



Deborah B. Goldberg
Treasurer and Receiver General

The Commonwealth of Massachusetts

Office of the State Treasurer

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Boston, Massachusetts 02108-1608

Office of Regulations and Interpretations
Employee Benefits Security Administration
Room N-5655
U.S. Department of Labor
200 Constitution Avenue N.W.
Washington, DC 20210

Via Electronic Transmission:

RE: RIN 1210-AB71 & RIN 1210-AB74

Savings Arrangements Established by States for Non-Governmental Employees – Proposed Rule

Dear Sir/Madame,

On behalf of the Commonwealth of Massachusetts Office of the Treasurer and Receiver General (“Treasury”), I would like to thank the Department of Labor for its commitment to and support of state efforts to expand retirement benefit coverage. The Treasury strongly supports both the Interpretative Bulletin that the Department has issued for the state marketplace, prototype plan and multiple-employer plan (MEP) approaches, as well as the proposed rule for savings arrangements established by states for non-governmental employees. Massachusetts is committed to providing the highest level of retirement benefit coverage for all citizens in the Commonwealth. In March 2012, Chapter 60 of the Acts of 2012 was enacted authorizing the Massachusetts Treasury, subject to IRS approval, to develop and implement a qualified defined contribution retirement plan governed by ERISA for the Commonwealth’s small non-profit employers.

Offering the Program as a 401(k) allows the Massachusetts Treasury to incorporate all of the consumer protections inherent in an ERISA-covered plan as well as best practice design features such as auto-enrollment and auto-escalation to ensure the highest level of benefit coverage. This task has not been without its challenges, however, the greatest, given our approach, the prohibitive costs associated with the administration of such an ERISA-covered plan. Conversely, the state MEP structure would significantly reduce the administrative costs to the employers and makes this type of program more feasible from a cost standpoint.

The proposed rule for savings arrangements established by states for non-governmental employees will provide the Commonwealth with the opportunity to expand retirement coverage through mandated workplace-based retirement savings accounts. We are pleased that the proposed rule would allow for

the establishment of safe harbor state payroll deduction savings arrangements that address the challenges associated with coverage, adequate savings rates and diversification. By incorporating best practice design features such as automatic enrollment and auto-escalation, states will be well positioned to assist a large percentage of their citizens who are currently not covered by any retirement benefit program outside of Social Security.

Sincerely,

David Lynch
Executive Director, Defined Contribution Plans
The Office of the State Treasurer and Receiver General
Commonwealth of Massachusetts