

SB-855-HD-1

Submitted on: 3/28/2025 5:25:55 PM

Testimony for FIN on 4/1/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
GARY SIMON	Policy Advisory Board for Elder Affairs (PABEA)	Support	Written Testimony Only

Comments:

Dear Chair Yamashita, Vice Chair Takenouchi, and Honorable Members of the House Committee on Finance:

I am Gary Simon, a member of the Policy Advisory Board for Elder Affairs (PABEA), which is an appointed board tasked with advising the Executive Office on Aging (EOA). My testimony does not represent the views of EOA but of PABEA.

PABEA strongly supports SB 855 SD 1 HD 1, which requires covered employers to automatically enroll covered employees into the Hawai'i Retirement Savings Program unless the employee opts out and appropriates funds to the Department of Labor and Industrial Relations for the development and operation of the Program.

Auto enrollment policies are particularly effective with young workers and low-income employees, resulting in higher account balances. Companies with retirement savings program auto enrollment policies see higher overall contribution rates than companies with only voluntary enrollment. Auto enrollment is the practice in California, Colorado, Connecticut, Illinois, Maryland, Oregon, and Virginia.

Auto enrollment is a good practice based on good public policy (promoting the financial stability of our residents).

We urge you to support the Hawaii Retirement Savings Program and SB 855 SD 1 HD 1, and we urge you to recommend its passage.

Mahalo for seriously considering the bill.

Gary Simon

PABEA Board Member

Honolulu, Hawaii

JOSH GREEN, M.D.
GOVERNOR OF HAWAII
KE KIA'ĀINA O KA MOKU'ĀINA 'O HAWAII

KENNETH FINK, MD, MGA, MPH
DIRECTOR OF HEALTH
KA LUNA HO'OKELE



**STATE OF HAWAII
DEPARTMENT OF HEALTH
KA 'OIHANA OLAKINO
EXECUTIVE OFFICE ON AGING**
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**Testimony in SUPPORT of SB855 SD1, HD1
RELATING TO HAWAII RETIREMENT SAVINGS ACT**

COMMITTEE ON FINANCE
REP. KYLE T. YAMASHITA, CHAIR
REP. JENNA TAKENOUCI, VICE CHAIR

Testimony of Caroline Cadirao
Director, Executive Office on Aging
Attached Agency to the Department of Health

Hearing: Tuesday, April 1, 2025, at 2:00 P.M. in Conference Room 308

EOA Position: The Executive Office on Aging (EOA), an attached agency to the Department of Health (DOH) **supports SB855 SD1, HD1.**

Fiscal Implications: Appropriates funds for fiscal year 2025-2026 and for fiscal year 2026-2027 for the Department of Labor and Industrial Relations (DLIR) for the development and operations of the Hawaii Retirement Savings program, including but not limited to expenses for counsel, outreach, communication, and marketing services; and consultants, audits, and insurance.

Purpose and Justification: This measure clarifies the definition of "covered employer" under this Act; amends and aligns provisions of the Hawaii Retirement Savings Program to require automatic enrollment unless the employee chooses to opt out; repeals the total amount of fees and expenses that can be spent annually; and appropriate funds for the program's development and operations.

The Hawai'i Retirement Savings Program (Act 296) creates a low-cost retirement savings program that will help about 173,000 private sector workers save money for retirement through an automatic payroll deduction. Automatic enrollment in a retirement savings program is considered a "best practice" in the industry and will enable more employees to save for their future. Additionally, the opt-out feature allows employees to make informed decisions about their retirement savings. It also encourages employees to engage with their retirement plans and make proactive choices about their financial future.

Recommendation: EOA supports this measure and defers to the DLIR on its implementation.

Thank you for the opportunity to testify.

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR



STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
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April 1, 2025

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To: The Honorable Kyle T. Yamashita, Chair,
The Honorable Jenna Takenouchi, Vice Chair, and
Members of the House Committee on Finance

Date: Tuesday, April 1, 2025
Time: 2:00 p.m.
Place: Conference Room 308, State Capitol

From: Brian Taniguchi, Member
Hawaii Retirement Savings Board

Re: S.B. 855, S.D. 1, H.D. 1, RELATING TO HAWAII RETIREMENT SAVINGS ACT

I. OVERVIEW OF PROPOSED LEGISLATION

The **Hawaii Retirement Savings Board (Board)** is in **strong support** of this bill.

The purposes of this bill are to: clarify the definition of "covered employer" under the Hawaii Retirement Savings Act; require covered employers to automatically enroll covered employees into the Hawaii Retirement Savings Program (Program) unless the employee chooses to opt out; repeal the limit on the total fees and expenses that can be spent for the Program each year; and appropriate funds to the Department of Labor and Industrial Relations for the development and operation of the Program.

II. CURRENT LAW

§389-2 definition of "covered employer" does not include any employer that has maintained for all employees a retirement plan during the preceding two years a tax-qualified retirement plan.

§389-5 gives employees the option to opt into the Program that covered employers are required to offer.

§389-7 provides that the program manager shall keep total fees and expenses as low as practicable; provided that the total fees and expenses of the program each year shall not exceed seventy-five basis points of the total assets of the program; provided further that the limit shall not apply during the initial three-year period following the establishment of the program.

III. COMMENTS ON THE SENATE BILL

The Board believes changing chapter 389, HRS, to require automatic enrollment of employees into the program is critical to the feasibility of the program. There is an urgent need to provide a viable option for private sector workers to have access to a retirement savings plan. Automatically requiring enrollment but allowing workers to opt-out is not only beneficial to workers and considered a best practice in retirement savings programs, but a feature of most of the other state programs because of the recognition that without a critical mass of workers participating in these programs they are not viable over the long-term.

Moreover, aligning Hawai'i's law with most of the other states' automatic enrollment provisions facilitates the potential for Hawai'i to engage in an interstate compact agreement that will also aid in the viability of the Program. For the Committee's information, as of January 1, 2025, thirteen (13) of the twenty (20) state programs have an individual retirement account or Auto-IRA, and two (2) state programs are open to all other employers and workers either through a voluntary marketplace or multiple employer plan. Hawai'i's current model is most like that of New Mexico, which is a voluntary payroll deduction IRA. Unfortunately, The New Mexico Work and \$ave IRA Program has been placed on an indefinite hold with no known new implementation date because, in part, the model of its plan.

There is an urgent need to provide a viable option for private sector employers and workers to have access to a state-facilitated retirement savings plan. An employer survey¹ conducted by the Hawai'i Retirement Savings Task Force identified that many small business owners agree that being able to offer a voluntary, portable retirement savings program would help local small businesses attract and retain quality employees and stay competitive. Opt-out retirement plans also increase participation rates as too few workers would otherwise put away savings for retirement.

Furthermore, failure for the State to facilitate a private sector retirement savings plan for employers and workers will greatly impact the State's economy and the State's fiscal situation. A 2024 University of Hawai'i study concluded that "[o]ur

¹ https://www.capitol.hawaii.gov/sessions/session2022/bills/DC188_.pdf

failure to prepare for the future is also concerning. Spending on education declined significantly for many young people, jeopardizing future prospects for them. Moreover, declines in private saving have undermined efforts to accumulate assets essential to funding investment and meeting future retirement needs. Important opportunities have been missed and should serve as a wakeup call to those charged with preparing for the future.”²

Additionally, the Board recognizes the importance of repealing the limit on the total fees and expenses that can be spent for the Program each year. By way of background, when the first state programs launched in Oregon, Illinois, and California, they only had basis point fees (bps) on assets under management (AUM) charged to the individual retirement accounts. The statutes in these states did have fee caps in place. Over time it became clear that the AUM growth was not as fast as initially anticipated and for the program administrators to keep the public-private partnerships going, they needed to pivot to a hybrid fee structure. The programs now have both bps fees on AUM and a flat dollar-based account fee. This system of fees allows the program administrators to cover their costs in the early days of the programs while the AUM is ramping up. It also allows the programs to add on state-level account fees that help them cover their own costs.

