



# The State of Maryland

## Executive Department

### EXECUTIVE ORDER

01.01.2014.07

#### Governor's Task Force to Ensure Retirement Security for All Marylanders

- WHEREAS, The foundation of Maryland's economy is a strong middle-class;
- WHEREAS, All Marylanders who work hard and play by the rules should have the opportunity to retire with financial security;
- WHEREAS, For generations of Marylanders, a financially secure retirement was based on the three-legged stool of Social Security, personal savings, and employee pensions;
- WHEREAS, Recent trends indicate that retirees are at risk of outliving their savings, as the amounts in both employee pensions and personal savings are not keeping pace with the large number of retirees who are living longer;
- WHEREAS, One challenge is that employers are moving away from providing retirement plans, including defined benefit plans, that deliver a dependable monthly income for retirees. According to the U.S. Bureau of Labor Statistics, only 49% of private-sector workers participate in a retirement plan, and only 16% participate in a defined benefit plan;
- WHEREAS, Many employers have switched from providing defined benefit plans to providing defined contribution plans, in which the employee makes some or all of the contributions and takes the risk that markets will fall; as a result, the 2008 market drop caused steep declines in the retirement balances of millions of workers, many of whom have never recovered financially;
- WHEREAS, For the 36% of private-sector employees whose employers do not provide access to a defined benefit or defined contribution plan, they are wholly missing one leg of their three-legged retirement stool, putting them at jeopardy of losing their opportunity for a financially secure retirement;

WHEREAS, The future of retirement security is a concern throughout Maryland and the United States; the non-partisan Center for Retirement Research at Boston College found that the current shortfall in retirement savings for American households is \$6.6 trillion and that over one-half of all Americans are at risk of outliving their retirement savings;

WHEREAS, This shortfall in retirement savings poses a significant threat to Maryland's fiscal stability and economic growth, as individuals with stable and secure retirements are less dependent on the State and increase consumer demand in the State's economy;

WHEREAS, It may be beneficial for private-sector employees in Maryland who have no employer-provided plan to gain access to a professionally managed retirement program that assures reliable retirement income;

WHEREAS, Marylanders would benefit from a comprehensive examination of various ideas aimed at ensuring retirement security for Maryland private-sector employees; and

WHEREAS, A Governor's Task Force to Ensure Retirement Security for All Marylanders would gather experts and interested parties to conduct a comprehensive examination of the relevant issues and develop recommendations on the most productive steps that the State of Maryland could take to ensure that every private-sector employee in Maryland has the opportunity to enjoy a secure retirement.

NOW THEREFORE, I, MARTIN O'MALLEY, GOVERNOR OF THE STATE OF MARYLAND, BY VIRTUE OF THE AUTHORITY VESTED IN ME BY THE CONSTITUTION AND LAWS OF MARYLAND, HEREBY PROCLAIM THE FOLLOWING EXECUTIVE ORDER, EFFECTIVE IMMEDIATELY:

A. There is a Task Force to Ensure Retirement Security for All Marylanders.

B. Membership. The Task Force consists of the following voting members:

(1) Two members appointed by the President of the Senate;

(2) Two members appointed by the Speaker of the House of Delegates;

(3) The Secretary of the Department of Labor, Licensing, and Regulation, or a designee;

(4) The Secretary of the Department of Budget and Management, or a designee;

(5) The Secretary of the Department of Aging, or a designee;

(6) The Secretary of the Department of Business and Economic Development, or a designee;

(7) The State Treasurer, or a designee;

(8) Two representatives from labor unions;

(9) One representative from the financial services industry;

(10) One representative from the small business community; and

(11) Up to six additional members, including one retiree representative, as appointed by the Governor.

C. The members identified in Sections B(8) through (11) shall be appointed by the Governor and shall serve at the pleasure of the Governor.

D. The Governor shall designate the Chair from among the members.

E. In the event of a vacancy on the Task Force, the Governor shall appoint a successor to fill the remainder of the term.

F. Procedures.

(1) Members of the Task Force may not receive any compensation for their services but may be reimbursed for reasonable expenses incurred in the performance of their duties, in accordance with the Standard State Travel Regulations, and as provided in the State budget.

(2) The majority of voting members of the Task Force shall constitute a quorum for the transaction of any business.

(3) The Task Force may adopt such other procedures as may be necessary to ensure the orderly transaction of business, including the creation of committees.

(4) The Chair may, with the consent of the Task Force, designate additional individuals, including interested citizens, elected officials, educators, or specialists with relevant expertise, to serve on any committee.

(5) The Task Force may consult with State agencies to obtain such technical assistance and advice as it deems necessary to complete its duties. All Executive Department agencies shall cooperate with and assist the Task Force in carrying out its responsibilities. The Department of Labor, Licensing, and Regulation shall be the lead state agency assisting the Task Force, and the State Retirement and Pension System shall be consulted if appropriate.

G. Purposes. The Task Force shall have the following objectives:

(1) Conduct a comprehensive examination of ideas that the State of Maryland could implement by legislation, regulation, or other methods to ensure that private-sector employees in Maryland have the opportunity to enjoy a secure retirement;

(2) Review approaches of other states and countries that offer state-sponsored retirement savings plans for private-sector employees;

(3) Review desirable plan design features such as portability, security, lifetime payments, smoothing of returns, low costs, and low risks in the context of a state-sponsored retirement savings system for private-sector employees;

(4) Develop and issue recommendations as to policies that the State of Maryland should undertake to achieve the goal of ensuring that every employee in Maryland has the opportunity to enjoy a secure retirement, including specific steps addressing how such policies would be implemented; and

(5) To consider other related matters as the Task Force deems necessary.

H. Reports and Recommendations.

(1) The Task Force shall issue a report addressing the purposes listed in Section G.

(2) The report shall be submitted to the Governor, the President of the Senate, and the Speaker of the House of Delegates, no later than December 4th, 2014.

(3) The Task Force may issue additional reports as directed by the Governor.

I. Termination of Task Force.

(1) The Task Force shall terminate on February 15th, 2015, unless the Governor declares before that date that the Task Force shall remain in operation.

(2) If the Governor makes such a declaration, the Task Force shall meet at least 4 times in 2015 and shall issue a final report addressing the objectives in Section G no later than December 3, 2015.

Given Under my Hand and the Great Seal of the State of Maryland, in the City of Annapolis, this 12<sup>th</sup> Day of May, 2014.



Martin O'Malley  
Governor



ATTEST:



John P. McDonough  
Secretary of State