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HAWAII RETIREMENT  
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Representative Andrew Garrett

**STATE OF HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS  
830 PUNCHBOWL STREET, ROOM 321  
HONOLULU, HAWAII 96813**

**HAWAII RETIREMENT SAVINGS  
BOARD**

January 29, 2025

To: The Honorable Henry J.C. Aquino, Chair,  
The Honorable Chris Lee, Vice Chair, and  
Members of the Senate Committee on Labor and Technology

Date: Wednesday, January 29, 2025  
Time: 3:00 p.m.  
Place: Conference Room 224, State Capitol

From: Brian Taniguchi, Member  
Hawaii Retirement Savings Board

**Re: S.B. 855, RELATING TO HAWAII RETIREMENT SAVINGS ACT**

**I. OVERVIEW OF PROPOSED LEGISLATION**

The **Hawai'i Retirements Savings Board (Board)** strongly supports this bill.

The purposes of this bill are to: clarify the definition of "covered employer" under the Hawai'i Retirement Savings Act; require covered employers to automatically enroll covered employees into the Hawai'i 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 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 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. Hawaii's current model is most similar to 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 survey<sup>1</sup> conducted by the Hawaii Retirement Savings Task Force identified that the majority of 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. This negative affect on our economy and the State's fiscal situation is forecast to significantly increase as Hawaii's population continues to age and a relatively low-growth workforce is required to support increased levels of social services for seniors without adequate savings. A 2020 University of Hawaii study<sup>2</sup> prepared for DBEDT estimated that this dynamic will produce a \$7.7 billion hole in Hawaii's economy by 2035.

The Board also notes that this bill appropriates funds to the Department of Labor and Industrial Relations for the development and operation of the Program in the amount of \$720,000 for FY 25-26, and so much thereof for FY 26-27. This funding will address startup costs of consultant contracts (\$75,000), marketing and communications (\$500,000), and legal, audit, and insurance (\$145,000). More specifically, 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, the Board is scheduled to meet on January 28, 2025, at which time it will discuss more thoroughly the repeal of the limit on the total fees and expenses that can be spent for the Program each year (section 5, page 9, line 21 to page 10, lines 1 through 5) and other issues regarding the bill. If any, we will be able to provide additional comments to the Committee on the day of the hearing.

Thank you for the opportunity to testify.

<sup>1</sup> [https://www.capitol.hawaii.gov/sessions/session2022/bills/DC188\\_.pdf](https://www.capitol.hawaii.gov/sessions/session2022/bills/DC188_.pdf)

<sup>2</sup> [https://files.hawaii.gov/dbedt/economic/reports/Hawaii\\_Generational\\_Economy\\_Oct2020.pdf](https://files.hawaii.gov/dbedt/economic/reports/Hawaii_Generational_Economy_Oct2020.pdf)

**JOSH GREEN, M.D.**  
GOVERNOR OF HAWAI'I  
KE KIA'ĀINA O KA MOKU'ĀINA 'O HAWAI'I

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



**STATE OF HAWAI'I  
DEPARTMENT OF HEALTH  
KA 'OIHANA OLAKINO  
EXECUTIVE OFFICE ON AGING**  
NO. 1 CAPITOL DISTRICT  
250 SOUTH HOTEL STREET, SUITE 406  
HONOLULU, HAWAI'I 96813-2831

**CAROLINE CADIRAO**  
DIRECTOR  
Executive Office on Aging

Telephone  
(808) 586-0100

Fax  
(808) 586-0185

**Testimony in SUPPORT of SB855  
RELATING TO HAWAI'I RETIREMENT SAVINGS ACT**

COMMITTEE ON LABOR & TECHNOLOGY  
SENATOR HENRY J.C. AQUINO, CHAIR  
SENATOR CHRIS LEE, VICE CHAIR

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

Hearing: Wednesday, January 29, 2025 at 3:00 P.M., Conference Room 309

- 1 **EOA Position:** The Executive Office on Aging (EOA), an attached agency to the Department of Health
- 2 (DOH) supports the intent of SB855.
- 3 **Fiscal Implications:** Appropriates fund to Department of Labor and Industrial Relations (DLIR).
- 4 **Purpose and Justification:** The Hawai'i Retirement Savings Program (Act 296) creates a low-cost
- 5 retirement savings program that will help about 173,000 private sector workers save money for
- 6 retirement through an automatic payroll deduction. SB855 clarifies the definition of "covered
- 7 employer" under this Act; amends and aligns provisions of the Hawai'i Retirement Savings Program to
- 8 require automatic enrollment unless the employee chooses to opt out; repeals the total amount of
- 9 fees and expenses that can be spent annually; and appropriate funds for the program's development
- 10 and operations.
- 11 **Recommendation:** EOA supports the intent of SB855 and defers to the DLIR for implementation.
- 12 Thank you for the opportunity to testify.



