

MICHAEL S. PIECIAK
STATE TREASURER

RETIREMENT DIVISION
TEL: (802) 828-2305



UNCLAIMED PROPERTY DIVISION
TEL: (802) 828-2407

ACCOUNTING DIVISION
TEL: (802) 828-2301

STATE OF VERMONT
OFFICE OF THE STATE TREASURER

TO: Members, House Committees on Commerce and Economic Development
Members, House Committee on Government Operations and Military Affairs
Members, Senate Committees on Economic Development, Housing and General Affairs
Members, Senate Committee on Government Operations
Phil Scott, Governor

FROM: Mike Pieciak, State Treasurer

RE: VT Saves, Annual Report

DATE: January 16, 2024

SUMMARY

This report is submitted pursuant to 3 V.S.A. chapter 18 (VT Saves Program), requiring an update to the General Assembly and Administration on steps towards implementation of VT Saves since enactment of the Program in 2023. Specifically, the report shall include “activities, operations, receipts, and expenditures of the Program during the preceding calendar year, and any other information regarding the Program. The report shall include, as applicable, the number of participants, the investment options, rates of return, and the projected activities of the Program for the current calendar year.”¹

With an estimated 40 percent of working-age Vermonters without any access to a workplace retirement savings plan,² it is critical that we provide a strong retirement vehicle to the many who do

¹ 3 V.S.A. 538 (Accounts and Reports).

² David John, Gary Koenig, and Marissa Malta, Payroll Deduction Retirement Programs Build Economic Security, AARP Public Policy Institute (August 2022), [AARP; Payroll Deduction Retirement Programs Build Economic Security.pdf \(adobe.com\)](https://www.aarp.org/policy/public-policy-institute/2022/08/aarp-payroll-deduction-retirement-programs-build-economic-security.pdf).

not have access to those savings. I want to thank our partners, the incoming VT Saves Advisory Group members, as well as staff from the Treasurer's Office for their hard work in moving the Program towards implementation. We look forward to this year's launch of VT Saves.

BACKGROUND

In 2023, the General Assembly passed Act 43, an act relating to the establishment of VT Saves, authorizing the creation of the VT Saves Program.³ The Governor signed the act into law on June 1, 2023. VT Saves is a state-facilitated retirement savings plan that was established “for the purpose of increasing financial security for Vermonters by providing access to an IRA for Vermont employees of companies that do not currently offer a retirement savings program.”⁴ The Program, which is administered by the Office of the State Treasurer, requires that covered employers with five or more employees automatically enroll their employees into VT Saves. Through payroll deductions, these eligible employees will be able to contribute to a Roth IRA account that will be managed by a private program administrator. The Program operates at no cost to the employer and – once Program assets are sufficient – no ongoing cost to the State beyond the initial modest appropriation. Importantly, the program is also voluntary for eligible employees, who can opt out at any time. It is estimated that approximately 80,000 Vermonters will be eligible to participate in VT Saves.⁵

IMPLEMENTATION UPDATE

Since enactment of VT Saves in June 2023, we have made significant progress towards launching the Program in 2024, sooner than anticipated. In October 2023, we hired an Executive Director, Becky Wasserman, to manage the operations of the VT Saves Program. Ms. Wasserman comes to us from a long career with Legislative Counsel and prior experiences as an attorney in the financial services sector. Among her other qualifications, she was the legislative attorney assigned to VT Saves last year, and she has hit the ground running. We have also formed the VT Saves Advisory Group to provide feedback to the State Treasurer on program design and outreach efforts. We anticipate scheduling the first meeting of the Advisory Group at the end of this month.

³ [2024 Acts and Resolves No. 43.](#)

⁴ 3 V.S.A. § 532 (a).

To reduce participant costs and maximize efficiencies in administering the Program, we are investigating opportunities to partner with another State that has already implemented a state-facilitated auto-IRA plan. We anticipate a state partnership will allow us to expedite our launch timeline as we will benefit from the work that has already been done in this space. Among other benefits, such a partnership will ensure that we are not “reinventing the wheel” with respect to necessary IT solutions to launch the program. We aim to finalize a partnership agreement during the first half of this year.

Our intent is to implement a “soft launch” of VT Saves during the summer of 2024, in which we are seeking employers who wish to be early adopters of the Program. Based on feedback we have received from other states who have implemented a state-facilitated auto-IRA program, an early adopter approach can help us work through any issues we may uncover with a handful of employers so that a broader statewide launch is successful. We anticipate a full launch of the Program in the second half of this year.

The Treasurer’s Office is working closely with several partners to ensure the success of VT Saves. We have received valuable advice and feedback from other state programs and national retirement organizations and consultants. We are working with other Vermont agencies and departments (DOL, the Chief Marketing Officer, and others) to obtain the data we need to launch the program and to create a branding campaign.

In addition, the Treasurer’s Office has already held a number of outreach events on VT Saves. As we ramp up our public engagement efforts, we plan on working with partners including AARP Vermont, which has committed to assisting with public awareness of the Program upon launch. Finally, we have engaged several consultants to analyze the program design, including Pew Trusts, which is working on a feasibility analysis of VT Saves, and an investment consultant, which will review our default contribution structure and default investment options.

FY 2024 BUDGET

In 2023, the General Assembly appropriated a sum of \$750,000 for the operations of the VT Saves Program. We are not seeking any additional appropriation this fiscal year and, at present, we do not

anticipate a request for future fiscal years, as the program should generate sufficient fees to sustain itself. During the 2023 calendar year, the expenditures for the VT Saves Program totaled \$37,020, which represents the cost of salary and benefits.