The reason other states have removed the bps caps from statute is because it is impossible to push the per account fees under these caps until the programs are well-established and they have relatively high average account balances. If Hawai'i plans to partner with another state, Hawai'i will use the same fee structure that the lead state has already negotiated with the program administrator. No state currently has a fee structure that would keep total fees under 75 bps, including states with very large populations.

The Board also notes that this bill appropriates an unspecified appropriation to the Department of Labor and Industrial Relations for the development and operation of the Program for FY 25-26, and so much thereof for FY 26-27. The Board would like to thank the Committee for considering the following appropriations in H.B. 300, H.D. 1:

FY 25-26: \$720,000 (Startup Costs)

- Consultant contracts \$75,000
- Marketing and communications \$500,000
- Legal, audit, and insurance \$145,000

FY 26-27: \$445,000 (Ongoing Costs)

- Consultant contracts \$50,000
- Marketing and communications \$250,000
- Legal, audit, and insurance \$145,000

² <https://uhero.hawaii.edu/wp-content/uploads/2024/12/HawaiisGenerationalEconomy.pdf>

The utilization of the funding is to: (1) establish baseline information for program administration; (2) create a financial model to determine fees necessary to support Program costs; (3) evaluate and determine investment design and policy statement; (4) program administration services; and (5) participant marketing, financial education, and disclosures.

Lastly, if the Committee is inclined to pass this measure out, the Board requests that this measure take effect on July 1, 2025.

Thank you for the opportunity to testify.



**Testimony to the House Committee on Labor
Tuesday, March 11, 2025; 9:30 a.m.
State Capitol, Conference Room 309
Via Videoconference**

RE: SENATE BILL NO. 0855, SENATE DRAFT 1, HOUSE DRAFT 1, RELATING TO THE HAWAII RETIREMENT SAVINGS ACT.

Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee:

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA **SUPPORTS** Senate Bill No. 0855, Senate Draft 1, House Draft 1, RELATING TO HAWAII RETIREMENT SAVINGS ACT.

By way of background, the HPCA represents Hawaii's Federally Qualified Health Centers (FQHCs). FQHCs provide desperately needed medical services at the frontlines to over 150,000 patients each year who live in rural and underserved communities. Long considered champions for creating a more sustainable, integrated, and wellness-oriented system of health, FQHCs provide a more efficient, more effective and more comprehensive system of healthcare.

This measure, as received by your Committee, would, among other things, clarify the Hawaii Retirement Savings Program to automatically enroll private sector employees in Hawaii who do not have access to employer-sponsored retirement plans. The bill would take effect on July 1, 3000.

A hallmark of the HPCA is our steadfast belief that society's ability to provide for the health care needs of our citizens-- more than any other factor -- contributes to the overall wellbeing of our entire population. Person who do not have access to quality health care have shorter life expectancies than those who do have access to these services. FQHCs understand this because seventy-three percent of our patients live below one hundred percent of the federal poverty limit.

Testimony on Senate Bill No. 0855, Senate Draft 1, House Draft 1
Tuesday, April 1, 2025; 2:00 p.m.
Page 2

Our patients **ARE** the ALICE population. As seen through the fine work of the Aloha United Way in their groundbreaking research on the Asset Limited, Income Constrained Employed in 2022, there were 148,771 ALICE households in Hawaii, with 41,619 households that live below the poverty line. Because of the COVID-19 pandemic, another 35,000 had fallen into ALICE status or below by the end of 2022.

This bill is intended to help ALICE families protect themselves from future economic shock. It would give families the financial tools to plan for the future and to ensure that they will have the resources to adjust to changing demands that will be placed on them as they progress through life.

The HPCA wishes to thank AARP for shepherding this concept throughout the community for nearly the past decade and not giving up our most vulnerable populations. We commend them and stand ready to assist them in this worthy cause.

Accordingly, the HPCA respectfully urges your favorable consideration of this measure.

Thank you for the opportunity to testify. Should you have any questions, please do not hesitate to contact Public Affairs and Policy Director Erik K. Abe at 536-8442, or eabe@hawaiipca.net.

SB-855-HD-1

Submitted on: 3/30/2025 12:12:40 PM

Testimony for FIN on 4/1/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Merle Minami-Shima	AARP Hawaii	Support	Written Testimony Only

Comments:

Aloha Chair Yamashita,

My name is Merle Minami-Shima and I am in STRONG SUPPORT of SB855, SDI, HDI which amends/aligns provisions of the Hawaii Retirement Savings Program, the state facilitated-payroll deduction retirement savings program for Hawaii's private sector employees, and appropriate funds for the program implementation.

The Hawaii Retirement Savings Program (Act 296-SLH2022) creates a low cost, easy retirement program that will help about 173,000 private sector workers set aside money through automatic payroll deduction from their paycheck.

To secure their finances, retirees must have sufficient savings to cover their living expenses, inflationary costs, as well as medical or other emergencies. Without adequate savings retirees will have no choice but to rely on others to help them with their financial needs and may even have to turn to the government to fill in the gaps. Having automatic payroll savings deduction is an easy way to start building a nest egg.

As a retired HR Manager, I observed many employees who were surprised at the cost of health care premiums that they will have to pay when they are no longer covered by employer sponsored health benefits. Without sufficient savings many will have to find part-time jobs or delay their retirements until they can save enough money to feel comfortable to pay for these and other expenses. Having an automatic savings deduction plan is a relatively painless way to start a retirement plan.

Your support of this legislation will help our workers save for their future.

Mahalo for your consideration.

Merle Minami-Shima, Wailuku, HI.



**TESTIMONY OF TINA YAMAKI. PRESIDENT OF THE RETAIL MERCHANTS OF HAWAII
APRIL 1, 2025
SB 855 SD1 HD1 RELATING TO HAWAII RETIREMENT SAVINGS ACT**

Aloha, Chair Sayama and members of the House Committee on Labor. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii was founded in 1901 and is a statewide, not for profit trade organization committed to supporting the growth and development of the retail industry in Hawaii. Our membership includes small mom & pop stores, large box stores, resellers, luxury retail, department stores, shopping malls, on-line sellers, local, national, and international retailers, chains, and everyone in between.

While we understand the intent of this measure, we have some concerns about SB 855 SD1 HD1 and do not support it at this time. This measure clarifies the definition of "covered employer" under the Hawai'i Retirement Savings Act. Requires covered employers to automatically enroll covered employees into the Hawai'i Retirement Savings Program unless the employee opts out; repeals the limit on the total fees and expenses that can be spent for the Program each year; appropriates funds to the Department of Labor and Industrial Relations for the development and operation of the Program; and is effective 7/1/3000. (HD1)

While a Retirement Savings program already exists and effectively aids in this endeavor by allowing employees to voluntarily enroll, our concern lies with the potential burden placed on small, locally owned businesses if mandatory automatic enrollment is enforced, requiring subsequent processing for those wishing to opt out.

We want to ensure that our local businesses stay open and strong. It is easy to blame other factors on why our local businesses close, but this measure would be a prime reason as we often hear from small local businesses – we just cannot afford to pay more when it is already in place for the employees to take advantage of.