1001 Bishop Street | Suite 625 | Honolulu, HI 96813-2830  
1-866-295-7282 | Fax: 808-536-2882  
[aarp.org/hi](http://aarp.org/hi) | [aarphi@aarp.org](mailto:aarphi@aarp.org) | [twitter.com/AARPHawaii](https://twitter.com/AARPHawaii)  
[facebook.com/AARPHawaii](https://facebook.com/AARPHawaii)

**The State Legislature**  
**The Senate Committee on Labor and Technology**  
**Wednesday, January 29, 2025**  
**Room 224, 3:00 p.m.**

To: The Honorable Henry Aquino  
From: Keali'i Lopez, State Director, AARP Hawaii  
Re: Strong Support for S.B. 855 - Relating to Hawaii Retirement Savings Act

Aloha Chair Aquino 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 135,000 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. 855** which amends provisions of the Hawai'i Retirement Savings Program, the state-facilitated payroll deduction retirement savings program for Hawaii's private sector employees. The measure also requests \$720,000 for the program's implementation and operations.

AARP respectfully requests a minor amendment on Page 9, line 16 which will allow the program administrators the flexibility to add an option for participants to contribute to a traditional IRA in addition to, or in lieu of a Roth IRA automatically. Please delete "to affirmatively elect" in line 16.

**Amendment:** The Board may add an option for all participants ~~to affirmatively elect~~ to contribute to a traditional IRA in addition to...

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. Through Act 296, a board has been established to develop and oversee this state-facilitated automatic IRA program which includes the hiring of an executive director 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. 855 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 employee can opt out of the 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 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 10 states in operations such as California, Oregon, Illinois, Colorado, Connecticut, Maryland, Virginia, Maine , and Washington. 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. 855 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.

An appropriation is requested to provide the Executive Director and Board the necessary resources to launch the Hawaii Retirement Savings Program. AARP defers to the Hawaii Retirement Savings Board and Executive Director regarding the appropriate funding required.

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



**TESTIMONY OF TINA YAMAKI  
PRESIDENT  
RETAIL MERCHANTS OF HAWAII  
JANUARY 29, 2025  
SB 855 RELATING TO HAWAII RETIREMENT SAVINGS ACT**

Good afternoon, Chair Aquino and members of the Senate Committee on Labor and 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.

While we understand the intent of this measure, we have some concerns about SB 855 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 chooses to opt 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.

**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.**

**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.

**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 and the lack of customers – especially since the Asian visitors have not returned. The rising cost for employee health care benefits, products and goods, services, and shipping continue to have a substantial effect on our operations. 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.

Mahalo for this opportunity to testify.



3610 Waiālae Ave • Honolulu, HI 96816



(808) 592-4200



tyamaki@rmhawaii.org

# TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

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

BILL NUMBER: SB 855, HB 847

INTRODUCED BY: SB by AQUINO, CHANG, FEVELLA, KIDANI, KIM, MORIWAKI, Richards, Wakai; HB by SAYAMA, CHUN, GARRETT, GRANDINETTI, ICHIYAMA, KEOHOKAPU-LEE LOY, KILA, KUSCH, LAMOSAO, LEE, M., LOWEN, MARTEN, MATAYOSHI, MIYAKE, OLDS, QUINLAN, TAKAYAMA, TAM, TODD

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 \$720,000 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.

EFFECTIVE DATE: July 1, 2025.

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

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: 1/26/2025



Testimony to the Senate Committee on Labor and Technology  
Wednesday, January 29, 2025  
3:00 p.m.  
State Capitol Conference Room 224 and via videoconference

Re: SB 855 Relating to Hawaii Retirement Savings Act

Dear Chair Aquino, Vice Chair Lee, 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 Hawai'i Family Caregiver Coalition supports SB 855**, which 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 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, 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 [garysimon@hawaii.rr.com](mailto:garysimon@hawaii.rr.com)



**Testimony to the Senate Committee on Labor and Technology  
Wednesday, January 29, 2025; 3:00 p.m.  
State Capitol, Conference Room 224  
Via Videoconference**

**RE: SENATE BILL NO. 0855, REALTING TO THE HAWAII RETIREMENT SAVINGS ACT.**

Chair Aquino, Vice Chair Lee, 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, 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 clarify the Hawaii Retirement Savings Program to automatically enroll private sector employees in Hawaii who do not have access to employer-sponsored retirement plans.

