Oregon Market Research Report

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Contents

Executive Summary

The goal of Oregon's Retirement Savings Plan (ORSP) is to improve the retirement security of workers who currently do not have access to a retirement savings plan at work. To achieve this long-term goal, the program must realize several outcomes in the short and medium term: 1) a large percentage of eligible workers must participate in the program and remain enrolled over time; 2) enrolled workers must contribute enough to meet a significant portion of their retirement income needs and to build up enough assets in ORSP to make the program financially feasible to operate; and 3) employers must be able to comply with program requirements without incurring significant costs. To help ORSP achieve these outcomes, this market analysis provides a detailed assessment of both the employee and employer market for ORSP. The employee market analysis examines the size and characteristics of uncovered workers in Oregon and provides an assessment of how uncovered workers will react to ORSP. The employer market analysis describes employers who will be affected by ORSP and investigates the costs that employers may face.

Employee Market Size and Segments

An estimated 1.05 million workers in Oregon currently do not have access to a retirement plan through their employment. These workers can be placed into three broad market segments: 1) 590,000 workers whose employer does not currently offer a plan to any workers; 2) 259,000 workers whose employer offers a plan for which they are ineligible; and 3) 201,000 workers who are self-employed (see Table 1). Under the current program description, the first two groups (employees) would be automatically enrolled in the ORSP by their employer[1], while the State has expressed an interest in allowing the self-employed to opt into the ORSP. Compared to workers who have access to a retirement plan, uncovered workers earn less, are more likely to work for a small firm, and work fewer hours. Uncovered workers are also likely to face greater financial pressure, be less familiar with financial products, and know less about investing than covered workers.

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[1] Currently, ORSP plans to extend coverage to workers who are ineligible for a plan only after the program has been up and running for several years. Workers whose employer does not offer a plan will be automatically enrolled when the program is initially rolled out.

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Table 1. *Uncovered Workers in Oregon by Reason for Lack of Coverage, 2014*

Reason for not having coverage	Number of workers	Share of total workforce
All Oregon workers	**1,745,835**	**100%**
Uncovered workers	*1,051,394*	*60*
Employer does not offer plan	590,581	34
Employer offers plan, not included	258,956	15
Self-employed without plan	201,857	12

Note: Weighted using the *Current Population Survey March Supplement* weights. Includes both private and public sector workers. All public sector workers are considered as working for an employer offering a plan in which they are not included.
Source: *Current Population Survey, March Supplement* 2015 (reflecting 2014 calendar year data).

Despite these shared characteristics among the uncovered population, the three types of uncovered workers differ in ways that might be important to consider when designing ORSP. Workers with employers that do not offer a plan are typically prime-aged men or women working at firms in the professional services (e.g., legal services, educational services, etc.), non-professional services (e.g., restaurants, hotels and lodging, etc.), or retail sectors. Men and women are roughly equally represented in this group, as are workers who are employed by firms with under 100 and over 100 employees. In contrast, workers ineligible for a plan are more likely to work for a firm with over 100 employees, more likely to be female, and more likely to work in professional services. Compared to employees without access to a plan, self-employed workers are older, have received more education, and are more commonly working in the non-professional services, construction, or raw materials sectors.

Even within these broad market segments, considerable variance exists among the type of workers who would be affected by ORSP. Understanding these differences is important for anticipating employer challenges in administering the program and employees' likely reactions to the program, as well as the best way to target program communications. The variations among uncovered workers are especially important for those most likely to be affected by the program immediately – specifically, workers whose employer does not offer a plan and who will be in the first wave of automatic enrollment. These workers can be divided into distinct groups based on ethnicity, educational attainment, and age. White, prime-working-age workers make up 55 percent of workers in this segment, which is further split between those with a college education who tend to work in professional services and those with a high school diploma who tend to work in non-

professional services and retail. An additional 28 percent of workers whose employers do not offer a plan are non-white (mostly Hispanic) and have minimal educational attainment (two-thirds do not have a high school diploma). Such workers are also predominantly male and foreign-born. Finally, 17 percent of workers in this segment are young (often under the age of 24) and are often still in school. These workers are concentrated in the retail and services industries, and a significant minority work part time (and earn less than $4,000 per year).

Anticipated Employee Response to ORSP

Evidence from a variety of sources suggests that roughly 70-80 percent of workers who are automatically enrolled into ORSP are likely to stay in the program, while the other 20-30 percent will likely opt out. This low estimated opt-out rate is largely a function of automatic enrollment and is unlikely to change by more than 5 percentage points due to the plan designs under consideration. In other words, opt-out is expected to be low for any contribution rate between 3 and 6 percent of pay and regardless of the choice of a before-tax or after-tax savings vehicle, the number of investment choices, and the presence of a default annuity withdrawal option upon retirement.

While variations in plan design are unlikely to affect opt-out rates, communication has the potential to modestly boost participation and deferral rates. Industry best-practices suggest developing personalized communications campaigns for specific segments of the market described above, and using simple, culturally relevant content to deliver key messages through multiple channels during important time periods (such as the initial enrollment period). Academic studies suggest communication should include "nudges" that anchor participants to expert-recommended savings rates and echo the importance of the industry best-practice of keeping it simple.

Participation rates among workers who are not automatically enrolled (but eligible to opt into ORSP) will likely be dramatically lower – perhaps in the range of 20 to 30 percent – than the participation rate among automatically enrolled workers. The participation among the opt-in group is also more likely to be influenced by factors such as ease of enrollment, the user interface, plan design, and advertising. Academic studies suggest that simplifying the enrollment process (for example, by allowing participants to enroll in the plan at a pre-selected contribution rate and investment vehicle) could significantly boost participation among the opt-in population. Requiring workers to choose to participate or not participate in the program – called "active choice" – also has the potential to double participation rates based on the experience of 401(k) plans that use this

approach. Finally, targeted messaging campaigns have been shown to increase participation in 401(k) plans without automatic enrollment, especially among young workers.

One issue that is likely to affect the program's success is job mobility. Uncovered workers tend to be more mobile than covered workers – in any given year, up to a third of uncovered workers move: 20-25 percent of employees are likely to switch employers and 8-10 percent are likely to move from employed to non-employed. Switching employers may make workers vulnerable to periods of non-participation if their new employer does not start deductions quickly and moving to non-employment may cause leakages out of the program or result in numerous accounts with balances that do not cover fixed administrative costs. However, it is difficult to predict the effect of worker mobility on participant behavior until the plan is implemented.

Employer Market Analysis

At least 64,000 employers in Oregon – 66 percent of all employers – will be affected by ORSP because they do not currently offer a retirement savings plan to their workers. The majority of these affected employers – 82 percent – have fewer than 10 employees. At the same time, employers with 10 or more employees represent 78 percent of the employees affected by the ORSP. In other words, it is important that the program be accessible and easy to use for both small employers, who will be affected in large numbers, and large employers, who employ many of the affected employees. The most affected industry will be professional services, accounting for over forty percent of the 64,000 employers not offering a plan. Non-professional services and retail are the next largest, with another 33 percent of affected firms in these two industries combined.

Depending on the operating model selected by the Board, employers could be responsible for carrying out several activities, including: 1) introducing ORSP to employees; 2) providing data to automatically enroll employees; 3) collecting opt-out decisions; 4) processing and funding payroll deductions; 5) keeping records to show compliance; and 6) resolving errors. To understand the burden these activities would place on employers, CRR conducted a survey of employers in Oregon and conducted in-depth interviews with 14 employers. The survey, in-depth interviews, and the results of other national and state-specific studies of employers suggest that employer costs will vary significantly between employers based on several factors. Functions that require interpersonal communication, like introducing ORSP or answering questions, will likely pose a greater burden for large firms than small firms, especially if the firm does not yet have dedicated staff to manage

resources. On the other hand, functions that involve using computers to transmit data will pose less of a burden for employers that rely on software to administer payroll (or outsource payroll) and maintain employee records. The administrative and technical expertise of business owners also appears to drive estimates of employer cost. On the bright side, ORSP appears to have the opportunity to limit the role of employers to that of a conduit in many cases through automation, pre-packaged communication, and direct communication between record-keepers and participants.

While time and money associated with increased administration costs can be communicated in concrete terms, employers do anticipate less tangible costs (and benefits) associated with ORSP. On the cost side, ORSP contributes to a growing regulatory burden on employers in Oregon. The essence of this burden is the need to understand and comply with rules (that are unrelated to serving customers) under the threat of legal penalties. Employers are also concerned about data security and the potential need to raise pay to offset retirement plan contributions. On the benefit side, many employers like having a retirement plan without having to set it up on their own, assume fiduciary responsibility, or make employer contributions. ORSP is viewed as a potential tool to attract and retain employees from this standpoint.

Detailed Employee Market Analysis

The goal of the Employee Market Analysis is to provide a description of the number and characteristics of the employees likely to be affected by the ORSP, as well as their likely response to the program. The size of the market and the participation rate of affected employees are important inputs in determining whether the program will improve retirement security and whether it will be financially feasible. The market analysis begins by describing the market, including the number of employees, their geographic distribution within Oregon, and their demographic characteristics. Most of this portion of the market analysis relies on the U.S. Census's *Current Population Survey March Supplement*, a commonly used economic dataset that contains information on retirement savings coverage, employment, and demographics. The financial and technological capabilities of affected workers – obtained from the *Financial Industry Regulatory Authority (FINRA) National Financial Capability Study* – are also discussed as these capabilities will influence how the state chooses to communicate with potential participants. The market analysis will then provide an

estimate of likely participation in the program, separately for workers who would be automatically enrolled and for those who could choose to opt in.

Description of the Market

As Table 1 shows, approximately 1.05 million workers in Oregon, or 60 percent of the workforce, do not have access to a workplace-based retirement savings plan. These workers lack coverage for different reasons, which impacts how they will interact with the ORSP. Around 590,000 of these workers lack access because their employer does not offer a retirement plan and would be automatically enrolled in ORSP under existing legislation. Of the remaining 460,000 uncovered workers, 259,000 lack coverage because their employer offers a plan, but they themselves are not included. Another 201,000 workers lack coverage because they are self-employed and do not themselves sponsor a retirement plan. Under the current program description, both those without any plan at work and those not included in an offered plan would ultimately be automatically enrolled in the ORSP, with those without any plan at work being automatically enrolled first. But because the self-employed make up a non-trivial part of the uncovered population, allowing individuals to opt in to the plan and making this process easy may be important.

Table 1. *Uncovered Workers in Oregon by Reason for Lack of Coverage, 2014*

Reason for not having coverage	Number of workers	Share of total workforce
All Oregon workers	**1,745,835**	**100%**
Uncovered workers	*1,051,394*	*60*
Employer does not offer plan	590,581	34
Employer offers plan, not included	258,956	15
Self-employed without plan	201,857	12

Note: Weighted using the *Current Population Survey March Supplement* weights. Includes both private and public sector workers. All public sector workers are considered as working for an employer offering a plan in which they are not included.
Source: *Current Population Survey, March Supplement* 2015 (reflecting 2014 calendar year data).

Table 2 shows how workers covered by a retirement plan at work compared to those who are uncovered (regardless of the reason for being uncovered). The big takeaway from Table 2 is

that workers uncovered by a retirement plan at work are younger, less educated, and more likely to be non-white and non-native than workers who are covered.

Table 2. *Key Demographics of Uncovered Workers by Coverage, 2014*

Characteristic	Covered by a plan		Not covered by a plan	
	Number	Share	Number	Share
Total	**694,441**	**100%**	**1,051,394**	**100%**
Gender				
Male	358,831	51.7	552,268	52.5
Female	335,610	48.3	499,126	47.5
Age				
Under 18	--	--	12,391	1.2
18-24	26,196	3.8	132,526	12.6
25-54	485,592	69.9	663,479	63.1
55-64	141,476	20.4	153,360	14.6
64+	41,177	5.9	89,638	8.5
Race				
White	561,289	80.8	771,018	73.3
Black	12,089	1.7	23,406	2.2
Asian	39,719	5.7	56,008	5.3
Hispanic	51,299	7.4	161,584	15.4
Other	30,045	4.3	39,378	3.7
Nativity				
Native	615,493	88.6	871,407	82.9
Foreign-born	78,948	11.4	179,987	17.1
Education				
Less than HS	27,507	4.0	98,660	9.4
High school only	151,179	21.8	293,004	27.9
Some college	212,568	30.6	331,925	31.6
Bachelor's or more	303,187	43.7	327,805	31.2
Number of employers				
Single employer	639,999	92.2	916,418	87.2
Multiple employers	54,442	7.8	134,976	12.8
No tax filing (under $4,000 income)				
Not filing	876	0.1	88,245	8.4

Source: *Current Population Survey, March Supplement* 2015 (reflecting 2014 calendar year data).

Over the past 15 years, the number of uncovered workers has generally trended upward, ranging from a low of approximately 860,000 to a high of 1.1 million, with the total number of uncovered workers rising during periods of low unemployment and falling during recessions as workers drop out of employment (see Figure 1).[2] This growth reflects both growth in Oregon's population and growth in the share of workers without plans.

Figure 1. *Uncovered Workers in Oregon by Reason for Lack of Coverage, 1999-2014*
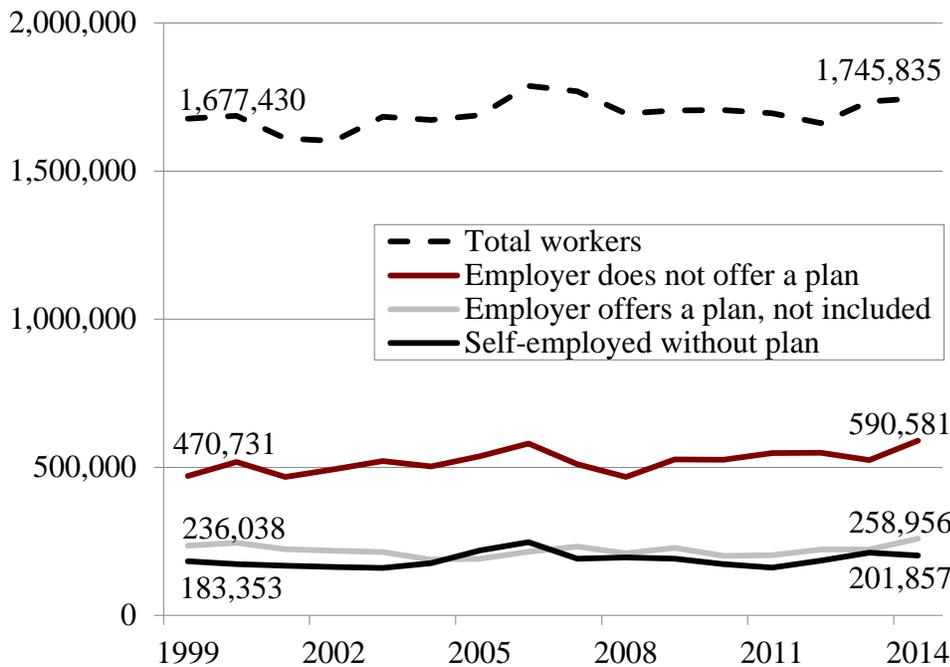
Source: *Current Population Survey, March Supplement* 2000-2015 (reflecting 1999-2014 calendar year data).

Geographic distribution

As the ORSP publicizes the program to affected workers, understanding their location can help target the message more effectively. Most workers in Oregon are in one of five metro areas – Portland-Vancouver-Beaverton, Salem, Bend, Eugene-Springfield, and Medford – and uncovered workers follow this pattern as well. Across all three groups of uncovered workers, the most common location is the Portland-Vancouver-Beaverton metro area (see Table 3). But roughly half of uncovered workers are employed outside this metro area, with 12 to 20 percent of uncovered

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[2] Some of the recent increase may reflect a change in the *Current Population Survey* question on pension coverage. See Copeland (2015).

workers living outside of the largest metro areas in the state. Workers who are likely to be required to opt into the plan (because they are self-employed) are especially more concentrated outside of Portland-Vancouver-Beaverton and Salem compared to workers who will be automatically enrolled. The geographic distribution of these "opt-in" workers should be kept in mind, since a primary goal of the program is to provide all workers in Oregon with access to a high-quality retirement savings program that they can contribute to through automatic payroll deductions.

Table 3. *Distribution of Workers by Employment and Retirement Savings Plan Coverage, 2014*

Metro area	All workers	Employer does not offer a plan		Employer offers plan, not included		Self-employed without plan	
	Number	Number	Share	Number	Share	Number	Share
Total	**1,745,835**	**590,581**	**100%**	**258,956**	**100%**	**201,857**	**100%**
By metro area							
Portland-Vancouver-Beaverton	924,779	328,562	55.6	115,799	44.7	94,577	46.9
Salem	173,188	78,996	13.4	22,664	8.8	11,117	5.5
Eugene-Springfield	146,871	44,755	7.6	34,707	13.4	23,712	11.7
Bend	111,681	38,975	6.6	13,839	5.3	24,924	12.3
Medford	97,671	27,348	4.6	20,276	7.8	10,981	5.4
Other/Non-metro	291,645	71,945	12.2	51,671	20.0	36,546	18.1

Source: *Current Population Survey, March Supplement* 2015 (reflecting 2014 calendar year data).

Employer size, industry, and wages

Another important piece of information regarding effective communication of the ORSP is the kind of employers who have uncovered workers. Overall, uncovered workers are far more likely than covered workers to work for a small firm. But dramatic differences exist in the distribution of the uncovered population by employer size between those likely to be automatically enrolled in the program versus those that might be able to opt in. A worker who lacks coverage because their employer does not offer any plan is almost equally likely to work for an employer with more than a hundred workers as he/she is likely to work for an employer with fewer than a hundred workers. In contrast, workers who are ineligible are concentrated in firms with over 100 employees. Unsurprisingly, most self-employed workers either don't have employees or employ fewer than 10 workers (see Table 4). This means that communication with workers who are

ineligible for a plan at work can likely be accomplished through large employers, while communication with the self-employed may be more difficult to target.

Table 4. *Distribution of Uncovered Workers by Firm Size, 2014*

Number of employees	Employer does not offer a plan		Employer offers plan, not included		Self-employed without plan	
	Number	Share	Number	Share	Number	Share
Total	**590,581**	**100%**	**258,956**	**100%**	**201,857**	**100%**
By firm size						
Less than 10 employees	130,187	22.0	20,018	7.7	182,504	90.4
10 to 49 employees	143,184	24.2	25,969	10.0	8,207	4.1
50 to 99 employees	50,010	8.5	18,031	7.0	2,890	1.4
100+ employees	267,200	45.2	194,938	75.3	8,256	4.1

Source: *Current Population Survey, March Supplement* 2015 (reflecting 2014 calendar year data).

In terms of industry, like employer size, the reasons for lacking coverage vary. Workers in Oregon without any plan at work are most likely to be employed in professional services (e.g., legal, health, financial, educational, etc.), retail, or non-professional services (e.g., food and beverage, lodging, home cleaning etc.). Ineligible workers follow roughly the same pattern, but with an important difference: they are much more concentrated in professional services. On the other hand, the self-employed are much more likely to be employed in the construction industry and raw materials, with smaller fractions in the other industries. Table 5 provides a breakdown of uncovered workers by industry.

Table 5. *Uncovered Workers by Industry, 2014*

Industry	Employer does not offer a plan		Employer offers plan, not included		Self-employed without plan	
	Number	Share	Number	Share	Number	Share
Total	**590,581**	**100%**	**258,956**	**100%**	**201,857**	**100%**
By industry						
Non-professional services	124,395	21.1	24,732	9.6	40,035	19.8
Professional services	229,561	38.9	126,526	48.9	58,262	28.9
Construction	27,480	4.7	7,492	2.9	34,080	16.9
Raw materials	27,128	4.6	3,578	1.4	27,113	13.4
Manufacturing	64,261	10.9	22,292	8.6	11,638	5.8
Retail/wholesale	90,753	15.4	49,282	19.0	22,474	11.1
Transport/utilities	27,003	4.6	25,054	9.7	8,255	4.1

Source: *Current Population Survey, March Supplement* 2015 (reflecting 2014 calendar year data).

Another important aspect of the market for this plan is workers' full- or part-time status and their earnings. Part-time workers tend to be less attached to the labor force than full-time workers, and earnings impact program feasibility through the growth of account balances. In general, uncovered workers in Oregon are like uncovered workers elsewhere in the country – they make less than covered workers and work fewer hours. As a point of comparison, 83.2 percent of workers covered by a plan work more than 40 hours a week, earning a median income of $56,000 while the comparable numbers for workers whose employers do not offer a plan are 61.9 percent and $35,000 (see Table 6 for uncovered workers, covered workers not shown). This pattern holds regardless of the type of uncovered workers – those whose employer does not offer a plan, the ineligible, or the self-employed.

Table 6. *Hours Worked per Week and Median Wages of Uncovered Workers, 2014*

Usual hours	Employer does not offer a plan			Employer offers plan, not included			Self-employed without plan		
	Number	Share	Median wage	Number	Share	Median wage	Number	Share	Median wage
Total	590,581	100%	$26,474	258,956	100%	$24,408	201,857	100%	$29,185
Hours									
1-9	18,699	3.2	6,000	14,358	5.5	2,500	20,869	10.3	3,428
10-19	30,005	5.1	7,000	18,283	7.1	6,500	11,888	5.9	10,041
20-29	84,190	14.3	10,200	33,509	12.9	10,800	25,117	12.4	14,000
30-39	92,072	15.6	18,000	34,240	13.2	19,000	27,380	13.6	25,000
40+	365,615	61.9	35,000	158,566	61.2	32,500	116,603	57.8	40,000

Source: *Current Population Survey, March Supplement* 2015 (reflecting 2014 calendar year data).