Implementing and managing such programs incurs ongoing costs for businesses, particularly challenging for those with high turnover rates, such as customer service roles. Whether managed internally or through third-party services, the financial strain is considerable, with additional expenses incurred to opt employees in and out of the program. Employees expect compensation when their scope of work is expanded, and many are already short staffed in internal accounting departments. While one third party may be able to do it for a nominal or no cost, this is not indicative of other CPA firms and companies who handle payroll.

While there are some local businesses who are thriving, there are so many more who are struggling to keep their doors open and their employees employed. **These local businesses cannot afford another operational cost** even if it is \$50 a month or \$600 a year. **We want to point out that the other states that have this type of program do NOT have to endure the high cost of shipping products to their state, do NOT have high-cost commercial lease rent as well as utilities, do NOT have mandated medical coverage for all their employees, do NOT have a high labor cost for their employees and do NOT have high tax rates like Hawaii has to endure.**

Of significant concern is the impact on smaller, locally owned businesses already grappling with "how can we afford another mandate?" Many still carry a large debt from being shut down during the pandemic and the lack of customers returning – especially since the Asian visitors have not returned. We are also seeing small businesses who have taken a deferred rent and loans during the pandemic is now having to pay up. Businesses are also facing rising cost for employee health care benefits, products and goods, services, and shipping. This continues to have a substantial effect on our operations. Many are already feeling the effects of the higher federally mandated tariffs. Furthermore, numerous businesses are still trying to recover from the Maui Fires as some of our local retailers lost multiple stores in the fires – this not only includes Maui based stores but also business from the neighboring islands who have expanded to Maui. We are also seeing streamlined and pivoted business with shortened hours of operations and freeze in employee hiring for certain positions. We continue to see local and national retailers quietly closing their doors in Hawaii. Many small locally owned businesses are also unsure how they will afford the minimum wage hike coming in January 2026.

The visible closures of stores within malls reflect the stark reality of these economic pressures, with the closure of businesses translating directly to lost jobs for employees. Measures like this will encourage more businesses to close their doors as they can no longer afford to operate in Hawaii and thus more of our friends, family and neighbors will be unemployed. We do not want to see more of our neighbors, family, and friends losing their livelihoods as additional local retailers shutter their doors due to the financial strain imposed by yet another costly governmental mandate. Presently, the existing system is functional and now is not the time to change this.

We are also concerned that repealing the cap on fees and expenses for the Program opens the door to excessive and unchecked costs. This lack of fiscal restraint jeopardizes the efficiency and transparency of the Program, with potential financial repercussions for both employees and taxpayers.

The National Retail Federation just reported that consumer spending is down again in February. U.S. consumer confidence continued its sharp 2025 decline as Americans' views about their financial futures slumped to a 12-year low, driven by rising anxiety over tariffs, inflation, and possible unemployment. The Conference Board reported last week Tuesday that its consumer confidence index fell 7.2 points in March 2025 to 92.9, the fourth straight monthly decline and its lowest reading since January of 2021.

We ask that you hold this measure at this time.

Mahalo for this opportunity to testify.



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**The State Legislature
The House Committee on Finance
Tuesday, April 1, 2025
Conference Room 308, 2:00 p.m.**

To: The Honorable Kyle T. Yamashita
From: Keali'i Lopez, State Director, AARP Hawai'i
Re: Strong Support for S.B. 855, SD 1, HD1 - Relating to Hawaii Retirement Savings Act

Aloha Chair Yamashita, Vice Chair Lee, and Members of the Committee,

I am Keali'i Lopez, State Director for AARP Hawai'i. AARP is a nonprofit, nonpartisan, social impact organization dedicated to empowering people fifty and older to choose how they live as they age. We advocate at the state and federal level for the issues that matter most to older adults and their families. On behalf of our nearly 135,000 members statewide, thank you for the opportunity to share our testimony.

AARP Hawai'i strongly supports S.B. 855, SD1, HD1. We respectfully request that the bill be amended to have a clean effective date of July 1, 2025, to ensure the program can continue its development and roll out promptly.

S.B. 855, SD1, HD1 importantly amends provisions of the Hawaii Revised Statute, Chapter 389 in the Hawai'i Retirement Savings Act 296 to require covered employers to automatically enroll covered employees into the Hawai'i Retirement Savings Program unless the employee opts out. This is a critical amendment to obtain a significant level of participation needed to ensure success of the program. Additionally, in both the public and private sectors, automatic enrollment for workers into retirement accounts is considered a "Best Practice" in the retirement savings industry. It has resulted in approximately 80% participation by covered employees in many of the other state facilitated retirement programs in the country.

Hawai'i Retirement Savings Act creates a low-cost, easy retirement savings program that will help about 173,000 private sector workers set aside money through an automatic payroll deduction from their paycheck. To date, there are nineteen states that have enacted a retirement savings program for private sector workers. Fifteen states, including Hawai'i, are state facilitated Individual Retirement Account (IRA) programs. Of these fifteen state programs, Hawai'i is the only program with an "opt-in" enrollment provision.

As noted, the **opt-out feature** resulted in high participation in other programs while remaining completely voluntary for workers. As of 2025, about \$1.78 billion has been saved by 965,000 participants-- generally \$50 and \$60 a paycheck. These are the accumulative figures from the

S.B. 855, S.D. 1, H.D.1

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Testimony of AARP Hawai'i

ten states in operations such as California, Oregon, Illinois, Colorado, Connecticut, Maryland, Virginia, Maine, and Washington. The number of savers and savings continues to grow very steadily among the participating states.

With Hawaii's program still in an early stage of implementation, it is critical now that the proposed amendments in S.B. 855, SD1, HD1 are adopted by the legislature to ensure the success of the Hawai'i Retirement Savings Program, as well as ensure ongoing highly cost-effective operations into the future. Passing S.B. 855, SD1, HD1 with a clean effective date would enable the program to move forward with critical implementation requirements.

Thank you for the opportunity to testify in **strong support** of S.B. 855, SD1, HD1.



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March 31, 2025

Support for SB855, SD1, HD 1 – Relating to Hawai'i Retirement Savings Act

Aloha Committee Members,

I am writing on behalf of Hawai'i Community Lending (HCL), and as a member of the task force that recommended the creation of the Hawai'i Retirement Savings Program, to **strongly support SB855, SD1, HD1.**

SB855, SD1, HD1 amends and aligns provisions of the Hawai'i Retirement Savings Program, the state-facilitated payroll deduction retirement savings program for Hawaii's private sector employees, and appropriate funds for the program implementation. The Hawai'i Retirement Savings Program (Act 296 -SLH 2022) creates a low-cost, easy retirement savings program that will help about 173,000 private sector workers set aside money through an automatic payroll deduction from their paycheck.

HCL is a nonprofit community development financial institution that makes grants and loans to help our local people build, buy, and save homes from foreclosure. In our 23-year history we have helped mobilize more than \$160 million and assist over 4,500 local residents in securing and sustaining housing. The majority of those we assist are local families who are unable to qualify for loans at local banks and credit unions. Too often, the families we serve are faced with unpredictable emergencies that create financial hardship due in large part to having a lack of savings and being faced with ever-increasing expenses. As a result, our people find their ability to stay housed, stay healthy, and stay in Hawai'i, threatened.

Saving for future retirement is crucial to ensure security against such emergencies and helps us collectively slow outmigration of our local people, which is at its highest level in the history of our state. At the same time, we face the real prospect of federal social security being cut under the Trump Administration, which makes your action to approve this bill even more critical.

By passing SB855, SD1, HD1 you will be supporting financial security, so our local workers have a retirement fund that ensures financial resources to cover our living expenses, healthcare, and any unexpected costs without relying solely on social security or family support.

