
Ascensus to run Oregon's public DC plan for private-sector workers

By Editorial Staff *Thu, Dec 15, 2016*

Pennsylvania-based Ascensus is the nation's largest independent retirement and college savings services provider, with more than \$139 billion in assets under administration.

Ascensus was chosen this week as plan services provider for the Oregon Retirement Savings Plan, a state-sponsored defined contribution plan option that is preparing for a July 2017 launch.

Passed by the 2015 Legislature to address the crisis of inadequate savings, the Oregon plan will be available to the more than half of the Oregon workforce that does not already have access to a retirement savings plan at work.

Eligible workers will automatically defer a portion—initially 5%—of their paychecks deposited into their own secure retirement accounts, unless they opt out. An estimated 64,000 businesses, most them small, are expected to have employees eligible to participate.

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The Oregon Retirement Savings Board conducted a public request for proposals this fall for a firm to manage the account records, operate the website, and receive and process the retirement payments for what will be the first operating state-sponsored retirement savings plan.

As part of the successful bid, the company will absorb early startup costs and be repaid over the life of the contract. The company will collect a small annual fee from retirement accounts to cover the cost of administration, recordkeeping, marketing, and the package of investment options made available to retirement savers. The value of the contract ultimately will be based on the number of participants and assets invested.

Ascensus provides recordkeeping, administrative, and program management services to some 46,000 retirement plans and over 3.8 million 529 college savings accounts. It also administers more than 1.5 million IRAs and health savings accounts and is a major ERISA consultant.

Oregon officials been meeting with representatives of employers, workers, payroll administrators and consumer groups to guide the formation of the program. It is estimated that- most of them small businesses — will have employees eligible to participate in the plan.

A hearing will be Dec. 15 to collect feedback to a detailed draft of administrative rules, and written comments will be accepted through Dec. 23.

The Oregon plan will impose no fiduciary risk to employers, and clerical responsibilities will be kept low. The plan will not be a pension, is not linked to the Oregon Public Employee Retirement Fund, and will not offer any matching funds or any guarantee of performance by the state or by employers.

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