Demographic characteristics

Understanding the demographic characteristics of the affected workers by reason uncovered is also an important exercise. For one thing, prior research shows characteristics impact participation rates (e.g., older workers are more likely to opt out) and the nature of communication may produce different results for native workers than for immigrants. Clear demographic differences emerge between the types of uncovered workers. The *typical* worker at a firm without a plan is a native-born, prime-working-age high school graduate who works for only one employer. Overall, though, employees who work for a firm without a plan tend to be less educated, Hispanic, and foreign-born than other uncovered workers. In contrast, ineligible workers are more likely to be female and ages 18-24, and the self-employed are more likely to be white, male, and college-educated than other uncovered workers. Table 7 has detailed demographic information for the three types of uncovered workers.

Table 7. *Key Demographics of Uncovered Workers by Reason for Lack of Coverage, 2014*

Characteristic	Employer does not offer a plan		Employer offers plan, not included		Self-employed without plan	
	Number	Share	Number	Share	Number	Share
Total	**590,581**	**100%**	**258,956**	**100%**	**201,857**	**100%**
Gender						
Male	316,553	53.6	111,157	42.9	124,558	61.7
Female	274,028	46.4	147,799	57.1	77,299	38.3
Age						
Under 18	6,263	1.1	4,761	1.8	1,367	0.7
18-24	74,903	12.7	56,330	21.8	1,293	0.6
25-54	401,670	68.0	142,466	55.0	119,343	59.1
55-64	80,645	13.7	29,091	11.2	43,624	21.6
64+	27,100	4.6	26,308	10.2	36,230	17.9
Race						
White	401,590	68.0	196,194	75.8	173,234	85.8
Black	15,023	2.5	7,191	2.8	1,192	0.6
Asian	33,499	5.7	16,046	6.2	6,463	3.2
Hispanic	118,017	20.0	29,028	11.2	14,539	7.2
Other	22,452	3.8	10,497	4.1	6,429	3.2
Nativity						
Native	464,612	78.7	225,234	87.0	181,561	89.9
Foreign-born	125,969	21.3	33,722	13.0	20,296	10.1
Education						
Less than HS	72,097	12.2	19,109	7.4	7,454	3.7
High school only	172,503	29.2	64,028	24.7	56,473	28.0
Some college	173,390	29.4	93,354	36.1	65,181	32.3
Bachelor's or more	172,591	29.2	82,465	31.8	72,749	36.0
Number of employers						
Single employer	506,636	85.8	220,115	85.0	189,667	94.0
Multiple employers	83,945	14.2	38,841	15.0	12,190	6.0
No tax filing (under $4,000 income)						
Not filing	31,305	5.3	27,487	10.6	29,453	14.6

Source: *Current Population Survey, March Supplement* 2015 (reflecting 2014 calendar year data).

Market segments

So far this report has described the characteristics of uncovered workers based on the reason for lacking coverage. But each of the broad market segments are composed of several subgroups

with potentially different needs related to a retirement savings program. To divide the segments into these subgroups, a technique called "Latent Class Analysis" (LCA) was applied to each of the three types of workers without plans: 1) workers not offered a plan; 2) ineligible workers; and 3) self-employed workers. For a description of LCA, see Box 1. For purposes of the report, the LCA analysis divided each population into 5 subgroups, or "classes," but the analysis described here focuses on workers who lack coverage because their employer does not offer a plan (and therefore will likely be the first group auto-enrolled in the OSRP). Subgroups of workers that are ineligible or self-employed are described in Tables A1 and A2 in Appendix A.

Box 1. *Description of Latent Class Analysis*

Latent class analysis (LCA) is a tool allowing researchers to identify relationships among observed categorical variables as a function of some unobserved grouping. The analysis starts with the observation that, within the population, the observed variables are not independent. In the context of this paper, for example, that uncovered workers having less than a high school degree and being young are associated with working in retail. The goal of latent class analysis is to group the observations so that within each group, or "latent class," the observed categorical variables are locally independent. That is, being a young worker without coverage who is working in retail is explained by some unobserved third variable, for example being a person who has not fully engaged in their career and is simply working for spending money.

Conditional on an assumed number of classes, LCA outputs two sets of estimates: 1) the share of the population within each class; and 2) the conditional probabilities of having a given value for each observed variable within each class. These parameters are estimated by Maximum Likelihood Estimation (MLE), where the inputs are the observed probabilities, e.g., the share of the population that is under 18 years old with no high-school degree, the share that is prime-working-age with a college education, etc. The second output – the conditional probabilities – have special interpretation within LCA since they represent a measure of association between the class and the observed characteristic. That is, if one class is comprised disproportionately of young workers without a high-school degree with low-earnings, then that class can be viewed as a group that primarily consists of workers who have not yet set out on their career's employment.

Workers whose employers do not offer a plan generally share several characteristics: they tend to be of prime-working age, are evenly split between men and women, and are likely to work in the services or retail industries. But these averages hide the fact that several distinct subgroups exist in this population of workers based on ethnicity, education, and age (summarized in Table 8). Three broad groups emerge from the LCA analysis: white workers, minority workers, and young workers. The first broad group (of native-born white workers) represents 55 percent of the

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population and consists of two distinct types of workers: 1) those with education beyond high school who are especially concentrated in professional services; 2) those with a high school diploma who are concentrated in retail and non-professional services. Another subgroup representing 28 percent of the population is dramatically different in terms of ethnicity (and dominant language): all members of this subgroup are non-white, with 67 percent Hispanic and foreign-born. Two thirds of workers in this subgroup have a high school diploma or less, and workers are more likely to be male and work the raw-materials industry compared to other subgroups. Finally, 17 percent of the population is under the age of 24, with two subgroups: 1) high-school students or dropouts who work in retail or non-professional services; and 2) workers who are likely to have some college and work in retail or professional services.

Table 8. *Segmentation of Workers without a Plan at Work*

Share	Demographic characteristics	Employment characteristics
55%	100% white 79% aged 25-54 50% female	*Segment 1 (66 percent)*: 90% some college/bachelor's degree 40% professional services 35% retail/non-professional services 22% in firms over 100 employees *Segment 2 (34 percent)*: 100% high school diploma only 41% retail/non-professional services 24% professional services 22% in firms over 100 employees
28%	100% non-white/67 percent Hispanic 69% high school diploma only or less 79% aged 25-54 36% female	35% retail/non-professional services 27% construction and raw materials 21% professional services 21% in firms over 100 employees
17%	87% white 85% aged 18-24 50% female	*Segment 1 (70 percent)*: 57% some college/bachelor's degree 60% retail/non-professional services 22% professional services 29% in firms over 100 employees *Segment 2 (30 percent)* 100% less than high school diploma 64% retail/non-professional services 30% in firms over 100 employees 58% making less than $4,000 a year

Source: Authors' calculations from *Current Population Survey, March Supplement* 2000-2015 (reflecting 1999-2014 calendar year data).

The LCA analyses summarized in Table 8 (and included in Appendix A) highlight one of the challenges the ORSP will face in implementing its programs: the existence of unique populations of workers within the State of Oregon. Understanding these groups should help the state design the plan and target its communications to reach the most workers.

Financial capability

The financial capability of uncovered workers highlights several challenges that ORSP must overcome to ensure that workers build sufficient assets in the program to meet retirement income needs and to make the plan financially feasible to administer. Like uncovered workers nationally, uncovered workers in Oregon are under greater financial stress than workers with pension coverage. Uncovered workers are also less familiar with common financial products and have a weaker understanding of basic financial concepts like compounding interest and diversification compared to covered workers.

Several sources of financial stress contribute to the low financial capability of uncovered workers and have practical implications for ORSP. First, a quarter of uncovered workers are spending more than they make, and such workers are unlikely to be able to contribute to a retirement plan without cutting their spending or taking on more debt. Second, approximately 40 percent of uncovered workers appear to be using unconventional (high-interest) credit sources like pawn-shops and payday lenders. ORSP will not improve participants' overall financial situation if the plan increases retirement savings but also increases high-interest debt. And third, only 17 percent of uncovered workers say they can come up with $2,000, which suggests ORSP is likely to be the first time many workers will have access to significant assets. Thus state agencies involved in financial education have the opportunity to highlight the insurance value of assets in ORSP (before retirement) and provide guidance on when it makes sense to withdraw money from the plan versus using other forms of debt.

Financial capability data offer other lessons for ORSP. Use of financial services among uncovered workers suggests that a significant minority of ORSP participants may need help accessing their account and understanding how to carry out certain actions (like changing investments). While a little over 10 percent of the uncovered population does not appear to have a bank account, almost half of uncovered workers do not use the internet to buy products. These data support the need for user-friendly tools to access the account. In terms of traditional financial

education, most uncovered workers struggle with the concept of diversification, while a significant minority appears to have trouble answering a question about compounding interest. Table 9 provides this type of information, comparing workers in Oregon to those in the rest of the United States by coverage status.

Table 9. *Financial Situation, Interaction, and Literacy by Retirement Plan Coverage in Oregon and the United States*

	Oregon		United States	
	Not covered	Covered	Not covered	Covered
Number of observations	**153**	**212**	**8,315**	**11,305**
Financial situation				
Spends more than makes	27%	19%	24%	18%
Can come up with $2,000	17	44	13	47
Receives government transfers	39	14	28	16
Receives money from family	27	21	25	19
Used unconventional credit sources.	43	23	40	26
Interaction with the financial system				
Has a checking account	77%	96%	79%	97%
Owns non-retirement investments	16	44	9	49
Gets paid in cash or check	41	21	42	21
Uses credit cards to purchase things	42	68	46	79
Uses debit cards to purchase things	68	85	73	79
Pays for things online	52	75	55	80
Financial literacy				
Understands compounding	65%	82%	68%	82%
Understands diversification	36	57	34	57
Learned about finance at school	20	20	13	20
Learned about finance at work	6	12	4	12

Note: A respondent is covered when they have a retirement plan through their employer or acquire it privately.
Source: Authors' calculations from Financial Industry Regulatory Authority (FINRA) National Financial Capability Study.

Access to technology

Generally, Oregonians have widespread access to either the internet or a mobile phone, but uncovered workers are less likely than average to have access to the internet, and are also likely to have access to the internet only through a mobile phone. According to a study by the Oregon Broadband Advisory Council (2014), 87 percent of Oregonians use the internet. But slightly less

than 75 percent of Hispanics and people over 65 use the internet. National surveys also suggest that workers without access to the internet through a computer are likely to have access to a mobile phone or smartphone. According to a study by the Federal Reserve in 2016, 90 percent of Hispanics, 81 percent of adults 60 and over, and 76 percent of adults earning less than $25,000 a year have access to a mobile phone, which makes mobile phones a promising channel for internet access. Table 10 summarizes findings from several local and national surveys of access to communications technology.

Table 10. *Access to Communications Technology among Oregonians and U.S. Adults*

Source (year)	Findings
Oregon Broadband Advisory Council (2014)	87% of Oregonians use the internet. Hispanics and people ages 65+ have the lowest internet usage rates, but at 74% and 73%, respectively, these rates are still high.
U.S. Census Bureau (2011)	Oregonians have more access to internet-enabled devices than the average American. Oregon has a higher smartphone usage rate than the U.S. as a whole.
U.S. Board of Governors of the Federal Reserve System (2016)	87% of U.S. adults have access to a mobile phone, with 90% of Hispanics and 76% of adults who earn less than $25,000 a year having mobile-phone access. 67% of U.S. adults have a smartphone and mobile banking usage rose from 22% in 2011 to 43% in 2015.
Pew Research Center (2015)	From 2000-2015, internet usage increased for all subsections of the U.S. population. However, people ages 65+ and those without a high school diploma still lag in internet usage compared to the rest of the population.

Job mobility

An important issue regarding the ultimate success of the program is the stability of workers' employment. For example, frequent shifting from employment to unemployment will have two detrimental effects: 1) individuals will not be contributing to their accounts; and 2) some workers will need to withdraw their balances. To gauge this possibility, the *Current Population Survey* (used for much of the analysis above) is insufficient, since only a fraction of the dataset can be followed from one year to the next, resulting in small samples of Oregon workers. Instead, another U.S. Census dataset, the *Survey of Income and Program Participation* (SIPP) was used. The basic exercise was simple: examine a group of workers in a given year and see if they were working at the same employer, a different employer, or not working approximately one year later.

Due to the small sample size even within in the SIPP, Table 11 presents the results for both Oregon and the rest of the United States, illustrating two primary findings. First, uncovered workers have less stable employment than covered workers; they are both more likely to exit a job for unemployment and for another place of employment. The share of workers leaving work for non-employment is approximately 10 percent each year for full-time workers. The share of full-time workers going to a new job will likely be just over 20 percent. Second, part-time workers have less stable employment than full-time workers. Unfortunately, the SIPP data do not show whether workers who are switching jobs are going to employers where they would still be automatically enrolled in ORSP or not. As the program ramps up, keeping an eye on what happens to accounts as workers move from employer to employer will be important.

Table 11. *One-Year Job Mobility Rates for Oregon and U.S. Workers by Coverage and Hours Worked, 1997, 2005, and 2009*

	Full-time			Part-time		
	Covered at work	Employer does not offer plan	Employer offers plan, not included	Covered at work	Employer does not offer plan	Employer offers plan, not included
I. Oregon						
Same employer	82.2%	62.7%	59.3%	81.5%	56.1%	46.2%
New employer	11.2	23.1	28.8	11.1	26.3	30.8
Not working	5.1	11.8	8.5	7.4	15.8	23.1
Exit Oregon	1.5	2.4	3.4	0.0	1.8	0.0
II. Rest of U.S.						
Same employer	79.9	67.7	65.0	68.3	53.4	53.9
New employer	14.8	23.1	26.4	21.3	28.3	30.1
Not working	3.8	7.8	6.4	8.9	16.8	13.6
Exit state	1.4	1.3	2.3	1.5	1.5	2.4

Source: Survey of Income and Program Participation, 1996, 2004, and 2008 Panels (representing data on mobility for 1997, 2005, and 2009).

Market Response to ORSP

Because automatic IRAs do not currently exist on a large scale, the market response to ORSP must be extrapolated from other sources:[3] 1) online experiments (surveys) with uncovered

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[3] Oregon will be in uncharted waters, despite the best efforts to anticipate what might be ahead, for two main reasons: 1) the plan will be unique – employer-based-IRAs are just being introduced in the market; 2) the population covered will be unique – employees who work for the types of employers that offer a plan could be different from the employees who

workers; 2) 401(k) participant behavior; and 3) worker behavior in response to automatic enrollment in the United Kingdom (for example, in the National Employment Savings Trust and the People's Pension). Each approach has its pros and cons: online experiments can test opt-out under a variety of plan designs using a sample of uncovered workers, but results might not perfectly correspond to the real world because real money is not at stake and participants are not truly automatically enrolled in a savings plan. Observing the behavior of 401(k) participants is useful because the data reflect real-world behavior, but uncovered workers might not respond to an auto-IRA in the way covered workers respond to a 401(k). Finally, the behavior of workers in the United Kingdom is useful to observe because entities like NEST cover workers similar to uncovered workers in the United States. But the UK's system is structured more like a 401(k) plan, and British workers have access to a national pension that is different from Social Security so they might not behave like workers in the United States. A description of the methodology associated with each approach can be found in Appendix A.

Projected opt-out rate

Synthesizing the results from all three sources described above suggests that 20-30 percent of workers will opt out of ORSP, assuming the plan automatically enrolls workers with an initial contribution rate of 2-6 percent and an initial investment choice of a target date fund. The primary driver of this low opt-out rate is automatic enrollment, which has proven to be effective in boosting participation to over 80 percent across a variety of firms, employee groups, plan designs, and geographic areas, as summarized in Table 12. Interestingly, data from NEST show that opt-out rates are much lower for employees starting a new job than for employees working for an employer that NEST is rolled out to for the first time.

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participate in 401(k) plans. This report accounts for these limitations wherever possible, but the implementation plan should be designed to rapidly collect and respond to data that might contradict expectations.

Table 12. *Opt-Out Rates in Different Contexts*

Source (year)	Study description	Participation rate
CRR (2015)	National enrollment experiment of uncovered workers under a variety of plan designs.	Approximately 80%, with little change in response to common plan design changes.
California Feasibility Study (2015)	Survey of uncovered workers in California.	Approximately 75%, with no difference between a 3% and 5% deferral rate.
Choi, James J., David Laibson, and Brigitte C. Madrian (2007)	Study of 401(k) participation under different plan designs among workers in a large firm.	The average participation rate in plans without an employer match is approximately 80%.
Choi, James J., David Laibson, Brigitte C. Madrian, and Andrew Metrick (2001)	Analysis of participation in the 401(k) plans at three large firms.	Participation rates ranged between 75% and 90% depending on plan design.
Vanguard (2014)	Report on opt-out rates among newly hired employees in 460 plans.	79% of workers earning under $30,000 per year with no employer match participated when automatically enrolled.
EBRI (2005)	Projection model simulating automatic enrollment	Participation rates of 90-94% with wealthier individuals opting out more.
NEST (2013)	Survey of 50 UK employers and opt-out rates within the first six months	Participation rates have hovered around 91%. Rates are even lower for new employees joining employers in NEST.

A variety of data indicate that opt-out varies as a function of age, income, gender, and race. The strongest finding, supported by experiments, 401(k) data, and data from NEST, is that the opt-out rate is positively correlated with age. In other words, older workers (workers over the age of 50) opt out at a higher rate than younger workers (Clark et al. 2012). Experimental data and 401(k) data also show that minorities and women opt out at a lower rate than whites and men (Copeland 2012). Finally, experimental evidence and 401(k) data offer conflicting evidence on whether low-income or high-income workers opt out at a higher rate.[4] Figure 2 presents demographic differences in opt-out rates observed in a national experiment of uncovered workers.

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[4] Inertia is commonly used to explain the power of automatic enrollment – workers faced with a complicated decision with payoffs in the distant future simply take the path that offers the least resistance in the present. Thus, automatic enrollment is theoretically predicted to affect passive decision-makers, who tend to be workers who are not familiar with saving and investing. This theoretical prediction has mixed evidence in studies of 401(k) participants. Some studies

Figure 2. *Change in Participation by Demographics, National Enrollment Experiment*
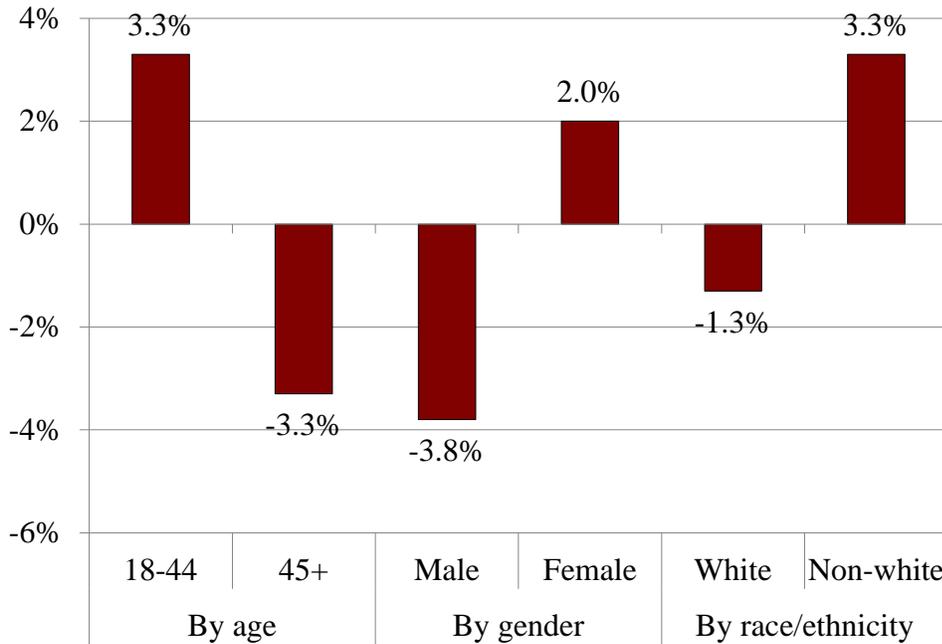
Among workers who are not automatically enrolled, participation rates are harder to predict. Studies on 401(k) participation suggest that 20-40 percent of eligible workers opt into a plan in the first few years (Choi et al., 2004 and 2007). Participation rises – up to 70 percent in some cases – if workers are forced to make a choice, so-called active choice enrollment (Caroll et al. 2005, Keller et al. 2011). Simplification of the enrollment process has also been shown to significantly increase participation in plans without automatic enrollment (Choi, Laibson, and Madrian 2007). But covered workers choosing to participate in a 401(k) may be very different from uncovered workers opting into the state program, for example because their employer may have staff devoted to getting them enrolled, so it is unclear what opt-in rates can be achieved.

Effect of plan and program design on opt-out

Automatic enrollment has been shown to result in the low opt-out rates and high participation rates described above under a variety of plan designs. The default (or initial) salary

have found that participation is lower for higher-income workers while other studies have found that participation is lower among lower-income workers (See Table 12).

deferral rate (or contribution rate) is an important plan design element because it has a large effect on retirement income and the financial sustainability of the program. 401(k) participant behavior, experimental evidence, and data from NEST suggest that Oregon can adopt an initial deferral rate of up to 6 percent or a lower initial contribution rate with automatic escalation to as high as 10 percent without significantly increasing opt-out (Beshears et al. 2004).[5] But the default deferral rate can be too high: studies of plans where default contribution rates were raised higher than 10 percent showed large increases in opt-out rates as a result (Beshears et al. 2010).