Please pass SB855, SD1, HD1.

Mahalo for your time and consideration. Please contact me directly at 808.587.7653 or jeff@hawaiicommunitylending.com should you have any questions.

Sincerely

A handwritten signature in black ink that reads 'Jeff Gilbreath'. The signature is written in a cursive, flowing style.

Jeff Gilbreath
Executive Director

We Don't Say No, We Say How



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We Don't Say No, We Say How



Hawai'i Island Chamber of Commerce

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Carla Kuo

2024-2025

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TESTIMONY BEFORE THE HOUSE COMMITTEE ON FINANCE

SB855 SD1 HD1 - Relating to Hawaii Retirement Savings Act – IN SUPPORT

Tuesday, April 1, 2025 2:00 PM

Aloha Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee,

On behalf of the Hawai'i Island Chamber of Commerce, representing over 300 businesses and individual members primarily on the East side of Hawai'i Island, I submit this written testimony in strong support of SB 855, SD1 HD1. This bill amends and aligns provisions of the Hawai'i Retirement Savings Program—a state-facilitated payroll deduction retirement savings program for Hawai'i's private sector employees—and appropriates funds for its implementation.

The Hawai'i Retirement Savings Program (Act 296, SLH 2022) provides a simple, low-cost way for approximately 173,000 private sector workers to save for retirement through automatic payroll deductions. It also benefits businesses by allowing them to offer employees a valuable retirement savings option at no additional cost, helping them stay competitive and retain their workforce.

We urge your support of Senate Bill 855 SD1 HD1 to empower workers, strengthen businesses, and provide a cost-effective solution for retirement savings.

Thank you for the opportunity to provide testimony.

Sincerely,

Carla Kuo

Executive Officer

Hawai'i Island Chamber of Commerce

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS; Hawai'i Retirement Savings Act; Hawai'i Retirement Savings Program; Covered Employer; Definition; Automatic Enrollment; Opt-Out Option

BILL NUMBER: SB 855 SD 1 HD 1

INTRODUCED BY: House Committee on Labor

EXECUTIVE SUMMARY: Clarifies the definition of "covered employer" under the Hawai'i Retirement Savings Act. Requires covered employers to automatically enroll covered employees into the Hawai'i Retirement Savings Program unless the employee chooses to opt out. Repeals the limit on the total fees and expenses that can be spent for the Program each year. Appropriates funds to the Department of Labor and Industrial Relations for the development and operation of the Program.

SYNOPSIS: Amends section 389-2, HRS, to give an exemption to an employer who, at any time in the preceding two years, maintained a tax-qualified retirement plan for its employees. Under current law, the exemption only applies if the employer had been maintaining such a plan continuously for the preceding two years.

Amends section 389-5(d)-(f), HRS, to require covered employers to enroll its covered employees in the program and withhold and remit payroll deduction contributions from each covered employee's paycheck unless the covered employee has elected not to participate. Currently, covered employees may elect to contribute. The measure provides for automatic enrollment with an employee's right to opt out of participation.

Amends section 389-7, HRS by removing the cap on fees and expenses of the program.

Section 7 appropriates out of the general fund \$_____ or so much as may be necessary for fiscal year 2025-2026 and fiscal year 2026-2027 for the development and operation of the Hawaii retirement savings program. The House Committee on Labor has suggested an appropriation of \$720,000 for the first fiscal year and \$445,000 for the second.

EFFECTIVE DATE: July 1, 3000.

STAFF COMMENTS: The Hawaii Retirement Savings Program, HRS Chapter 389, established by Act 296, SLH 2022, is supposed to offer a prefabricated vehicle for small employers to sign up for a retirement program, on the theory that small employers would not offer retirement savings programs at all to their employees if they are going to be overwhelmed with compliance costs. The Foundation itself, for example, decided to terminate its retirement savings program after it found that it needed to pay attorneys lots of money every few years for plan amendments required by the federal government.

As the program now exists, employees may opt in to the program (once it gets going). The default contribution amount is 5% of the covered employee’s compensation, but the employee can elect to contribute more or less.

The bill would change the enrollment criteria. All employees would be enrolled in the program *unless* they opted *out*. And remember, this program affects any employer who employs one or more employees. There is no minimum.

If the State can competently offer such a plan to private employers in a way to blunt the pain of periodic legal fees, the program in general might be a beneficial idea; but the State needs to remember that it doesn’t have either the resources or the expertise to be all things to all people. We are concerned that the governmental activity proposed by this bill is not a core function of government, and we wonder if government can deliver on this plan. We observe that although this program was established in 2022, the Hawaii Retirement Savings Board has yet to implement the program. See <https://labor.hawaii.gov/hrsp/>, “Program Status.”

The State has tried savings encouragement before, by providing Individual Development Accounts sweetened with a state tax credit. The market uptake of this program was dismal, as shown in this table of IDA contribution credits claimed.

Year	Number of Taxpayers	Aggregate Credit Claimed
2000	0	0
2001	0	0
2002	0	0
2003	0	0
2004	9	\$3,000
2015	0	0
2016	Suppressed to prevent disclosure of taxpayer return information	
2017	0	0

Source: Department of Taxation, [Tax Credits Claimed by Hawaii Taxpayers](#) 23 (2017); Department of Taxation, [Tax Credits Claimed by Hawaii Individuals and Corporations](#) (2000, 2001, 2002, 2003, 2004).

If this program has a similar market uptake, we will have wasted lots of resources and time.

With many folks here in Hawaii living from paycheck to paycheck, people simply don’t have excess cash to put away for their retirement. Unless we address our cost of living, we think it

Re: SB 855 SD 1 HD 1

Page 3

will be difficult for this proposed program to have much more market traction than the IDA program.

We also remind lawmakers that financial controls are necessary to keep a program like this from becoming a financial black hole and a magnet for fraud.

Digested: 3/31/2025



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308
Tuesday, April 1, 2025 AT 2:00 P.M.

To The Honorable Representative Kyle T. Yamashita, Chair
The Honorable Representative Jenna Takenouchi, Vice Chair
Members of the Committee on Finance

OPPOSE SB855 SD1 HD1 RELATING TO HAWAII RETIREMENT SAVINGS ACT

The Maui Chamber of Commerce **OPPOSES SB855 SD1 HD1** which clarifies the definition of "covered employer" under the Hawai'i Retirement Savings Act; requires covered employers to automatically enroll covered employees into the Hawai'i Retirement Savings Program unless the employee opts out; repeals the limit on the total fees and expenses that can be spent for the Program each year; and appropriates funds to the Department of Labor and Industrial Relations for the development and operation of the Program.

The Maui Chamber was supportive of the Hawai'i Retirement Savings Act when the bill was moving through the State Legislative Session previously because we understand the importance of retirement savings. At the time, we greatly appreciated that the program required employees to opt-in as it reduced the burden on businesses, and we felt it was a win-win.

However, we would like to note that the proposed change to the program where employees have to opt-out may present the following challenges for small businesses. Implementing and managing such programs incurs ongoing costs for businesses, which can be particularly challenging for those with high turnover rates, such as in customer service roles. Additionally, the rising costs of employee healthcare benefits, products, goods, services, and shipping continue to have a substantial impact on our operations. Moreover, many businesses are still struggling to recover from the Maui fires, from those directly impacted to those still hurting due to low visitor counts. Even a small change like this could force more businesses to close their doors, as they may no longer be able to afford to operate in Hawai'i, leading to job losses for our friends, family, and neighbors.

