



STATE OF HAWAII  
KA MOKU'ĀINA O HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS  
KA 'OIHANA PONO LIMAHANA

February 2, 2024

To: The Honorable, Henry J.C. Aquino, Chair,  
The Honorable Sharon Y. Moriwaki, Vice Chair, and  
Members of the House Committee on Labor & Technology

Date: Friday, February 2, 2024  
Time: 3:10 p.m.  
Place: Conference Room 224, State Capitol

From: Jade T. Butay, Director  
Department of Labor and Industrial Relations (DLIR)

**Re: S.B. 2553 RELATING TO HAWAII RETIREMENT SAVINGS ACT**

**I. OVERVIEW OF PROPOSED LEGISLATION**

The **DLIR strongly supports** this proposal to require employers to automatically enroll employees in the Hawaii Retirement Savings Program and allow employees to opt-out instead of opt-in to the program. The measure also makes a housekeeping amendment to the definition of “covered employer” which aligns with the purpose of the original Act to provide a state-facilitated payroll deduction retirement savings program for private sector employees who do not have access to employer sponsored retirement plans. The measure also makes housekeeping, conforming amendments to align other parts of the statute with the proposed amendments.

**II. CURRENT LAW**

§389-2 definition of “covered employer” does not include a person that has been maintaining for all employees during the preceding two years a tax-qualified retirement plan.

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

**III. COMMENTS ON THE SENATE BILL**

The DLIR 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 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 Hawaii's law with most of the other states' automatic enrollment provisions facilitates the potential for Hawaii to engage in an interstate compact agreement that will also aid in the viability of the Hawaii Retirement Savings Program.



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**The State Legislature**  
**The Senate Committee on Labor and Technology**  
**Friday, February 2, 2024**  
**Room 224, 3:00 p.m.**

To: Senator Henry Aquino, Chair  
From: Keali'i Lopez, State Director, AARP Hawaii  
Re: Strong Support for S.B. 2553 - Relating to Hawaii Retirement Savings Act

Dear Chair Aquino, Vice Chair Moriwaki and Members of the Committee,

My name is Keali'i Lopez, and I am the State Director for AARP Hawai'i. AARP is a nonpartisan, social mission organization that advocates for individuals age 50 and older. We have a membership of nearly 38 million nationwide and over 140,000 in Hawai'i. We advocate for the issues that matter to Hawai'i families including financial security, access to affordable, quality health care for all generations; and serves as a reliable information source on issues critical to people over the age of fifty.

AARP Hawai'i **strongly supports S.B. 2553** which 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.

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 through an automatic payroll deduction from their paycheck. Through Act 296, a board has been established to develop and oversee this state-facilitated automatic IRA program which includes hiring an administrator and support staff to start the program up over the next two years. The program would be a public-private partnership, like the college 529 savings program.

S.B. 2553 clarifies the definition of "covered employer" under the Hawai'i Retirement Savings Act and adds automatic enrollment of private sector employees into the program unless the employee opts out. These are necessary amendments and alignment of administrative provisions that will help facilitate successful implementation and program roll-out. To date, there are 19 states that have enacted a retirement savings program for private sector workers. Fifteen states (which include Hawaii) are automatic Individual Retirement Account (IRA) programs. All these states (except Hawaii) include the automatic enrollment provision where the employ can opt out in their retirement savings program. This provision has been extremely

helpful to savers and is easy for them to use. Hawai'i is the only state with a "voluntary opt-in" enrollment provision. In both the public and private sectors, automatic enrollment for workers into retirement accounts is considered a "Best Practice" in the retirement savings industry. The **opt-out feature** increases participation while remaining completely voluntary for workers. As of the December 2023, more than \$1 billion had been saved by 750,000 new savers -- generally \$50 and \$60 a paycheck. The number of savers and savings continues grow very steadily among the participating states.

With Hawaii's program still in an early development stage, it is critical now that the proposed amendments in S.B. 2553 are incorporated to align Hawai'i with the 14 other states and open the pathway for a future partnership with an existing program, should Hawai'i chooses to. (For example, partner with OregonSaves, or Colorado Secure Savings). This inter-state compact agreement will likely save Hawai'i time, money, and be easier to maintain over time.

Thank you for the opportunity to testify in **strong support** of S.B. 2553.



**Testimony to the Senate Committee on Labor and Technology  
Friday, February 2, 2024; 3:10 p.m.  
State Capitol, Conference Room 309  
Via Videoconference**

**RE: SENATE BILL NO. 2553 – RELATING TO HAWAII RETIREMENT SAVINGS ACT.**

Chair Aquino, Vice Chair Moriwaki, 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. 2553, 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.

The bill, as received by your Committee, would clarify the definition of “covered employer” under the Hawaii Retirement Savings Act, and require automatic enrollment of private sector employees in the Hawaii Retirement Savings Program unless the employee opts out.

A hallmark of the HPCA is our steadfast belief that the social determinants of health -- more than any other factor -- contributes to the overall wellbeing of our people. Person who experience homelessness, language barriers, and poverty are more likely to suffer persistent, chronic health issues and have shorter life expectations than those who do not. Seventy-three percent of the patients seen by FQHCs live below one hundred percent of the federal poverty limit.

