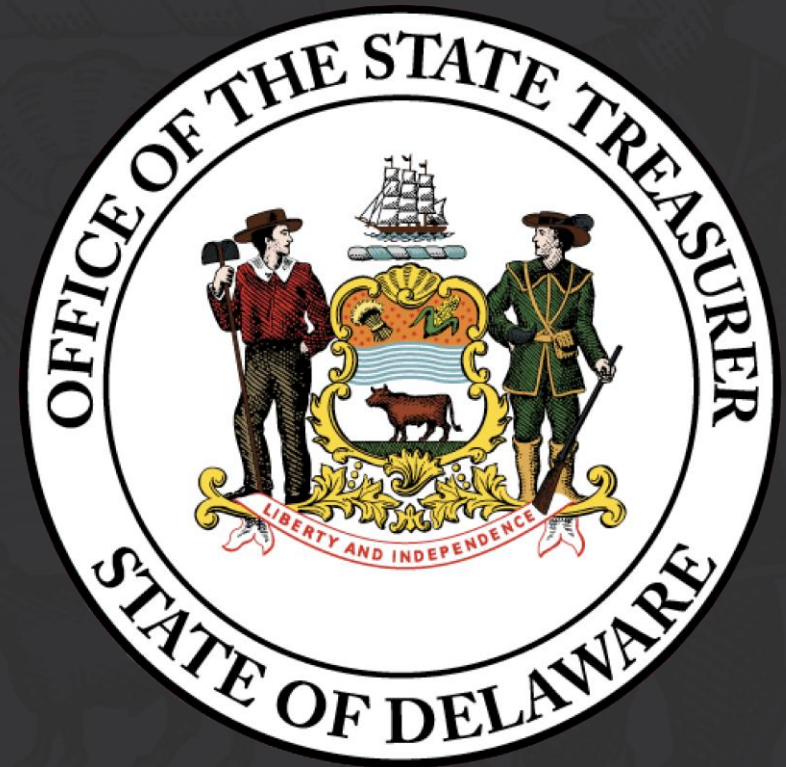

DELAWARE EARNS PROGRAM BOARD

Tuesday, October 4, 2022
10:30 a.m.



Agenda

- 1. Welcome and Introductions**
- 2. Presentations**
- 3. Action Items**
- 4. Future Business**
- 5. Public Comment**
- 6. Executive Session (None Scheduled)**
- 7. Adjournment**

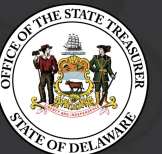


Welcome and Introductions

State Treasurer Colleen Davis

Chairwoman Fayettea Blake

Delaware EARNs Program Board Members



Presentations

1. Overview of Auto-IRA Programs in Other States

Pew Charitable Trusts

2. Overview of Delaware EARNs Program

Treasurer Davis and OST Staff

3. Overview of Delaware EARNs Board Duties

Treasurer Davis and OST Staff



Pew Charitable Trusts

OVERVIEW OF AUTO-IRA PROGRAMS IN OTHER STATES

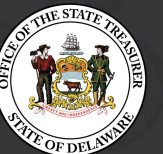


DELAWARE EARNS

Overview of the Program

Presented by

The Office of State Treasurer Colleen C. Davis





THE EARNS STATUTE

The Delaware EARNs Act was created by House Bill 205

- 2020-21 – OST researches retirement policy solutions
- 5/20/21 – Rep. Lambert & Sen. Poore introduce HB 205
- 5/17/22 – House passes HB 205 (35 Y, 5 N, 1 A)
- 6/21/22 – Senate passes HB 205 (20 Y, 0 N, 1 NV)
- 8/18/22 – Governor Carney signs HB 205

The new law has been codified as Title 19, Chapter 38 of the Delaware Code.



THE EARNs STATUTE

EARNs mirrors other state's Auto-IRA programs and has a similar structure & features:

- For Employees without a workplace retirement plan
- Roth IRA
- Auto enrollment, default investment, auto escalation
- Ability to opt out or make affirmative elections
- Portable
- Employers enroll employees and take payroll deductions

OREGON SAVES





COVERED EMPLOYERS

Who is a “covered employer”?

Any Delaware employer that...

- Has 5 or more employees

AND

- Does not currently offer a tax-favored retirement plan



**Government entities are excluded*

PROGRAM DEFAULTS

The statute provides the EARNs Board with the discretion to...

- **Set the default contribution rate** *(3% to 6%)*
- **Set the default escalation rate** *(1% or 2%)*
- **Set the maximum default contribution rate** *(Up to 15%)*
- **Select the investment options**, including the default investment



SMALL BUSINESS GRANTS

The Board may offer grants to small businesses.

The statute authorizes needs-based grants to small businesses who need to purchase **payroll software or other technology** to comply with the program.

