

## **Testimony in Support of Bill Establishing Rhode Island Secure Choice Retirement Savings Program to be Administered by the General Treasure: HB7127**

**House Finance Committee**

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The Economic Progress Institute strongly supports Representative Shanley's HB7127. This bill would create the Rhode Island Secure Choice Retirement Savings Act program, providing state-run retirement plans for private sector employees who do not have access to such benefits through an employer.

All Rhode Islanders deserve the opportunity to have a secure future and live comfortably in retirement. However, our state is on the verge of a retirement crisis. Over 40% of Rhode Island's private sector employees do not have access to a retirement savings plan through their employer. Approximately 171,822 RI employees between the ages of 18-64 do not have access to retirement benefits through their private employer<sup>1</sup>. This is also an equity issue. Throughout the United States, 54% of all Black households and 60% of all Latine households are currently at risk of having \$0 in retirement savings<sup>2</sup>. This lack of retirement savings is one of the contributing factors to the racial wealth gap. According to AARP Rhode Island, workers are 15 times more likely to save for retirement if they have access to a payroll deduction savings plan through their employers, 20 times more likely if it is automatic<sup>3</sup>. Similar legislation in California and Connecticut resulted in more employees participating in retirement savings plans.

Passing this legislation will also stimulate the economy and make small businesses more competitive. Due to competition and financial limitations placed on small businesses, especially Black-owned businesses, they are often unable to provide competitive benefits such as retirement savings plans. This puts them at a severe disadvantage when competing with larger businesses and corporations who are better equipped to provide such opportunities for their employees. As such, these businesses are often at risk of losing their employees. By allowing employees to establish and pay into a state-run retirement savings account, small businesses will be able to offer a much-needed benefit at no extra cost. This would help level the playing field and allow small businesses to focus on growth, thus improving Rhode Island's overall economy.

HB7127 is a necessary tool that will lift families out of poverty and reduce the racial wealth gap by providing employees with a secure method of saving for their future. We strongly urge passage of this bill.

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<sup>1</sup> <https://www.rilegislature.gov/housefiscalreport/2020/2024-H%207127.PDF>

<sup>2</sup> <https://www.cnn.com/2020/11/11/theres-a-racial-retirement-gap-in-the-u-heres-what-may-help.html>

<sup>3</sup> <https://action.aarp.org/secure/secure-choice-act-support-pledge>