Further, we believe the Hawai'i Retirement Savings Program (as it currently stands as an opt-in program) should be given time to see how it works first before changes are introduced that would businesses. We would be happy to help distribute promotional electronic materials on the existing program to share the benefits with businesses.

As an organization who directly represents businesses and hears of their struggles and what is helpful and hurtful to them every day, we cannot support this proposed change.

Mahalo for the opportunity to offer **OPPOSITION on SB855 SD1 HD1**.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

SB-855-HD-1

Submitted on: 3/29/2025 7:31:08 AM

Testimony for FIN on 4/1/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Katherine Buckovetz	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Yamashita and Committee Members,

As Kailua Kona Kupuna, I painfully understand the need to assist private sector workers in saving for retirement. I strongly support SB 855, SD 1, HD 1. This bill provides a simple method private sector employees can use with an opt out provision to magnify retirement benefits in later years. Costs continue to increase in our lifetime whether utilities, food, rent, clothing, transportation, medicine, etc. Social Security does not begin to cover these expenses. By having a lifelong savings plan to use, retirees and their families can pay for more needed expenses from medicine to utilities. It reduces stress on their families in paying for things the retirees need. Retirees worked most of their lives and paid taxes and such a small financial benefit this Bill provides is well deserved. Support our private sector workers well in to their retirement years. You will make a difference to them and their children.

Mahalo nui loa, Katherine Buckovetz

SB-855-HD-1

Submitted on: 3/29/2025 9:26:20 AM

Testimony for FIN on 4/1/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Angela Serota	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Yamashita and Members of the Committee:

My name is Angela Serota and I strongly support SB 855, SD1, HD1. As you know, it is never too early to start saving for retirement. This amendment will help Hawaii workers prepare for their futures and will help businesses offer workers a valuable benefit. This low cost, easy retirement savings program will help over 170,000 private sector workers set aside money through an automatic payroll deduction. Hawaii workers will have increased financial security and businesses will have a competitive advantage to hiring and retaining workers. The invested savings are portable and will help workers not only plan for their futures, but also ensure that they have the financial resources to cover living expenses, healthcare, and any unexpected costs without relying on social security or family support. This is an important program now more than ever.

Hawaii workers and businesses need this. Please pass this amendment.

Mahalo nui loa for hearing my testimony.

Angela Serota from Kilauea, Kauai

SB-855-HD-1

Submitted on: 3/29/2025 11:42:15 AM

Testimony for FIN on 4/1/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
dolores foley	Individual	Support	Written Testimony Only

Comments:

My name is Dolores Foley and I am in STRONG SUPPORT of SB 855, SD1, HD1 which amends/aligns provisions of the Hawai'i Retirement Savings Program, the state-facilitated payroll deduction retirement savings program for Hawaii's private sector employees, and appropriate funds for the program implementation.

The Hawai'i Retirement Savings Program (Act 296 -SLH 2022) creates a low-cost, easy retirement savings program that will help about 173,000 private sector workers set aside money through an automatic payroll deduction from their paycheck.

Dolores Foley

Kailua Oahu

Saving for future retirement is crucial for several reasons:

Financial Security- Having a retirement fund ensures you have the financial resources to cover your living expenses, healthcare, and any unexpected costs without relying solely on social security or family support..

Inflation- Over time, the cost of living tends to increase due to inflation. Saving and investing wisely can help your money grow and keep up with or outpace inflation, ensuring your purchasing power remains strong.

Life is unpredictable, and having a financial cushion can help you navigate unforeseen circumstances, such as economic downturns or personal emergencies, without jeopardizing your retirement plans.

Helps businesses who can now offer workers a valuable benefit that helps them stay competitive and retain their dedicated workforce without incurring extra cost on their operations.

Hawaii's workers need an easy way to save for their future.

Mahalo for the opportunity

Dolorres Foley

HOUSE COMMITTEE ON FINANCE
Rep. Kyle T. Yamashita, Chair
Rep. Jenna Takenouchi, Vice Chair

NOTICE OF HEARING

DATE: Tuesday, April 1, 2025
TIME: 2:00 p.m.

RE: SB 855 SD1 HD1 RELATING TO HAWAII RETIREMENT SAVINGS ACT.

Aloha Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee: My name is Linda Dorset, and I am in STRONG SUPPORT of SB855 SD1 HD1. prposing to amend and align the provisions of the Hawaii Retirement Savings program, the state-facilitated payroll deduction retirement savings program for Hawaii's private sector employees. The Hawai'i Retirement Savings Program (Act 296 -SLH 2022) creates a low-cost, easy retirement savings program that will help about 174,000+ private sector workers set aside money out of their regular paycheck, but only if they take advantage of it. I believe people are more likely to stay in the program if they have to take steps to opt out rather than take steps to opt in. My personal experience is that setting money aside once you have it in hand is very easy to put off but when it got taken out of my pay prior to receiving the check I found it easy to work around. I worry that my son doesn't take this truth seriously and will wind up with not enough money to live on, especially in this time of uncertainty about the future of Social Security. SB 855 SD1 would require automatic enrollment of private sector employees in the Hawaii Retirement Savings Program unless the employee opts out. This program which is currently in the planning and development phase benefits Hawai'i workers, small business owners and taxpayers, and it will cost small business owners nothing.

As a taxpayer, helping people save for their retirement will save the State money in the long run. Future retirees won't have to rely on public-assistance programs to make ends meet. I feel this is especially important in the light of the DOGE attack on Social Security. Mahalo for the opportunity to testify!

Linda Dorset
Wailuku, Maui

Testimony on Senate Bill No. 855, SD1, HD1
RELATING TO Hawaii Retirement Savings Program Act
Tuesday, April 1, 2:00 PM
Conference Room 308 & Videoconference
State Capitol
415 South Beretania Street

Aloha Chair Yamashita and Members of the Committee:

My name is Christina Enoka, and I am in **STRONG SUPPORT of SB 855, SD1, HD1 which amends/aligns provisions of the Hawai'i Retirement Savings Program, the state-facilitated payroll deduction retirement savings program for Hawaii's private sector employees, and appropriate funds for the program implementation.**

The Hawai'i Retirement Savings Program (Act 296 -SLH 2022) creates a low-cost, easy retirement savings program that will help about 173,000 private sector workers set aside money through an automatic payroll deduction from their paycheck.

I support this bill because it provides an excellent resource for more Hawai'i workers to save for the future and strengthen long-term financial health.

Life is unpredictable, and having a financial cushion can help you navigate unforeseen circumstances, such as economic downturns or personal emergencies, without jeopardizing your retirement plans.

Hawaii's workers need an easy way to save for their future and the Hawaii retirement Savings Program provides the tool to contribute and manage their financial health.

Mahalo for the opportunity to testify in support!

Christina Enoka
Mililani, Oahu, Hawaii

SB-855-HD-1

Submitted on: 3/30/2025 9:20:45 AM

Testimony for FIN on 4/1/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Dan Gardner	Individual	Support	Written Testimony Only

Comments:

Chair Yamashita and Members of the Finance Committee.

I and my wife Deborah are seeking your strong support for SB855 SD1, HD1 which addresses the successful introduction of the Hawaii Retirement Savings Program. This program was established by the Legislature in 2022 to provide an automatic payroll savings program for over 170,000 small business employees. Not only a tremendous program to help citizens establish a way to further save for our uncertain future, this program will also help businesses be more competitive and retain their employees without any added cost to their bottom line. We need to have this program up and running as soon a possible. Thank you for your support of SB855 SD1, HDI. Its passage will help secure the future of today's hardworking employees.