Figure 3. *Participation Rates with Automatic Enrollment under Various Contribution Rates*
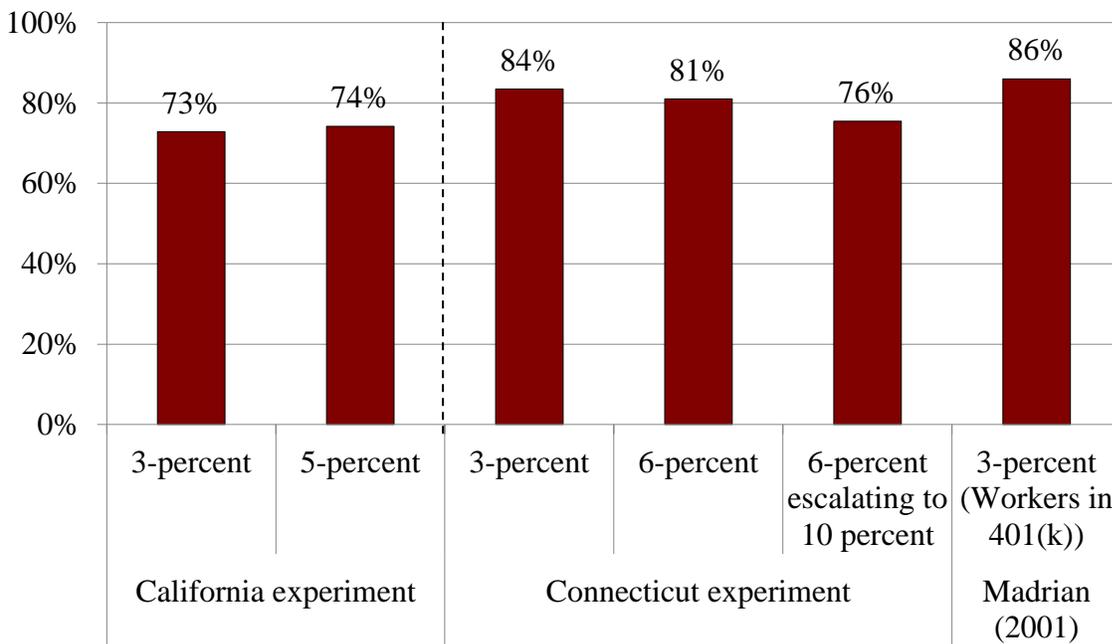
Sources: Overture Financial (2016); State of Connecticut Retirement Security Board (2016); and Madrian and Shea (2001).

Other program and plan designs that Oregon is considering are also projected to have a minor impact on opt-out rates. The tax structure of the savings vehicle (Roth vs. Conventional IRA), frequency of contribution rate changes allowed, default withdrawal options upon retirement, and number and type of investment options available do not appear to have a significant effect on opt-out rates in a plan with automatic enrollment. Figure 4 shows differences in opt-out rates under

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[5] The CRR found that automatic escalation from 6 to 10 percent did result in an approximately 5-percentage-point increase in opt out, which is statistically significant. Studies of 401(k) plans, which typically start at 3 percent, show low opt-out rates despite automatic escalation.

a variety of plan designs compared to a base-case scenario where participants are enrolled into a Roth IRA with a 6-percent deferral rate, annual contribution rate changes, a default withdrawal option of a lump sum, and a target date fund as the investment vehicle.

Figure 4. *Predicted Oregon Participation Rates under Various Plan Designs*
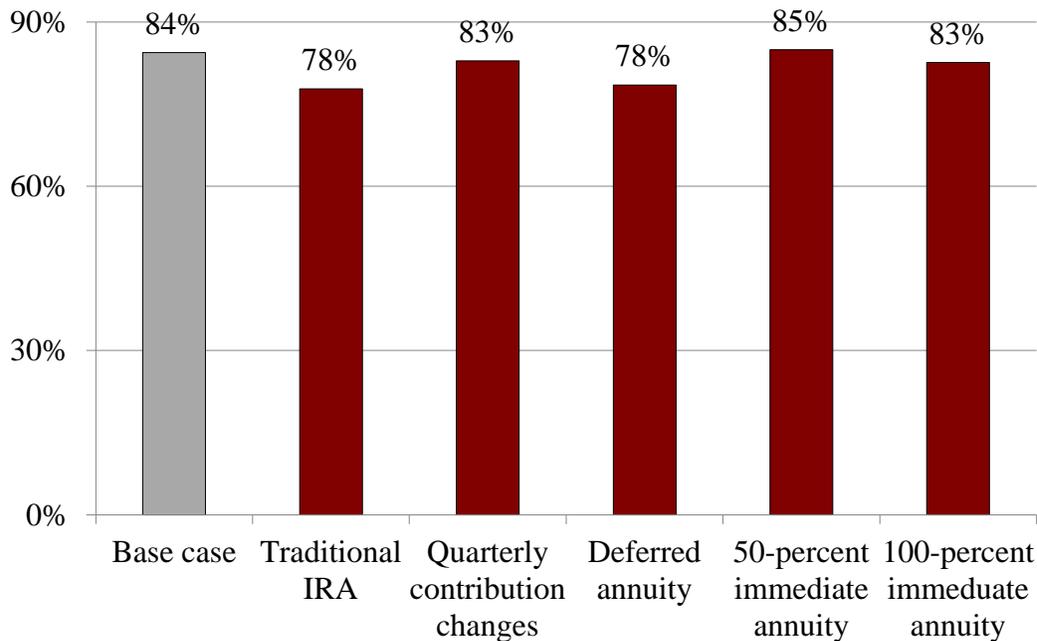
Source: CRR calculations from Knowledge Networks Nationwide Survey (2015).

While plan design might not be an important driver of opt-out, it could be a factor in workers opting in. Generally speaking, the more decisions that workers need to make, the less likely they will be to opt into a plan. 401(k) plan participation has been shown to be inversely related to investment choice when employees have to opt in (Beshears et al. 2013). On the other hand, plans that make it possible for employees to join a plan by using pre-selected deferral rates and investment options have been shown to significantly increase participation (Beshears et al. 2013).

One point worth noting is that much of the analysis described above was based on studies of workers throughout the country, not just those residing in Oregon. Fortunately, an analysis of the *Survey of Income and Program Participation* shows that Oregon workers participate in 401(k) plans for which they are eligible at a similar, or slightly higher, rate as workers in the rest of the country. Thus, the estimates provided here are likely to be applicable to Oregon workers as well.

How communication can affect participation

According to industry best-practices, successful communications campaigns have four defining characteristics. They: 1) segment participants into groups with relatively homogenous communication needs and preferences; 2) deliver information that is personalized to individuals in each segment; 3) push communication when and where employees are receptive; and 4) use multiple channels simultaneously to reach participants.[6] Employee segments are typically constructed using life stage (or age), income, family structure, ethnicity, and gender, and information is generally personalized to reflect the dominant language, cultural references, financial priorities, and financial sophistication of the typical member in each segment (Clark et al. 2012). Initial enrollment, annual enrollment, and retirement are examples of periods when employees are receptive to advice. During these periods, industry best-practice is to push information – by conducting mandatory group seminars at a worksite during workhours, for example – through multiple channels that might include emails, text-messages, pamphlets, phone-calls and/or in-person counseling.[7]

Best-practices have also been developed with respect to the content of communications material. Four practices stand out: 1) content should be simple; 2) concrete; 3) offer expert advice; and 4) use narratives and storytelling where possible. Specific recommendations include using language at an 8th-grade level or below, avoiding jargon, providing expert recommendations at the point where participants have to make a decision, and using relatable real-world examples to guide participants through decisions.

Academic studies on the relationship between communication methods and participant behavior have focused on identifying ways to increase deferral rates and participation though behavioral "nudges." The most effective techniques in the field have relied on "anchoring" participants to a high deferral rate (e.g. the maximum deferral rate or the rate that experts recommend) instead of letting the default contribution rate or match rate serve as the de facto anchor. Table 13 presents several examples of academic studies that assess the impact of communication techniques on savings behavior.

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[6] For a detailed report on communication best-practices in the 401(k) industry, see (DOL, 2013).
[7] Studies in the field have documented a powerful effect of communicating a plan to new hires on subsequent participation and contribution rates, but these studies do not control for factors besides communication method that might have led to the findings.

Table 13. *Academic Studies Investigating Communication and Savings Behavior*

Authors (year of publication)	Study results
Choi et al. (2016)	Short email messages that anchored recipients to high savings rates increased deferral rates in 401(k) plans by up to 2.9% of income.
Clark, Maki, and Sandler Morrill (2012)	Sending fliers with financial information encouraging retirement saving increased 401(k) plan participation by 14 percentage points among young workers.
Gunaratne and Oded (2015)	A website that included simple, expert guidance led 401(k) plan participants to pick contribution rates and investment allocation consistent with expert advice compared to participants who used websites without guidance.
Beshears et al. (2015)	A randomized experiment showed new hires were less likely to enroll in a 401(k) plan when they were given the enrollment rate of their peers.

Detailed Employer Market Analysis

The employer market analysis has two goals: 1) to evaluate the characteristics of the market in terms of firm size, location, years in existence, and payroll management structure; and 2) to identify the costs and barriers employers will face in attempting to implement the program. These goals are accomplished by combining data from the Oregon Employment Department, the U.S. Census Bureau, and interviews with Oregon employers. The employer market analysis also included a survey of a select sample of employers in Oregon.[8] Data from employer focus groups and surveys conducted nationally and in other states are used to put the results of the Oregon-specific interviews and surveys in context. Throughout this section, the term "affected employers" means employers who do not offer a retirement plan to any of their workers as these will be the first employers affected by the program.

Market Size and Profile

At least 64,000 employers in Oregon – 66 percent of all employers – will be affected by ORSP because they do not currently offer a retirement savings plan to their workers. The share of employers that do not offer a plan is higher than the share of employees not offered a plan because most uncovered workers work in small firms. Like the distribution of workers whose employer

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[8] A survey of employers that would be representative of all employers in Oregon was not possible to fit into the time and cost constraints of the current project.

does not offer a plan, most employers who do not offer a plan exist in one of the five major metropolitan areas, but a third of the affected firms exist outside of the Portland-Vancouver-Beaverton area (see Table 14).

Table 14. *Number of Affected Firms by Metro Area, 2015*

Metro area	Number of firms	Estimated share not offering plan	Affected firms	Share of affected firms
Total	**97,583**	**65.8%**	**64,203**	**100.0%**
By metro area				
Portland-Vancouver-Beaverton	57,957	68.6	39,760	61.9
Salem	8,772	78.4	6,878	10.7
Eugene-Springfield	9,396	50.0	4,696	7.3
Bend	5,869	61.4	3,601	5.6
Medford	5,729	59.8	3,424	5.3
Other/Non-metro	9,859	59.3	5,844	9.1

Note: Number of affected firms is estimated by applying non-coverage rates from the *Current Population Survey March Supplement* within each metro area by firm size. Excludes firms with zero employment.
Sources: U.S. Census Longitudinal Business Database, 2014; Oregon Employment Division, 2015; and *Current Population Survey March Supplement* 2015 (representing calendar year 2014).

The most prominent difference between firms that do not offer a plan and firms that do offer a plan is firm size. Firms with 100 or more employees are twice as likely to offer a plan relative to firms with fewer than 100 workers. That said, firms that do not offer a plan (and would therefore be affected by ORSP) come in a variety of sizes. And although employers with more than 100 employees represent only 5 percent of all employers, almost half of all uncovered workers are employed by such large firms (see Table 15). Because some states have distinguished new firms from older firms in their retirement savings plan legislation, Table 15 divides firms by their number of years in existence.[9] If firms with less than two years of existence were excluded from the mandate, this would affect approximately 32,000 workers, or 5 percent of workers without a plan at work.

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[9] Because coverage data are not available by the number of years a firm has been in existence, the Table assumes coverage rates are the same across the two types of firms, conditional on firm size.

Table 15. *Number of Firms Not Offering Retirement Plans by Size and Time in Existence, 2015*

Employees	Under 2 years existence			2+ years of existence		
	Firms	Affected firms	Affected employees	Firms	Affected firms	Affected employees
Total	**13,457**	**9,216**	**31,611**	**84,126**	**54,987**	**558,970**
Fewer than 10 employees	12,517	8,689	21,587	62,969	43,711	108,600
10-49 employees	873	497	7,001	16,981	9,658	136,183
50-99 employees	54	27	1,224	2,152	1,080	48,786
100+ employees	14	4	1,799	2,023	538	265,401

Note: Number of affected firms is estimated by applying non-coverage rates from the *Current Population Survey March Supplement* by firm size. Excludes firms with zero employment.
Sources: U.S. Census Longitudinal Business Database, 2014; Oregon Employment Division, 2015; and *Current Population Survey March Supplement* 2015 (representing calendar year 2014).

Aside from firm size, industry is also an important predictor of whether or not an employer offers a pension. Table 16 describes the number of firms by industry in Oregon and indicates an estimate of how many firms within each industry will be affected by the ORSP.

Table 16. *Number of Affected Firms by Industry, 2015*

	Number of firms	Estimated share not offering plan	Affected firms	Share of affected firms
Total	**97,583**	**65.8%**	**64,203**	**100.0%**
By industry				
Non-professional services	15,237	79.1	12,048	18.8
Professional services	45,371	63.8	28,958	45.1
Construction	11,887	66.8	7,940	12.4
Raw materials	1,513	61.4	930	1.4
Manufacturing	5,479	65.3	3,576	5.6
Retail/wholesale	15,111	61.9	9,353	14.6
Transport/utilities	2,985	46.8	1,398	2.2

Note: Number of affected firms is estimated by applying non-coverage rates from the *Current Population Survey March Supplement* within each industry by firm size. Excludes firms with zero employment.
Sources: U.S. Census Longitudinal Business Database, 2014; Oregon Employment Division, 2015; and *Current Population Survey March Supplement* 2015 (representing calendar year 2014).

Cost to Employers

Depending on the operating model selected by the Board, employers could be responsible for carrying out several activities, including: 1) introducing ORSP to employees; 2) providing data to automatically enroll employees; 3) collecting opt-out decisions; 4) processing and funding

payroll deductions; 5) keeping records to show compliance; and 6) resolving errors. In-depth interviews of employers in Oregon[10] and the results of other national and state-specific studies of employers suggest that the magnitude of employer costs associated with carrying out these activities is likely to vary between employers for a variety of reasons. Functions that require interpersonal communication, like introducing ORSP or answering questions, will likely pose a greater burden for large firms than small firms, especially if the firm does not yet have dedicated staff to manage human resources. On the other hand, functions that involve transmitting data to computers will pose less of an administrative burden for employers that rely on software to administer payroll (or outsource payroll[11]) and maintain employee records. The administrative and technical expertise of business owners, as well as the types of employees employed by the firm (e.g. part time, number of shifts, and number of locations) also appears to drive estimates of employer cost. Table 17 lists the primary functions employers must carry out to support ORSP and summarizes factors that affect the cost associated with carrying out each function.

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[10] To find employers willing to participate in an interview (and gauge employer sentiment regarding the state program), CRR drafted an employer survey with an invitation to participate in an interview. Employers were invited to complete the survey by Oregon's Chamber of Commerce and state-based employer associations. Fifty-three employers filled out the survey, twenty-seven agreed to be interviewed, and fourteen interviews were successfully completed. Appendix B contains results of the employer survey and Appendix C contains a summary of each interview.

[11] Employers who outsource payroll may be able to avoid many of the administrative activities associated with ORSP by paying their service provider a fee of around $1-$2 per paycheck, per employee (for a small firm, based on estimates provided by several employers in Oregon and prices advertised on payroll providers' websites).

Table 17. *Primary Functions and Costs for Employers to Support ORSP*

Activity description	Cost drivers
Introduce ORSP -get informed about ORSP -hand out program description and automatic enrollment notice on-site	Number of employees, whether the State provides templates, number of locations, whether the employer or record keeper introduces.
Register with ORSP employer self-service portal -enter employer id, number of employees, contact information, and self-service preferences into online portal	Comfort level with technology.
Provide data for initial enrollment -enter employee SSN, name, date of birth, and initial contribution percentage in ORSP website -alternatively, send an electronic file (spreadsheet) or allow payroll provider to send this information	Specific data fields needed, whether the data can be updated from software or payroll vendor, how hard the portal is to use, whether record-keeper can accept the format the data is in or data needs to be reformatted.
Facilitate opt-out -make opt-out form available on-site	How much advice is associated with opting out, what kind of paperwork needs to be maintained.
Make payroll deductions -enter deduction amount into payroll system or process -write a check or send direct deposit with total deductions to ORSP -send a file to ORSP that lists the deduction amounts for each employee	Payroll administration method, number of employees, familiarity of owner with payroll processes.
Keep records to show compliance -maintain employee enrollment, contribution rate change, and opt-out forms on file	Number of employees, format in which records must be kept, length of time records need to be kept for.
Other potential activities -respond to inquiries about employees from ORSP in case of data or deduction errors	Number of issues that need to be resolved over the phone, extent to which employer is responsible for solving problems, number of employees.

The operating models presented to the Board provide a sound basis for identifying functions that employers would need to carry out, and the employer interviews provided insight into the factors that affect the cost of carrying out these functions. Estimating aggregate employer costs is a far more difficult exercise, for several reasons: 1) the final operating model has not yet been

selected; 2) the capabilities of the record-keeper and payroll providers at the implementation date will affect employer costs; and 3) ORSP has the ability to affect aggregate employer costs through the design of administrative processes and employer role in communication. That said, studies published by California, AARP (of the Illinois program), and Brookings have included an estimate of employer costs. California's feasibility study included a detailed analysis of employer costs using a bottom-up analysis and concluded that out-of-pocket costs to employers would be negligible, especially for employers who outsourced payroll or who used software to process payroll. Employers who administered payroll in-house by hand were estimated to require "2-4 hours of bookkeeper pay per month." In addition, employers were estimated to require 6-12 hours of labor initially to adapt internal HR systems and processes to meet program requirements and an additional 2-4 hours per month in administrative processing (with hours required varying as a function of firm size and payroll administration method).[12] A similar analysis for Illinois by AARP concluded that out-of-pocket costs would be modest – around $80 a month for a 30-employee firm – and that administration effort unrelated to payroll deduction would be negligible.[13]

In Oregon, CRR conducted in-depth interviews with 14 employers to gauge employer reaction to ORSP.[14] As part of these interviews, employers were asked to estimate the time it would take for them to carry out the various functions associated with facilitating participation in ORSP. Results suggest that "startup" costs will be driven by the time needed to introduce the plan to employees and process opt-out decisions, while ongoing costs will largely be driven by the cost of making an additional payroll deduction. A wild-card in cost estimates is the role that employers will play in resolving errors with participants' accounts. Some employers saw this activity as potentially costly, while others felt this cost would be insignificant. Despite the small sample of employers interviewed, estimates of employer costs in Oregon were similar to the estimates of employer costs that appear in the market analysis published by California's Secure Choice plan. Table 18 shows the range of costs anticipated by employers in Oregon compared to the costs reported in California's report.

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[12] http://laborcenter.berkeley.edu/pdf/2016/CA-Secure-Choice-4-FinancialFeasibility&EmployerCosts.pdf
[13] http://www.aarp.org/content/dam/aarp/ppi/2015/What-Types-Of-Costs-Would-A-State-Sponsored-Retirement-Plan-Impose-On-Employers.pdf
[14] This sample consisted of employers who volunteered to be interviewed; thus, the results reflect the views of employers who are engaged with ORSP. The sample is also small, even for qualitative analysis. Despite these methodological limitations, the interviews are valid case studies of potential employer reactions to ORSP, and also provide insight into the factors that could affect the cost borne by employers. CRR recommends further "usability" testing with employers when evaluating service providers and communications material.

Table 18. *Median and Range of Startup, Regular, and Infrequent Costs Anticipated by Oregon Employers*

Activity description	Oregon (median)	Oregon (range)	California estimate
Introduce ORSP	1-2 hours	Min: 10-15 minutes, Max: 5-6 hours	2 hours
Register with ORSP employer self-service portal	30 minutes	Min: < 1 minute, Max: 1.5 hours	1 hour
Provide data for initial enrollment	2 hours	Min: 10 minutes, Max: 5 hours	1- 4 hours
Facilitate opt-out	30 minutes + 15 minutes/employee	Min: < 1 minute/employee, Max: 30 mins to 1 hour/ employee	Not provided
		Regular costs	
Make payroll deductions	30 minutes/pay period	Min: 0 minutes/pay period, Max: > 1 hour/pay period	.5-1 hour/month
Keep records to show compliance	1 hour/month	Min: < 1 minute/month, Max: 8 hours/month	1-2 hours/month
		Occasional/infrequent costs	
Other potential activities	5 minutes/month	Min: 0 minutes/month, Max: 2-3 hours/month	Not provided

Source: California estimates provided by http://laborcenter.berkeley.edu/pdf/2016/CA-Secure-Choice-4-FinancialFeasibility&EmployerCosts.pdf.

On the bright side, ORSP appears to have the opportunity to limit the role of employers to that of a conduit in many cases through automation, pre-packaged communication, and direct communication between record-keepers and participants. Employers clearly stated a preference for such limited involvement, and offered several concrete recommendations: 1) make communications material easy to locate, download, print, and deliver to employees; 2) make eligibility easy to determine; 3) direct employees to a place other than the employer to answer questions about the plan; 4) have a record-keeper or other entity collect employee elections (including opt-out decisions) and only send the employer information that requires the employer to change payroll or provide new data; 5) leverage tools that employers are already familiar with (like OTTER) when employers need to file reports or provide data to the state; 6) use data the state already has to pre-populate information about eligible employees so employers only have to validate data instead of

entering data; 7) allow electronic transfer of data in common file formats such as excel. In addition to these employer recommendations, the experience of NEST and the People's Pension systems in the United Kingdom has demonstrated the power of Application Programming Interfaces (APIs) to securely and automatically transfer information between payroll systems and recordkeeping systems.[15]

While time and money associated with increased administration costs can be communicated in concrete terms, employers do anticipate less tangible costs (and benefits) associated with ORSP. On the cost side, the ORSP contributes to a growing regulatory burden on employers in Oregon. The essence of this burden is the need to understand and comply with rules (that are unrelated to serving customers) under the threat of legal penalties. Employers are also concerned about data security and the potential need to raise pay to offset retirement plan contributions. On the benefit side, many employers like having a retirement plan without having to find a plan, assume fiduciary responsibility, or make employer contributions. ORSP is viewed as a potential tool to attract and retain employees from this standpoint.