ENFORCEMENT & COMPLIANCE

**There are penalties for noncompliant employers...
but there is also an incremental enforcement process.**

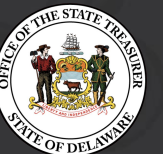
- The Board must provide notice to noncompliant employers and give them time to come into compliance
- The Board may not initiate enforcement proceedings until a year after an employer is required to enroll
- The Board has discretion to use softer measures before resorting to enforcement proceedings and penalties



LAUNCH DATE

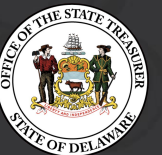
“To the extent practicable, the Board shall implement the Program so that covered employees can begin to participate and make contributions by January 1, 2025.”

Del. Code Title 19, § 3803(e)(15)



DELAWARE EARNS

Overview of the Board



THE EARNS BOARD

Who is on the Delaware EARNs Board?

- 5 Ex-Officio Members (or their designees)
 - State Treasurer
 - Secretary of Finance
 - Insurance Commissioner
 - Secretary of Labor
 - Chair of the Plans Management Board
- 2 Governor Public Appointees





THE EARNS BOARD

The Board will meet quarterly.

- Proposed schedule for upcoming meetings
 - November 2022
 - January 2023
 - April 2023
 - July 2023
 - October 2023
- Committees will also meet quarterly



THE EARNS BOARD

The Board's job is to...

- Serve as fiduciaries for program participants
- Maximize financial security in retirement
- Minimize costs to participants, employers, and the program
- Facilitate and encourage employer & employee participation
- Maximize simplicity & ease of administration for employers & participants
- Ensure the portability of participant accounts
- Encourage employer adoption of privately offered retirement plans



THE EARNS BOARD

The Board is responsible for...

- Investment and contribution oversight
- Vendor selection
- Establishing strategic partnerships
- Trust oversight
- Employer & employee outreach
- Auditing
- Creating the program budget
- Entering into interagency agreements
- Implementation and program design





PROGRAM DESIGN

Designing the program will involve...

- Establishing the enrollment process
- Determining the process for opting out or making affirmative elections
- Setting the default contribution & escalation rates
- Setting the administrative fees
- Managing enforcement & compliance
- Facilitating voluntary participation from non-covered employers & employees
- Promulgating the program's rules & regulations



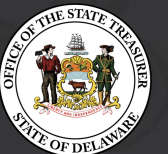
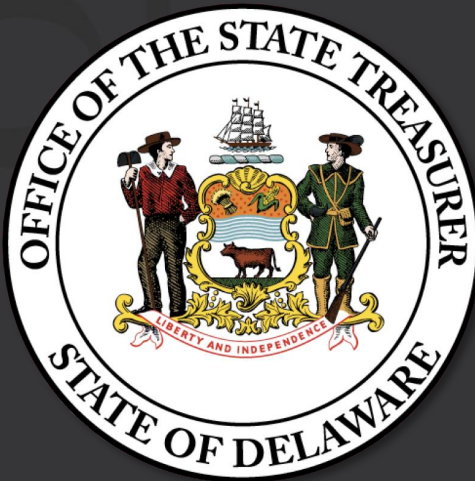
SUPPORTING THE BOARD

