

Wilmington, Delaware
June 16, 2022

#0202

Sponsor:

**Council
Member
Oliver**

Co-Sponsor:

**Council
Member
Johnson**

WHEREAS, House Bill No. 205 (HB No. 205) proposes to establish the Expanding Access for Retirement and Necessary Saving (EARNNS) program to assist eligible employees in accumulating additional retirement security through a State-facilitated savings plan. The EARNNS program provides convenient, tax-efficient and portable savings benefits to employees while relieving the administrative and cost burdens some businesses face when overseeing employer-sponsored retirement plans; and

WHEREAS, HB No. 205 was introduced because 75 percent of U.S. residents are facing a retirement crisis, and one-third of U.S. workers lack access to retirement savings plans. For many Americans, whose wages or salary constitute their primary sources of income, inadequate savings, coupled with inflation, rising healthcare costs and the ongoing impacts of the COVID-19 pandemic are widening the wealth gap between poor and middle-income Americans. Approximately 47 million Americans are struggling financially or are at risk of falling into economic insecurity as they age. According to the U.S. Census Bureau, 22.9 percent of social safety net benefit recipients were aged 60 years or older in 2019; and

WHEREAS, more than one-third of women have no retirement savings, contrasted with 15 percent of men who say they lack funds for retirement. One-third of single people have not saved for retirement, and just nine percent of middle-income workers save 15 percent or more of their income for retirement. Those who find it most difficult to meet their daily expenses while also saving for retirement are also more likely to require public assistance in the future; and

WHEREAS, the disproportionate impact of the COVID-19 pandemic on the older working population with the least resources, and lack of retirement savings is significant and has the potential to increase disparities along age, racial, ethnic and gender lines. The pandemic has also initiated retirement anxiety. More than 36 percent of American employees who are within 20 years of retirement wish to delay their retirement; and

WHEREAS, millions of America's low and middle-income workers lack access to sponsored retirement benefits. Their employers often cite expenses, limited administrative resources, and lack of employee interest as the main reasons for not offering retirement plans. Because the EARNNS program proposes State facilitation of contributions, many of the existing barriers to employer-sponsored retirement plans would be alleviated for both businesses and their employees; and

WHEREAS, in Delaware, 54 percent of employers do not offer a retirement plan. According to Georgetown University Center for Retirement Initiatives, approximately 38 percent of Delaware's workforce, more than 145,000 workers, many of whom are lower to moderate-income women and minority, do not have access to employer-sponsored retirement plans. Delaware was one of just five states that have neither taken any action to create nor explored the feasibility of an optional individual retirement arrangement (IRA); and

WHEREAS, Wilmington's poverty rate is 26 percent, which is higher than the State average of 12.1 percent. This means that one out of every 3.7 residents of Wilmington lives in poverty, which negatively impacts their ability to save for retirement. The EARNNS program would allow them to participate in a retirement savings plan and to maintain the financial contributions they have made even if they change employers.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF WILMINGTON that the Wilmington City Council is in favor of HB No. 205 which aims to amend Titles 19 and 29 of the Delaware Code relating to the establishment and management of the expanding access for retirement and necessary saving program.

BE IT FURTHER RESOLVED this Council encourages the Delaware General Assembly to support this important provision to help Delawareans better prepare for their financial futures.

Passed by City Council,

ATTEST: _____
City Clerk

SYNOPSIS: This Resolution expresses strong support from the Wilmington City Council for the passage of House Bill No. 205 which aims to amend Title 19 and 29 of the Delaware Code relating to the establishment and management of expanding access to retirement and necessary savings program. This Act will facilitate increased retirement savings among Delaware's working population and reduce the need for additional taxes or fees to fund public assistance programming. This program will provide a convenient, low-cost, portable, and tax-efficient means of saving for workers whose employers do not offer a private-sector 401(k) or other employer-sponsored retirement plan.