apply to state employees.	Not applicable other than would apply to state employees.	Not applicable other than would apply to state employees.
Employer Participation	Voluntary	Voluntary	Voluntary
Employers Affected	Non-profits only with 20 or fewer employees	Fewer than 100 employees	Fewer than 100 employees
Penalties for Employer Non-Compliance	Not Applicable	Not Applicable	Not Applicable

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	Massachusetts Retirement Plan for Non-Profits	Washington Small Business Retirement Marketplace	New Jersey Small Business Retirement Marketplace
Structure of Accounts	Defined contribution 401(k) plan	SIMPLE IRA; myRA (Roth IRA); payroll deduction IRA and others can be added. Must also offer “life insurance plans designed for retirement purposes.”	SIMPLE IRA; myRA (Roth IRA); payroll deduction IRA and others can be added. Shall also offer “life insurance plans designed for retirement purposes.”
Automatic Enrollment	Yes	Business owners may auto enroll as IRS rules allow - no state requirement.	Not Specified
Employee Opt-Out	Yes	Participation is voluntary for employees.	Participation is voluntary for employees.
Employee Re-Enrollment after Opt-Out	Not Available	Not Applicable	Not Applicable
Default Contribution Rate	6% or can choose 4% with auto-escalation up to 10%	Not Specified	Not Specified
Employer Contribution	Permitted	Permitted if an ERISA plan option.	Permitted if an ERISA plan option.
Availability to Other Employers	No	Yes. The self-employed and sole proprietors are eligible to participate in the marketplace.	Yes. The self-employed and sole proprietors are eligible to participate in the marketplace.

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	Massachusetts Retirement Plan for Non-Profits	Washington Small Business Retirement Marketplace	New Jersey Small Business Retirement Marketplace
Tax & Other Incentives	Not Available	Yes. Can identify and promote existing federal or state tax credits and other benefits to encourage retirement savings or participation in retirement plans.	Yes. The State Treasurer or designee will contract with private sector entities to identify and promote existing federal and state tax credits and benefits to encourage retirement savings or participation in retirement plans. The State Treasurer, or designee, shall approve incentive payments to participating employers that enroll in the marketplace if there are sufficient funds provided by private foundations or other private sector entities, or with State funds specifically appropriated for this purpose.
Investment of Assets	13 custom target date funds; 4 objective base funds: growth fund; income fund; capital preservation fund; and an inflation protection fund.	Firms participating must offer a minimum of two product options: a target date fund or other similar fund and a balanced fund.	Firms participating in the marketplace shall offer a minimum of two product options, including a target date or other similar fund and a balanced fund.
Investment Management	Not Available	Not Specified	Not Specified
Fees	Custom Target Date Funds: 22-86 bps Growth: 60 bps Income: 40 bps Capital Preservation: 40 bps Inflation Protected: 86 bps	No more than 1%	No more than 1%

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	Massachusetts Retirement Plan for Non-Profits	Washington Small Business Retirement Marketplace	New Jersey Small Business Retirement Marketplace
Program Funding	Not Available	The Legislature appropriated \$524,000 for the Department of Commerce for the two year budget cycle beginning July 1, 2015. In addition to any appropriated funds, the Director may use private funding sources, including private foundation grants, to pay for marketplace expenses. On behalf of the marketplace, the Department shall seek federal and private grants and is authorized to accept any funds awarded to the department for use in the marketplace.	In addition to any funds appropriated for the purposes of this act, the State Treasurer, or the Treasurer's designee, shall approve the use of private funding sources, including private foundation grants, to pay for marketplace expenses. On behalf of the marketplace, the Department of Treasury shall seek federal and private grants and is authorized to accept any funds awarded to the State Treasurer, or the Treasurer's designee, for use in designing, implementing, and operating the marketplace. The State Treasurer, or designee, may establish a fee system that charges participating marketplace firms in order to cover the startup and annual administrative expenses.
Establish Website	Yes. Retirement Income Control Panel – web based tool to allow participants to view hypothetical projections of retirement income based on assumptions on account balances, savings and rate of return.	Yes. The website would include information on how eligible employers can voluntarily participate in the marketplace.	Yes. The website would include information on how eligible employers can voluntarily participate in the marketplace.
Implementation Timeline	Not Available	Rules to implement the program must be presented by January 1 st of the year to be adopted and cannot be adopted until the end of the legislative session that year.	Not Specified

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