

November 11, 2022

New Mexico Work and \$ave Board
New Mexico State Treasurer's Office
2055 South Pacheco Street, Suite 100
Santa Fe, NM 87505
Cc: Maria Spray

RE: Request for Information on Preliminary Draft Rules for New Mexico Work and \$ave Program

Dear Members of the New Mexico Work and \$ave Board,

As a representative of America's 33 million small businesses, Small Business Majority writes today to offer recommendations concerning the Request for Information on Preliminary Draft Rules for the New Mexico Work and \$ave program.

Small Business Majority is a small business organization that empowers diverse entrepreneurs to build a thriving and inclusive economy. We engage our network of more than 85,000 small businesses and 1,500 business and community organizations to advocate for public policy solutions and deliver resources to entrepreneurs that promote equitable small business growth.

The way New Mexicans launch businesses is changing, particularly in this post pandemic economy. The global health crisis has underscored why today's entrepreneurs and small business employees need a modernized and robust benefits infrastructure that promotes wealth creation, financial security and quality jobs for those who do not work for large organizations.

More than [60% of private sector workers in New Mexico](#) between the ages of 18 and 64 work for businesses that do not offer a retirement plan. In fact, 67% of private-sector workers in New Mexico have saved \$0 for their retirement, which severely impacts their financial security and underscores the stark poverty rates in the state. However, the passage of the New Mexico Work and \$ave program in 2022 ensures that small businesses and their employees have access to a free, accessible state retirement program.

State-sponsored Automatic Individual Retirement Account (auto-IRA) programs in California, Oregon and Illinois have had enormous success in reaching and helping small business employees save for retirement who might not otherwise be able to. The New Mexico Work and \$ave program is an important first step in creating long-term financial security for New Mexican small businesses.

We offer the following recommendations on the draft rules for the Retirement Plan Marketplace (Marketplace) and look forward to seeing the draft IRA Program rules soon.

- Small business owners and their employees want to offer benefit programs that can help them save for the future, but they often manage more than one role and operate with limited capacity. This is why we encourage the New Mexico Work and \$ave Board (Board) to streamline the enrollment process and allow participants to choose from different retirement plans through the Marketplace that can easily connect to their payroll systems. What's more, small employers should be exempt from compliance reporting and other administrative responsibilities to remove operational burdens from enrolling in the state retirement program;

- As a state auto-IRA program, we expect the Board to vet and verify all the retirement savings options on the state-run Marketplace. We encourage you to make all efforts to explain the process for entrepreneurs to connect and automate payroll deductions and employer set up;
- We also encourage the Board to protect small employers from any fiduciary liability for investment decisions made within non-employer sponsored plans. Small businesses operate on slim profit margins, which is why they cannot be held responsible for personal investment decisions as it will ultimately impact their ability to operate and grow;
- Currently, the New Mexico Work and \$ave program is voluntary, which could undermine its trajectory and impact on the communities that need it most. Several states have made their retirement programs mandatory, which has increased the pool of individuals that now have access to retirement. The program must be mandatory to better address the retirement gaps in New Mexico;
- Although changes to program parameters must be legislative, the state-run program must offer an opt-out model to successfully reach small employers and their employees, particularly those in underserved communities. This will ensure that the New Mexico Work and \$ave program is approachable and sustainable for New Mexicans.
- Additionally, your outreach and public education around the new retirement program should:
 - Provide all materials and events in English and Spanish and at no cost;
 - Leverage community stakeholder relationships at the state and local levels to target communities that lack access to retirement programs and those who will benefit most from the program;
 - Offer and schedule ongoing webinars that can later be accessed by small employers and their employees at a time of their choosing; and
 - Provide educational materials that underscore the difference between the Marketplace and the payroll-deduction IRA program.

Access to retirement savings is a benefit that most small businesses want to offer their employees to attract and retain a workforce but are often unable to due to cost, administrative complexity and fear of fiduciary liability. The New Mexico Work and \$ave program can help small businesses compete with larger corporations and retain their workforce, an issue that many New Mexican small employers are struggling with. This is why we encourage the New Mexico Work and \$ave Board to consider our recommendations to further expand access and increase participation in the New Mexico Work and \$ave program and support small businesses in the state.

Sincerely,

Awesta Sarkash
 Public Policy Director
 Small Business Majority