Payroll Administration

A consistent theme in the research on employer cost drivers is the expectation that the way in which employers administer their payroll will determine, to a large extent, the ultimate financial and administrative burden experienced by the employer. Payroll can be administered in three basic ways, ordered here from lowest to highest with respect to the likely ORSP administration burden to the employer: 1) outsourced to a payroll service provider; 2) administered in-house using software; or 3) administered in-house without using software. Employers that administer payroll in-house without using software are likely to face the highest administrative costs per employee, measured as time/money or "hassle." The reason is that systems can be automated and programmed to automatically exchange and validate data, reducing costs over the long-run, while tasks that involve manual procedures will remain expensive (and error-prone). Administrative data on payroll administration method are not available, so instead we use data on how employers file

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[15] These interfaces consist of a standard format for sharing data and clear instructions on how a computer program can pull data from a database. An agreement on variables that will be shared, how these variables will be named and formatted, and the exchange format that will be used can greatly simplify the process of developing APIs.

unemployment insurance as a proxy for payroll administration method (see Table 19).[16] The data indicate approximately 34 percent of affected businesses in Oregon likely use a service provider (because a third-party filed their payroll report), 45 percent likely process payroll using software (because they self-filed their state payroll report electronically), and up to 21 percent likely calculate payroll without the aid of software or a service provider (because they filed an unemployment report by paper themselves). The vast majority of firms that appear to process payroll manually using paper are small employers. Of the roughly 13,300 affected firms that likely process payroll in-house without the aid of software, approximately 13,150 have fewer than 50 employees and 11,400 have fewer than 10 employees.

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[16] Because coverage data are not available by payroll type or reporting status, the Table assumes coverage rates are the same across the two types of firms conditional on firm size.

Table 19. *Unemployment Insurance Filing Method of Oregon Firms, 2015*

	Firms	Affected firms	Share of affected firms	Affected employees	Share of affected employees
Total	**97,583**	**64,203**	**100%**	**558,970**	**100%**
Self-reporter (administer payroll in-house)					
Electronic					
Fewer than 10 employees	35,008	24,301	37.9%	50,365	9.0%
10-49 employees	7,683	4,370	6.8%	58,603	10.5%
50-99 employees	703	353	0.5%	15,547	2.8%
100+ employees	486	129	0.2%	63,321	11.3%
Subtotal	*43,880*	*29,153*	*45.4%*	*187,836*	*33.6%*
Paper					
Fewer than 10 employees	16,468	11,431	17.8%	23,692	4.2%
10-49 employees	3,094	1,760	2.7%	23,600	4.2%
50-99 employees	221	111	0.2%	4,887	0.9%
100+ employees	128	34	0.1%	16,677	3.0%
Subtotal	*19,911*	*13,336*	*20.8%*	*68,856*	*12.3%*
Not self-reporter (outsource payroll)					
Electronic					
Fewer than 10 employees	16,747	11,625	18.1%	24,094	4.3%
10-49 employees	5,946	3,382	5.3%	45,354	8.1%
50-99 employees	1,070	537	0.8%	23,663	4.2%
100+ employees	1,238	329	0.5%	161,299	28.9%
Subtotal	*25,001*	*15,873*	*24.7%*	*254,410*	*45.5%*
Paper					
Fewer than 10 employees	7,263	5,042	7.9%	10,449	1.9%
10-49 employees	1,131	643	1.0%	8,627	1.5%
50-99 employees	212	106	0.2%	4,688	0.8%
100+ employees	185	49	0.1%	24,104	4.3%
Subtotal	*8,791*	*5,841*	*9.1%*	*47,868*	*8.6%*

Note: Number of affected firms is estimated by applying non-coverage rates from the *Current Population Survey March Supplement* by firm size. Excludes firms with zero employment.
Sources: Oregon Employment Division, 2015 and *Current Population Survey March Supplement* 2015 (representing calendar year 2014).

One question is whether or not using the Unemployment Insurance filing method is a good proxy for payroll administration method. National and regional surveys of small businesses imply it is a good proxy. In a survey of small businesses conducted by the National Small Business Association (NSBA), around 60 percent of businesses reported managing payroll in-house, compared to 65 percent of employers in Oregon who file their unemployment insurance themselves,

and are thus assumed to manage payroll in-house (NSBA taxation survey, 2015). In its market research for Connecticut, CRR found that approximately 45 percent of small businesses processed their payroll in-house, a slightly lower rate than nationwide and in Oregon.

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Appendix A. Subgroups within the Populations of Ineligible and Self-Employed Workers

Table A1. *Segmentation of Workers Ineligible for Plan at Work*

| Share	Demographic characteristics	Employment characteristics
44%	100% white 94% some college/bachelor's degree 81% aged 25-54 60% female	54% professional services 19% retail and non-professional services 49% in firms over 100 people
18%	100% white 100% high school diploma only 75% aged 25-54 55% female	33% professional services 32% retail and non-professional services 50% in firms over 100 people
17%	79% white 54% some college education 100% aged 18-24 55% female	41% professional services 43% retail and non-professional services 58% in firms over 100 people
16%	100% non-white/50 percent Hispanic 48% some college/bachelor's degree 90% aged 25-54 57% female	40% professional services 25% retail and non-professional services 17% manufacturing 56% in firms over 100 people
5%	76% white 100% less than high school diploma 62% 18-24 31% less than 18	53% retail and non-professional services 34% professional services 56% in firms over 100 people

Source: Authors' calculations from *Current Population Survey, March Supplement* 2000-2015 (reflecting 1999-2014 calendar year data).

Table A2. *Segmentation of Self-employed Workers*

Share	Demographic characteristics	Employment characteristics
44%	100% white 94% some college/bachelor's degree 81% aged 25-54 60% female	54% professional services 19% retail and non-professional services 49% in firms over 100 people
18%	100% white 100% high school diploma only 75% aged 25-54 55% female	33% professional services 32% retail and non-professional services 50% in firms over 100 people
17%	79% white 54% some college education 100% aged 18-24 55% female	41% professional services 43% retail and non-professional services 58% in firms over 100 people
16%	100% non-white/50 percent Hispanic 48% some college/bachelor's degree 90% aged 25-54 57% female	40% professional services 25% retail and non-professional services 17% manufacturing 56% in firms over 100 people
5%	76% white 100% less than high school diploma 62% 18-24 31% less than 18	53% retail and non-professional services 34% professional services 56% in firms over 100 people

Source: Authors' calculations from *Current Population Survey, March Supplement* 2000-2015 (reflecting 1999-2014 calendar year data).

Appendix B. Employer Survey Results

Question 1. *Do you feel as though you have the information and tools you need to set up a retirement program, if you decided that you wanted to?*
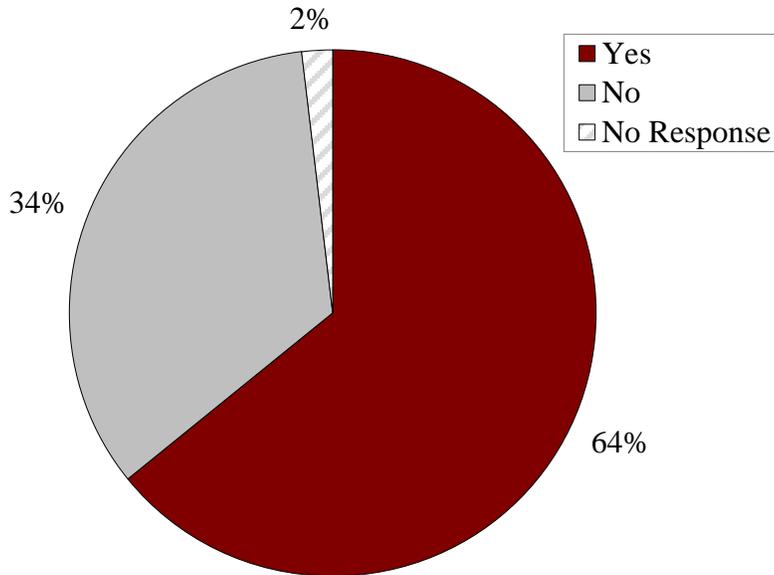
Question 2. *Do you, as a business owner, have concerns about the costs you would incur in providing a retirement program to your employees?*
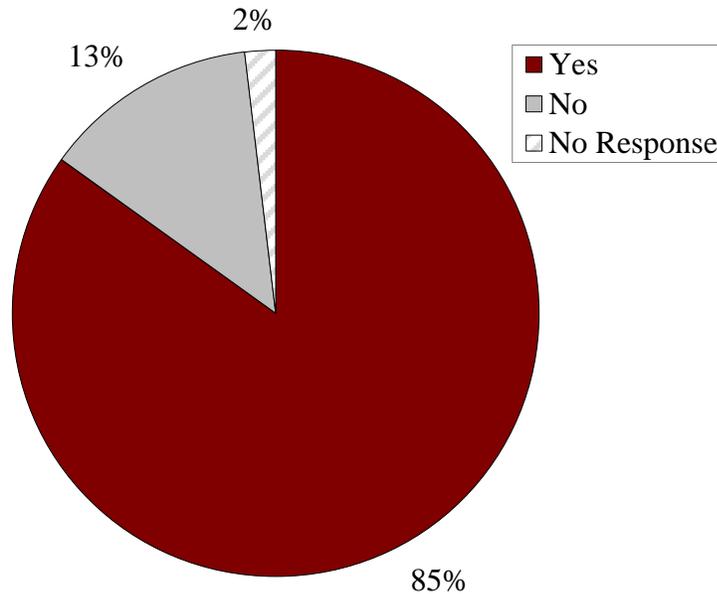
Question 3. *Do you have any worries around liability in providing a retirement program?*
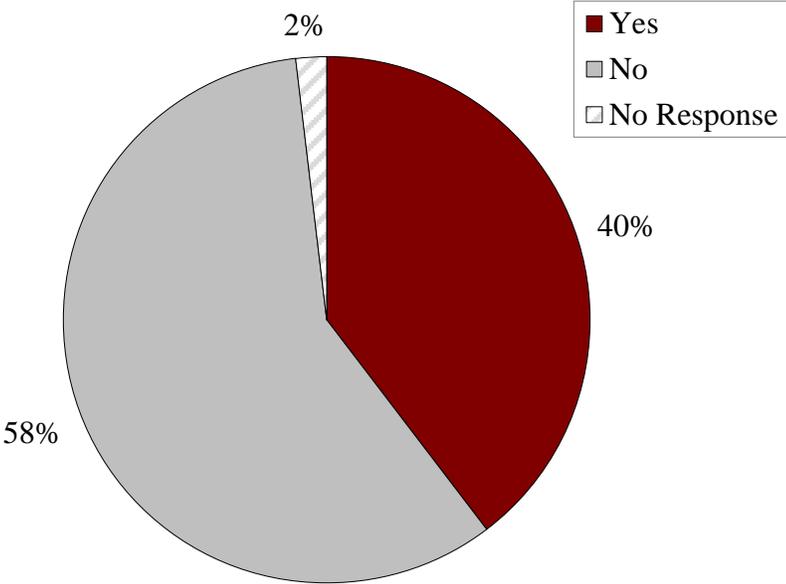
Question 4. *Do you think employees would be likely to participate in an employer-sponsored retirement program, if you were to offer one?*
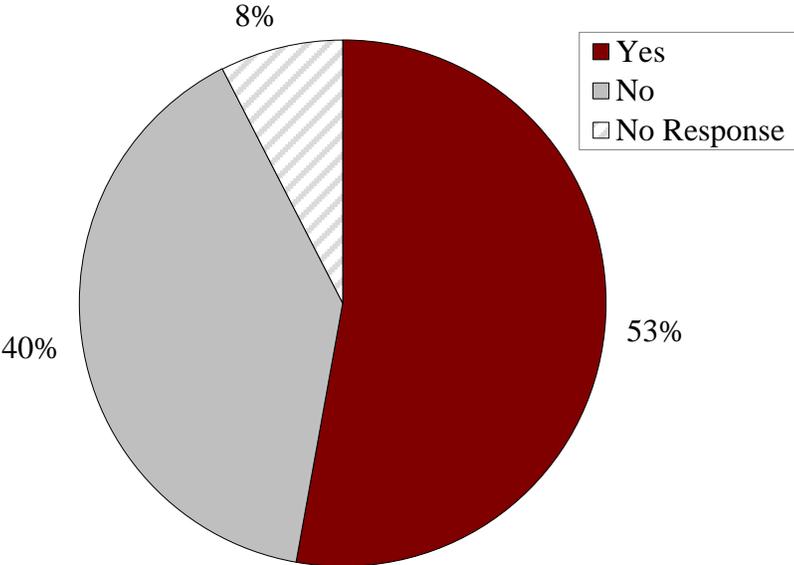
Question 5. *For those of you who have owner-operated firms, have you already made other arrangements to handle your own savings needs in a tax-effective manner?*

Legend:
- ■ Yes
- ▨ No
- ▨ Not applicable

19%

19%

62%
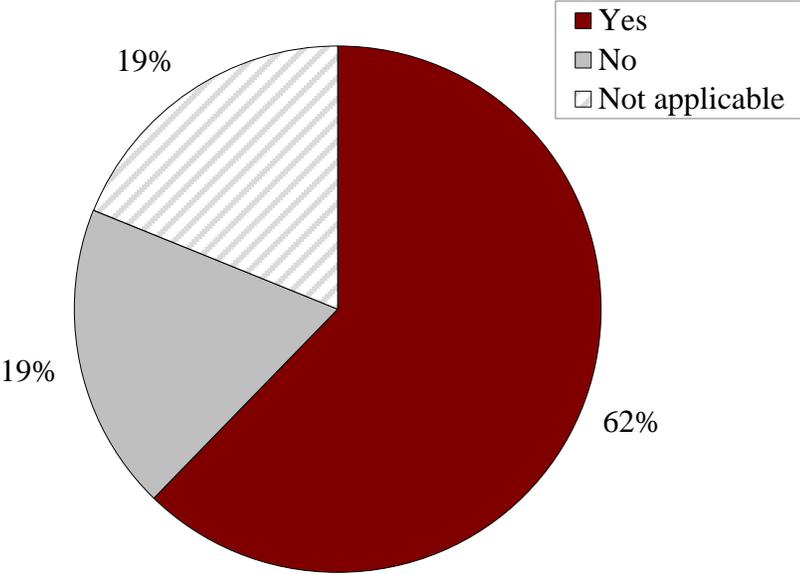
Question 6. *How many employees work in your company?*

53%	< 10
23%	10 to 20
13%	20 to 50
8%	50 to 200
4%	> 200
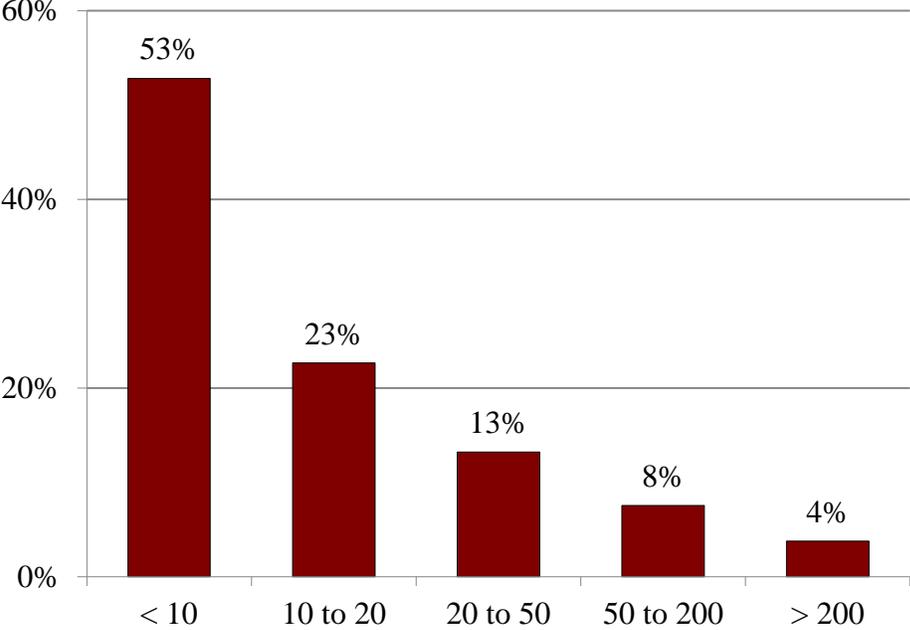
Question 7. *What is your payroll administration method?*
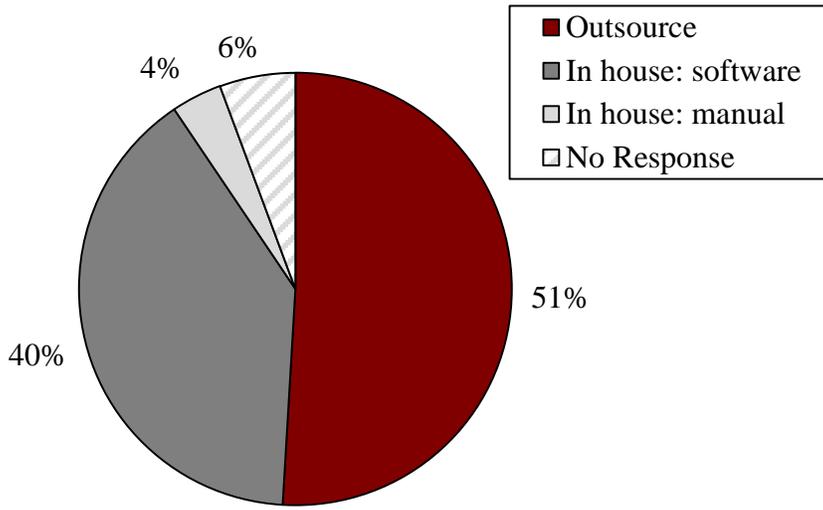
Question 8. *Which county are you located in?*
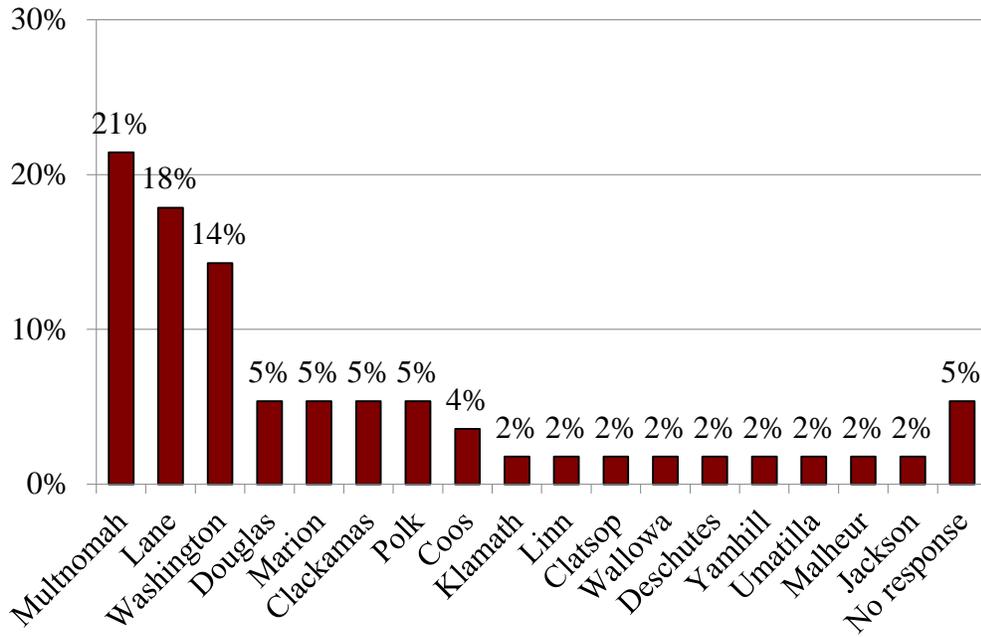
Note: Some employers report multiple county locations.