**Testimony on Senate Bill No. 2553**  
**Friday, February 2, 2024; 3:10 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.

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@hawaiiipca.net](mailto:eabe@hawaiiipca.net).



**TESTIMONY OF TINA YAMAKI  
PRESIDENT  
RETAIL MERCHANTS OF HAWAII  
FEBRUARY 2, 2024  
SB 2553 RELATING TO HAWAII RETIREMENT SAVINGS ACT**

Good afternoon, Char Aquino and members of the Senate Committee on Labor & Technology. 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.

We understand the intent of this measure but have some concerns about SB 2553. This measure clarifies the definition of "covered employer" under the Hawaii Retirement Savings Act; and requires covered employers to automatically enroll covered employees into the Hawaii Retirement Savings Program unless the employee chooses to opt out.

Businesses like everyone want to see our kupuna enjoy retirement and not having to rely on public assistance programs. This Retirement Savings program already exists and is already helping to accomplish this with employees being able to opt into the program.

Our concern is the financial impact on especially our small locally owned businesses if they **MUST** automatically enroll every employee and then process them if they want to opt out of the program. **There is an ongoing cost to the businesses to implement and maintain this type of program.** Customer service jobs often see a high turnover in employees. If our accounting is inhouse we must pay the person more for the added responsibility. If a 3<sup>rd</sup> party is used, the contract price will increase to opt everyone in and then opt them out if they don't want to participate.

We are also concerned if businesses, especially smaller locally owned businesses, can afford this added cost to administer at this time. The recent Maui Fires have devastated many small businesses. This includes businesses who expanded their store to Lahaina but originally are from a neighboring island as well as the lack of customers coming to their stores as the visitors are not back to pre-fire levels on Maui. The recent increase in minimum wage in January along with higher cost of healthcare, shipping, and products to name a few has also had a devastating effect on businesses, especially small locally owned ones. Walk around any mall and you will see stores have quietly closed. **We don't want to see more small local retailers closing because they can't afford to do business in Hawaii.**

Mahalo for this opportunity to testify.



Testimony to the Senate Committee on Labor and Technology  
Friday, February 2, 2024  
3:10 p. m.  
State Capitol Conference Room 224 and via videoconference

Re: SB 2553 Relating to Hawaii Retirement Savings Act

Dear Chair Aquino, Vice Chair Moriwaki, and Honorable Members of the Senate Committee on Labor and Technology:

I am Gary Simon, a member of the board of the Hawai'i Family Caregiver Coalition, whose mission is to improve the quality of life of those who give and receive care by increasing community awareness of caregiver issues through continuing advocacy, education, and training. I am offering testimony on behalf of the Hawai'i Family Caregiver Coalition.

The Hawaii Family Caregiver Coalition strongly supports SB 2553, which clarifies the definition of "covered employer" under the Hawaii Retirement Savings Act and requires covered employers to automatically enroll covered employees into the Hawaii Retirement Savings Program unless the employee chooses to opt out.

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 a good practice based on good public policy (enabling the financial stability of our residents).

We urge you to support the Hawaii Retirement Savings Program and SB 2553, and we urge you to recommend its passage.

Mahalo for seriously considering the bill.

Very sincerely,

A handwritten signature in black ink that reads "Gary Simon".

Gary Simon



Email [gsimon@aarp.org](mailto:gsimon@aarp.org)



**SENATE COMMITTEE ON LABOR AND TECHNOLOGY**

**Hearing:**

Friday, February 2, 2024, 3:10 pm  
Conference Room 224 and Video Conference  
State Capitol  
415 South Beretania Street

**TESTIMONEY ON SENATE BILL 2553  
RELATING TO RETIREMENT SAVINGS**

**To:** Sen. Henry Aquino, Chair; Sen. Sharon Moriwaki, Vice Chair; and Members of the Committee

My name is Anna Filler and I am in strong support of **SB 2553**. The purpose of this bill is 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 Hawaii 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. This savings program will make it easier for Hawaii's workers save for their retirement. About half of all private sector workers- many who work for small businesses, do not have access to a retirement savings plan at their jobs, or have a simple IRA on their own. This program benefits Hawaii's workers, small business owners and taxpayers. 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. The Hawaii Retirement Savings program is a common-sense approach to help Hawaii's hard working people a real opportunity to save for the future.

The Hawaii program is currently in the planning and development phase led by the Department of Labor and the Hawaii Retirements Savings Board. H.B. 2197 would clarify the definition of "covered employer" under the Hawaii Retirement Savings Act, and require automatic enrollment of private sector employees in the Hawaii Retirement Savings Program unless the employee opts out. These are necessary amendments and alignment of administrative provisions that will help facilitate a successful implementation and program roll-out.

Mahalo for the opportunity to testify. I urge you to support **SB 2553**.

Anna Filler  
Sen. District 12, Waikiki, Ala Moana, Kaka'ako  
Email: afiller@twc.com

**SB-2553**

Submitted on: 2/1/2024 7:06:31 AM

Testimony for LBT on 2/2/2024 3:10:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Barbara Krieg	Individual	Support	Written Testimony Only

Comments:

Testimony on S.B. No. 2553

RELATING TO HAWAII RETIREMENT SAVINGS ACT

Friday, February 2, 2024 at 3:10 p.m.