SB-855-HD-1

Submitted on: 3/30/2025 6:59:28 PM

Testimony for FIN on 4/1/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Sai Peng Tomchak	Individual	Support	Written Testimony Only

Comments:

Testimony on Senate Bill No. 855, SD1, HD1

RELATING TO Hawaii Retirement Savings Program Act

Aloha Chair Yamashita and Members of the Committee:

My name is Sai Peng Tomchak, and I strongly support Bill SB 855, SD1 which amends/aligns provisions of the Hawai'i Retirement Savings Program, the state-facilitated payroll deduction retirement savings program for Hawaii's private sector employees, and appropriate funds for the program implementation.

With uncertainties about social security benefits from the federal government in the future, it is very important for young workers to start building their savings for retirement. Many private businesses cannot afford to provide a 401K plan for their employees. A state-facilitated payroll deduction retirement savings program with an automatic enrollment provision will allow young workers to start saving for retirement in the early stage of their work life. This program will benefit both small business owners and their workers: employers are able to provide a valuable benefit with no costs on their part while employees can start their retirement savings right from the start of their employment.

This retirement savings program will be a life saving program for workers who work for small businesses and serves as a 'wake-up call' to educate Hawaii workers, especially young workers that social security benefits are definitely not going to be sufficient to support all of their living costs after they retire.

I respectfully ask you to vote for this bill. Thank you for giving me this opportunity to voice my support for this bill.

Sai Peng Tomchak

Maui resident

SB-855-HD-1

Submitted on: 3/30/2025 7:31:31 PM

Testimony for FIN on 4/1/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
BLYTH KOZUKI	Individual	Support	Written Testimony Only

Comments:

Testimony on Senate Bill No. 855, SD1, HD1

RELATING TO Hawai'i Retirement Savings Program Act

Tuesday, April 1, 2025 at 2:00 pm

Conference Room 308 & Videoconference

State Capitol

415 South Beretania Street

Aloha Chair Yamashita and Members of the Committee:

My name is Blyth Kozuki and I am in STRONG SUPPORT of SB 855, SD1, HD1.

It may seem odd that a Kupuna is pushing a bill on retirement savings since I am already into my retirement and enjoying it. The Hawai'i Saving Program was passed in 2022 to create a retirement plan for small businesses. SB 855, SD1, HD1 before this year's legislature is a bill to amend the Hawai'i Saving so employees of these businesses will automatically be enrolled into a retirement plan. This is a "best practice" approach at no cost to employers and will be familiar in paperwork already filed by employers for social security.

This Kupuna is very concerned about future generations so I am curious about them. When the opportunity arises, I ask them about their work and one of the questions I ask is, what type of retirement plans does their employer offer? I often will get blank looks or a laugh because they do not know, aren't thinking about it, do not seem to realize that they are responsible for their retirement or how to go about saving for it. They don't know about the advantage of compounding interest or that they will need as much savings as they can possibly muster because the future is unpredictable.

Social Security was designed to be one leg of three for future retirement. Possible shortfalls in Social Security Benefits are less than a decade away. The other two legs are supposed to be a worker's own savings and company retirement plans. Individual's savings are already lagging behind what's needed and if there are no retirement programs from businesses, our succeeding generations will have to rely on government resources to support them. I don't know if necessary resources will be able to keep up and provide a minimum standard of living.

I do not see a direct benefit to kupunas from this bill but kupunas are living the experience of retirement. So listen to your Kupunas. We understand the idea of "fixed income" that makes it hard to afford rising taxes, insurance premiums, house repairs, groceries costing more and increasing health issues with no raises, bonus and only small cost of living increases. I want better for the upcoming generations after me. I support this bill and urge everyone else to do so.

Mahalo for the opportunity to testify in support!

Blyth Kozuki - Kapahulu, Hawai'i

Email: blythkozuki@hotmail.com

SB-855-HD-1

Submitted on: 3/30/2025 9:54:36 PM

Testimony for FIN on 4/1/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Nai`a NEWLIGHT	Individual	Support	Written Testimony Only

Comments:

Testimony on Senate Bill No. 855, SD1, HD1

RELATING TO Hawaii Retirement Savings Program Act

Tuesday, April 1, 2025 at 2:00 pm

Conference Room 308 & Videoconference

State Capitol

415 South Beretania Street

Aloha Chair Yamashita and Members of the Committee:

My name is Nadine NEWLIGHT, and I am in **STRONG SUPPORT** of **SB 855, SD1, HD1** which amends/aligns provisions of the Hawai‘i Retirement Savings Program, the state-facilitated payroll deduction retirement savings program for Hawaii’s private sector employees, and appropriate funds for the program implementation.

SB-855-HD-1

Submitted on: 3/31/2025 8:05:10 AM

Testimony for FIN on 4/1/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Michael Hahn	Individual	Support	Written Testimony Only

Comments:

Testimony on Senate Bill No. 855, SD1, HD1

RELATING TO Hawai'i Retirement Savings Program Act

Tuesday, April 1, 2025 at 2:00 pm

Conference Room 308 & Videoconference

State Capitol, 415 South Beretania Street

Aloha Chair Yamashita and Members of the Committee:

My name is Michael Hahn and I am in **STRONG SUPPORT of SB 855, SD1, HD1**, which amends/aligns provisions of the Hawai'i Retirement Savings Program, the state-facilitated payroll deduction retirement savings program for Hawai'i's private sector employees, and appropriate funds for the program implementation.

Passing this amendment is not only considered "best practice" in helping individuals save for retirement but allows our state to collaborate with 14 other states that have already established a state sponsored retirement program. These 14 states all have an automatic enrollment component so unless we adopt an automatic enrollment, we are left to develop our retirement program on our own. Our state cannot take advantage of the resources and experience of the 14 other states.

Individuals often do not prioritize saving for their own retirement until they get closer to that milestone but by then they have lost out on time needed to grow savings and the compounding interest that maximizes their savings. Businesses who can now offer workers a valuable benefit that helps them stay competitive and retain their dedicated workforce without incurring extra cost on their operations.

Hawai'i's workers need an easy way to save for their future.

Mahalo for the opportunity to testify in support!

Michael Hahn, Pearl City, Hawai'i

SB-855-HD-1

Submitted on: 3/31/2025 9:15:30 AM

Testimony for FIN on 4/1/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Barbara J. Service	Individual	Support	Written Testimony Only

Comments:

Aloha!

Please pass SB855 HD1 SD1, regarding the Hawaii Retirement Savings Act. The bill clarifies the definition of "covered employee" and also provides for automatic enrollment in the program and then until (and if) the he/she could then opt-out. Most small businesses cannot afford to set up these programs on their own, so their employees are unable to take advantage of opportunities to save for their retirement. Advocates have been working on this concern for years. It needs to be moved along.

Mahalo for the opportunity to provide testimony.

Barbara J. Service. MSW

ChildWelfare Supervixor (ret.)

Passionate Kupuna advocate

The Hawaii State Legislature
House Committee on Finance
April 1, 2025

RE: S.B. 855, S.D.1, H.D. 1 Related to Retirement Savings – TESTIMONY IN SUPPORT

Dear Chair Yamashita and Members of the Committee

On behalf of the Ching Store in Kula, I am Gloria Lau, testifying in support of S.B. 855, SD1, HD1, the Hawaii Retirement Savings Program. This bill proposes to amend the current program from an 'opt-in' to an 'opt-out' structure, making participation automatic while allowing workers the flexibility to opt out at any time. This approach is considered best practice in the retirement savings program industry.

