



## COLORADO SECURE SAVINGS PROGRAM BOARD

### Minutes 1/5/21

Board members in attendance:

Keshia Allen Horner

Jim Martin

Toby Nuber

Carolyn S. Paul

Alvin Tafoya

Darrell Watson

Treasurer Dave Young

Excused: Sean Wood

Approved 1.21.21

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### Approve 12/10 minutes

Moved: Carolyn Paul

2nd: Keshia Allen Horner

Vote: 8 yes, 0 no, 1 excused

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### Presentation: How does ERISA impact the States?

*Angela Antonelli, Executive Director, Georgetown Center for Retirement Initiatives*

*David Morse, Partner, K&L Gates*

Angela Antonelli— Georgetown Center for Retirement Initiatives works with states to help expand retirement and financial security.

An ERISA plan is a program established and maintained by an employer that provides retirement options to employees.

IRA is a savings account controlled by the individual  
ERISA plan has employer involvement

Employers can offer an IRA. As long as employer involvement is limited to administration, doesn't trigger ERISA. Allows states room to establish IRA and requires employers facilitate employees participation. State's have to be careful to limit the employer's responsibility.

David Morse — ERISA will preempt any state law that creates an ERISA plan. This Auto IRA plan is not an ERISA plan.



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ERISA — provides retirement income and is sponsored by employers. DOL has a 4 pronged exemption (safe harbor) for IRAs offered by employers.

State exemption

A 403(b) or 457 plan is an ERISA or non-ERISA plan depending on the status of the employer and employees. If the employer is a government entity--say a public school or state hospital, then the plan will be non-ERISA. However, if a private school (non Church) or not-for-profit hospital offers its employees a 403(b), 457, or other retirement plan, that plan will be an ERISA plan.

### Questions:

Darrell — clarification between IRA and 401K. Is there a minimum distribution requirement?

Traditional v Roth IRA:

ROTH, no minimum distribution rules. The inherited IRA rules are rather complex. Generally, a non-spouse designated beneficiary has 10 years (starting with the year following death) to liquidate the IRA. Spouses, minors and certain other beneficiaries, get more time.

Alvin — can you borrow from an IRA?

Answer from David: Can't borrow from an IRA, but you can withdraw funds. You can withdraw penalty-free after you've met the holding periods.

Sean — Retirement benefit in terms of income. What assumptions are you making about how to convert a retirement plan into lifetime income? Is anyone talking about how to do this, or left to participants?

Answer from Angela: In the modeling, contributions in (over 40 years) = \$110,000 total + compound interest = \$260k + assume immediate fixed annuitization over 20 years.

Lifetime income in DC plans. Question for the DC private sector world. As they discuss the parameters, it's a "phase 2 or phase 3" for state facilitated programs.

Sean — gap between IRAs and 401ks with higher contribution limits. How can we allow programs to grow as businesses grow as well. Answer from Angela: Opportunities abound. Automation is the right way to start.

Rainy day fund in addition to retirement savings plans. Is anyone talking about how to solve those problems with one platform?

Answer from David. Under current law, the best you can do is a ROTH IRA or ROTH 401k.

Answer from Angela: There is a lot of thought about this right now. We want to be careful to not encourage people to use their retirement plans as emergency savings, if possible.

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**Board Discussion:** [Program and Investment Consultants and RFP](#) (See presentation under “board materials”)

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### Public Comment

Demetrius Johnson, former board member, offered opinion about RFP process.

Cherie Mason, Retirement Specialist at ICMARC, asked about financial education plan

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### Hiring Update — Treasurer Young and Eric Rothaus, Deputy Treasurer

The interview team includes 2 members of the Treasury staff and the director of the IL Secure Choice program. They have narrowed applications down to 6 and will hold interviews with those 6 people.

Once the first round of interviews are complete, the interview team will hold second interviews with 3 people. While the board does not vote on candidates, its input is an extremely helpful component of the process. That's why we request that a board member - in this case Ms. Paul - participates once we've honed the group to three.

They will then rank the final three candidates. The interview team's recommendation will be presented to the Department Chief of Operations, who is the Treasury's appointing authority.

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### Zoom poll for board members:

Did you find today's training from Georgetown helpful? ( Multiple Choice)

1. Answer 1: Yes, very (8/8)

Answer 2: Yes, kind of (0/8)

Answer 3: Not really (0/8)

Answer 4: Not at all (0/8)

2. Did you find the session on consultants helpful? ( Multiple Choice)

Answer 1: Yes, very (7/8)

Answer 2: Yes, kind of (1/8)



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Answer 3: Not really (0/8)

Answer 4: Not at all (0/8)

3. Do you feel prepared to begin making program design decisions? ( Multiple Choice)

Answer 1: No, I would like more training first (0/8)

Answer 2: Yes, but I would also like additional training (3/8)

Answer 3: Yes, and I don't want any additional training (5/8)

4. Do you feel your questions are being answered in board meetings or from staff after meetings? ( Multiple Choice)

Answer 1: Yes (8/8)

Answer 2: No (0/8)

5. How do you feel about the tasks ahead in 2021? ( Multiple Choice)

Answer 1: Excited and ready to go (8/8)

Answer 2: Not sure (0/8)

Answer 3: Unprepared (0/8)

Meeting adjourned at 4:40pm

Next meeting: February 9, 2021 3-5pm MT