Question 9. *What industry are you in?*
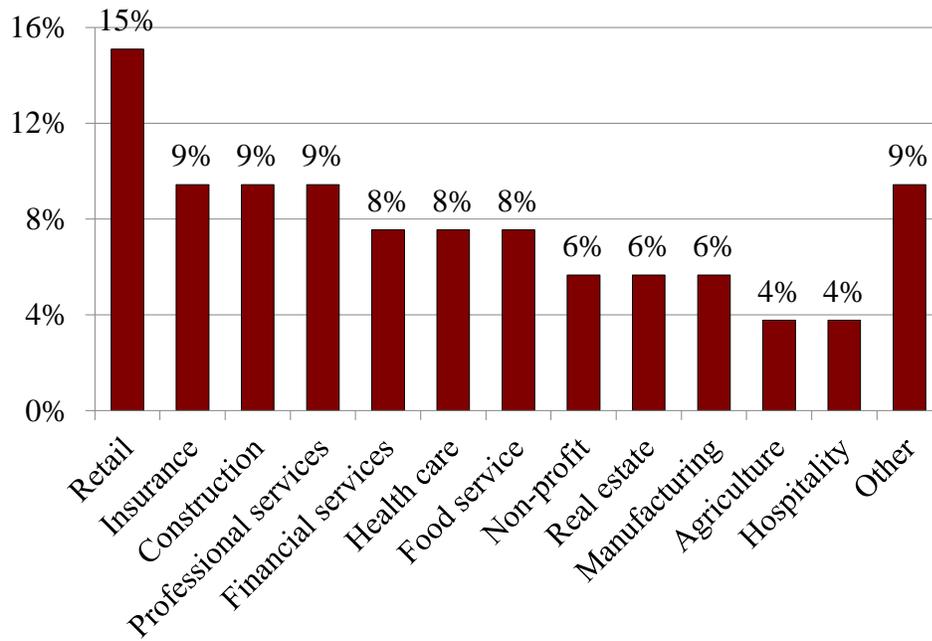
Question 10. *Are you willing to share a phone number or email address so that a researcher can contact you with more detailed questions?*
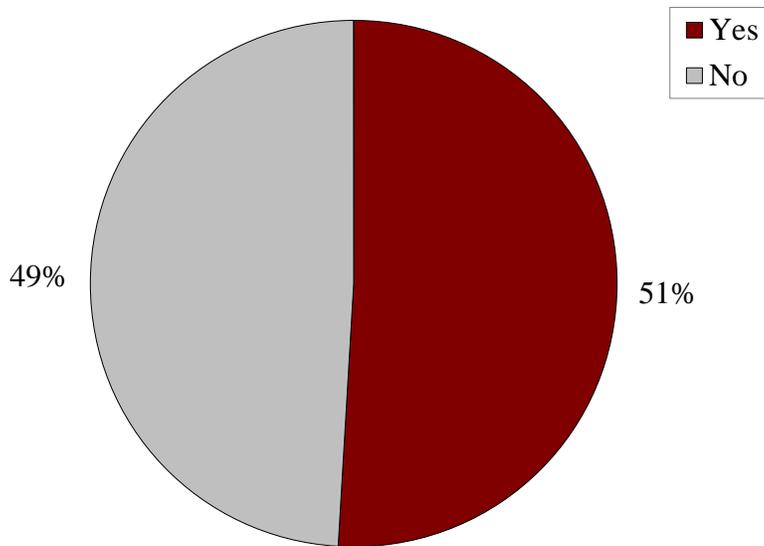
Appendix C. Interview Summaries

Interview 1. *Anticipated Cost of Complying With ORSP to Employers by Type of Activity*

Activity description	Frequency	Estimated time/ cost/hassle
Introduce ORSP - get informed about ORSP - hand out program description and automatic enrollment notice on-site	One-time	It wouldn't take long. 30 minutes.
Register with ORSP employer self-service portal - enter employer id, number of employees, contact information, and self-service preferences into online portal	One-time	We'd do that in house, I input for other payroll. Under 5 minutes- it would be very quick.
Provide data for initial enrollment - enter employee SSN, name, date of birth, and initial contribution percentage into self-service portal - alternatively, send an electronic file (spreadsheet) or allow payroll provider to send this information)	One-time, then per new employee	The first time would be 30 minutes, labor intensive. But after that it'd be real quick. 3 minutes for a new employee.
Facilitate opt-out - make opt-out form available on-site	One-time, then per new employee	5 minutes.
Make payroll deductions - enter deduction amount into payroll system or process - write a check or send direct deposit with total deductions to ORSP - send a file to ORSP that lists the deduction amounts for each employee	Per pay period	It'd be combination of me and payroll firm would do it. I don't think it'd cost much more. I think maybe it goes up $1/ employee – at the most, but I don't think it'd cost much more. I think the initial setting up would take some time, but once it's set up it's smooth.
Keep records to show compliance - maintain employee enrollment, contribution rate change, and opt-out forms on file	One-time, then per new employee	I don't think that will take any time. I think to set up change it will take 3 minutes.
Other potential activities - respond to inquiries about employees from ORSP in case of data or deduction errors	Ad-hoc	I'd say 30 minutes per year.

Follow up questions:

1. *Which of the activities listed above do you like or dislike the most, and why?*

   I'm really excited to get it going. I don't think it'll be that much work. We deal mostly with Medicaid residents at our retirement home, and I see the effects of not having enough money for retirement. Our employees are in the low minimum wage, and our residents are 70-80% Medicaid.

2. *What other tasks or responsibilities do you anticipate having to complete as part of this program?*

   Most of my questions are who qualifies and how quickly we can get them signed up and saving, and hopefully they will. Is this only for full-time or only part-time? I want to know who qualifies.

3. *Would it lessen your workload if:*
   a. *Someone from the private sector administrator takes over either contacting employees via email or delivering information so the employer doesn't have to worry about communicating the program to employees.*

   I think it'd be helpful but I think it'd be hard to get to a lot of our employees. They don't necessarily have internet and it's easier to have the information come from me.

   b. *Once an employee signs up, the private sector administrator takes care of changes such as opt-outs or changes in contribution levels.*

   I think it'd still involve us because the employee would come to us, and we'd give it to someone else – payroll firm - who would do it.

4. *What questions do you have about the program?*

   Is there a minimum or maximum wage – any of those types of restrictions?

5. *Do you store employee information electronically or on paper?*

   Both

6. *Would you prefer to be able to upload an excel file to a portal or type in information manually, or mail or fax paper records to ORSP?*

   Probably portal would be the easiest.

7. *Do you and your employees have access to the internet at work?*

   They do at work but perhaps not at home.

8. *Are you at-ease filling out information online?* Yes.
   On a tablet? Yes.
   On a smartphone? Yes.

9. *Would you like to remain engaged with the ORSP and be invited to participate in employer outreach efforts?*

I can be reached for more.

Interview 2. *Anticipated Cost of Complying With ORSP to Employers by Type of Activity*

Activity description	Frequency	Estimated time/ cost/hassle
Introduce ORSP - get informed about ORSP - hand out program description and automatic enrollment notice on-site	One-time	I have outside payroll firm. I would meet w/ the group. The delivery of program, to explain it, would take 1 hour max, including a Q&A. I'm assuming I'll have access to written documents. They have to standardize and have it available for us to download – very important, because that's going to save us time. We don't have to go around looking at these things.
Register with ORSP employer self-service portal - enter employer id, number of employees, contact information, and self-service preferences into online portal	One-time	That's probably another hour or 2 to do that. I would do that, not the firm. I am the person doing HR here.

Provide data for initial enrollment - enter employee SSN, name, date of birth, and initial contribution percentage into self-service portal - alternatively, send an electronic file (spreadsheet) or allow payroll provider to send this information)	One-time, then per new employee	Getting everything entered & organized might take longer. I have 5 people so I would say about 2 hours. I would do that, not the payroll firm. The firm will also need the info from me but they'll treat it like any other withdrawal such as health insurance.
Facilitate opt-out - make opt-out form available on-site	One-time, then per new employee	Part of bringing on new employee- they'd be filling out things including this. That's going to take not much time at all, if you consider that extra for. 5-10 minutes initially and for every new employee to have them fill out the form. But they might have questions like why am I filing this out. If I haven't spoken to a new employee about the program, so it could be longer. Maybe half an hour. They might have questions & I'd be telling them about it and no longer in a group setting.

Make payroll deductions - enter deduction amount into payroll system or process - write a check or send direct deposit with total deductions to ORSP - send a file to ORSP that lists the deduction amounts for each employee	Per pay period	I think – this is what I'd have to research – but I think my payroll service will charge me a set-up fee to get the deduction in the records for a new deduction. When I put an employee on auto bank deposits, I have a set-up for fee that is around $20 per new employee. It might add $1.50 per person per pay period, which is twice per month, 15th and 30th.
Keep records to show compliance - maintain employee enrollment, contribution rate change, and opt-out forms on file	One-time, then per new employee	That might be easier to guess, on a year basis. I think employees will change it. I just have this feeling. They may start w/ a deduction and say that's too much & they'll come back & change it. I think they should have restrictions about how often they can change it – we don't want to do it every pay period. It can't be annually though because that would be too much hardship on an employee who feels they can't afford. We need to be sensitive. Maybe quarterly – that would be probably be good. I'd say another 1-2 hours per year for changes / compliance etc.

Other potential activities	Ad-hoc	This fits into the 1-2
- respond to inquiries about employees from ORSP in case of data or deduction errors		hours above. Whether you're addressing the plan or employee, its part of managing the account.

Follow up questions:

1. *Which of the activities listed above do you like or dislike the most, and why?*

   The main thing, which I've expressed, is being very clear about what our responsibilities are as an employer and what the plan responsibilities are. So it's clear and it's easy for the employee to get info. It's their money. If I as the employee have questions, for example, "It doesn't seem I'm making enough interest. Why is that?" How is that going to be managed and organized so it's easy for the employee to go somewhere- not to come to us as the employer – to get those questions answered? There needs to be a system that makes it very easy for them to get information that they can understand. Investment stuff is very complex and the lay person doesn't understand it. I can tell you from my experience, I'm a little skeptical of people managing my money so it needs to be crystal clear and easier for the consumer to understand. It's a very important part of this program.

2. *What other tasks or responsibilities do you anticipate having to complete as part of this program?*

   I'm worried about being pulled in to know about a plan I don't know about as I am not a financial person. I have other worries. It's a broader issue. This is my thing about retirement- I'm a victim of having money taken away from me in retirement accounts, because the money is invested in Wall Street, and we don't have a lot of regulation. An important piece, to me, of offering retirement savings is making it as secure as can be. I don't know where we go with that but I'm skeptical of having money in Wall Street because you can lose anything. A lot of people, including myself, lost 50% of my savings during the recession. This is important to small business owners. We don't have deep pockets. Cash is always an issue. I was hit so hard in the recession that my sales dropped 50%. Our income is not protected. It's not like somebody is paying us a wage. Not only did we have our retirement savings pulled from us through the market forces but we also lost our income. I don't want my employees to put money away and be at risk of losing it all. We have to come up with a plan that protects true retirement security and make it as secure as we can. I'm really nervous about this. I want to see a different system. That's one of my big concerns. I wouldn't invest in it if it was connected to Wall Street- I won't do it anymore. They took all my money due to market losses because of the gambling done on Wall Street because of a lack of regulation. This is a big broad concern of mine with retirement savings plan. This is really important. If you could pull stats on how much money was lost for the common citizen who thought their retirement was secure you'd have a pretty big number. Somehow they should come up with a way to protect these funds more especially when people are approaching retirement age. They're at the end of their career and they lose it- I get really upset about this. I'm 62 and my husband is 65. It caused huge hardship for us. We lost a lot of our financial security. It's one of the reasons I'm talking to you today. I have to speak up for small business owners and people in this country so I'm active in a lot of organizations, and I go to Salem. I'm going to be part of a hearing in Salem about small business needs. It's not about me but about helping the cause.

3. *Would it lessen your workload if:*
   a. *Someone from the private sector administrator takes over either contacting employees via email or delivering information so the employer doesn't have to worry about communicating the program to employees.*

   Yes, definitely.

   b. *Once an employee signs up, the private sector administrator takes care of changes such as opt-outs or changes in contribution levels.*

   Yes. I would prefer if they could do all of that and I just introduce and give them forms. Here's a form and an opportunity to set it up through my payroll – if that's all I do and everything else is through my payroll that's the best for me.

4. *What questions do you have about the program?*

   Where is the money being invested and how secure is this money for my employees? I'm concerned about that.

5. *Do you store employee information electronically or on paper?*

   On paper.

6. *Would you prefer to be able to upload an excel file to a portal or type in information manually, or mail or fax paper records to ORSP?*

   I'd probably rather do everything electronically as much as I could.

7. *Do you and your employees have access to the internet at work?*

   Yes.

8. *Are you at-ease filling out information online?* Yes, fine.
   On a tablet? I don't have a tablet. I have a laptop.
   On a smartphone? No. But for my employees, I would answer yes – they have everything on phones. But for me, no.

9. *Would you like to remain engaged with the ORSP and be invited to participate in employer outreach efforts?*

   Sure. I think it'd be really good for you to get feedback from employees and the different age groups. Get this Millennium generation to talk. They're very clear about what they want and what they don't want. They're our new savers & they're starting to save for their future but a lot of them have come out of college and have huge debt. That's also a factor in allowing them to save. My two young employees would say I can't afford to save right now. I'm paying my college debt. I'm paying my rent in Portland. These are real factors. They really are. We need to make sure everyone's making a livable wage and also making sure we're taking this debt off these kids' shoulders – it's all connected.

Interview 3. *Anticipated Cost of Complying With ORSP to Employers by Type of Activity*

Activity description	Frequency	Estimated time/ cost/hassle
Introduce ORSP - get informed about ORSP - hand out program description and automatic enrollment notice on-site	One-time	1-2 hours
Register with ORSP employer self-service portal - enter employer id, number of employees, contact information, and self-service preferences into online portal	One-time	15-20 minutes, maybe 30 minutes.
Provide data for initial enrollment - enter employee SSN, name, date of birth, and initial contribution percentage into self-service portal - alternatively, send an electronic file (spreadsheet) or allow payroll provider to send this information)	One-time, then per new employee	Again, between the 2 of us, 30 minutes. Not as long as people would think, but we're prepared when the time comes to hire staff – the retirement plan is something we want to do. We've been trying to figure out what we're going to do. There isn't anything easily available through the state and we haven't really wanted to go with any particular provider, such as a 401k. We've got an IRA. Our real estate may become our retirement but we like having other options too. We've been talking a lot about that. I'm 32.

Facilitate opt-out - make opt-out form available on-site	One-time, then per new employee	Whatever we'd need to have it be available as well as facilitate good conversation around – we'll just provide. Whatever the amount of time it would take to have someone feel comfortable and that they understand and are able to take in the info. I would assume 30 minutes would suffice but you never know. Some people have no idea when it comes to making these decisions – it could be 1 hour or more because financial literacy isn't something my generation has been brought up with.

Make payroll deductions
  - enter deduction amount into payroll system or process
  - write a check or send direct deposit with total deductions to ORSP
  - send a file to ORSP that lists the deduction amounts for each employee
	Per pay period	I have no idea. My mind went to no longer than 30 minutes. It seems it would be relatively straightforward once you get the kinks worked out at the beginning.

Keep records to show compliance - maintain employee enrollment, contribution rate change, and opt-out forms on file	One-time, then per new employee	If we bring on a new employee, probably no more than 1 hour. That might even be excessive if you hadn't kept good records from the beginning. There's a learning curve and it will only get more efficient after that.

Other potential activities - respond to inquiries about employees from ORSP in case of data or deduction errors	Ad-hoc	Less than 1 hour per year. If we had 3-5 employees, I would say 1 hour. Right now with the 2 of us, maybe 20-30 minutes.

Follow up questions:

1. *Which of the activities listed above do you like or dislike the most, and why?*

   [No response.]

2. *What other tasks or responsibilities do you anticipate having to complete as part of this program?*

   Especially as the company grows, the challenges that come with it are making sure people understand how their money's being invested and what kind of investment vehicles those are. When I first started working in the non-profit world/university fund-raising, you'd get opted into a retirement plan but you'd get so much info with so much fine print and nobody would go through it with you – I didn't understand what a money market was or truly understand the nature of Wall Street and how these big financial institutions manage your money.

   That leads into my concern with the state of Oregon. Who do they pick to manage this? I know they'll do their best to make it user-friendly but it requires the employee to have responsibility to understand where their money is going, how it's getting there, and how much control they have in that process. You feel you don't have control when you opt in but actually you do. You have control in this and knowing what that level of control is and where they have choice.

   I want the employees to know there are multiple avenues that can be employer-provided but they can do things themselves to hedge their bets. I feel invested in our future employees because my husband and I are doing it ourselves. We're building an approach to retirement that is not conventional, but I also see the role of the conventional retirement savings plan as important because people need options.

   I'm totally 100% in favor it (ORSP). Partly because I do work with people on a daily basis who are property owners, but that doesn't mean they're wealthy. Maybe the house was willed to them and they're working minimum-wage jobs. I hear these stories all the time and see how it plays out real life, and people end up in stressful situations and they have nothing.

3. *Would it lessen your workload if:*
   a. *Someone from the private sector administrator takes over either contacting employees via email or delivering information so the employer doesn't have to worry about communicating the program to employees.*

   Yes, probably. That sounds great and in theory as a small employer and small business owner, you realize you have to put together a team. I can't provide all the services so I work with partners, rather than employees. Whoever gets hired to administer it would need to have a partnership mentality. We work together, although I'm not paying you and you're not paying me but we're on the same team. I

feel I would be very open to taking it on ourselves. I want to know what the process is like so if it was going to transition out to an administrator, if there's room to let them know personal details about the employees. I don't want a big bureaucratic impersonal process. Whoever they would hire – we should be meeting once or twice to get to know each other. That's how I feel really comfortable with that type of arrangement.

    b. *Once an employee signs up, the private sector administrator takes care of changes such as opt-outs or changes in contribution levels.*

That's when I would love to be able to forward the email on or have the employee cc'ed – put both of us on the same email. Because we have that partnership the employee knows they can email the retirement info & they cc me so I can see it. That's how I would like it to go.

4. *What questions do you have about the program?*

Not right now. I've kept my finger on the pulse so everything seems to clear for me.

5. *Do you store employee information electronically or on paper?*

Both.

6. *Would you prefer to be able to upload an excel file to a portal or type in information manually, or mail or fax paper records to ORSP?*

I would definitely love to upload an excel file or Google spreadsheet.

7. *Do you and your (future) employees have access to the Internet at work?*

Yes.

8. *Are you at-ease filling out information online?* Yes.
On a tablet? Yes.
On a smartphone? Yes.

9. *Would you like to remain engaged with the ORSP and be invited to participate in employer outreach efforts?*

Sure. I have a comment: It is our goal as we hire people and grow, and I'd like to be able to go beyond the ORSP option. The employees might be a part of the projects or the properties we might acquire- do they want to have a stake and what does it look like? It's also a tool in their retirement tool belt. We would provide above and beyond just the ORSP – that's because of the nature of the industry we're in to attract great people and making sure they're feeling there's more than showing up. Because real estate has so many social / economic / cultural relationships, so we're trying to find the right people for us long-term so there has to be incentives. I think that ORSP is vital. I hope that it becomes successful and people opt in and they're able to do this because we need it.

Interview 4. *Anticipated Cost of Complying With ORSP to Employers by Type of Activity*

Activity description	Frequency	Estimated time/ cost/hassle
Introduce ORSP - get informed about ORSP - hand out program description and automatic enrollment notice on-site	One-time	We're introducing a 401k plan here probably in a couple of weeks. We're working with our payroll service provider. This is a no-cost benefit for them to administer. So it is my understanding that that trumps the state program, if we have a 401k in place. We have boards for posting, so as far as doing that it'd go in the company newsletter and on the company board. I don't think it'd add more than 10 to 15 minutes time to put up a notice. I'm already informed about it. We read about it in the paper. We're members of the Chamber of Commerce, which has written about it. Plus, there is a local employment law firm that's a chamber member and they send out bulletins. Finding out about this has not taken any extra time. But if I didn't avidly read newspaper and emails, probably a couple hours to learn the basics. I do know this:

		when Obamacare was actually becoming a reality after two or three years of deferments, I went to half a dozen seminars, and it took a week of my time to become familiar with that program. This has become far less exhausting but no less frustrating.
Register with ORSP employer self-service portal - enter employer id, number of employees, contact information, and self-service preferences into online portal	One-time	It would take my HR director probably an hour.

Provide data for initial enrollment
   - enter employee SSN, name, date of birth, and initial contribution percentage into self-service portal
   - alternatively, send an electronic file (spreadsheet) or allow payroll provider to send this information)
	One-time, then per new employee	The outside payroll service – we use Paychecks for payroll. They said they were prepared to take care of this but it'd be a fee. If we hadn't done a 401k, it probably would take no time because they have all the employee info electronically. The setup would be free but they'd ding us moving forward but you're going to ding us every payroll; they were going to charge another $1 per person.

Facilitate opt-out - make opt-out form available on-site	One-time, then per new employee	This would fall on HR basis. New employees will take longer, because on the first go-around you gather everyone together and explain it. Our company-wide meetings typically run about an hour. I'm going to say informing employees of what's happening, how it affects them, how they can opt out, how it would work on their checks, and who they would have to see – 8 hours; explaining the program and answering inevitable questions etc. Then, once they are informed, getting them all signed up: people are going to go into HR and spend 15 minutes minimum discussing their options, such as what percentage do you think I should contribute. There'd be 1 million questions. Out of 60 employees, another 40 hours to answer questions, on top of the 8 hours.

Make payroll deductions - enter deduction amount into payroll system or process - write a check or send direct deposit with total deductions to ORSP - send a file to ORSP that lists the deduction amounts for each employee	Per pay period	$1 addition charged by the payroll firm per employee. They would handle the deduction and note it on pay stubs. They also do all our payroll taxes and send us the supporting paperwork. This is just another service they assured they would take care of, but it would cost $1 per employee per pay period, which is every 2 weeks.
Keep records to show compliance - maintain employee enrollment, contribution rate change, and opt-out forms on file	One-time, then per new employee	I think more people would be opting out than staying in so probably another–oh boy–that's going to be a range. No less than 10 hours total, maybe 20 hours of an HR person's time.
Other potential activities - respond to inquiries about employees from ORSP in case of data or deduction errors	Ad-hoc	The Federal Government did this when they said they were doing everyone favor on reducing the – was it workers' comp or disability? They reduced it for a year or so during recession, and when went back up they screwed up a bunch of our people. It took a couple hours per employee to get it straight. Any time they make a mistake, it's going to take a couple hours of administrative work.