The Ching Store has been a part of the Upcountry community since 1939, operated by my mother, Florence Ching, with help from me and my family. We take pride in serving our community and visitors for decades. As a small family business owner, managing administrative tasks such as bookkeeping, supplies, inventory management, and store operations is challenging. While we manage to keep operating costs down, we cannot afford to offer a retirement savings plan to the family members who run the store. Setting up and managing such a plan is too expensive and complicated.

This is why I support a publicly facilitated retirement program that provides small businesses with an easy way to offer retirement savings plans to their employees. If employees can contribute to their retirement funds through payroll deductions and have their funds managed by a private, reputable financial service company, it would be greatly appreciated. Employers would also benefit, as they would not incur any costs or contributions and would have no fiduciary responsibilities over the funds. This program would help smaller employers compete with larger businesses that can offer similar benefits.

I strongly support S.B. 855, SD1 amending the Hawaii retirement savings for small businesses and their employees. Thank you for allowing me to testify in support.

Gloria (Ching) Lau, Manager
Ching Store
9212 Kula Hwy
Kula, HI 96790
Email: kula.gacl@gmail.com

MARCH 2025

SUPPORT FOR BILL: S.B. 855 – HAWAII RETIREMENT SAVINGS

Aloha Chair Yamashita and Members of the Committee:

My name is Lloyd Sodetani, President and sole owner of Maui Realty Co., Inc. a small business which has been in business for over sixty years. Prior to 1958, Maui Realty had over 75 employees and /or independent contractors in its real estate and insurance agencies. It was easily justifiable to have a company retirement then, however, by downsizing to one employee and 9 independent agents, it became a tremendous challenge to provide for retirement benefits to our dedicated staff.

The continued effort to provide benefits to our staff has become more and more difficult, as the threat of “reorganizing” Social Security, Medicare and Medicaid are likely to become a reality.

From the start of the Hawaii Retirement Savings Program, I have been a strong, avid supporter of this program, As time goes by, amendments should be implemented to ensure that it will support and benefit the members of our communities in a positive and productive manner.

Your continued support of this worthy program will greatly be appreciated by small businesses and independent contractors.

Respectfully,

Lloyd K. Sodetani

Principal Broker and President

The House Committee on Finance

Date: April 1, 2025,

Attention: The Honorable Kyle Yamashita

RE: S.B. 855, SD1,HD1 Related to Retirement Savings – TESTIMONY IN SUPPORT

Dear Chair Yamashita and Members of the Committee

My name is Waynette Gaylord and I am the President and Owner of four care homes on Oahu. As a small business owner with 12 employees, we pride ourselves is providing quality services to our customers. My employees are hard working and I want to help my employees by being a good employer and offer benefits that reward their hard work and loyalty. Being able to offer a retirement savings plan would be one of those benefits. I want them to save for retirement.

As a small business owner that it's not easy to help workers save. I cannot afford to offer them a payroll savings plan, even though I know they are 15 times more likely to save if the money comes out of their paychecks. Not only is it expensive and complicated to hire a financial advisor, possibly a lawyer and then pay fees to set up payroll savings, but it's also time-consuming. And I don't have time to set up a program and manage it. I'm too busy running my business.

I support having a public-facilitated retirement program that will help small businesses an easier way to offer a retirement savings program to my employees. If I can add it to my payroll system at little or no cost and have my employees' funds managed by a private, reputable financial service company selected by the state, similar to the way the state runs college 529 savings plans, I would enthusiastically participate. It would help me keep my employees happy and compete against larger businesses that can offer similar benefits.

One of the reasons I'm passionate about supporting this program is because as a woman business owner I know women are much more likely to retire into poverty and this program will help women save. On average women live longer so their retirement savings needs to go further. They also make less money, which means lower savings and lower Social Security benefits. So it's critical that women have access to payroll savings and a retirement account that is their own that can travel with them no matter where their life takes them. Many of my workers are younger women and they will benefit most from starting retirement savings early.

I strongly support S.B. 855 SD1 HD1 which amends the Hawaii retirement savings for small businesses and their employees. This will make it easier for my employees to participate. Thank you for allowing me to testify in support.

Waynette Gaylord, President/Owner

Gaylord's I, II, III and IV

1723 Malanai Street, Hon 96826 -- 808.227.7173

wannetteg@aol.com

Goya's Garage
287 Mokauea St. C
Honolulu, HI 96819

The State Legislature
House Committee on Finance
RE: Support for S.B. 855 SD1, HD1 – Related to Hawaii Retirement Savings

Dear Chair Yamashita and Members of the Committee

My name is Lance Goya, owner of Goya's Garage. We are a small auto repair shop in Kalihi. Established in 1998, I have always valued my loyal employees who have worked for me over the years. I was fortunate to offer them a retirement savings program – a benefit which helps me retain good workers and helps my young workers save for their future. While I was able to offer a retirement saving plan for my business, I know others cannot because of the cost and time to set one up. I believe having the State sponsored retirement savings program for these small businesses and workers is a great idea, and fully support it especially if there is no cost to the employers to participate and enroll their workers. It is like a hui for small businesses like mine.

I know firsthand how hard it is for people to make a living and putting money away for retirement seems secondary when families need to pay rent or mortgage and put food on the table. However, they eventually appreciate having their savings accumulate over the years when contributions are automatically deducted from their paychecks. We know the saying: "Out of sight, out of mind." People adjust living within their net income and can look forward to retiring more securely when they are ready. Depending on social security alone is not enough especially in Hawaii and will need additional resources to live comfortably.

Please pass S.B. 855 SD1 HD1 which will amend the program to an automatic enrollment with opt-out option. I know this is the best practice and makes it easier for employees to participate and start saving. This program helps Hawaii's businesses and workers.

Sincerely,

Lance Goya, Owner
goyasvc@gmail.com

Hawaii State Legislature

House Finance Committee – March 2025

RE: S.B. 855, SD1, HD1 – Support for Hawaii Retirement Savings Program

Dear Chair Yamashita and Finance Committee Members:

My name is Grant Chun, and I am submitting this testimony in strong support of H.B. 847, the Hawaii Retirement Savings Program, enacted in 2022. This program aims to provide over 170,000 employees in Hawaii, who work for businesses without a retirement savings plan, the opportunity to save for retirement. Social Security alone is often insufficient for most to live on in retirement, making this program essential.

S.B. 855 proposes to amend the current program from an ‘opt-in’ to an ‘opt-out’ structure, making participation the default while allowing workers the flexibility to opt out at any time. This best practice is already prevalent in 13 other auto-IRA programs in the U.S., except for Hawaii, which remains ‘opt-in’.

The program benefits both employees and employers, particularly small business owners, who do not have to bear the cost or administrative burden of setting up retirement plans.

The Hawaii program requires no employer contributions or fees, and employers are not fiduciaries of the program. Employers simply need to add a payroll deduction line item, similar to tax withholding. When an employee leaves, the employer stops the payroll deposit, and the employee’s account, which is portable, moves with them, even out of state.

There is concern that this program might burden employers, but it actually helps small businesses stay competitive with larger employers offering more robust benefits. From a broader policy perspective, failing to support workers in saving for retirement could create a future crisis for the state and its taxpayers.

Thank you for considering this important initiative. I appreciate the opportunity to testify in support of S.B. 855, SD 1, HD 1.

