

Governor's Task Force to Ensure Retirement Security for All Marylanders
President's Conference Room West
Miller Senate Office Building, Annapolis
November 19, 2014
6:00 p.m. – 8:15 p.m.

Task Force Meeting minutes

Attendees: Task Force Members: Kathleen Kennedy Townsend, Chair
Susanne Brogan (representing Maryland State Treasurer Nancy Kopp), Secretary Leonard Howie
Howard Freedlander, Delegate Dana Stein, Gary Kleinschmidt, Diane Oakley, Steve Hill, Donna Edwards
Secretary Gloria Lawlah, Tammy Bresnahan (representing Sarah Gill, AARP), Senator Jim Rosapepe and
Nailah Gubern Lee

Kathleen Kennedy Townsend, Chair, opened the meeting at 6:09 p.m. and led introductions of task force members, speakers and guests.

Secretary Leonard Howie expressed greetings and appreciation to Tammy Bresnahan and AARP for providing refreshments.

Chair: The ERISA paper is on the website. The purpose of this meeting is to hear retirement concerns from Marylanders. Everyone should feel free to participate.

Panelists:

Janet Yu, Owner, Hollywood East (Wheaton): I'm a small business owner and I'm not ready for retirement. I have a diverse clientele, including a lot of elderly people. All of my employees are immigrants. None of my workers are young or in college, except my own children.

Question: Secretary Howie asked about Ms. Yu's parent's preparation for retirement. Response: It wasn't as expensive back then. My father died early and my mother needed long term care. The children divided the costs and paid \$7,000 a month for nursing home care until she died.

Amanda Rothschild, Owner, Charmingtons (Baltimore): I offer paid time off and sick leave to 15 employees, but no retirement plan. Secure choice promotes personal responsibility. It is nearly impossible to research options. It requires much research and knowledge about costs. Making decisions are not easy. The new health exchange has made it exponentially easier. It is hard to think about retirement when we are paying bills right now.

Question: Senator Rosapepe asked whether Ms. Rothschild had ever been approached about offering retirement plans for her employees. Response: Yes, a friend talked with me about it but it is hard to trust finance companies and the products they offer.

Diane Oakley commented that it would be helpful if there was not as much jargon and retirement plans were easier to understand. There should be options like health care. Health care is cheaper so there is more money for retirement planning. In addition, many Millennials are very worried about retirement.

William Shope, Student (Works at Target): I started saving for retirement in high school. Both parents contributed and pushed me to save. I learned about the “Rule of 72.” I have three retirement accounts, including one through my employer. My girlfriend is planning for retirement (she works for State Farm) but my girlfriend’s brother is not saving at all.

Question: Tammy Bresnahan asked if Target contributed to Mr. Shope’s retirement plan. Response: Yes . Target contributes up to 5% and I have choices among retirement plans.

Delegate Dana Stein: How many of your friends are not contributing to a retirement plan? Response: 75 percent, at least.

Nailah Govern Lee asked if Mr. Shope had a suggestion to help young people understand the process in order to begin retirement planning. Response: Young people should follow the “Rule of 72,” meaning they should invest when they are young, whatever they can afford and investment should double every seven years until age 72. Delayed gratification is the key.

Gary Kleinschmidt asked how the bad market [recession] affected Mr. Shope and his retirement plan. Response: I started with a small amount and I did not look at it every day.

Jim Racheff, Chair, Maryland Business (Frederick): Being able to offer retirement is a good incentive for employees. Retirement plans are complex, expensive for small businesses and there is not a lot of expertise [among small business owners].

Question: Joe Breslen asked Mr. Racheff who helped him set up his retirement plan. Are you familiar with a Simple IRA? Response: I did research and I was proactive in looking for a plan. The complexity, choices and fiduciary responsibility scares business owners.

Oakley: Are workers secure in financial responsibility good employees? Response: Yes, I look for people who are responsible.

Evan Richards, Student (Baltimore): I am a senior at Towson University. I worked with Comptroller Franchot to educate young people on the importance of saving. Young people are not focused on the future.

Question: Secretary Howie asked Mr. Richards the percentage of his peer group knowledgeable about saving for retirement. Response: A small group participated in the program. I do not hear about retirement – only debt – from my college peers.

Review of U.S. Census Bureau Retirement Data for Maryland

Michael Rubenstein, DLS, and Hillary Huffer, DLLR presented data on retirement plan access and participation of Marylanders (PowerPoint presentation).

Michael Rubenstein: Defined Benefit and Defined Contribution plans both have advantages and disadvantages. The number of workers participating in retirement plans has increased steadily since 1975. Out of the approximately two million people that live and work primary jobs in Maryland, a little more than half (just over a million) are estimated to have access to employer-sponsored retirement plans. Access varies by employer size, with Marylanders working in larger companies estimated to have greater access. The highest number of residents with access hold a Bachelor's degree.

Hillary Huffer: According to surveys of employees, a little more than half of Marylanders have access to an employer-provided retirement plan. Access varies across gender, race/ethnicity, age, educational attainment, employer size and earnings quintile. It is possible that companies offer retirement plans and workers do not know a plan is available.

Chair discussed the future of the task force, next steps and the next meeting on December 1, in Annapolis.

Kathleen Kennedy Townsend, Chair, adjourned the meeting at 8:19 p.m.