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AARP Praises Labor Department for Giving Green Light to State-Based Retirement Plans

Important Step Forward to Improve Access to Workplace Savings, says AARP Executive Vice President Nancy LeaMond

WASHINGTON, DC – The U.S. Department of Labor’s proposed rule today reaffirming the right of states to adopt retirement savings programs for their private sector workers won quick praise today from AARP Executive Vice President Nancy LeaMond.

“AARP applauds the Department’s proposal to clear the way for state initiatives to help the estimated 55million Americans who have no way to save at work,” LeaMond said in a statement.

“The proposed rule provides greater clarity and sends a strong signal that states should continue to pursue solutions for workers who are well behind in their savings,” LeaMond added.

“The state plans – what we call ‘Work and Save’ – provide a dynamic route to retirement savings for millions in the private sector, in partnership with private sector employers and state government.”

In the last year, the “Work and Save” movement – with strong backing from AARP – has gathered momentum in state legislatures and among key state elected officials.

Illinois, Washington State and Oregon already have approved laws to provide access to savings vehicles. The New Jersey legislature is considering a plan this fall.

LeaMond cited a surge in interest in the plans, with more than half of the states interested in pursuing a private sector retirement savings issue in 2016.

The Labor Department’s notice of proposed rulemaking today included support for providing private sector workers access to payroll deduction savings plans and automatic enrollment through state programs that mandate auto-enrollment in IRAs.

LeaMond said that without these features, plans are far less effective in helping people save their own money for retirement. Payroll deduction alone makes workers 15 times more likely to save, according to research by the AARP Public Policy Institute.

LeaMond commended Secretary Perez and the Labor Department for their ongoing efforts to expand retirement coverage.

The Labor Department also issued an “Interpretive Bulletin” to assist states interested in establishing ERISA-covered plans for non-covered employees, and outlined three approaches that would not be preempted by ERISA, including the establishment of a state marketplace to connect eligible employers with retirement plans available in the private marketplace. The proposed rule and Interpretive Bulletin provide states with a clear path forward to pursue numerous alternatives to improve retirement plan coverage in their state.

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About AARP AARP is a nonprofit, nonpartisan organization, with a membership of nearly 38 million, that helps people turn their goals and dreams into real possibilities, strengthens communities and fights for the issues that matter most to families such as healthcare, employment and income security, retirement planning, affordable utilities and protection from financial abuse. We advocate for individuals in the marketplace by selecting products and services of high quality and value to carry the AARP name as well as help our members obtain discounts on a wide range of products, travel, and services. A trusted source for lifestyle tips, news and educational information, AARP produces AARP The Magazine, the world's largest circulation magazine; AARP Bulletin; www.aarp.org; AARP TV & Radio; AARP Books; and AARP en Español, a Spanish-language website addressing the interests and needs of Hispanics. AARP does not endorse candidates for public office or make contributions to political campaigns or candidates. The AARP Foundation is an affiliated charity that provides

security, protection, and empowerment to older persons in need with support from thousands of volunteers, donors, and sponsors. AARP has staffed offices in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. Learn more at www.aarp.org.

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