



Testimony in Support -H7127 & S2045

RI Retirement Savings Program Act - Secure Choice Act

March 28, 2024

The Latino Policy Institute strongly supports the passage of the Rhode Island Retirement Savings Program Act, better known as the Secure Choice Act. This legislation will enable Rhode Island employees to build wealth and financially prepare for retirement.

A staggering 40% of Rhode Island's private sector workforce—172,000 individuals—lacks access to a retirement savings account through their employment, leaving them vulnerable to financial instability in their later years. Research indicates that Americans are 15 times more likely to save for retirement if they have the option of a workplace savings account. Introducing Secure Choice accounts offers a vital solution, empowering Rhode Islanders to proactively save for retirement while lessening dependence on taxpayer-funded support systems.

Additionally, according to AARP, in Rhode Island, Latino employees are less likely to have access to retirement accounts through their employers. This correlates with [national statistics](#)¹ from the Economic Progress Institute, which shows that only four out of ten Latinos have a retirement plan through their employer. The widespread lack of retirement savings is a particular problem because life expectancy among Latino men and women is higher than among non-Latino White men and women. This may lead to aggravated economic issues in old age for the fastest-growing ethnic group in Rhode Island and the country.

In an era of escalating living expenses, particularly in essentials like gas, food, and housing, more than relying on Social Security benefits is needed for retirees in Rhode Island. The gap between Social Security income and the cost of living highlights the urgent need for supplementary retirement savings avenues. Secure Choice accounts present a pragmatic approach to retirement planning, offering workers a seamless and automated means to contribute to their retirement funds. Employees can tailor their savings contributions to suit their financial goals through tax-free payroll deductions, with the added benefit of portability between jobs.

Implementing Secure Choice accounts carries benefits beyond individual retirement planning—it supports the resilience of small businesses in the competitive job market. By alleviating the burden of administering costly retirement savings plans, this initiative enables small enterprises to offer attractive benefits to prospective employees, enhancing their competitiveness and fostering economic growth. Notably, establishing Secure Choice accounts incurs no financial burden on employers. Their role primarily involves disseminating program

¹ "The Myriad Stories Behind Hispanic Retirement Saving," Center for Retirement Research at Boston College, accessed on March 28, 2024, available [here](#).

information and facilitating the setup of automatic payroll deductions for participating employees.

Rhode Island, like many regions nationwide, confronts a looming retirement crisis. The average Social Security benefit in the state falls short of covering necessities, with older families spending well above this amount on essential expenses alone. Passing the Secure Choice Act will enable employees to save better and prepare for retirement, leading to fewer burdens for the state in the next few decades.

We strongly urge this committee to pass this legislation. Ensuring that Rhode Islanders have the necessary information and access to retirement benefits is an investment for our state today and tomorrow.

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