Questions & Answers

OregonSaves is an easy way to save for retirement

OregonSaves is a simple, convenient way for Oregonians to save if they don't have a retirement plan at work. Workers save a part of their paycheck in their own, professionally-managed retirement account through payroll deductions. It always remains their money and their account and goes with them from job to job. It also benefits employers, creating an easy way to help employees take responsibility for their own financial futures.

Frequenty asked questions

Below are answers to FAQs as of 3/15/17. For more information, visit www.oregonsaves.com.

OregonSaves	
Why did the state create this plan?	Oregon is facing a retirement savings crisis. Many businesses say they can't afford to offer a retirement savings plan, and most people aren't saving on their own. People are 15 times more likely to save if they have an option through their work, so the state created OregonSaves to provide a simpler option for employers to help their employees save.
What makes this plan different?	Like employer plans, enrollment and savings are made through people's work, but the employer doesn't sponsor the plan and has no fiduciary responsibility. There is no employer fee or employer matching. Workers save their own money in their own individual retirement account (IRAs), but, unlike with other IRA accounts, workers don't need to do anything to sign up and start saving.
Who is eligible?	Any Oregon worker 18 or older who doesn't currently have a retirement savings option at work. They must also be eligible for a Roth IRA based on income limits set by the federal government ($133,000 for an individual tax filer and $196,000 for married tax filers).
Who sponsors the plan?	The plan is sponsored by the Oregon Retirement Savings Board on behalf of the state. OregonSaves is not an employer sponsored plan.
Who manages the plan?	The plan is managed by Ascensus, a professional private sector company with extensive expertise in savings.
What options do employees have through the plan?	Employees will have three investment options to choose from to start. They can increase or decrease their contribution rate once a month, and they have the choice of opting out of the plan and opting back in.
How does enrollment work?	Participating employers automatically enroll their employees, unless the employees opt out.
What type of retirement account does this plan use?	Roth IRAs are the standard option. Traditional IRAs will be offered as an alternative at a future date.
How do workers contribute to the plan?	Employers make payroll deductions for their employees every pay period and remit the employees' money to the plan, where it is deposited into participants' IRA accounts.

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How much do workers contribute?	It's an individual worker's choice how much he or she saves. The standard rate is 5 percent of gross wages, with the option to save more or less, at 1 percent increments. Contributions to Roth IRAs are made post-tax. For those that opt for a traditional IRA, contributions will be pre-tax.
Does the contribution rate increase over time?	Yes, it automatically increases by 1 percent per year until it reaches 10 percent. Employees can opt out of automatic increases at any time.
What is the limit for contributions?	The federal government sets limits for IRA contributions. For 2017, Roth IRA contributions are capped at $5,500 per year for younger than 50 and $6,500 per year for 50 and older.
What investment options will be available?	The standard option will be an age-based fund, which automatically adjusts the mix of stocks, bonds, and other investments over time to limit risk as participants near retirement age. The plan will also offer a capital preservation fund for those who want to limit their exposure to market risk and a stock index fund for those with a higher risk tolerance. All three types of investment options will be provided by State Street.
Do employers contribute to the plan? Are there any employer fees?	There are no employer fees, and there is no employer matching.
What happens to workers' accounts when they change employers?	Each employee has one account that moves with them from employer to employer. If their new employer doesn't offer OregonSaves, the worker can continue to contribute on their own, leave their money in their account, take out their money, or roll it over to another qualified retirement account.
What are the costs?	The plan is required to be self-sustaining. It is not dependent on taxpayer funds. It is entirely funded by a 1 percent fee on employee assets under management, in line with the costs of similar plans. The fee will likely decrease over time as plan assets grow. There is no employer fee or fees for changing elections. Some savers will be eligible for the Saver's Credit.
Are there penalties or fees for early withdrawals?	For Roth IRAs, there are no fees for early withdrawal of contributions. Withdrawals of earnings for Roth IRAs and withdrawals from traditional IRAs are subject to taxation.
When will the plan become available?	The program will begin with a group of pilot employers starting in July 2017. It will then roll out in phases beginning in 2018, beginning with larger employers (100 or more employees) first and then to smaller employers over the course of several years.
Is this related to PERS and is there any guarantee?	OregonSaves is not related to PERS in any way. Employee contributions go straight to workers' individual retirement accounts and do not go to the state. This plan is a defined contribution plan, not a pension plan. There is no guarantee of investment results. All investments carry risk.

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