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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/02/17  
 LAST UPDATED 02/24/17      HB \_\_\_\_\_

SPONSOR Tallman

SHORT TITLE Retirement Income Security Task Force      SJM 12/aSRC/aSCORC

ANALYST Clark

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	\$0.0	\$20.0	\$0.0	\$20.0	Nonrecurring	State Treasurer's Office

Parenthesis ( ) indicate expenditure decreases

Relates to HJM9

### SOURCES OF INFORMATION

LFC Files

Responses Received From  
 State Treasurer's Office (STO)

### SUMMARY

#### Synopsis of SCORC Amendment

The Senate Corporations and Transportation Committee amendment strikes SRC amendments 1 and 3 and corrects the prior's amendment's technical error for the reporting date to clarify the report shall be by July 1, 2018. The amendment also removes a redundant reporting date reference.

The SCORC amendment then makes other minor changes, including clarifying the study should relate to state operated, privately operated, or jointly operated savings vehicles. It also changes task force membership to include two (instead of one) members of the business community and includes two representatives of the financial services community.

#### Synopsis of SRC Amendment

The Senate Rules Committee amendment extends the timeframe (in one of two references) to present the report from November 1, 2017 to July 1, 2018 and adds a representative of the financial services community appointed by the state treasurer to be invited to join the task force. However, the amendment does not change a subsequent reference for a report to be presented on November 1, 2017.

Synopsis of Original Bill

Senate Joint Memorial 12 requests the State Treasurer’s Office (STO) convene a retirement income security task force to analyze the feasibility of implementing a “work and save” program for the citizens of New Mexico that are not afforded with investment options through their employer. The task force is requested to report its findings to the interim committee charged with reviewing matters related to investments and pensions by November 1, 2017.

**FISCAL IMPLICATIONS**

STO indicates the joint memorial would require participation of agency staff at an approximate cost of \$20 thousand based on the scope of work and information provided.

**SIGNIFICANT ISSUES**

As noted in the joint memorial, the United States is facing a vast retirement savings deficit, estimated to be as much as \$6.6 trillion, or about \$57 thousand per household. It is estimated that 53 percent of American workers aged 30 and older are on a path that will leave them unprepared for retirement.

The median retirement account balance is \$2,500 for all working-age households and \$14.5 thousand for near-retirement households. Of the 75 million workers in the United States with access to a retirement savings plan, only 81 percent of these workers participate in a retirement savings plan, and 55 million American workers do not have any type of employer-sponsored retirement plan, leaving them more likely to rely on social security income as their only source of retirement income.

The full list of tasks requested for the interim task force are:

- A. Determine the number of employees in the state not currently participating in an employer-sponsored retirement savings plan or arrangements;
- B. Determine the number of employers in the state that do not offer an employer-sponsored retirement savings plan;
- C. Consult with AARP New Mexico and other experts from the private and nonprofit sector concerning the establishment and operation of high-quality and low-cost retirement savings plans that are governed by federal law and that qualify for tax-favored treatment under the state and federal tax codes;
- D. Perform an analysis to determine the best model for a statewide retirement income security plan;
- E. Develop criteria for participation by employees and employers;
- F. Perform an analysis of the cost to the state to implement a statewide retirement income security plan;
- G. Determine the cost to employers for participation in a statewide retirement income security plan;
- H. Determine the effect, if any, that the implementation of a statewide retirement income security plan may have on economic activity in this state;
- I. Explore other programs and incentives that can lead to an increase in the percentage of financially secure retirees in the state;
- J. Determine the financial impact to the state's social safety net programs and general fund if the state fails to act to improve citizen access to retirement savings opportunities at work; and

K. Prepare and submit a report to the interim committee charged with reviewing matters related to investments and pensions by November 1, 2017.

**ADMINISTRATIVE IMPLICATIONS**

There will be a minimal administrative impact.

**RELATIONSHIP**

This relates to HJM9.

JC/jle/al