



To: State Directors of “Auto-IRA” Retirement Savings Programs
From: Ted Griffith, Program Director, Delaware EARNNS
Sent: Thursday, July 13, 2023
Subject: Potential Interstate Collaboration

EXECUTIVE SUMMARY

The Delaware EARNNS Program Board, voting unanimously at its July 13 public meeting, has authorized the Office of the State Treasurer to explore entry into an interstate partnership or consortium to facilitate EARNNS, Delaware’s “auto-IRA” retirement savings program.

Legislation creating Delaware EARNNS requires private-sector employers with five or more employees to enroll in the program, unless the employer already offers a qualified retirement plan. Approximately 150,000 private-sector employees in Delaware lack access to a retirement savings plan at work. Employers that don’t comply with the requirement, which applies to both businesses and nonprofits, could face administrative penalties.

Delaware EARNNS is part of the Office of the State Treasurer (OST) and the program is overseen by a seven-member Board that includes the State Treasurer, the Secretary of Finance, the Insurance Commissioner, and the Secretary of Labor. The EARNNS statute gives the program’s Board the authority “to effect this chapter’s purpose by creating or entering into, on behalf of the Program, a consortium, alliance, joint venture, partnership, compact, or contract with another state or states or their programs or boards.”

Delaware represents an ideal potential partner for many reasons. Our program has strong bipartisan support from Delaware legislators and other elected officials. State Treasurer Colleen Davis has consistently championed the program, and she has made Delaware EARNNS one of her highest priorities. OST already has deep experience in successfully administering retirement savings programs for public-sector state workers. In addition, as the second-smallest state geographically, Delaware’s scale makes it easy to reach employers and employees.

If your state is interested in exploring a cooperative arrangement with State of Delaware, please submit responses to the following questions to EARNNS@delaware.gov, attention Ted Griffith, EARNNS Program Director. Responses should be submitted by 5:00 p.m. Eastern time on July 31, 2023.

PRELIMINARY QUESTIONS

- 1) Discuss your state's experience in operating a Secure Savings/Auto IRA program. This discussion should include specifics on account and asset growth of the program.
- 2) What advantages would you see for Delaware in potentially partnering with your state on a Secure Savings/Auto IRA program?
- 3) Do you currently have any state partners, or are you in discussions with other Auto-IRA programs about partnering? Please describe.
- 4) Identify the source of your statutory or other authority to serve as the lead or host state for a partnership or consortium.
- 5) Has your Program Administrator already committed to supporting your partnership? How many years are left on the term of your contract with your Program Administrator?
- 6) Describe the governance structure of your program. In your response, please list all entities involved in oversight or administrative support, and include the names and professional titles of chair(s), voting members, advisory committee members and program staff.
- 7) Discuss how decision making would be shared between or among the states. Please address what types of decisions will be handled via partner vote, and what types of decisions (if any) will be solely left to the lead state. Have you developed a formal framework governing the terms of any prospective partnership or consortium? If so, please attach to your response.
- 8) Discuss your fee structure, including applicable asset and account breakpoints. What fees would the State of Delaware receive and what fees would Delaware participants have to pay? Would our participants pay the same fees as your state participants?
- 9) Are there any costs associated with your partnership that would be charged to the State of Delaware? Specifically, has your Program Administrator confirmed whether it will charge any start-up or ongoing fees to new partner states? If so, list those expenses.
- 10) Describe the trust structure of the partnership. Are there separate trusts for each partner program, or is there one trust?
- 11) We assume that Delaware will have full access to data and contact lists for EARNs account holders and employers, and that Delaware will control the communications with these groups. Please confirm or describe how your structure differs.
- 12) Describe the terms for exiting your partnership. Are there restrictions on exiting? Do EARNs accounts stay with Delaware, or with the partnership?
- 13) Discuss your investment lineup for participants. What are the participants' choices? How often do you review this lineup and consider changes? How open are you to modifying the existing investment lineup based on Delaware's input?

14) Discuss timeline. If Delaware were to enter into an agreement with your state, approximately when do you anticipate Delaware would be able to initiate its pilot and then fully launch the program?

15) How would you support Delaware in implementing and marketing the program?

Please note that your response will be subject to disclosure under the [Delaware Freedom of Information Act, 29 Del. C. ch. 100](#), unless an exemption applies.

Any questions should be submitted in writing by July 19, 2023, and e-mailed to:

Ted Griffith
Program Director
Delaware EARNs
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