



June 9, 2020

The Honorable Chris Kennedy, Chair
The Honorable Sonya Jaquez Lewis, Vice Chair
House Committee on Finance
Colorado State Capitol
200 E. Colfax
Denver, CO 80203

Re: SB 200 – Concerning the implementation of the Colorado Secure Savings program

Dear Chair Kennedy and Vice Chair Jaquez Lewis:

I'm writing on behalf of Fidelity Investments. Fidelity's mission is to inspire better futures and deliver better outcomes for the customers and businesses we serve. Fidelity established a regional center in Colorado in 2013 and we now employ about 900 people in the state. We have more than 600,000 customers in Colorado including individual investors and businesses of all sizes.

Fidelity agrees with the need to increase retirement savings. We know that there is a retirement savings challenge in this country and share the bill sponsors' commitment to addressing this issue on behalf of working Coloradans.

We appreciate the opportunity provide feedback on SB 200 and there are aspects of this bill that Fidelity supports: It establishes a process for auto enrollment and auto deposit, features that make it easier for people to save. And the bill's primary objective is to make saving through the workplace more accessible. We too are committed to this goal.

Having said that, I must respectfully express Fidelity's opposition to the bill.

We disagree with the imposition of additional mandates and administrative burdens on business owners, particularly in light of the Covid 19 pandemic and the negative impact it has had on so many companies of all sizes. Colorado's labor market remains competitive, and employers are fighting for talent. We support and respect their decision to determine which benefits to offer to their workforce.

The market for retirement savings products in Colorado is robust. There are numerous well-respected providers and abundant high quality, low cost, tax-preferred savings options currently available. We would urge you not to compel employers to offer a product that their employees can obtain right now at low or even no cost.

There are many reasons why people don't save. An AARP survey found that "no money left after paying bills" was the number one obstacle to retirement savings.

We believe the state should allow significant, new federal policies to take effect. The SECURE Act passed with overwhelming bi-partisan support including most of the members of the CO Congressional delegation and organizations like AARP. It represents one of the most significant retirement legislations passed in over a decade. The law encourages and enable more Americans to save for retirement.

Notably, starting in January 2021, SECURE expands access to a new type of multiple employer plan called a Pooled Employer Plan (PEP or Open MEP), which will allow unrelated companies with no common interest – including small businesses, start-ups and gig workers – to band together to offer a workplace retirement savings plan, such as a 401(k) plan. We're pleased to see that open MEPs and PEPs are included in the bill as an exempted retirement savings plan option for employers.

By using an open MEP or PEP, businesses will be able to lower their costs and reduce their administrative and fiduciary burden. PEPs also allow higher savings rates than the auto IRA solution being proposed in the bill as well as the opportunity to receive employer contributions, something proven to substantially increase retirement savings levels but not permitted within an IRA.

PEPs provide portability and the SECURE Act enables long-term, part-time employees to start saving in a workplace plan. This could have a meaningful impact on those workers who are often women, minorities, and lower- and middle-income individuals.

While we feel that there is a role for the state to play in improving retirement readiness for its citizens such as encouraging and facilitating more robust financial education, we don't believe that it should mandate, administer and maintain a state-run plan for private sector workers.

Rather than implementing a state-run plan when businesses may still be recovering from Covid 19, without a clear source of funding and with ample options currently available in the marketplace and more on the horizon – likely long before this program could be implemented – we would respectfully request a no vote on this bill.

Thank you again for the opportunity to share our perspective. If you have any questions, please contact me at Jennifer.Engle@fmr.com or (720) 239-9930.

Sincerely,

Jennifer Engle
Senior Director, Public Affairs
Fidelity Investments

Cc: House State, Veterans & Military Affairs Committee Members

Fidelity Internal Information