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. 0855**

**Wednesday, January 29, 2025; 3:00 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@hawaiiipca.net](mailto:eabe@hawaiiipca.net).

**SB-855**

Submitted on: 1/27/2025 12:38:53 PM

Testimony for LBT on 1/29/2025 3:00:00 PM

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

Comments:

Aloha Chair Aquino and Members of the Committee:

My name is Merle Minami-Shima and in STRONG SUPPORT OF SB855 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-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.

Throughout my working career, I was told that a retirement plan should be like a three legged stool which includes a pension or defined benefit plan, social security benefits, and retirement savings like a 401K plan. I was fortunate that my employer had a pension plan for its employees. However, most companies today do not provide pension plans.

Given this, it is critical that employees have access to a work place opt-out retirement savings plan. Social Security benefits alone will not be enough to fully cover living expenses. Unless a retiree has retirement savings, s/he may have no choice but to return to the workforce or rely on family members to meet their needs. Also, as retirees age it is highly likely that their health care expenses will increase that coupled with inflation over time will put added pressure on their already limited budget. As such, it is imperative that retirement savings plans be offered to all private sector employees which will make it easy for them to save for their future.

Mahalo for your consideration.

**SB-855**

Submitted on: 1/28/2025 11:37:40 AM

Testimony for LBT on 1/29/2025 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Annette Kim	Testifying for AARP	Support	Written Testimony Only

Comments:

**Testimony on Senate Bill No. 855****RELATING TO Hawai'i Retirement Savings Program Act****Wednesday, January 29, 2025 at 3:00 pm****Conference Room 224 & Videoconference****State Capitol****415 South Beretania Street**

Aloha Chair Aquino and Members of the Committee,

My name is Annette Kim, and I stand in strong support of *SB 855*, which would refine and fund the Hawai'i Retirement Savings Program—an automatic payroll deduction retirement savings plan that can greatly benefit many of our state's private sector employees.

Growing up in a Korean-Japanese family that values caring for our elders, I've witnessed how deeply financial preparedness shapes the quality of life in one's later years. When my mother and I provided care for my aging grandparent, a secure retirement fund could ease daily worries—like rising medical costs or the need for constant assistance. Not everyone has the luxury of relying on family alone, especially when juggling full-time jobs and other responsibilities. This bill will help workers invest in themselves, so they can live with dignity and reduce the financial stress that often comes with aging. My grandparent lived until his mid-90s, which meant that our stresses lasted many years.

**Why I Support This Bill:**

1. **Long-Term Financial Security:** An early and consistent approach to saving can shield retirees from having to choose between vital expenses, such as medications, and everyday necessities. It prepares people to think about their future.
2. **Protection Against Inflation:** Over time, the cost of living will continue to rise. When workers contribute regularly to a retirement plan, they have a better chance of seeing their savings grow in tandem with—or outpace—inflation.
3. **Addressing Life's Uncertainties:** From sudden economic downturns to personal emergencies, having a dedicated financial cushion can make the difference between stability and crisis. It will be automatic instead of opt in which would help start preparing people for this time in their lives. Most people are not aware of this kind of strategic planning.

Beyond these reasons, my personal experience has shown me that a robust retirement plan not only provides peace of mind for the individual but also reduces the burden on family members who might otherwise feel compelled to step in. By establishing an accessible and straightforward system for employees to contribute to their own future, *SB 855* ensures that more people in Hawai‘i can approach their later years without fear of financial insecurity.

**Mahalo** for allowing me to share my testimony in support.



To: Senate Committee on Labor and Technology

Date: Wednesday, January 29, 2025

Re: SB 855 Relating to Hawaii Retirement Savings Act

Chair Senator Aquino and Members of the Committee:

My name is Esther Ueda, and I am writing in SUPPORT of SB 855, Relating to the Hawaii Retirement Savings Act.

The Bill provides for a provision for automatic enrollment unless the employee opts out and funds for the development and operations of the program.

As a long time State retiree, I understand the need to save for the future. The automatic enrollment system is a good way to get workers to save for that future. I understand that in other States with this type of program the “opt-out” option has been more successful in getting workers to continue in this type of savings program.

The funding for the development and operations of the program is another necessary part of implementing this program.

With all the increasing costs occurring everywhere, -- inflation, cost of housing and rising insurance costs etc., it is essential that each of us be responsible for saving for our own futures and not depend on government or other forms of assistance.

The passage of this bill will be a right step in this direction.

In summary, I support SB 855 that will help to ensure that more workers are saving for their own futures.

