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## Legislators tackle bill to encourage retirement savings

By Erica Peterson



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February 3, 2010 · The Senate action on Wednesday was upstairs in the Pensions Committee, where senators discussed a new retirement plan for employees of small businesses.

While workers used to be able to rely on Social Security to live on after retirement, those days are gone. Last year, retired workers got, on average, just over \$1,100 a month in benefits. But many people don't have retirement savings to supplement that amount.

Senate Bill 437 would allow the state to set up Voluntary Employee Retirement Accounts, or VERAs. This program is designed to get more people saving for retirement, by giving workers without an employer-sponsored retirement plan a way to automatically deduct money from their paychecks.

The measure is supported by groups as diverse as the **AARP** and the conservative **Heritage Foundation**, where David John is a senior fellow.

"This is an especially valuable bill because all it really does is to enable small employers, who typically are not going to be able to find an easy way to have a payroll deduction retirement savings plan, to essentially buy the retirement version of group life insurance," John said.

Right now, even those without traditional pension or retirement accounts through their employer can go into a bank and sign up for an IRA. But people aren't doing that. Ted Boettner is the Executive Director of the **West Virginia Center on Budget and Policy**, which also supports the bill. He says half of West Virginia's workers don't have any retirement savings.

"In the state of West Virginia, too, you have small businesses--only about a quarter of small businesses below 25 employees offer retirement pension programs to their employees," Boettner said. "So this would help bridge that gap. Because we're trying to get people to save more, to think ahead and to make sure they're not a drain on state resources later down the road."

The program would be operated by the state treasurer's office, and would cost \$1 million initially, but the costs would be recouped by participation fees.

Committee Chairman Dan Foster questioned why the Heritage Foundation supported a bill which is essentially a program that would lead to further government involvement in the private sector.

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"This is an opportunity," John replied. "Because this program would be contracted out, it would actually be managed by the private sector. What this does is to put us in a situation where we don't eventually have millions of Americans reaching retirement in poverty and demanding yet another federal or state program to help make up the difference."

The one Republican on the committee—Sen. Mike Hall (R-Putnam) voted in favor to move the bill, but it met resistance from a Democrat. Sen. Michael Oliverio (D-Monongalia).

Despite testimony from Diane Stout, the treasurer's general counsel, who said that according to the bill, if the program is not self-sufficient, it would terminate, Oliverio says he could see the program placing a burden on the state.

"I'm always very sensitive to what is the role of government, a lot of times people come to us with a problem, and they want government to always solve the problem," he said. "And invariably that costs taxpayer dollars. This is a program that I think could clearly be solved by the private sector. There are organizations that can provide retirement plans for individuals, and I just don't think that the state of West Virginia should be involved in providing retirement plans for employees that don't work for the state."

A number of bills were introduced on Wednesday; among them one repeals a part of the state's code that makes adultery, fornication and co-habitation between an unmarried man and woman illegal.

Sen. Doug Facemire (D-Braxton) is the bill's lead sponsor. He says the bill isn't a morality issue, but rather a case of a drastically outdated law that should be removed.

"For instance, there's a law on the books that says if you ride a horse through town and it drops manure in the street and you don't pick it up, you can be fined \$5 and barred from riding your horse in the town," Facemire said. "And at one time that was probably a very important law, but they're outdated. And that's what we're trying to do here, just clean up a bunch of the old laws that are outdated and don't really serve a purpose anymore."

According to [the code](#) from 1931, the punishment for adultery and sex between unmarried people is twenty dollars; for "lewd and lascivious cohabitation," the fine is fifty dollars and up to six months in jail.