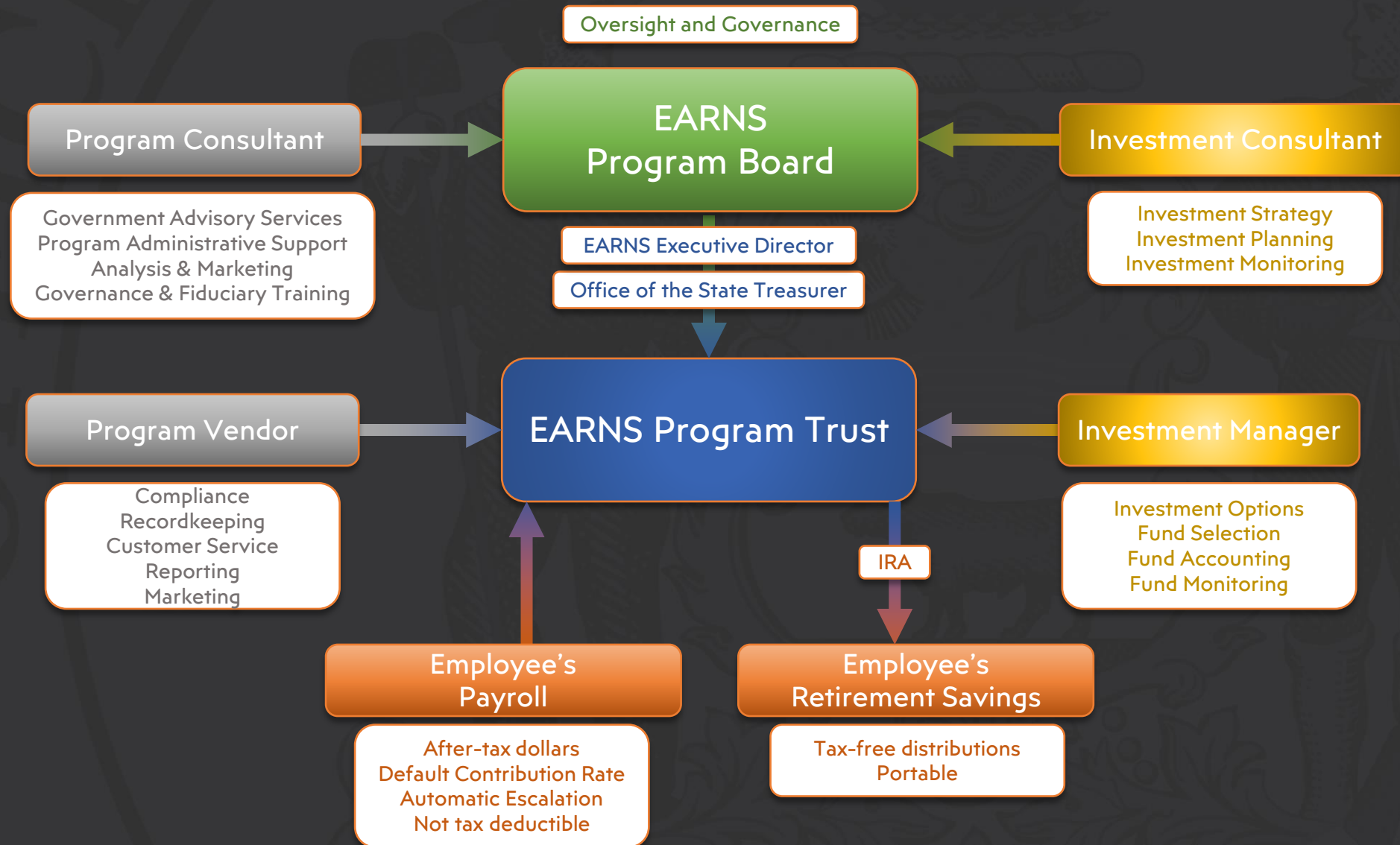
Delaware EARNs Executive Director

- Coordinate Board meetings & activity
- Facilitate daily operations & program implementation
- Oversee public outreach

Administrative Support from OST & Consultants

- Hire key personnel, including Executive Director
- Assist Board with procurement, regulations, & operations
- Provide accounting & budgeting functions and establish & maintain the EARNs trust





With acknowledgement to AKF Consulting Group



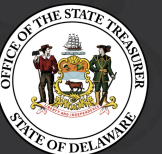
TRANSITION TO PLANS MANAGEMENT BOARD

“... [T]he Board shall disband and cease to exist, effective as of December 31, 2025, at which point all duties and functions of the Board under this chapter shall be transferred to and assumed by the Plans Management Board...”

Del. Code Title 19, § 3803(h)



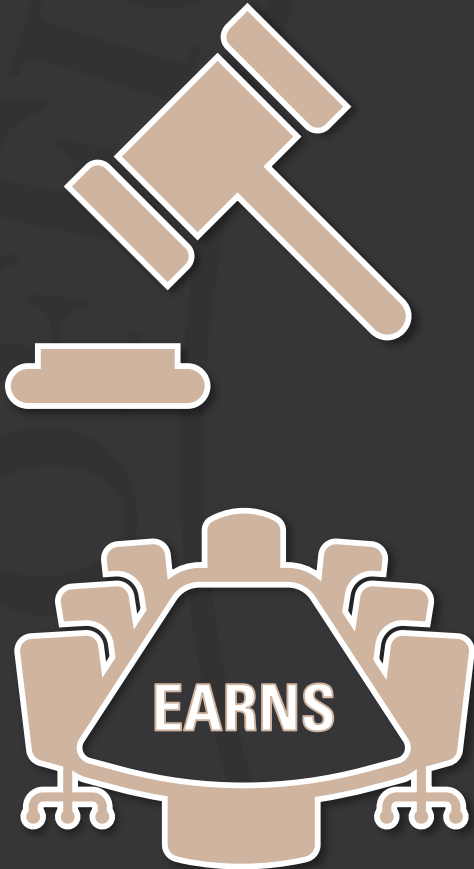
ACTION ITEMS & FUTURE BUSINESS



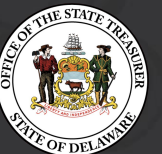
NEXT STEPS

What's Next for the EARNs Board?

- Votes
 - Authorize Program Consultant RFP
 - Establish Standing Committees
- Next Meeting Date
- Future Business
 - Scheduling Standing Meetings
 - Exploring Interstate Partnerships
 - Appoint Committee Chairs



Public Comment



Adjournment

Next Meeting...



For More Information on Delaware EARNs and to Sign-up for Updates...

On the Web:

treasurer.delaware.gov/earns

treasurer.delaware.gov/earns_board

Email:

Matthew.Rosen@delaware.gov

