



January 19, 2016

**SUBMITTED TO ELECTRONIC DOCKET**

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

Via: [www.regulations.gov](http://www.regulations.gov)

**Re: Comments on Docket No. RIN 1210-AB71,  
Savings Arrangements Established by States for Non-Governmental Employees**

Dear Secretary Perez:

The National Council of La Raza (NCLR), the largest national Hispanic civil rights and advocacy organization in the United States, **strongly supports** the Employee Benefits Security Administration's proposal to establish a safe harbor for state-established and administered automatic enrollment payroll reduction retirement savings programs. NCLR has worked to improve opportunities for Hispanics in the United States for nearly 50 years. One of our core areas of work is economic security, which is contingent on an individual's retirement readiness. While there has been bipartisan congressional support for an automatic individual retirement account (auto IRA) to reach workers whose employers do not sponsor a retirement plan, progress has been slow. In light of slow progress on this and related proposals in Congress, executive action at the federal level and state legislation to improve Americans' retirement outlook have advanced in recent years. The Department of Labor's (DOL) proposed rule and related legal guidance on the application of the Employee Retirement Income Security Act of 1974 to state programs will provide necessary clarification to allow states to expand access to retirement plans.

**Retirement Savings Are in Jeopardy**

While many Americans have difficulty saving for retirement, this difficulty is exacerbated for communities of color. Sixty-two percent of Black and 69% of Hispanic households lack any assets in a retirement account.<sup>1</sup> For those who do save, their account balances are disproportionately low: three in four Black households and four in five Latino households aged 25–64 have less than \$10,000 in retirement savings, compared to one in two White households.<sup>2</sup>

The difficulty in saving for retirement is the result of a variety of factors, including low access to employer-sponsored retirement plans and lower rates of participation in those plans. Workers of color have less access to retirement savings vehicles compared to Whites: 38% of Latino employees, 54% of Black employees, and 54% of Asian employees aged 25–64 work for an

employer that sponsors a retirement plan, compared to 62% of White employees.<sup>3</sup> Of those workers who have access to an employer-sponsored plan, not all participate, and the 29.7% Latino participation rate falls well below the 53.8% rate for Whites.<sup>4</sup>

### **Latinos Have a Strong Desire to Save**

Low wages make investing for retirement especially challenging as costs for housing, health care, and education rise and wages continue to stagnate. Forty-two percent of all Latinos earn poverty-level wages, despite having the highest rate of labor force participation among all racial and ethnic groups.<sup>5</sup> Despite earning low wages, studies have shown that Hispanics value saving. A 2014 national Prudential survey of Latino consumers found that “the ‘saver’ mindset prevails” with Latinos. However, while 53% Latinos think that saving for retirement is a high priority, near-term financial needs often compete for limited resources.<sup>6</sup>

### **State-Sponsored Retirement Plans Will Increase Access**

The implementation of state-established and administered auto-IRAs will increase retirement savings options for those without employer-sponsored retirement plans. Nearly two dozen states have considered state-based programs for private-sector workers and five states have passed legislation to implement programs. For example, in 2012, California established the Secure Choice Retirement Savings Program.<sup>7</sup> In 2014, only 29% of Latinos in California had access to an employer-sponsored retirement plan and only 21% of them participated.<sup>8</sup> The Secure Choice program has the potential to provide access to a retirement plan for the first time to 3.8 million Latinos in California. Legal clarification from DOL provides California and other states guidance necessary to move forward with plans to implement their unique programs.

### **Conclusion**

Limited access to traditional retirement savings products severely affect Latino worker’s ability to invest in their future. Efforts to increase access to quality retirement savings plans are crucial to enhance Latino retirement readiness. In the absence of congressional action to increase access, state plans can help to fill that gap. This proposed rule and guidance offers clarification necessary to help states implement programs consistent with federal law to provide millions of workers access to a workplace retirement plan.

Thank you again for the opportunity to comment on this proposed rule. Should you have any questions regarding these comments, please contact Samantha Vargas Poppe at [spoppe@nclr.org](mailto:spoppe@nclr.org) or (202) 776-1572.

Sincerely,



Eric Rodriguez

Vice President, Office of Research, Advocacy, and Legislation  
National Council of La Raza

## Endnotes

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<sup>1</sup> Nari Rhee, *Race and Retirement Insecurity in the United States* (Washington, DC: National Institute on Retirement Security, 2013), 1,

[www.nirsonline.org/storage/nirs/documents/Race%20and%20Retirement%20Insecurity/race\\_and\\_retirement\\_insecurity\\_final.pdf](http://www.nirsonline.org/storage/nirs/documents/Race%20and%20Retirement%20Insecurity/race_and_retirement_insecurity_final.pdf) (accessed January 2016). For previous work on this issue, see Leticia Miranda, *Insecure Retirements: Latino Participation in 401(k) Plans* (Washington, DC: NCLR, 2009), [www.nclr.org/images/uploads/publications/file\\_Latinos\\_and\\_401K\\_plans\\_Final.pdf](http://www.nclr.org/images/uploads/publications/file_Latinos_and_401K_plans_Final.pdf).

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> Nari Rhee, *Race and Retirement*, 3.

<sup>5</sup> Economic Policy Institute, “Share of workers earning poverty-level wages, by race and ethnicity, 1973–2013,” <http://www.stateofworkingamerica.org/chart/swa-wages-figure-4f-share-workers-earning/> (accessed January 2016).

<sup>6</sup> Prudential Research, *The Hispanic American Financial Experience* (Newark, NJ: Prudential, 2014), [www.prudential.com/media/managed/hispanic\\_en/prudential\\_hafe\\_researchstudy\\_2014\\_en.pdf](http://www.prudential.com/media/managed/hispanic_en/prudential_hafe_researchstudy_2014_en.pdf) (accessed January 2016).

<sup>7</sup> The 2012 legislation established the California Secure Choice Retirement Investment Savings Board, which is charged with administering the program. Before this program can be implemented, the board is required to conduct a feasibility study that is expected to be completed in early 2016. Study results and recommendations will be shared with the California legislature and a final legislative authorization is required to implement the program.

<sup>8</sup> Catherine Singley Harvey, *Enhancing Latino Retirement Readiness in California* (Washington, DC: NCLR, 2015), [www.nclr.org/images/uploads/publications/LatinoRetirementReadiness2015.pdf](http://www.nclr.org/images/uploads/publications/LatinoRetirementReadiness2015.pdf) (accessed January 2016).