Follow up questions:

1. *Was your decision to set up 401k influenced by this ORSP being mandatory?*

   Yes. I'll say the timing was influenced. The payroll service was coming in independent of the 401k. They wanted us to update their level. We were at their B level service. Their A level service has a bunch of other benefits. It cost more but we saw a lot of benefits in that, but one benefit was that they would run the 401k service for us. The $1 per person is enrolled into the additional fee. But we went from $1000 per month to $3000 by moving into the A level. Part of that was the 401k management, and they enumerated it for us. If you weren't at the A level, this is what we'd charge at B level to include the 401k.

2. *Which of the activities listed above do you like or dislike the most, and why?*

   I don't like that they didn't ask me. I don't like that any government entity comes in and says I'm from the government and know what's best from you. I find my city representatives have never owned a business. I know our president never owned a business. Even though our presumptive Republican candidate has owned a business, that's of questionable value. Several of them have gone bankrupt. Most government people are not business people, and it's really easy to spend other peoples' money. It's easy to sit around a table and say this is a good idea. Business will absorb this – they can't afford to raise prices so it won't be passed on. This move to minimum wage and paid maternity leave are all mandated and unfunded government programs, and the reality is this is going to come back and bite them in the butt. When I have to pay $15 an hour to a teenage kid who isn't going to be here 40 years? He's going to be a year and a half–if that– before he moves on. I'm going to think real hard before creating that position. In Orlando they have a mega-McDonald's with two people at the registers. It's already happening and they have a robot who flips pancakes. None of these things come without consequences and they're all being dreamed up without significant input from the business community. No one asked me about minimum wage, sick leave, or the ORSP. They get feedback but it's a done deal. They rarely ratchet anything back especially if it comes from the business community. That's the worst thing: not feeling like I had any voice in it. Would I have objected? I may have, but it's unfair to presume I might not be on board had I been a part of creating the program. Why don't you trust me to give you input and realize it's the right thing to do and figure out a program that makes it palatable for all concerned: the government, employers and employees.

3. *Would it lessen your workload if:*
   a. *Someone from the private sector administrator takes over either contacting employees via email or delivering information so the employer doesn't have to worry about communicating the program to employees*

   Oh no. The government proves every single day that they can't handle things like that. The last thing I want is for them to say we've got a program and you don't have to do anything because we're going to do everything. Those are the kind of things that are worse than forcing me to do something, because the government is either inherently inefficient or purposefully inefficient. When I run a business day-to-day and know my margins & costs … the last thing I want is them coming in and saying we're going to take care of this part of your business for you.

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b. *Once an employee signs up, the private sector administrator takes care of changes such as opt-outs or changes in contribution levels.*

Ditto above.

4. *What questions do you have about the program?*

I'm well caught up on the program. It's very simple. They didn't make it too complicated: we want you to save money. That's a noble gesture, and I try to tell people that all the time. I go to trade shows … also go on vacation … Some employees say I wish I could do that, and I say for $20 a week you could. You want me to show you how? This 401k is a good idea. Start now. You're 25 or 30 – start now. I started late, and I really regret that. After a while you'll realize missing 2 coffees a week isn't a big deal. If you stop smoking, there's $25 a week. We try very hard to offer minimal counseling services on financial matters.

5. *Do you store employee information electronically or on paper?*

Both. We're primarily electronic, but we do evaluations in paper and write-ups. Payroll matters are all electronic and our employee handbook is electronic. We're getting more electronic each month as we can. But we don't want to get to the point where people think they can't sit down and talk to a person.

6. *Would you prefer to be able to upload an excel file to a portal or type in information manually, or mail or fax paper records to ORSP?*

Excel file. The 401k plan we're doing – the only paperwork we'll have here is our signed agreement with the payroll firm.

7. *Do you and your employees have access to the Internet at work?*

Yes. We have three employee computers in the break room.

8. *Are you at-ease filling out information online*? Yes.
    On a tablet? Rarely, though we have tables that HR doesn't use.
    On a smartphone? Not me personally.

9. *Would you like to remain engaged with the ORSP and be invited to participate in employer outreach efforts?*

Sure. I enjoy it when I'm given an opportunity to provide input. They can contact me, if they listen to what I have to say.

Interview 5. *Anticipated Cost of Complying With ORSP to Employers by Type of Activity*

Activity description	Frequency	Estimated time/ cost/hassle
Introduce ORSP - get informed about ORSP - hand out program description and automatic enrollment notice on-site	One-time	We use QuickBooks software to do our payroll. If this was part of QuickBooks as an option, I would say each payroll period, maybe 30 to 45 minutes more time, and pay a fixed fee for software. Maybe do it in a monthly meeting – perhaps 15 minutes per employee.
Register with ORSP employer self-service portal - enter employer id, number of employees, contact information, and self-service preferences into online portal	One-time	Maybe 30 minutes.
Provide data for initial enrollment - enter employee SSN, name, date of birth, and initial contribution percentage into self-service portal - alternatively, send an electronic file (spreadsheet) or allow payroll provider to send this information)	One-time, then per new employee	I have no idea because it depends on how the portal designed. If it's efficient, maybe 10 minutes per employee. In the worst case, it could be 30 minutes for employees.
Facilitate opt-out - make opt-out form available on-site	One-time, then per new employee	Maybe one to two hours for all employees. Includes telling them exactly what the opt-out function is, why they should or should not opt-out and give them background on why they should not opt-out. Its helping them build a nest egg for their future.

Make payroll deductions - enter deduction amount into payroll system or process - write a check or send direct deposit with total deductions to ORSP - send a file to ORSP that lists the deduction amounts for each employee	Per pay period	At least 15 minutes per employee per pay period.
Keep records to show compliance - maintain employee enrollment, contribution rate change, and opt-out forms on file	One-time, then per new employee	If there are not too many changes, maybe a maximum of one hour per month.
Other potential activities - respond to inquiries about employees from ORSP in case of data or deduction errors	Ad-hoc	This would really have to be a guess because we are having to predict something that may or may not occur. Maybe 30 minutes per month.

Follow up questions:

1. *Which of the activities listed above do you like or dislike the most, and why?*

   I'm very much a proponent of ORSP. I am a volunteer for AARP and my focus is on financial education for seniors. I'm very much for it, and I'm glad they came up with this plan. I do not mind the administrative tasks. I think it is worthwhile as long as they streamline it. If they make it overly burdensome or cumbersome, I think the compliance rate will drop, so they have to recognize that fact. They're going to have to make it simple plug and play so they have the maximum participation. If it is very difficult, I think I can convince my employees to opt-out. It's the employees' choice, but employers in a small business environment have certain latitude … if it's a two- or three-person shop and all of a sudden the state is putting a burden of five hours per month or every payroll period, who's going to pay for it?

2. *What other tasks or responsibilities do you anticipate having to complete as part of this program?*

   What I haven't seen … is that whoever is going to manage the investments and administration, my primary concern would be with the fees. Too many times you use IRAs and retirement programs and the fees are so exorbitant they eat up the profits that accumulate, and I would hate to see something like that happen with this program. We are talking about compounding the value of your retirement, and the power of that retirement nest egg comes from the compounding effect. If you have a component taking away a lot of your savings, that's a bad deal for the citizens.

3. *Would it lessen your workload if:*
   a. *Someone from the private sector administrator takes over either contacting employees via email or delivering information so the employer doesn't have to worry about communicating the program to employees.*

It may a little bit. I think my main concern would be the reporting requirement of the deductions you're taking out and how it's reported to the state. If I can make a comment, in Oregon – I do all of our payroll electronically – payroll has a software called Otter. If they can make this part of the Otter, I think it would simplify the reporting process and also the depositing of the employee contributions. If they can add this feature into an existing program that's run by the Revenue Department, it would really simplify the whole process. I don't have a lot of turnover so after that initial investment of time I don't see that as a big deal… I may be unique. But in the fast-food industry or restaurants where they have a lot of turnover, it may be very helpful for someone like that. Overall, it would be a positive.

b. *Once an employee signs up, the private sector administrator takes care of changes such as opt-outs or changes in contribution levels.*

I don't see it as big help. If they change the contribution level, the employer would have to be notified as well. In terms of opt-out, if it's a simple form we can have a PDF and print it out anytime someone wants it. They can either mail it or fax it.

4. *What questions do you have about the program?*

My main question would be the match? What number are they look at in terms of employee deduction – what percentage are we talking? Maybe 5%. I haven't had the time to sit down with people involved to learn the finer nuances.

5. *Do you store employee information electronically or on paper?*

All electronic.

6. *Would you prefer to be able to upload an Excel file to a portal or type in information manually, or mail or fax paper records to ORSP?*

No to manually. No snail mail. It would be an Excel file, as long as I can export it out of QuickBooks. All my info would be in QuickBooks. This is something Oregon would have to interact with QuickBooks to make this an option for Oregon filers. It would be a simple matter of me pushing out an Excel file and upload it to a portal. Tech is my background.

7. *Do you and your employees have access to the Internet at work?*

Yes. All employees have access.

8. *Are you at-ease filling out information online?* Not a problem.
   On a tablet? For me, it's not a problem.
   On a smartphone? Not a problem. I was working in technology for 25 years. It is so pervasive that you can't ignore it.

9. *Would you like to remain engaged with the ORSP and be invited to participate in employer outreach efforts?*
   Yes. I mentioned to them if they were to have some kind of committee where they needed brainstorming, depending on my timeframe, I would try to make myself available.

Interview 6. *Anticipated Cost of Complying With ORSP to Employers by Type of Activity*

Activity description	Frequency	Estimated time/ cost/hassle
Introduce ORSP - get informed about ORSP - hand out program description and automatic enrollment notice on-site	One-time	I think negligible in terms of time and resources. I'd say no money will change hands. Two hours, but maybe it's not a fair question for me, because I'm in financial services.
Register with ORSP employer self-service portal - enter employer id, number of employees, contact information, and self-service preferences into online portal	One-time	One hour or less.
Provide data for initial enrollment - enter employee SSN, name, date of birth, and initial contribution percentage into self-service portal - alternatively, send an electronic file (spreadsheet) or allow payroll provider to send this information)	One-time, then per new employee	I don't contract out payroll. My bookkeeper runs numbers, but I do the paychecks. Maybe two hours for the initial.
Facilitate opt-out - make opt-out form available on-site	One-time, then per new employee	Included in the two hours in the initial discussion. "You can always opt out of these."
Make payroll deductions - enter deduction amount into payroll system or process - write a check or send direct deposit with total deductions to ORSP - send a file to ORSP that lists the deduction amounts for each employee	Per pay period	We pay twice per month. I'm going to base this on how much time I spend on IRS and Oregon state tax deductions twice per month. I spend maybe 15 minutes, though it depends on complexity of the website but it's not that much info. It's different for someone with 40 employees. For five it's pretty easy.

Keep records to show compliance - maintain employee enrollment, contribution rate change, and opt-out forms on file	One-time, then per new employee	For a new employee, I probably spend hour. Might be an extra 30 minutes because I have to re-explain. But if I'm going to get an employee already enrolled, they're going to know most of this from another Oregon employer. The biggest challenge is how fast that data gets to me about what rate they're at now. If it auto-escalates 1% per year… at a new employer, you start at same rate of past employer. When Joe comes to me, I need the information about what his rate currently is. Is that info going to be pushed at me or will it be held somewhere I can look up? Does the employee get the info to give to the new employer?
Other potential activities - respond to inquiries about employees from ORSP in case of data or deduction errors	Ad-hoc	I'm going to guess there's a time element. I normally email them before I cut a paycheck saying here's what you're going to get paid. I'd probably add it – this might add an extra half hour per month. Here's your deduction and going into your retirement plan etc. 15 minutes per month for errors – it doesn't happen that often.

Follow up questions:

1. *Which of the activities listed above do you like or dislike the most, and why?*

   I don't know if there's any way around this, but it feels like complexity thwarts enrollment, and there's already a lot of retirement plans out there, so we're throwing one more choice at everyone. They could do an IRA or a Roth of this new plan, and the Federal Government is doing the MyRA. It introduces more choice where I wish, from attending the meetings, is Oregon wants auto-enrollment and auto-escalation. Other than that this feels like an IRA and Roth, so why not change the IRA and Roth to enable it. The infrastructure's already built for this. I wish we could have fewer choices for the people. I'd rather see them massage what's in place rather than create something new.

2. *What other tasks or responsibilities do you anticipate having to complete as part of this program?*

   The education around what should I have my plan investment in – a lot of times that's going to fall to the employer. That's who they are going to ask. It gives me eight choices, so which one should I pick. There's a lot of ERISA liability and the potential to say you gave me wide choices, and all of a sudden I'm in court. Things that seemed okay 20 years ago are no longer okay, but you're still accountable. One investment seems like they'll go to? That's probably a good thing. A lot of employers are going to wind up being the de facto investment counselor. The fewer choices you have…

3. *Would it lessen your workload if:*
   a. *Someone from the private sector administrator takes over either contacting employees via email or delivering information so the employer doesn't have to worry about communicating the program to employees*

   It would, of course. I think that would be good.

   b. *Once an employee signs up, the private sector administrator takes care of changes such as opt-outs or changes in contribution levels.*

   I would be provided there's an avenue for that info to get back to the employer.

4. *What questions do you have about the program?*

   Not really. I've asked the people involved, since I've participated in 2 committees: one, plan design and picking involving choices, and auto escalation, and two, financial literacy.

5. *Do you store employee information electronically or on paper?*

   Electronically.

6. *Would you prefer to be able to upload an excel file to a portal or type in information manually, or mail or fax paper records to ORSP?*

   Anytime I can do it electronically that's preferable. I'd love to be able to upload an Excel file. When I do payroll taxes it's not that hard to put in seven numbers. For five employees it'd probably be five

numbers (ORSP) and my checking account number you're going to take it out of. In fact, I'm always a big fan of, "hey we've got this state tax system built that already deposits money with Oregon." Could we have it be the system we use for the retirement plan, as well? Could we add a few more fields – what you need to deposit for your employees' retirement plan.

7. *Do you and your employees have access to the Internet at work?*

   Yes – my employees skew young. I don't have an employee over 32.

8. *Are you at-ease filling out information online?* Yes.
   On a tablet? Not so much.
   On a smartphone? For me, I don't do much on a phone because it's hard to see forms on 6" screen.
   They do everything on their phones and they have better eyes than me. I need a 27" monitor to fill this out.

9. *Would you like to remain engaged with the ORSP and be invited to participate in employer outreach efforts?*

   I don't mind keeping track of it. It's interesting to me for a number of reasons. I'm an employer so it touches me. Also, State Farm sells retirement plans, so it's not a competing product but I need to aware of it when I sell workplace retirement plans. I also volunteer at NEDCO, which is an economic development co-op – that's financial literacy. Neighborhood Economic Development Corporation is a non-profit for financial literacy, helping to buy homes or start a business. They do matching funds but you have to take a financial literacy class to get it. I do some of the financial literacy training. This plan does fit under that umbrella. I think the plan generally is a good idea. I think the key is the younger folks. I've got a lot of college kids as interns who turn into permanent employees. How do we get those folks involved? If they don't start the habit as interns, it doesn't get any easier when they go full-time. As you look back, the most spendable money you had in college was my money. Didn't pay rent. Once graduate have rents and a car and expenses – I make more money but I spend way more.

Interview 7. *Anticipated Cost of Complying With ORSP to Employers by Type of Activity*

Activity description	Frequency	Estimated time/ cost/hassle
Introduce ORSP - get informed about ORSP - hand out program description and automatic enrollment notice on-site	One-time	I do my own payroll. I imagine I would try to roll it into the existing first day for a new employee. I have 14 existing employees. I would imagine once I've gathered the data and info myself it would be 15-30 minutes to present the info and answer questions they may or may have not. Not sure until they fully implement it, but I would imagine numerous hours to make sure I'm presenting it correctly and fully.
Register with ORSP employer self-service portal - enter employer id, number of employees, contact information, and self-service preferences into online portal	One-time	Hard to know since haven't seen it. I would imagine gathering the info from employees' files and entering it all – a couple hours. It's incredibly subjective.
Provide data for initial enrollment - enter employee SSN, name, date of birth, and initial contribution percentage into self-service portal - alternatively, send an electronic file (spreadsheet) or allow payroll provider to send this information)	One-time, then per new employee	Not knowing how it's going to be administered, I'm guessing I'll be able to access a majority of the data off of my current payroll records, which are attainable and in an Excel format. So again, I'm anticipating as a private business owner that it shouldn't take more than a few

		hours. But the state, when it administers a program, does have a tendency to make things less than easy to use. About three to four hours to enroll employees in the ORSP.
Facilitate opt-out - make opt-out form available on-site	One-time, then per new employee	For a new employee, I would have them fill it out during their orientation. Entering the data when I set them up on payroll, I'm assuming it will add maybe 30 minutes to the process. Existing employees? I'm assuming that will be 30 minutes to an hour for each employee to have them fill out and check the form.
Make payroll deductions - enter deduction amount into payroll system or process - write a check or send direct deposit with total deductions to ORSP - send a file to ORSP that lists the deduction amounts for each employee	Per pay period	My pay period is every two weeks. Hard to tell … if it's a simple electronic funds transfer and ACH, then it will hardly take any time at all. If it's set up like my normal payroll deductions and I can just click to transfer funds every time I do payroll, I doubt it's going to add much of a cost or time.

Keep records to show compliance - maintain employee enrollment, contribution rate change, and opt-out forms on file	One-time, then per new employee	I don't anticipate it really adding any significant extra cost if I'm maintaining an employee file already with their standard deductions.
Other potential activities - respond to inquiries about employees from ORSP in case of data or deduction errors	Ad-hoc	I have no idea how to answer that question.

Follow up questions:

1. *Which of the activities listed above do you like or dislike the most, and why?*

   Internet security:
   In general, I'm nervous about any additional transfer of any sensitive info to a government party or not. We're exposing it to possible theft, so sending every two weeks the employee… hopefully it won't be tied in with their Social Security number and it'll be tied in with an employee ID so we're not sending the Social Security number across the Internet every week. Any identifying info about the employee that the general public could use to access their data- not just their Social Security number but also their driver's license number, birth date, full name – all of that information I'm cautious about sending. Hopefully, the state would take everything from the info I already have to submit. It sounds like I might have to input new information to the state. That would make me worry or be cautious – any time you initiate another transaction or another transfer of data you're increasing the risk. I'm hoping they can either add it to the employer-employee info I already submit and just add another line so I don't have to initiate a separate contact.

2. *What other tasks or responsibilities do you anticipate having to complete as part of this program?*

   Nothing I can think of with the limited knowledge of what they're proposing.

3. *Would it lessen your workload if:*
   a. *Someone from the private sector administrator takes over either contacting employees via email or delivering information so the employer doesn't have to worry about communicating the program to employees*

   Perhaps. Sometimes when an administrator to a statewide program tries to explain it to the masses on a continual everyday basis, there's no relationship already built up. It's just regurgitating and throwing the info at them over the phone, whereas the personal contact of having them in the office and having them review the info and ask questions might be better for the employee.

   b. *Once an employee signs up, the private sector administrator takes care of changes such as opt-outs or changes in contribution levels.*

   Yes. If they were to set up an employee portal where the employee could log in and look at their accumulated savings and the progress they're making and change settings – I would think as a

consumer it would be very useful to see the rate of return you're making on investments, the progress you're making, so if you're underperforming you can increase the amount. This would help with consumer involvement.

4. *What questions do you have about the program? I don't know much about it.*

My administrative task: I would like to know how that's going to impact me as a small business owner. Also, if I'm tasked with communicating it to my employees I'd like more info with respect to fee structure, how they're setting up the program, and how it benefits the consumer. If they trust me… the employees should have some trust in what I'm informing them. If I'm not sold on it myself, that's going to influence how I present the data, and I want to make certain that I believe in the program and that it is actually creating a worthwhile rate of return and not being used for administrative fees. Oregon's got a great track record. Their public employees retirement fund back in the late 1970s was a model for the entire nation, and they've done tremendous things. Everyone has heard about how wonderful the PERS program is, so hopefully they use that as a guiding principle. PERS is well run and it benefits the people it's supposed to benefit and isn't tied up in administrative costs.

5. *Do you store employee information electronically or on paper?*

Both. If I do it electronically, I encrypt it. On paper, I store the normal payroll reports and deductions in my filing system. I consider my electronic files to be a backup. It's a hard copy of the electronic version.

6. *Would you prefer to be able to upload an excel file to a portal or type in information manually, or mail or fax paper records to ORSP?*

I don't think it makes any difference. Right now, I run all my payroll through QuickBooks. In the ideal world if I could upload it from QuickBooks… because it's a click of a button for me versus if I had to take all the data and import it into an Excel file. Every time you touch it you run the risk of corrupting something or having something not be correct. If I could upload it from QuickBooks files, boom, I'm done. Every two weeks I send the state a copy of my QuickBooks payroll report.

7. *Do you and your employees have access to the Internet at work?*   Yes.

8. *Are you at-ease filling out information online?* Yes
   On a tablet? Yes
   On a smartphone? Yes

9. *Would you like to remain engaged with the ORSP and be invited to participate in employer outreach efforts?*

Sure.