Conference Room 224 & Video Conference

Aloha Chair Aquino, Vice Chair Moriwaki and Members of the Committee:

My name is Barbara Krieg. I submit this testimony in strong support of S.B. 2553, which presents important corrections to the Hawaii Retirement Savings Program statute. I am proud to serve on the Board of Trustees for the Hawaii Retirement Savings Program. However, my testimony today is presented in my individual capacity.

The Hawaii Retirement Savings Program has the potential to change the retirement lives of hundreds of thousands of Hawaii residents. For the first time, all working individuals will have access to a payroll-based retirement savings program.

However, for the program to succeed, we need to establish - without undue delay - a program that is cost-effective to administer. The best way to do this is to partner with an existing program in another state (or multiple states). This approach will allow Hawaii to take advantage of the economies of scale and also to establish an operational program up to a year or more sooner than if Hawaii has to set up a stand-alone program.

Under the current legislation, Hawaii is the only state with the so-called “opt in” provision. This unique approach makes it less likely that another program or contractor would be willing or able to partner with us. S.B. 2553 would instead conform the Hawaii program to all of the other states so the default would be for every eligible employee to be automatically enrolled in the program unless he or she chooses to “opt out”. This critical change aligns Hawaii with the other states and would permit us the opportunity to partner with other programs to expeditiously set up the program and operate it in the most cost-effective manner.

S.B. 2553’s change to an “opt out” program is consistent with the current best practices for payroll-based retirement savings programs. In recent years, more and more 401k and similar type programs have utilized automatic employee enrollments with the opportunity to easily opt out. Experience has shown that the auto enrollment results in significantly greater program participation so that more and more employees can eventually retire with financial stability.

Mahalo for your support of S.B. No. 2553 to amend the Hawaii Retirement Savings Program statute.

Barbara Krieg

Email: [barbkrieg808@gmail.com](mailto:barbkrieg808@gmail.com)

**SB-2553**

Submitted on: 2/1/2024 8:38:23 AM

Testimony for LBT on 2/2/2024 3:10:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Esther Ueda	Individual	Support	Written Testimony Only

Comments:

Honorable Chair Henry Aquino, Vice Chair Sharon Moriwaki and Committee Members

Thank you for this opportunity to provide testimony in support of SB2553 which amends the provisions of the Hawai'i Retirement Savings Program.

This program will help many private sector workers set aside money and save directly out of their paychecks.

As a former State employee who has had the benefits of the State Retirement Plan and the State sponsored Deferrerd Compensation Plan, I can attest to the fact that a strong savings plan is necessary for your retirement years.

Many workers are not saving enough for their "Golden Years." We have seen during the recent Pandemic how many families were ill-prepared and did not have sufficient savings. I believe that the provisions of this program will help more people develop a stronger savings program for themselves. The proposed "opt out" provision in this bill will give more people incentive to try out the program.

Please support SB 2553.

Thank you.

Esther Ueda, Pearl City

**SB-2553**

Submitted on: 1/31/2024 3:03:50 PM

Testimony for LBT on 2/2/2024 3:10:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Dan Gardner	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Henry Aquino, Vice Chair Sharon Moriwaki, and Members of the Committee,

My name is Dan Gardner and my wife and I are STRONG supporters of SB 2553 to amend and align the provisions of the Hawai'i Retirement Savings program. The HRS program is a win-win for Hawai'i's workers, small business owners and taxpayers. As more workers can now save at their places of work, future retirees will not have to rely on, or rely less on, public assistance programs. The HRS program is currently in planning and development led by DoL and the Hawai'i Retirement Savings Board. SB 2553 will clarify the definition of "covered employee" and will automatically enroll employees unless they opt out. These amendments and administrative adjustments are necessary and will promote a smooth program start up. Thank you.

Dan Gardner, Honolulu, daniel.dano.gardner@gmail.com

SENATE COMMITTEE ON LABOR AND TECHNOLOG  
Senator Henry J.C. Aquino, Chair  
Senator Sharon Y. Moriwaki, Vice Chair

HEARING

DATE: Friday, February 2, 2024

TIME: 3:10 PM

RE: SB 2553 RELATING TO HAWAII RETIREMENT SAVINGS  
ACT.

Aloha Chair Aquino, Vice Chair Moriwaki, and Members of the Committee:

My name is Linda Dorset, and I am in STRONG SUPPORT of SB2553. The purpose of this bill is 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. This program which is currently in the planning and development phase benefits Hawai'i 's workers, small business owners and taxpayers. 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

The proposed amendment would clarify the definition of "covered employer" under the Hawaii Retirement Savings Act, and require automatic enrollment of private sector employees in the Hawaii Retirement Savings Program unless the employee **opts out**. It is more likely that workers would stay in if enrolled than take the trouble to opt in. These are necessary amendments that will help facilitate a successful implementation and program roll-out.

Mahalo for the opportunity to testify!

Linda Dorset

Wailuku, Maui