Thank you for your support of this important measure.

Sincerely,

Esther Ueda  
Pearl City, Hawaii

**SB-855**

Submitted on: 1/26/2025 4:50:00 PM

Testimony for LBT on 1/29/2025 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Missy Saiki	Individual	Support	Written Testimony Only

Comments:

I strongly support program amendments to SB855 - for automatic contributions from employee paychecks where employees may select the amount of their contribution per paycheck or opt-out.

Thank you.

Beverly Gotelli  
6286 Opaekaa Road  
Kapaa, HI 96746

SB 855

Wednesday, January 29, 2025

Conference Room 224 & Videoconference

Committee on Labor and Technology

Good morning, Chair Aquino, Vice Chair Lee and members of the Committee,  
My name is Beverly Gotelli and in **STRONG SUPPORT of SB 855 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.

The legislation before you is requesting an appropriation for funds for the program implementation and language to reflect an automatic opt -out option, Hawai'i is the only state with a voluntary opt-in. There are fourteen states that currently have an automatic opt-in option.

Upon my retirement I was not concerned about this type of program, why. I'm a retired State employee. My misconception that everyone has some type of retirement is wrong. Upon volunteering with senior organizations, I realized that in retirement nothing is the same. How naïve of me. I look at fellow retirees who worked in the private sector and did save some but not enough for today's rate of inflation. Payroll deduction is the easiest way to put aside for retirement.

I was taught save for me first, as you don't know what to expect tomorrow.

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.

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.

Thank you for the opportunity to testify.

**Testimony on Senate Bill No. 855**  
**RELATING TO Hawaii Retirement Savings Program Act**  
**Wednesday, January 29, 2025 at 3:00 pm**  
**Conference Room 224 & Videoconference**  
**State Capitol**  
**415 South Beretania Street**

Aloha Chair Aquino and Members of the Committee,

My name is Coby Chock, and I am in STRONG SUPPORT of SB 855, 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, and appropriates funds for the program's 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 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.
- **Unpredictability of Life:** 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.

Mahalo for the opportunity to testify in support!

Coby Chock

Kailua, HI

THE SENATE  
KA 'AHA KENEKOA

THE THIRTY-THIRD LEGISLATURE  
REGULAR SESSION OF 2025

COMMITTEE ON LABOR AND TECHNOLOGY

Senator Henry J.C. Aquino, Chair  
Senator Chris Lee, Vice Chair

NOTICE OF HEARING - Wednesday, January 29, 2025

S.B.855 - RELATING TO HAWAII RETIREMENT SAVINGS ACT

Good afternoon, Chair Aquino, Vice Chair Lee and members of the Committee on Labor and Technology. My name is Carol Wakayama and I wish to submit testimony in favor of S.B.855.

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 for 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 also places a huge burden on the community.

Currently, the Hawaii Retirement Savings Program does not have an “auto enroll” feature. S.B.855 would help to change this feature, meaning a participant would not need to choose to enroll as they would become automatic participants. This change would make the initial enrollment easier/smoothen and could encourage more program participation.

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

January 29, 2025

TO: Representative Henry Aquino, 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 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 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.

**SB-855**

Submitted on: 1/28/2025 6:40:37 AM

Testimony for LBT on 1/29/2025 3:00:00 PM

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

Comments:

Aloha Chair Aquino and Members of the Committee,

My name is Blyth Kozuki and I am in STRONG SUPPORT of SB 855 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) created a low-cost, easy retirement savings program to help about 173,000 private sector workers set aside money from their paycheck. However it had an "opt in" provision so that workers would need to know about the program and decide to participate.

I know when I first started working I wasn't thinking about retiring. But thank goodness automatic deductions made it easy and now as a retiree I know how valuable having a "no brainer" vehicle is to help save for retirement. I hear how hard it is for people to save especially in Hawaii but there will never be a perfect time to start saving for retirement. The best time is now so workers can take advantage of earning compound interest over the time it takes to grow their savings. And saving something is better than nothing in the future.

Additionally the Hawaii Retirement Saving Program needs funding to implement the program.. SB 855 requests \$720,000 to provide marketing outreach, financial education and operating costs. This will help the program be effective and successful.

Hawaii's workers need a vehicle to start saving for their retirement.. I hope this committee considers the above and mahalo for the opportunity to testify in support!

**SB-855**

Submitted on: 1/28/2025 8:38:06 AM

Testimony for LBT on 1/29/2025 3:00:00 PM

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

Comments:

Aloha Chair Aquino and Members of the Committee:

My name is Michael Hahn and I am in STRONG SUPPORT of SB 855 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.