Grant Chun

53 Laukona St Unit 2303

Wailuku, Maui

Email: grantchun4@gmail.com

The House Committee on Finance

April 1, 2025

Attention: The Honorable Kyle Yamashita, Chair

RE: S.B. 855 SD1, HD1 Related to Hawaii Retirement Savings – TESTIMONY IN SUPPORT

Dear Chair Yamashita and Members of the Committee

The Alliance of Residential Care Administrators **stands in strong support of S.B. 855. S.D.1., H.D.1 relating to Hawaii Retirement Savings which amends the program to an automatic participation with an opt-out option.** Our group represent 220 licensed adult residential care homes (ARCH), who operate and provide 24-hour care to over 1130 kupuna throughout the state. While there are 47 licensed nursing homes in Hawaii, there are 433 ARCH and 1,229 foster family care homes who are caring for more than twice the number of nursing home residents. Collectively, the care home industry is the backbone of the state's long term care system.

As small business owners, it is not easy to operate a 24-hour operation and we are grateful to our dedicated health care workers who provide the daily personal care to our frail and dependent residents. The work is hard and backbreaking, but our staff perform their jobs with a lot of love and aloha for our kupuna. While most care home providers/owners would like to offer our employees with a 401K or similar retirements savings plan as an employment benefit, it is often too expensive, time consuming and complicated for us to set up.

This is why we supported the Hawaii Retirement Savings program when initially enacted in 2022 and continue to support the program with amendments and funding as requested in H.B.847 HD1. This amended program will offer workers access to a retirement savings program that they can automatically contribute from their paycheck **at no extra cost** to the employers. Similar to the retirement savings program in Oregon, California and Illinois, the employees' funds will be managed by a private, reputable financial service company selected by the state. We would enthusiastically participate in this program since this would help our employees save for their retirement, and help us compete against larger businesses that can offer similar benefits. Ultimately, we see this program benefitting the entire state as the younger workforce build their own financial security and not retire into poverty.

Thank you for the opportunity to support S.B.855 S.D. 1, H.D.1.

Waynette Gaylord, President/Owner

wannetteg@aol.com

Alliance of Residential Care Administrators

April 1, 2025

TO: Representative Kyle Yamashita, Chair
and Members of the Committee

FROM: Carl Takamura

RE: SB 855, Relating to Hawaii Retirement Savings Program Act

I am strongly in support of SB 855, SD1, HD1 which makes necessary amendments to the Hawaii Retirement Savings Program, and appropriates funds for the program implementation.

Studies have shown that 75% of Americans nearing retirement have less than \$30,000 in savings which means that when they retire, they will need assistance for food, housing, and medical care. Enabling more people to save for their retirement through automatic payroll deductions is a no-brainer and has been proven to work in other states, such as Oregon. More significantly, studies show that workers are 15 times more likely to save for their future if they can save through payroll deduction at work.

SB 855, SD1, HD1 makes needed changes to this established program and provides the funding for its implementation.

Thank you and I urge you to pass this important measure.

Carl Takamura

The Hawaii State Legislature
House Committee on Finance

Subject: Support for SB 855, S.D.1, H.D.1 – The Hawaii Retirement Savings Program

Aloha Chair Yamashita, Vice Chair Takenouchi and members of the Committee on Finance:

My name is Carol Wakayama, and I wish to submit testimony in STRONG SUPPORT of S.B.855 SD1.

The Hawaii Retirement Savings Program (Act 296-SLH 2022) created a low cost retirement savings program that could help private sector employees, working in smaller companies, set aside monies - from their paychecks - for their future retirement.

Saving for retirement is very crucial not only the employee, but, also for the community-at-large. If more individuals are unable to afford retirement - this will increase the need for public assistance and will place a huge burden on the tax paying community.

Currently, the Hawaii Retirement Savings Program does not have an “auto enroll” feature. S.B.855 SD 1 would help to change this, meaning a participant would not need to ‘choose to enroll’ as they would become automatic participants and can “opt-out” if they choose otherwise. This change would make the initial enrollment easier/smoothed and could encourage more program participation. The “auto enroll” feature will make Hawaii’s program similar to other States that already have these retirement programs in place.

For reasons mentioned above, I humbly request that S.B.855 SD1, HD1 be considered for passage. Thank you.

Carol Wakayama
1011 Prospect Street
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House Committee on Finance
Representative Kyle Yamashita, Chair
RE: Support for SB 855, SD1, HD1

Dear Chair Yamashita and Committee Members.

My name is Joanna Amberger. I'm a CERTIFIED FINANCIAL PLANNER™, attorney and owner of 3 Financial Group LLC, a local small business. I'm writing to request your support of SB 855 SD1 relating to the Hawaii Retirement Savings Program. This legislation amends the Hawaii Retirement Savings program enacted in 2022, which will help small business and workers in the private sector save for retirement through payroll deduction and help the state facilitate the establishment of an "Auto-IRA" retirement savings program. With the high cost of living in Hawaii, it is often hard for people in the low and middle income brackets to save for the future.

Hawaii is a state of small businesses and government workers. While the government workers have many opportunities to save and invest, the private sector small business employees do not. Because of this, there is a deep disparity among Hawaii's workers, which threatens the future of individuals and our communities. Hawaii's private sector workers need more opportunities and incentive to save. The Hawaii Retirement Savings Program could help.

In looking at the "Oregon Saves," model, I note that the average income of those who have participated is less than \$30,000 a year. This income group is underserved by the financial industry and would be most helped by this legislation. S.B. 855 is needed to amend the current program from an 'opt-in' to an 'opt-out' structure, making participation automatic while allowing workers the flexibility to opt out at any time.

An opt-out retirement savings program significantly increases participation rates compared to opt-in models, ensuring more workers build financial security for the future. Many employees, especially those in underserved communities, may not take the extra step to enroll due to inertia or lack of familiarity with retirement planning. By automatically enrolling workers while preserving their ability to opt out, the program removes barriers to saving while respecting individual choice. Research has consistently shown that opt-out programs lead to higher retirement savings, helping more people achieve long-term financial stability.



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I can attest that this approach is considered best practice in the retirement savings program industry. I wholeheartedly support this avenue of helping Hawaii's private sector workers achieve financial security in retirement. Further, I note that if this group starts to invest, they will become eligible for the IRS's "Savers Credit," a special tax credit designed specifically for low and moderate-income taxpayers to help encourage saving more for retirement. I respectfully urge you to support Hawaii Saves.

Sincerely,



Joanna Amberger MBA, JD
CERTIFIED FINANCIAL PLANNER™
3 Financial Group, LLC

Testimony on Senate Bill No. 855, SD1, HD1
RELATING TO Hawaii Retirement Savings Program Act
Tuesday, April 1, 2025 at 2:00 pm
Conference Room 308 & Videoconference
State Capitol
415 South Beretania Street

Aloha Chair Yamashita and Members of the Committee:

My name is Beverly Gotelli and I'm in **STRONG SUPPORT of SB 855, SD1, HD1 which amends/aligns provisions of the Hawai'i Retirement Savings Program, the state-facilitated payroll deduction retirement savings program for Hawaii's private sector employees, and appropriate funds for the program implementation.**

The Hawai'i Retirement Savings Program (Act 296 -SLH 2022) creates a low-cost, easy retirement savings program that will help about 173,000 private sector workers set aside money through an automatic payroll deduction from their paycheck.

As a public sector retiree, I know how important it is to have a retirement fund. Yes, I contributed to the fund while employed. Can you imagine what B it would be like today if I didn't. Would I have enough saved to live on as I'm used to.

Many retirees in the private sector are not prepared for retirement. This legislation will help many workers put aside funds through an automatic payroll deduction. As Legislators you know how convenient it is to have payroll deduction for savings, paying bills etc. Bottom line if we can help the future generation to save for their retirement the better ahead, they will be. Like the saying goes, "out of sight out of mind." this is payroll deduction.

Thank you for the opportunity to testify in support of SB 855 SD1, HD1.