



For Immediate Release

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Treasurer, Legislators Introduce Retirement Savings Plan for Hardworking Pennsylvanians

Legislation will make saving for the future easy for millions of commonwealth residents

Harrisburg, PA — Treasurer Stacy Garrity, Rep. Tracy Pennycuick and Rep. Michael Driscoll today announced the upcoming introduction of a bill to create Keystone Saves, a retirement savings program for hardworking Pennsylvanians who do not have access to retirement savings through their employer.

They were joined at the announcement by supporters in the General Assembly and representatives of AARP, the United Way of Pennsylvania, the Pennsylvania Health Care Association, and the Pennsylvania Association of Sustainable Agriculture. Other supporters of Keystone Saves include The Pew Charitable Trusts and the Pennsylvania Institute of CPAs.

“More than two million Pennsylvanians don’t have access to retirement savings plans through their jobs,” Treasurer Garrity said. “We’re talking about people we all know – hairstylists and barbers, truckers and mechanics, our favorite waitresses and bartenders. They work hard every day without an easy way to save for the future of their families. Keystone Saves is a simple, effective – and business-friendly – way to help them save more. It tackles a problem that we absolutely must solve.”

“People everywhere are very nervous about the economy, and understandably so,” Rep. Pennycuick said. “The pandemic has exposed how many people are simply not prepared for retirement. Keystone Saves will give people a real opportunity to save for the future. This is a common-sense approach to help hardworking Pennsylvanians prepare for the future.”

“Retirement security is a big problem,” Rep. Driscoll said. “Right here in Pennsylvania, 44 percent of our workers do not have a defined benefit program or an IRA in the places where they work. And we have the ability to change that with Keystone Saves. Pennsylvania is facing what some call the ‘Silver Tsunami,’ so ignoring this issue is simply not an option. Failing to

address this problem would have devastating effects for future retirees and the financial well-being of the state as a whole.”

More than two million working Pennsylvanians currently do not have access to retirement savings at their workplace. Keystone Saves would empower more Pennsylvanians to save, as people are 15 times more likely to save when they’re given the option to do so at work.

Accounts established under Keystone Saves will belong to the employee and will be portable, so they can take their account to a new job and continue saving. Employees will be able to opt out of the program at any time.

“Pennsylvania’s retirement savings crisis is causing too many families to fall short,” said Joanne Grossi, AARP Pennsylvania State President. “Personal retirement savings is a prerequisite to self-reliance in retirement and Pennsylvania needs to take action to equip our workforce with the tools they need to prepare for the future. Keystone Saves will provide small businesses a competitive edge by allowing them to offer access to retirement savings that is free to the employer and low-cost to the employee and we look forward to seeing it enacted.”

“The benefits of Keystone Saves are multifaceted,” said John Scott, director of The Pew Charitable Trusts’ retirement savings project. “The program will create an easy mechanism to help workers secure their financial future while enabling businesses to provide a no-cost benefit to help their employees save. It will also address a looming fiscal crisis: Unless Pennsylvania households save more, taxpayers in the state will need to fund an estimated \$14.3 billion over the next 15 years for social assistance to older households that have inadequate retirement savings. A household that begins saving as little as \$25 a week in Keystone Saves can help to erase this fiscal impact on the state. Pew has been providing technical expertise to the Pennsylvania Treasury Department and commends Treasurer Stacy Garrity’s leadership on the issue. We also applaud Representatives Pennycuik and Driscoll for introducing this legislation and urge the House to approve the measure quickly.”

Keystone Saves was designed to be business-friendly. Employers simply provide a census of employees and process a payroll deduction for each employee who participates. All other administrative and backend functions will be handled by Treasury and a private-sector third-party vendor, much like the PA 529 College and Career Savings Program.

Keystone Saves protects employers from liability concerns and removes high start-up costs and complicated investment decisions that keep many employers from providing retirement benefits.

Keystone Saves will be phased in over four years. The first two years are set aside for Treasury to set up the program, including an RFP process, and to implement a voluntary pilot. Employers with fewer than five employees, and those who have been in business for less than 15 months, are excluded from Keystone Saves, as are employers with already established retirement savings plans.

House Bill 2156, prime-sponsored by Rep. Pennycuick, will be introduced in the coming weeks. Ten other states have enacted similar legislation.

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