Interview 8. *Anticipated Cost of Complying With ORSP to Employers by Type of Activity*

Activity description	frequency	Estimated time/ cost/hassle
Introduce ORSP - get informed about ORSP - hand out program description and automatic enrollment notice on-site	One-time	I don't know enough about the program. We've got 30 employees. If they provide a pamphlet explaining it and a form notifying them they're auto enrolled, I'd say it takes 30 minutes. I'll give it to the employee in the paycheck, and that's it. If we have to have a seminar that's an hour and half of paid employees. Let's say about $1,000 to have a meeting to explain all this stuff they could care less about.
Register with ORSP employer self-service portal - enter employer id, number of employees, contact information, and self-service preferences into online portal	One-time	At least 1 hour.
Provide data for initial enrollment - enter employee SSN, name, date of birth, and initial contribution percentage into self-service portal - alternatively, send an electronic file (spreadsheet) or allow payroll provider to send this information)	One-time, then per new employee	I don't understand why we have to do that. The state has all this info. Take it off of the forms they have for taxes. Probably a couple hours. We have to do this for workman's compensation. It takes a couple hours a month to do it.
Facilitate opt-out - make opt-out form available on-site	One-time, then per new employee	Having not done it, I don't know. One reason we did away with our 401k plan was it cost a lot of time every quarter to do all the government reporting on it. We put our own money in our own accounts, because

		the employees didn't care anyway. Probably have to explain it. Half an hour – they're not all going to opt out at the same time, they'll come straggling in. The state will want you to do something to keep them up to date – it goes on and on. It's hard to estimate how many hours.
Make payroll deductions - enter deduction amount into payroll system or process - write a check or send direct deposit with total deductions to ORSP - send a file to ORSP that lists the deduction amounts for each employee	Per pay period	If like Social Security, it's not a problem. The government runs this, but they're going to farm it out to a private company. But if it's like a 401k, it took time to figure all this stuff. If Intuit does it, they're going to charge you for it. We already have a hassle with the sick paid leave… Intuit finally came up with a formula to do it. I don't know how much daughter-in-law spends doing it but I'm sure it's not nothing. I know it's going to take a bunch of time to do it. The gal who used to do our 401k is not with us anymore. We had to do all the recordkeeping, which is a lot.
Keep records to show compliance - maintain employee enrollment, contribution rate change, and opt-out forms on file	One-time, then per new employee	We have a high turnover rate, because most of our retirees are in their early 20s. I'd say two to three hours per month times $50 an hour.

Other potential activities - respond to inquiries about employees from ORSP in case of data or deduction errors	Ad-hoc	Two to three hours per month. If they enroll, do they have to opt for a certain percentage? Maybe 1 out of 100 will stay in. Most of them are kids, part-time. Most of them don't have any money left at the end of the month to start with. They are usually paid slightly above minimum wage. We're $1 above the Oregon minimum wage, which is $2 above the federal minimum wage. It's gradually going up to $13.50 over the next couple years. Portland will go to $15 an hour. We pay $9.50 an hour.

Follow up questions:

1. *Which of the activities listed above do you like or dislike the most, and why?*

   The government telling me I have to enroll someone in a plan. Where is the individual responsibility? I don't understand what's going on in this country.

2. *What other tasks or responsibilities do you anticipate having to complete as part of this program?*

   All the programs the state sends down all sound real nice upfront. You get into them a few years down the road, and it's nothing but a bureaucratic nightmare. I don't know what's going to happen but it's not going to be as sweet-sounding and not time involved, like it sounds like upfront. There will be all kinds of penalties if you don't do anything. It's my experience with the Oregon bureaucracy.

3. *Would it lessen your workload if:*
   a. *Someone from the private sector administrator takes over either contacting employees via email or delivering information so the employer doesn't have to worry about communicating the program to employees.*

   That's the way it should be.

   b. *Once an employee signs up, the private sector administrator takes care of changes such as opt-outs or changes in contribution levels.*

It's the way it should be. The problem is it's going to be a big waste of time. They're all going to opt out, 90% will opt out. They don't understand savings. Our school system in Oregon is worst in the country. All they're taught is this social crap. Our people can't read and write a sensible sentence. Without the cash register telling them, they wouldn't know how to count change back, and you expect these people to get into savings. I've been in business for 40 years.

4. *What questions do you have about the program?*

    I don't know anything about it. What'd be interesting is if they'd done this before they talked about passing the program. Up here in Salem, they ram this down your throat and say they're going to try to make it easy for you.

5. *Do you store employee information electronically or on paper?*

    We have a paper file for each employee-they have to sign all this stuff. It's in the computer too. Also, I use Intuit for payroll.

6. *Would you prefer to be able to upload an Excel file to a portal or type in information manually, or mail or fax paper records to ORSP?*

    I'm not computer literate. My daughter-in-law is somewhat computer literate. My son is better at it and does it.

7. *Do you and your employees have access to the Internet at work?*
    No. They play on their phones the minute they're off work, but that's not company Internet.

8. *Are you at-ease filling out information online?* No.
    On a tablet? No.
    On a smartphone? No.

9. *Would you like to remain engaged with the ORSP and be invited to participate in employer outreach efforts?*

    You can tell my attitude. I'd like to know what other employers think. I'm a small business man. My friends would tell you the same thing – it's a pain. My friends and I are all talking about closing our businesses in Oregon because of this kind of stuff.

Interview 9. *Anticipated Cost of Complying With ORSP to Employers by Type of Activity*

Activity description	Frequency	Estimated time/ cost/hassle
Introduce ORSP - get informed about ORSP - hand out the state's program description and automatic enrollment notice on-site	One-time	It may be one-time, but when there is a new employee you have to go through it again. If it is not done properly, you could be under Department of Labor possible litigation. I've spent more than several hours trying to understand the plan. Four hours plus an hour for each employee, so I have to explain again to each or to a new small group.
Register with ORSP employer self-service portal - enter employer id, number of employees, contact information, and self-service preferences into online portal	One-time	30 minutes – if the system works well.
Provide data for initial enrollment - enter employee SSN, name, date of birth, and initial contribution percentage into self-service portal - alternatively, send an electronic file (spreadsheet) or allow payroll provider to send this information)	One-time, then per new employee	2 hours
Facilitate opt-out - make opt-out form available on-site	One-time, then per new employee	Part of 4 hours above probably, when we're explaining the plan to them.

Make payroll deductions - enter deduction amount into payroll system or process - write a check or send direct deposit with total deductions to ORSP - send a file to ORSP that lists the deduction amounts for each employee	Per pay period	We pay every two weeks. I contract out my payroll. This increases the cost of the contractor. They have to do more, so my costs will go up. Typically, it could be $10-15 overall times 12 months, so $120-$180 per year or about a 5% increase in payroll costs.
Keep records to show compliance - maintain employee enrollment, contribution rate change, and opt-out forms on file	One-time, then per new employee	I have paper files since we are a small business. Each employee has their own file. I have to keep track of forms – that's making sure I've got paperwork organized so can I find them. Part of 4 hours above, or it perhaps adds an hour, bringing it to 5 hours.
Other potential activities - respond to inquiries about employees from ORSP in case of data or deduction errors	Ad-hoc	I'm the one who's going to get sued. Social Security says I have to check my 941s on a quarterly basis. I have to assume the payroll firm does it right, but it may require a phone call.

Follow up questions:

1. *Which of the activities listed above do you like or dislike the most, and why?*

There's nothing really simple about this because it's additional forms you have to fill out. There's nothing really that I like about it. We already have Social Security. It was never set up as a retirement plan … but we're contributing to that and if the state really believed that retirement is an issue, which I believe it is – and I talk to my clients about it until I'm blue in the face – I'd say before you can go to a football game, drink, or smoke, put money in the retirement plan. And we have MyRA, which is simpler and there are no expenses. If they do it: paperwork is paperwork. It's always frustrating for me, even

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with insurance. I'm always griping about that but you do what you're supposed to do My biggest concern is the liability. If I don't mark something or it's not done in a timely manner, through laziness in oversight or being overwhelmed, that's my biggest concern. If it were the responsibility of the employees, then great. I'm not sure what to tell you how to make it easier. Anytime you're dealing with paperwork, it's a negative sum because the time you would've spent on something else you would be doing this. I'm not sure how this can be expedited. Even when I set up 401ks or Roths or SIMPLE plans for clients, it's not easy. It's a minimum of two hours per person.

2. *What other tasks or responsibilities do you anticipate having to complete as part of this program?*

If I do not have to contribute, that's huge. However, if it's mandatory to report them in, that's putting the whole onus on the business owner. Also there does seem to be requirements in there for employers to not explain investments but explain some of the forms. We have to walk them through it. If I was a small business person who didn't have a clue about finances, which most of them don't, they're not thinking about retirement plan benefits. I know that because that's my client base. If I didn't know what I know, it'd be really difficult. There is some counseling as to whether they should or shouldn't – they're going to be asking the employer. I don't know, you decide. I can say pros and cons but not everybody can. I have a SIMPLE for my five employees, but only two are participating – the two top people. All five would be allowed but only two so far have done it.

3. *Would it lessen your workload if:*
   a. *Someone from the private sector administrator takes over either contacting employees via email or delivering information so the employer doesn't have to worry about communicating the program to employees.*

I don't know if it would help. Here's part of the problem. One thing we thought would be failsafe is it had to meet ERISA. That's absurd… if you start to have a private contractor you get into crony capitalism. What transparency do they have in terms of picking the company? They'd have to set up a whole company, whether with the state or privately that the employee can call. If there's a question, here's the sheet of paper and it's your money and you're deciding to get involved and you call this person for the state. Hard to imagine a system where the state would handle it well. With our Oregon health exchange, they said it was going to be the best thing. After $300m they signed up 16 people before it collapsed. We now use the federal exchange.

   b. *Once an employee signs up, the private sector administrator takes care of changes such as opt-outs or changes in contribution levels.*

See (a). They say about $1 million a year for the state. I think it'll be more than that, by making sure employers are following guidelines.

4. *What questions do you have about the program?*

Safeguards for employer.

5. *Do you store employee information electronically or on paper?*

Both – I keep internal records on paper but the employee payroll firm does electronic. The SIMPLE is paper and electronic.

6. *Would you prefer to be able to upload an excel file to a portal or type in information manually, or mail or fax paper records to ORSP?*

   Some people love Excel, and I do use it, but I get nervous. Faxing and mailing would have to be confidential… I'd probably say the faxing would be fine. Fill out the form, fax it, and keep a copy.

7. *Do you and your employees have access to the Internet at work?*

   Yes.

8. *Are you at-ease filling out information online?*
   I don't mind, it's a good way to go too. I renew my certifications online, but I do get stuck, so I need a phone number because there are times when I get stuck and need to call.
   On a tablet? No.
   On a smartphone? No.
   I'm thinking paper to give it to the employee and let them fill it out; then it's easy for me to fax. But I am comfortable online. I don't think my payroll company is set up to do this, but they might be if I email them the info, which I do when I hire a person.

9. *Would you like to remain engaged with the ORSP and be invited to participate in employer outreach efforts?*

   Yes! I felt not listened to when I made comments years ago when I talked to state Sen. Lee Beyer. This plan puts a chill on the market and the best thing for clients is to have choices (not mandatory). People are living longer. They shot before they really identified many of the problems. They came in with their minds made up. I'm opposed because it's more money out of the state and you've got people working on it who don't have experience. MyRA: anyone can contribute and can do. We're also doing this through Social Security. I'm an old social worker – we have finite resources and infinite need.

Interview 10. *Anticipated Cost of Complying With ORSP to Employers by Type of Activity*

Activity description	Frequency	Estimated time/ cost/hassle
Introduce ORSP - get informed about ORSP - hand out program description and automatic enrollment notice on-site	One-time	We're a small organization. I do a lot of this myself, so I carve it out myself. I have read up on it. I would say a one-time thing. I have 200 employees – do I have to meet each individually or hand out a brochure? Probably five or six hours for all four restaurants.
Register with ORSP employer self-service portal - enter employer id, number of employees, contact information, and self-service preferences into online portal	One-time	Negligible. I'm not worried about that one.
Provide data for initial enrollment - enter employee SSN, name, date of birth, and initial contribution percentage into self-service portal - alternatively, send an electronic file (spreadsheet) or allow payroll provider to send this information)	One-time, then per new employee	We do payroll in-house, a bookkeeper does it. My biggest gripe is that the state has all this information for all our employees. I send a quarterly report. I feel like it's so redundant that we have to keep entering the same stuff over and over and I wonder why there isn't better communication. 200+ employees and turnover, it's going to take several hours. If we could do a spreadsheet that might be easier. If I have to plug in one at a time, it's going to take 6-8 hours. But if we could send an Excel

		spreadsheet that pulls info out of payroll, it would be a lot easier.
Facilitate opt-out - make opt-out form available on-site	One-time, then per new employee	Am I going to have to meet with every single person and find out if they're going to be in or out? That's something I could say when I give them enrollment info, if they're not going to do it, fill this out. See 5 or 6 hours above – then it wouldn't be any extra time, except for tracking them down. Some of my stores are 24 hours and some people work only 10pm-6am, so it is hard to catch up with employees.
Make payroll deductions - enter deduction amount into payroll system or process - write a check or send direct deposit with total deductions to ORSP - send a file to ORSP that lists the deduction amounts for each employee	Per pay period	Yes, the bookkeeper would do this too. I have a stock purchase plan that some employees participate in and it's a no-brainer. We just plug in how much. If they have something set up ahead of time, it's not going to be a big deal. If I have to fill out the same info every pay period, it could take awhile. I'm fine with the direct deposit piece – that's easy too. We pay twice per month.

Keep records to show compliance - maintain employee enrollment, contribution rate change, and opt-out forms on file	One-time, then per new employee	Probably a couple hours per week, trying to keep up with everybody. The whole burden always falls on the employer- this is my biggest gripe about everything that's going on. It's just one more thing ...
Other potential activities - respond to inquiries about employees from ORSP in case of data or deduction errors	Ad-hoc	Hopefully, we'll do it right the first time. I can't see it taking more than a couple hours per month.

Follow up questions:

1. *Which of the activities listed above do you like or dislike the most, and why?*

   I'll be honest, I think forcing all employees to enroll and making the choice to opt-out – I don't like that. That's falling on me. I think it should be a choice… and they should be responsible for enrolling. I don't think that should be on me. I live in a liberal state where they think that the government should give everything for everybody and I do not think they're pro-business. I'm walking into politics, but most people don't have a clue about running a business and if they saw the paperwork they're dumping on businesses. It's a good idea, and I think it should be up to the employee – not to the employer or the government to tell people they should save money for retirement.

2. *What other tasks or responsibilities do you anticipate having to complete as part of this program?*

   It's just one more piece of paperwork and time that takes me away from doing what I want to do, which is training employees and taking care of customers. This is another layer of bureaucracy that takes me away from my day-to-day business, and I resent that.

3. *Would it lessen your workload if:*
   a. *Someone from the private sector administrator takes over either contacting employees via email or delivering information so the employer doesn't have to worry about communicating the program to employees?*

   It would be extremely helpful, but I wonder how it's going to get paid for. Is it something I have to pay for if I opt to use it rather than do it myself? But it would be helpful since I have 200-225 employees so that's a lot of people I have to keep up with and track down.

   b. *Once an employee signs up, the private sector administrator takes care of changes such as opt-outs or changes in contribution levels.*

I think the biggest burden is the initial enrollment period. Once they're enrolled it's not huge. It's making a payroll deduction, and if it stays the same every period it's not a big deal. There's less time involved with making changes with the contribution levels than with the initial piece of it.

4. *What questions do you have about the program?*

   Not really. I just have a problem with the government running retirement plans.

5. *Do you store employee information electronically or on paper?*

   Both. Everything's electronic but I have paper backup.

6. *Would you prefer to be able to upload an Excel file to a portal or type in information manually, or mail or fax paper records to ORSP?*

   Probably upload Excel file.

7. *Do you and your employees have access to the Internet at work?*

   We do have Internet but it's mainly to look at McDonald's things – so no.

8. *Are you at-ease filling out information online?* Yes.
   On a tablet? Yes.
   On a smartphone? Sure.

9. *Would you like to remain engaged with the ORSP and be invited to participate in employer outreach efforts?*

   If they want someone to support the plan, I'm not their person. Outreach? Yes, as long as I don't have to be the poster child to support this.

Interview 11. *Anticipated Cost of Complying With ORSP to Employers by Type of Activity*

Activity description	Frequency	Estimated time/cost/hassle
Introduce ORSP - get informed about ORSP - hand out program description and automatic enrollment notice on-site	One-time	I have three employees and two owners – five total. It would probably take two hours: an hour to be sure you are informed and know what you are doing and what you will tell the employee.
Register with ORSP employer self-service portal - enter employer id, number of employees, contact information, and self-service preferences into online portal	One-time	I would think 30 minutes.
Provide data for initial enrollment - enter employee SSN, name, date of birth, and initial contribution percentage into self-service portal - alternatively, send an electronic file (spreadsheet) or allow payroll provider to send this information)	One-time, then per new employee	I have an outside payroll firm. I would guestimate that it wouldn't be a big charge. Maybe $10 more per employee – so $50 total more per month, but I don't know if it would be monthly. I would fill in the info and give it to the state. I would input the data but the payroll firm would have an extra step to send it to the firm.
Facilitate opt-out - make opt-out form available on-site	One-time, then per new employee	Maybe an extra $10 for a new employee. But then we're saving $10 because they're leaving so don't think additional cost per se. But it'd probably add another 15 minutes to a new hire explaining it.

Make payroll deductions - enter deduction amount into payroll system or process - write a check or send direct deposit with total deductions to ORSP - send a file to ORSP that lists the deduction amounts for each employee	Per pay period	It's monthly payroll. I would guestimate maybe $30 / month more.
Keep records to show compliance - maintain employee enrollment, contribution rate change, and opt-out forms on file	One-time, then per new employee	The one-time set-up would maybe be 30 minutes for everyone. 15 minutes per new employee.
Other potential activities - respond to inquiries about employees from ORSP in case of data or deduction errors	Ad-hoc	I don't foresee that it would be a big problem. If they came and asked questions, overall maybe 30 minutes a year.

Follow up questions:

1. *Which of the activities listed above do you like or dislike the most, and why?*

   I like the whole idea because I like the employees to have the opportunity to have a retirement plan. With a small employer we can't afford to offer one, and knowing where and when to get one … sometimes we have young employees just starting out in their career. This is a great opportunity for them.

2. *What other tasks or responsibilities do you anticipate having to complete as part of this program?*

   Setting it up and reporting it to the payroll people but we've pretty well covered it in questions above. I would assume that the statements would go the employee directly each month.

3. *Would it lessen your workload if:*
   a. *Someone from the private sector administrator takes over either contacting employees via email or delivering information so the employer doesn't have to worry about communicating the program to employees?*

   Once the program is set up, yes. But initially, I think it'd be easier if we did it in the office altogether. Then they can direct their questions directly to the administrator and see their program and know what's happening.

   b. *Once an employee signs up, the private sector administrator takes care of changes such as opt-outs or changes in contribution levels?*

Yes, because the employee is making the changes direct instead of a third party getting in the middle of it – go directly to the plan and administrator and whoever can help them. It's just direct. It does save me time, and I don't need to get involved with what the employee is wanting to save, or wanting not to save, or changes.

4. *What questions do you have about the program?*

Will statements go directly to employees each month so they can keep track of accounts? The only concern I have is how and where it's invested. How are they going to determine who's managing it and do they know what they're doing? Investments are going to start slow and they're going to be small amounts, and fees can eat up a lot of profits/savings.

5. *Do you store employee information electronically or on paper?*

I use both.

6. *Would you prefer to be able to upload an excel file to a portal or type in information manually, or mail or fax paper records to ORSP?*

To a portal or fax – comfortable with either.

7. *Do you and your employees have access to the Internet at work?*

Yes they do. It is limited, but I'm sure it would be an acceptable portal that they could go to – I would approve.

8. *Are you at-ease filling out information online?* Yes.
On a tablet? Yes.
On a smartphone? No.

9. *Would you like to remain engaged with the ORSP and be invited to participate in employer outreach efforts?*

Sure, not a problem.

Interview 12. *Anticipated Cost of Complying With ORSP to Employers by Type of Activity*

Activity description	frequency	Estimated time/ cost/hassle
Introduce ORSP - get informed about ORSP - hand out program description and automatic enrollment notice on-site	One-time	2 hours
Register with ORSP employer self-service portal - enter employer id, number of employees, contact information, and self-service preferences into online portal	One-time	I wouldn't think that would take much time. Maybe 15 minutes.
Provide data for initial enrollment - enter employee SSN, name, date of birth, and initial contribution percentage into self-service portal - alternatively, send an electronic file (spreadsheet) or allow payroll provider to send this information)	One-time, then per new employee	1 hour for set up, then 15 minutes for each additional employee.
Facilitate opt-out - make opt-out form available on-site	One-time, then per new employee	30 minutes up front, 15 minutes per additional employee.
Make payroll deductions - enter deduction amount into payroll system or process - write a check or send direct deposit with total deductions to ORSP - send a file to ORSP that lists the deduction amounts for each employee	Per pay period	It'll take some time to setup the system. But I'm guessing most employers, including me, will have an automatic system like QuickBooks. Once it's set up it would be no time. ~15 minutes.
Keep records to show compliance - maintain employee enrollment, contribution rate change, and opt-out forms on file	One-time, then per new employee	1 hour for set up, then 15 minutes for each additional employee.
Other potential activities - respond to inquiries about employees from ORSP in case of data or deduction errors	Ad-hoc	Anywhere from 15 minutes to an hour.

Follow up questions:

1. *Which of the activities listed above do you like or dislike the most, and why?*

   I like the attempts to get more employees saving for retirement, but I don't like the mandate.
   I have a wall in my office that has mandatory postings. I can't keep up. The state keeps adding these mandates and requirements – the smaller employers cannot comply. It will absolutely be hard to comply with everything.

2. *What other tasks or responsibilities do you anticipate having to complete as part of this program?*

There will be a consideration for opt-out. My employees might say, hey you can do better than this, so let's buy a private plan – let's all opt out of the state plan and join in on the private plan. Or I as the employer might suggest it. I might say, you can only get so much out of this plan but if we all went to some private plan we could 'do better.'

