

MEMORANDUM

From: Representative Mike Peifer and Representative Mike Driscoll
To: All House Members
Subject: Keystone Saves Program

In the near future, we plan to introduce legislation to establish a [voluntary](#) program which expands access to private retirement savings plans to the more than 2 million Pennsylvanians who currently do not have access through an employer sponsored retirement plan.

As highlighted by the State Treasurer's Private Sector Task Force project, a vast number of Pennsylvania residents are seriously unprepared for the financial challenges of retirement. Rather than enjoying the golden years of life, these residents are instead plagued by the burdens of rising costs and unforeseen expenses. This not only presents a problem for retirees themselves, but also the Commonwealth. Projections indicate that between 2015-2030, financially unprepared retirees will cost the state an additional \$14 billion in social services. Reduced consumer spending activity by this group over the same timeframe will depress tax collections by roughly \$1.4 billion, further straining the Commonwealth's resources.

To address this alarming trend, we are introducing legislation to establish the Keystone Saves Program. Originating out of a bipartisan collaboration by the Heritage Foundation and the Brookings Institute, this program will allow enrolled employees to have a portion of their pay automatically deposited into an account overseen by the Treasury Department. As directed by our legislation, the State Treasurer will manage the accounts in a manner analogous to that of the 529 College and Career Savings Act, consulting with private financial planners to ensure the maximum return (and minimal risk) for enrollees.

This program will be an entirely new and separate program from our current state pension plans. All monies deposited within these accounts by employees will remain property of the employee and cannot be construed, or used, as property of the Commonwealth.

Preliminary findings from other states who have implemented this type of program, including New Jersey and Maryland, have shown that this is feasible and promising policy solution for improving retirement preparation. Further, national statistics reveal that the majority of employees who are offered private retirement plans at their places of employment elect to participate, as much as 15 times higher than that of employees without access. It is our shared hope that we can recreate this success in the Commonwealth through the enactment of the Keystone Saves Program and help ensure workers are well prepared for the golden years of retirement.

We respectfully ask for your consideration to join us in our [bipartisan](#) effort.