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Definition of "Employer" under Employee Retirement Income Security Act-Association Retirement Plans and Other Multiple-Employer Plans

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Submitter Information

Name: Derrick Hollie

Organization: Project 21

General Comment

The most recent data from the Census Bureau reported that there are approximately 2.6 million black-owned businesses nationwide with 700,000 of them opening their doors within the five-year window between 2007 and 2012. The U.S. Black Chamber of Commerce declared African-American businesses have grown at an exponential rate in the 21st century.

This explosion of black entrepreneurship is to be applauded. But it must also be nurtured. Most black-owned businesses are small businesses and thus face specific and sometimes unique challenges in contrast to others. A survey by Guidant Financial found that 80% of black entrepreneurs said that a lack of capital was their biggest obstacle. Time management is another major concern in the black business world.

Above and beyond race, there is a wide disparity between large and small businesses when it comes to addressing retirement security. According to the Bureau of Labor Statistics, only 53% of businesses with 99 or fewer employees offer a retirement plan as opposed to 85% of those with 100 or more employees.

Not being able to provide retirement security options is a quality of workplace problem that can have a holistic impact on a business. A collective approach successfully implemented in other

areas of the employee benefits realm now being proposed by the U.S. Department of Labor address the disparities between large and small businesses and be particularly helpful to black business owners.

Black businesses owners are instinctively concerned with the present and often have little time or ability to focus on the future well-being of themselves and their staff. In these uncertain times for the sustainability of Social Security, planning for retirement security should be paramount. But the need to balance the daily, weekly or monthly budgets usually makes the considering the need to prepare for a comfortable exit from the workforce a luxury.

Retirement security also plays an important role in business development. A survey of small businesses by Capitol One found that 94% of employers reported that their 401(k) retirement savings plan drives employee recruitment and retention. Yet 59% of the same survey group felt their business were too small to set up such a plan, and 16% reported it was too expensive.

In keeping with President Donald Trump's executive order making it federal policy to "expand access to workplace retirement plans for American workers," the proposed rule offered by the Employee Benefits Security Administration of the U.S. Department of Labor (RIN 1210-AB88) seeks to help small business owners increase the ability to offer retirement security through Association Retirement Plans also known as Multiple-Employer Plans. According to the rule, it would "expand access to affordable quality retirement saving options by clarifying the circumstances under which an employer group or association or a professional employer organization may sponsor a workplace retirement plan."

By allowing small businesses to join together and pool their resources in one place, an Association Retirement Plan gives employers relief from much of the administrative demands and legal risk associated with existing retirement security offerings. It would allow employers to protect and retain employees while being able to keep their attention focused on the daily upkeep of their business.

Broadening small business access to retirement security opportunities is applauded across the financial sector. BlackRock said it continues to support initiatives to expand access, increase participation and improve retirement outcomes, including open multiple employer plans. Prudential said we have long supported policies that would increase sponsorship and participation in Multiple-Employer Plans and are encouraged by today's action.

Making enhanced retirement security options available to small businesses is the logical progression from a previous rule by this administration to encourage small businesses to work together to achieve cheaper health coverage. There is strength in numbers, and the success of these plans will allow all of participants to benefit.

The subgroup that appears to have the most to gain from pooling retirement security resources is the black-owned small business. It is helpful to have the prospects of the black business community buttressed through the encouragement of the growth of Association Retirement Plans.

My name is Derrick Hollie, and I submit these comments as a member of the Project 21 black leadership network and a small business owner.