3. *Would it lessen your workload if:*
    a. *Someone from the private sector administrator takes over either contacting employees via email or delivering information so the employer doesn't have to worry about communicating the program to employees.*

That would be helpful. That'd be a benefit.

    b. *Once an employee signs up, the private sector administrator takes care of changes such as opt-outs or changes in contribution levels.*

Yes that would also helpful. But with that help comes liability. Do I take on fiduciary liability that this private party has? It appears recently that us employers have an increased amount of liability for our fiduciary responsibilities in our employees retirement plans.

4. *What questions do you have about the program?*

I am busy. This is the last thing I need to worry about. I don't care about it until I have to care about it.

5. *Do you store employee information electronically or on paper?*

Both.

6. *Would you prefer to be able to upload an excel file to a portal or type in information manually, or mail or fax paper records to ORSP?*

The most efficient I would prefer to do it would be email, but there's a problem. We've got protected information we just can't send over email which is another quagmire this brings up. I don't have an encrypted email server at the moment so I either have to encrypt it or password-protect it. So I might be forced to do it by fax even though it's inefficient. For the portal, we'd be forced to do it but I'd hate it. You have to register. You have to have your password.

7. *Do you and your employees have access to the Internet at work?*

Yes.

8. *Are you at-ease filling out information online?* Yes.
    On a tablet? Yes.
    On a smartphone? Yes.

9. *Would you like to remain engaged with the ORSP and be invited to participate in employer outreach efforts?*

   Unwillingly open. I don't have the time. I might ask one of my staff to do it but I would have to pay one of my staff to do it.

Interview 13. *Anticipated Cost of Complying With ORSP to Employers by Type of Activity*

Activity description	Frequency	Estimated time/ cost/hassle
Introduce ORSP - get informed about ORSP - hand out program description and automatic enrollment notice on-site	One-time	A majority of people working for me are on 1099 independent contractors, but I do have some employees. As long as there's good info, it's not a big deal to get up to speed on it.
Register with ORSP employer self-service portal - enter employer id, number of employees, contact information, and self-service preferences into online portal	One-time	Probably 20 minutes unless it's really extensive. That'd be a generous long estimate of my time.
Provide data for initial enrollment - enter employee SSN, name, date of birth, and initial contribution percentage into self-service portal - alternatively, send an electronic file (spreadsheet) or allow payroll provider to send this information)	One-time, then per new employee	We use a third party payroll firm so every paycheck we pay a flat rate per unit. I'd think we would probably put in the state website and let our payroll service know about the deduction. I would imagine the payroll firm will have to be up to speed on it. I would imagine enrolling someone isn't going to take more than 10-15 minutes. I do not anticipate additional cost since it's a state thing.
Facilitate opt-out - make opt-out form available on-site	One-time, then per new employee	When we bring on a new person, there's a whole packet of things. I don't see it as onerous since it would be part of the packet. What I'm really hoping is they do make this available

		to 1,099 employees. The reason is that it is so difficult for, participating realtors, and employers like me who are part of an S-Corporation. I can't save for my own retirement unless I put a plan in place for my own retirement. It's really frustrating. It'd be nice to find some way to do something that includes 1099 employees.
Make payroll deductions - enter deduction amount into payroll system or process - write a check or send direct deposit with total deductions to ORSP - send a file to ORSP that lists the deduction amounts for each employee	Per pay period	Maybe a couple dollars per employee per pay period. I would imagine if they want to change it, there would be some form that they would have to fill out. I see that on their shoulders and we let the payroll service know. There would probably be some minor costs but nothing significant.
Keep records to show compliance - maintain employee enrollment, contribution rate change, and opt-out forms on file	One-time, then per new employee	It seems like it is par for the course. You have to keep records anyway. It's going to add a little bit of overhead but I don't see that as a huge deal. I'm a smaller operation, but if I had 100 employees maybe I'd feel differently about it.

Other potential activities - respond to inquiries about employees from ORSP in case of data or deduction errors	Ad-hoc	That can be a pain in the neck if the state does not have its act together. For example, we can't refund the money – it's up to the state. The state needs a hotline for participants who can get questions answered or a process for getting refunded that doesn't mess up taxes as that could be a big deal. But as long as the state has its act together, it shouldn't be a big deal. Do I have high hopes for that? The state of Oregon does not have a great track record for that.

Follow up questions:

1. *Which of the activities listed above do you like or dislike the most, and why?*

   I like the idea of it, but there are a lot of people out there who are on a 1099 kind of system. They're commission only & they might want to contribute a percentage of their commissions that come in. It'd be nice if it were an option for those folks too.

2. *What other tasks or responsibilities do you anticipate having to complete as part of this program?*

   The key is us being able to explain it – what it is, how it works, why. A key concern I have is I don't want to see any kind of mandatory employer contribution. That would really hurt us as a small business. Then I'd be: okay I'm not hiring anybody because I can't afford to do that. Being able to let the employer, once per year, to contribute – having something like that. Not a mandatory contribution percent every pay period. If we are really profitable and are able to give back we'd love to do [an employer match], but we do not want to be forced to do it. We don't want the state telling us we have to do this. This would help with employer retention.

3. *Would it lessen your workload if:*
   a. *Someone from the private sector administrator takes over either contacting employees via email or delivering information so the employer doesn't have to worry about communicating the program to employees.*

I guess it would help, although I tend to be pretty controlling about the message that gets out. I worry about the messaging being in any way shape or form anti-employer. For instance, maybe they'll say "we don't want the employer taking advantage of you." So I would rather have them do something like, we'll send a person into your company & we'll do a 1-hour presentation on this is what the plan is and this is what it looks like. I wouldn't have to explain it. I'd rather have that than having them with direct email or other contact with employees.

b. *Once an employee signs up, the private sector administrator takes care of changes such as opt-outs or changes in contribution levels.*

If they do an online system, that would make more sense. It should be just as simple as an employee goes online and makes the change & it emails to us automatically showing the change the employee requested. Maybe we could put the payroll provider's email so the payroll firm gets it too. That would be quicker than me calling the payroll provider.

4. *What questions do you have about the program?*

I'm curious what their imagined time line is. I'd be surprised if they can do it next year, given the tech challenges involved in the whole process unless they have the software written already.

5. *Do you store employee information electronically or on paper?*

Both.

6. *Would you prefer to be able to upload an excel file to a portal or type in information manually, or mail or fax paper records to ORSP?*

I'd rather do an online portal. That'd be easier.

7. *Do you and your employees have access to the Internet at work?*

Yes.

8. *Are you at-ease filling out information online?* Yes.
On a tablet? Yes.
On a smartphone? Sure.

9. *Would you like to remain engaged with the ORSP and be invited to participate in employer outreach efforts?*

I'd love to be involved. If I could help shape it, especially for us who have a slightly different model than other employers (1,099 employees). I'm excited they might be putting something like this in. This is great. It's a huge issue for people who are self-employed. The IRS rules for someone who owns an S-Corporation says you can't do a 401k for yourself unless you contribute & set one up for people who work for you.

Interview 14. *Anticipated Cost of Complying With ORSP to Employers by Type of Activity*

Activity description	Frequency	Estimated time/ cost/hassle
Introduce ORSP - get informed about ORSP - hand out program description and automatic enrollment notice on-site	One-time	Minimal. It'd probably take 10 minutes of my time and 10 minutes to hand out.
Register with ORSP employer self-service portal - enter employer id, number of employees, contact information, and self-service preferences into online portal	One-time	Maybe 10 minutes.
Provide data for initial enrollment - enter employee SSN, name, date of birth, and initial contribution percentage into self-service portal - alternatively, send an electronic file (spreadsheet) or allow payroll provider to send this information)	One-time, then per new employee	10 minutes. The payroll company we use is a small local company so once this goes into effect they'll decide how much they want to help us with.
Facilitate opt-out - make opt-out form available on-site	One-time, then per new employee	If the state provides a template form, 5 seconds.
Make payroll deductions - enter deduction amount into payroll system or process - write a check or send direct deposit with total deductions to ORSP - send a file to ORSP that lists the deduction amounts for each employee	Per pay period	That's not going to take us any time. That's definitely something the payroll company would do. We've been talking to them about setting up a retirement plan for the business and they would do this for us, and they won't charge extra.
Keep records to show compliance - maintain employee enrollment, contribution rate change, and opt-out forms on file	One-time, then per new employee	Minimal. Any contribution rate change would be up to our payroll company so I'd pass that information on to them. I don't think that would take very long.

Other potential activities - respond to inquiries about employees from ORSP in case of data or deduction errors	Ad-hoc	I think this would be the most time-consuming stuff but hopefully it would be quick. If they were administering well, it might not take much time. But you can't expect zero mistakes. I might expect one hour per year.

Follow up questions:

1. *Which of the activities listed above do you like or dislike the most, and why?*

   We already have to do so much paperwork when we hire a new person, putting one extra form in there makes no difference to me. I'm happy it's offered as an option so I think it's worthwhile. The biggest thing would be if there are inquiries or issues we have to resolve. That would just mean if the state does a good job administering it and there are minimal errors it won't be a big deal. If it's laden with errors though everybody's going to hate it.

2. *What other tasks or responsibilities do you anticipate having to complete as part of this program?*

   [Not answered.]

3. *Would it lessen your workload if:*
   a. *Someone from the private sector administrator takes over either contacting employees via email or delivering information so the employer doesn't have to worry about communicating the program to employees.*

   Yes, that would be helpful. But if it makes the plan have a higher cost for employees, I would say it would not be worth it. What would be really important is if there are any forms that need to be signed by the employer or employee that the state should provide templates. I would hate to have to create my own forms. But if the forms are easy to find on the state website & ready to go and if there's a little brochure – 1 page – that we can hand out to employees that'd be great. Having to schedule private meetings for a person to talk to employees would be a bigger pain. Anytime you have to manage another party it's more annoying.

   b. *Once an employee signs up, the private sector administrator takes care of changes such as opt-outs or changes in contribution levels.*

   Our payroll co is pretty hands on. If someone needs to change something we can just email or call them – and send them form.

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4. *What questions do you have about the program?*

   Not really. I get the updates. I kind of understand how it'll work from employer and employee side. I am curious about who's going to manage the investments and what type of investments are in it and if the state would put employees automatically in the appropriate age-based fund. Just like w/ enrollment if you automatically enroll people its better – same for investments: it's not likely they'll pick a fund. It'll sit there in cash and that's not really great. Anything that can be done online or make it easy to access the forms would be helpful.

5. *Do you store employee information electronically or on paper?*

   Electronically.

6. *Would you prefer to be able to upload an excel file to a portal or type in information manually, or mail or fax paper records to ORSP?*

   Type it in manually but my payroll company would probably say Excel.

7. *Do you and your employees have access to the Internet at work?*

   Yes.

8. *Are you at-ease filling out information online?* Yes.
   On a tablet? Yes.
   On a smartphone? Yes – that's usually what I do.

9. *Would you like to remain engaged with the ORSP and be invited to participate in employer outreach efforts?*

   Yes. Obviously we're in favor for it.

Industry	Table 5: *CPS* 1950 Census Bureau industrial classification system	Table 16: 2-digit 2002 NAICS codes
Non-professional services	826-849: Personal services; 857-859: Entertainment and recreation services; 816: Auto repair services and garages; 817: Miscellaneous repair services; 679: Eating and drinking retail places	72: Accommodation and food services; 81: Other services (except public administration)
Professional services	868-899: Professional and related services; 716-746: Finance, insurance, and real estate; 806-808: Business services; 856: Radio broadcasting and television	51: Information; 52: Finance and insurance; 53: Real estate and rental and leasing; 54: Professional, scientific, and technical services; 55: Management of companies and enterprises; 56: Administrative and support and waste management and remediation services; 61: Educational services; 62: Health care and social assistance; 71: Arts, entertainment, and recreation
Construction	246: Construction	23: Construction
Raw materials	105-126: Agriculture, forestry, and fishing; 206-236: Mining; 306: Logging	11: Agriculture, forestry, fishing and hunting; 21: Mining, quarrying, and oil and gas extraction
Manufacturing	307-399: Durable goods; 406-499: Nondurable goods	31-33: Manufacturing
Retail/wholesale	606-627: Wholesale trade; 636-669 and 686-699: Retail trade	42: Wholesale trade; 44-45: Retail trade
Transport/utilities	506-568: Transportation; 578-579: Telecommunications; 586-598: Utilities and sanitary services	22: Utilities; 48-49: Transportations and warehousing

Appendix E. Extent to Which Existing Plans Meet Requirements Outlined in HB2960

In 2014, the Oregon Retirement Savings Task Force presented Oregon's legislature with a list of recommendations to improve the retirement preparedness of Oregon's workforce. A central recommendation (adopted by the legislature in the text of HB2960 in 2015) was to create a retirement program, the Oregon's Retirement Saving Plan (ORSP) with specific characteristics, including (but not limited to) automatic enrollment, automatic escalation of contributions, limited liability for employers, sustainable finances, and portable, individual, accounts. Another recommendation from the task force included in HB2960 was an analysis of the extent to which plans with the characteristics of ORSP, as defined in the bill, existed in the market and whether such plans could close the retirement coverage gap without the creation of ORSP. The short answer to the question posed in HB2960 is no: the private sector does not offer plans that meet all the criteria specified in the legislation.

An analysis of common employer-sponsored retirement plans shows that many savings vehicles allow participants to be automatically enrolled, qualify for tax deductions, and accept contributions from payroll deductions that are invested in professionally-managed assets. However, retirement plans with features like ORSP require employers to assume the role of a fiduciary, and portability is limited because one cannot continue participating in a plan after a job change. Table E1 lists features available in popular types of retirement savings plans currently offered in the market.

Table E1. *Extent to Which Existing Plans Meet ORSP Design Specifications*

Plan Design Feature	Defined Benefit Pension Plans (DB)[17]	401(k) Style Plans[18]	SIMPLE IRA Plan[19]	SEP IRA Plan
Voluntary participation with Auto-enroll[20]	X	✓	✓	✓
Auto-escalation	✓	✓	X	X
Contributions from payroll deductions	✓	✓	✓	✓
Tax benefit	✓	✓[21]	✓	✓
No Required Employer Contribution	✓	✓	X	✓
Reports to savers	✓	✓	✓	✓
Portability	X[22]	X	X[23]	✓
Pooled and professionally managed	✓	✓[24]	X	X[25]
Self-sustaining	✓	✓	✓	✓
Limited employer Fiduciary liability	X	X	✓	✓

Source: authors' research

Despite the existence of a variety of employer-sponsored retirement plans, coverage rates have not budged in decades (see figure E1). Products designed to boost coverage by simplifying administration and limiting fiduciary liability have also failed: less than 1-percent of private sector

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[17] The recommendations are naturally focused on DC plans so DB naturally will not "check" most of these boxes

[18] 401(k) style plans include 401(k), 403(b), 457, and Roth 401(k) plans

[19] SIMPLE IRAs are currently limited to employers with fewer than 101 employees

[20] "Any plan that allows elective salary deferrals can have this feature" IRS

[21] Roth 401(k)s are treated differently than the other styles of 401(k)s namely, the employees are taxed on their income prior to the investment; however, you all gains from investment are eligible for differed taxation

[22] One can elect to roll over a lump sum payment of their DB plan and transfer it to a qualified retirement plan or IRA with deferred taxation; however, not all plans offer a lump sum at termination and the recipient may be required to wait until retirement to roll over the account

[23] There is a 2 year (from initial participation) wait period before a SIMPLE IRA plan can be rolled over into a traditional IRA. SEP and traditional IRAs cannot be rolled over into a SIMPLE IRA.

[24] The employee is usually given several investment options in a 401(k), they are usually professionally managed, and they may opt into pooled accounts if offered

[25] A participant may select to manage their own investment

workers are enrolled in a SEP or SIMPLE plan despite the fact that these products have been in existence for many years (*Survey of Consumer Finances,* 2013).

Figure E1. *Percentage of Private Sector Workers Ages 25-64 Offered an Employer-Sponsored Retirement Plan, 1979-2014*
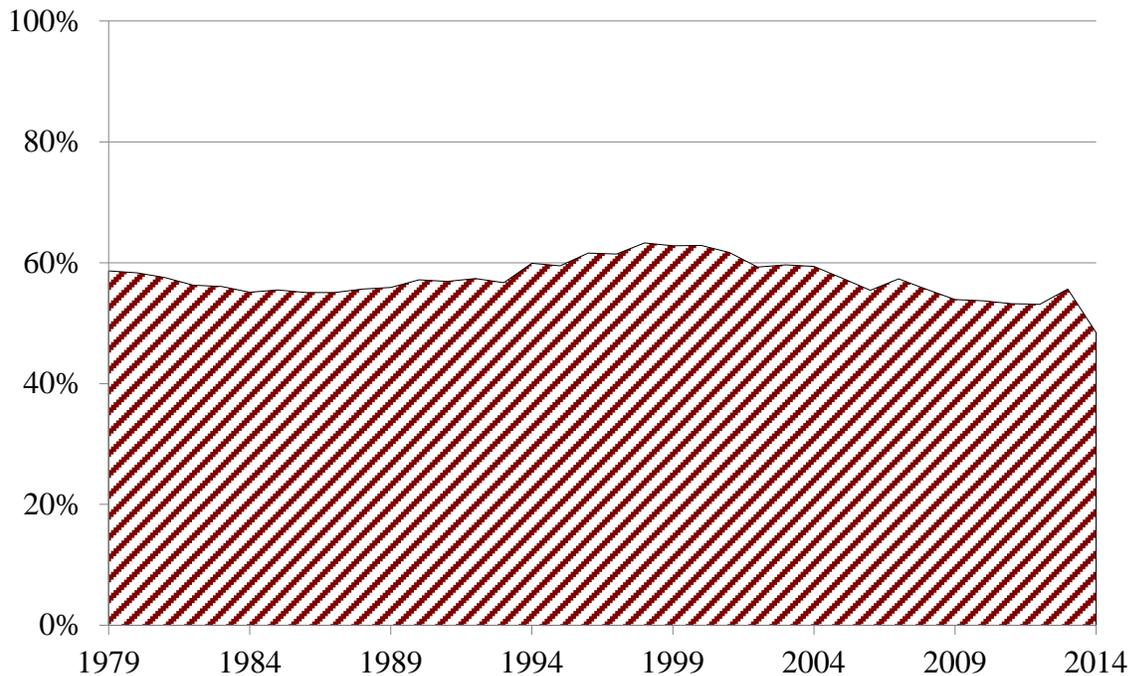
Source: U.S. Census Bureau, *Current Population Survey Annual Social and Economic Supplement*, 1980-2015

      The lack of coverage is understandable in light of the fact that employers cite reasons other than administrative costs for not offering a retirement plan (see figure E2). CRR's study of uncovered workers in Connecticut and California's survey of employers as part of its market analysis for Secure Choice find similar results. Thus without a requirement that employers offer a plan (or a significant financial incentive to offer a plan) the market is unlikely to fill the coverage gap. Unsurprisingly, policy-makers at the national level have recently introduced a variety of ORSP-like plans, coupled with a mandate for employers to offer a private plan or allow workers to enroll in a government-sponsored plan.

Figure E2. *Reasons Cited by Small Employers as the Most Important for Not Offering a Retirement Plan, 2003.*
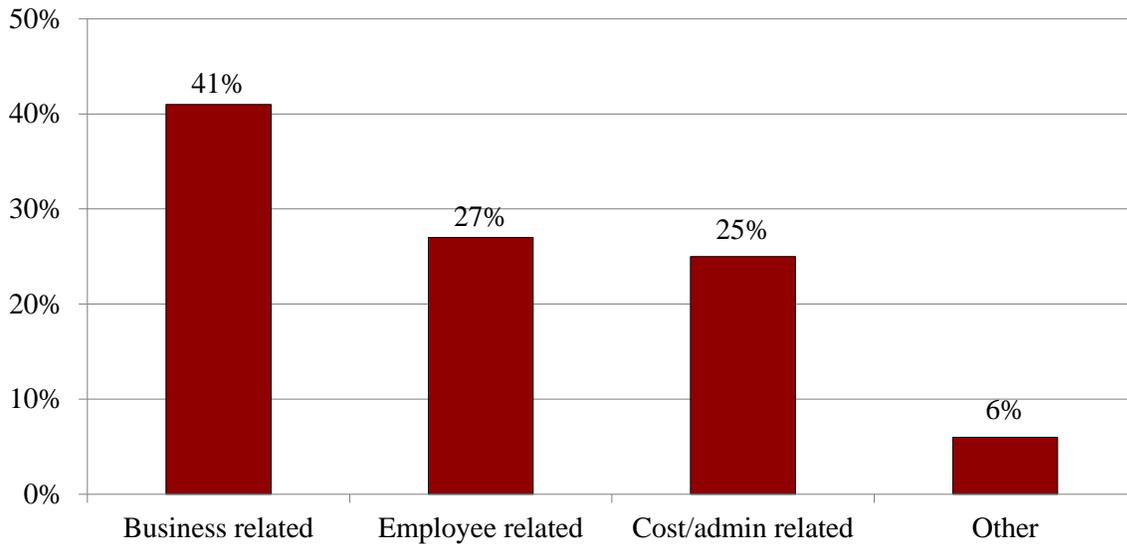
ORSP addresses the coverage gap by offering a low-cost savings plan suited to the needs of workers who currently lack access to a plan, and by requiring employers to offer a plan or let their employees participate in ORSP.   Since ORSP is not an employer-sponsored plan but an IRA-based savings program with State oversight, employers will not assume fiduciary liability for their employees' enrollment in ORSP and employees can continue participating when they switch employers. Since ORSP is designed with behavioral-economics based features designed to overcome inertia, workers who gain access to the plan are expected to participate at a high rate. Thus the combination of the employer mandate and ORSP plan design is expected to dramatically increase retirement plan participation among workers in Oregon in a manner that the private sector would not be able to achieve on its own.