I was fortunate to have worked for the US Military and in two Government jobs that each contributed to a retirement pension. I have three adult children, (and also three still-in-school grandchildren). And find myself worried about their future ability to have a retirement pension. And, that's for two reasons - first, they may not ever work for a company that accrues money on their behalf that will accumulate over their working careers. Second, they are young and only focused on the day-to-day challenges of life; they have little concern for their future financial welfare. Telling them that they 'should' be concerned because the future will be upon them before they know if' falls on deaf ears. Truthfully, I don't think I paid better attention to such things when I was their age, either. I really believe that automatic deductions to set aside money for their employees' future retirement security can only be beneficial to Hawaii's workforce.

Mahalo for the opportunity to testify in support!

Michael Hahn, Pearl City, Hawaii



**SB-855**

Submitted on: 1/28/2025 9:29:39 AM

Testimony for LBT on 1/29/2025 3:00:00 PM

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

## Comments:

Chair Aquino and Members of the Senate Labor and Technology Committee, I am seeking your strong support for SB855 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 supporting over 170,000 small business employees. SB855 will amend the program to automatically enroll workers with an opt out option. A best practice, the opt out option has proven to work well in all 14 other States that have a similar employee savings program. The opt out practice will improve overall enrollment while still remaining a voluntary program. I also believe the funding request for outreach, marketing, communications, and initial operating needs is logical and worthwhile. Thank you for your support of SB855 that will help secure the future of today's hardworking employees.

**LATE**

JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LIEUTENANT GOVERNOR



JADE T. BUTAY  
DIRECTOR

WILLIAM G. KUNSTMAN  
DEPUTY DIRECTOR

**STATE OF HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS  
830 PUNCHBOWL STREET, ROOM 321  
HONOLULU, HAWAII 96813**

**HAWAII RETIREMENT  
SAVINGS BOARD**

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Luis Salaveria

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Barbara Krieg  
Andrew Nomura  
Brian Taniguchi  
Karen Yasukawa  
Senator Henry J.C. Aquino  
Representative Andrew Garrett

**HAWAII RETIREMENT SAVINGS  
BOARD**

January 29, 2025

To: The Honorable Henry J.C. Aquino, Chair,  
The Honorable Chris Lee, Vice Chair, and  
Members of the Senate Committee on Labor and Technology

Date: Wednesday, January 29, 2025  
Time: 3:00 p.m.  
Place: Conference Room 224, State Capitol

From: Brian Taniguchi, Member  
Hawaii Retirement Savings Board

**Re: S.B. 855, RELATING TO HAWAII RETIREMENT SAVINGS ACT**

**I. OVERVIEW OF PROPOSED LEGISLATION**

The **Hawaii Retirement Savings Board (Board)** strongly supports 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 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 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. Hawaii's current model is most similar to 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 survey<sup>1</sup> conducted by the Hawaii Retirement Savings Task Force identified that the majority of 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. This negative affect on our economy and the State's fiscal situation is forecast to significantly increase as Hawaii's population continues to

age and a relatively low-growth workforce is required to support increased levels of social services for seniors without adequate savings. A 2020 University of Hawaii study<sup>2</sup> prepared for DBEDT estimated that this dynamic will produce a \$7.7 billion hole in Hawaii's economy by 2035.

The Board also notes that this bill appropriates funds to the Department of Labor and Industrial Relations for the development and operation of the Program in the amount of \$720,000 for FY 25-26, and so much thereof for FY 26-27. This funding will address startup costs of consultant contracts (\$75,000), marketing and communications (\$500,000), and legal, audit, and insurance (\$145,000). More specifically, 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, the Board is scheduled to meet on January 28, 2025, at which time it will discuss more thoroughly the repeal of the limit on the total fees and expenses that can be spent for the Program each year (section 5, page 9, line 21 to page 10, lines 1 through 5) and other issues regarding the bill. We will be able to provide additional comments to the Committee on the day of the hearing.

Thank you for the opportunity to testify.

**LATE**

**SB-855**

Submitted on: 1/28/2025 6:25:44 PM

Testimony for LBT on 1/29/2025 3:00:00 PM

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

Comments:

As a Kailua Kona Kupuna, I learned one cannot live on Social Security alone, especially with prices increasing over the years. Retirement savings starting at a young age would have been most beneficial, if it had been an option. This Bill provides a simple means for employees to save, or opt out, to provide stability in their latter years. It will also relieve their children of providing financial assistance when they are old and need help. Please pass this bill to help the families in Hawaii. Mahalo nui for allowing me to testify, Katherine Buckovetz.