



City of Seattle

Seattle Retirement Savings Plan

Board of Administration Meeting

Minutes, Wednesday, September 5, 2018

SRSP Board Present: Sally Bagshaw (Chair), Tim Burgess (Vice-Chair), Andrew Beane, Travis Rosenthal, Jeff Davis, Jason Malinowski, Glen Lee

City Staff Present: Nina Melencio (SCERS), Eric Sund (LEG), Karina Bull (OLS), George Emerson (FAS)

Others Present: Geoffrey Sanzenbacher (Center for Retirement Research at Boston College)

Call to Order

Sally Bagshaw, Chair, called the meeting to order at 9:00 a.m.

Public Comment:

There was no public comment.

Minutes

Approved Minutes from the July 26, 2018 SRSP Board of Administration Meeting.

Motion: Upon motion by Tim Burgess, seconded by Sally Bagshaw, the Board of Administration approved the minutes from the July 26, 2018 Board of Administration Meeting. The motion was approved unanimously (7-0).

Market and Feasibility Analysis

Geoffrey Sanzenbacher, Associate Director of Research, Center for Retirement Research at Boston College, presented the preliminary findings from the market and feasibility analysis.

Mr. Sanzenbacher introduced the Center for Retirement Research and provided background on Auto-IRA programs, like the Seattle Retirement Savings Plan. The Center for Retirement Research has conducted similar analyses for Connecticut, Illinois, Oregon, New York State and New York City.

There are at least 170,000 Seattle workers that would be automatically enrolled in the SRSP since their employer does not offer a workplace retirement savings plan. There are an additional 100,000 workers who lack access to a retirement savings plan, including 50,000 who are ineligible for the plan their employer offers and 50,000 who are self-employed. These two groups may be able to voluntarily enroll in the SRSP. The universe of workers that lack access to a workplace retirement savings plan is disproportionately female, Hispanic, young and less educated. They also tend to be at small, non-professional firms, work fewer hours with lower earnings, and have little other savings or experience with financial markets. There are at least 12,500 employers that would be affected by the SRSP with most of these being firms with fewer than 10 employees. The analysis findings suggest a relatively small time or monetary burden that employers would face in SRSP activities.

Mr. Sanzenbacher described the importance of setting a default contribution rate that is high enough to meaningfully replace income during retirement when Social Security is also included. He recommended a default contribution rate of at least 5%.

The financial feasibility of the SRSP depends on becoming cash-flow positive where the program can cover its ongoing costs and net positive where the startup costs are repaid. The Center for Retirement Research developed a feasibility model based on assumptions derived from the market analysis and their experience with other Auto-IRA programs. Under the initial assumptions, SRSP would expect to be cash-flow positive in 9 years and net positive in 18 years. If Seattle were to partner with a state Auto-IRA program that is already established, then the costs would be reduced with an expectation to be cash-flow positive in 6 years and net positive in 10 years.

Workplan Discussion

The next meeting will be scheduled the first week of October 2018.

Adjourn Meeting

The meeting adjourned at 10:57 a.m.