



September 22, 2022

FPA Hampton Roads Symposium

Coming Soon:
Virginia's State-Facilitated
Private Retirement Program

Mary Morris, CEO

First state-facilitated retirement savings programs prove the possibilities

	Oregon oregonsaves.com	Illinois ilsecurechoice.com	California calsavers.com
Program Launch	2017	2018	2019
Funded Accounts as of March 31, 2022	114,844	102,664	243,394
Assets as of March 31, 2022	\$153,896,905	\$87,253,470	\$204,725,602

Connecticut, Maryland, Colorado and New Mexico opening programs in 2022.

Why does Virginia need a state-facilitated private retirement program?



Americans are undersaving for the future

- About 26% of non-retired adults report no retirement savings¹
- Fewer than 15% of Americans save for retirement outside work²



¹ Federal Reserve, Report on the Economic Well-Being of U.S. Households in 2020 (May 2021)

² Virginia529, Report on State-Facilitated Private Retirement Plan Programs (December 2020)



State-facilitated private retirement programs help close the retirement savings gap.

Cost of doing nothing

If the state does nothing, Virginia can **expect a \$12 billion shortfall by the year 2035**, caused by insufficient savings and increased reliance on public benefits.

To close the gap, the average Virginia household needs to **save about \$160 a month**.





Program development

In 2021, the Virginia General Assembly passed legislation directing **Virginia529** to establish a state-facilitated private retirement savings program to open in 2023.

retire **path** **VA**SM

Program design

Program manager	Virginia529 , with a Program Advisory Committee
Program administrator	Vestwell , in partnership with BNY Mellon
Account type	Roth IRA (default) + traditional IRA (option)
Employer registration	RetirePath will be mandatory for certain private-sector Virginia employers
Employee enrollment	RetirePath will be voluntary for employees , opt out or back in at any time
Default contribution rate	5% will be the default , but savers can contribute any portion of their pay, subject to IRS limits
Auto-escalation rate	Automatic increase of 1% every year , until contribution rate reaches 10%
Investment options	Offered through investment manager BlackRock

What Virginia **employers** need to know

- Virginia employers that meet the following criteria must register:

25+
eligible
employees

2+
years in
operations

Not offering an
employer-sponsored
retirement plan

- Easy to administer
- No employer fees or fiduciary liabilities
- No employer matching contributions
- Help employees thrive with a convenient option to save for the future

What
Virginia
employees
need to
know

- Participation will be voluntary and flexible
- Once an employer starts facilitating the program, **eligible employees will be automatically enrolled**
- Savings will go into a **Roth IRA** that belongs to the employee
- Employees can stick with standard savings & investment options or choose their own
- Opt-out or adjust contributions at any time



Learn more and
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