

**Testimony of Luke Huffstutter  
Before the U.S. House Ways & Means Committee  
Hearing on Improving Retirement Security for America’s Workers**

*February 6, 2019*

Chairman Neal and Ranking Member Brady, thank you for the opportunity to tell you about my experience with the OregonSaves program, and how it has positively affected my business. My name is Luke Huffstutter, and I own the Annastasia Salon in Portland, Oregon. We have been in business for over 13 years and employ over 40 employees. I have been in the salon industry since graduating college, and while I have no background in investments or finance, my family taught me the importance of saving for retirement from a young age.

I will focus on my experience with the OregonSaves program, but my experience is not unique. A number of states are in the process of implementing programs similar to OregonSaves, and all of those programs are modelled on Chairman Neal’s automatic IRA legislation. Mr. Chairman, I commend you for your leadership on this issue and for your years of dedication to helping provide working families with a more secure retirement.

Unlike many workers in my industry, mine are W-2 employees, not contractors or stylists that “rent a chair.” I am deeply invested in them, in their future, and in creating a company they choose to stay with. But we found one important missing piece: the lack of a retirement plan. And we are not alone. In my research, I’ve found that less than half of the businesses that are my size have any kind of retirement plan.<sup>1</sup>

Because of our commitment to our team, we have sought bids for reasonable retirement plan solutions 6 times over the past 10 years. But I have found that they either would cost *me* a lot to run—

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<sup>1</sup> U.S. Bureau of Labor Statistics, National Compensation Survey, March 2018.

or they would pass these costs on to my employees. So while I hope to adopt a 401(k) or other plan at some point, now is not the right time.

My full-time employees make around 50,000 dollars a year, on average. Mostly, they are not college educated, nor do they necessarily see themselves as financially sophisticated. Still, I would bring in financial advisers each year to share with my team about the ways they could save. In all these years, only about 1 in 5 started any kind of savings plan, either because they didn't understand the options well enough or because it was intimidating to make investment selections on their own. So when we heard about OregonSaves, we joined the program even before we were required to enroll.

I believe that the genius of the program is the opt-out design. At my salon, every worker who didn't already have their own IRA or other savings program has remained in OregonSaves. My other employees that already have an IRA tell me that the opt-out process is nearly effortless. Yet most of them haven't opted out, which is a silent but powerful endorsement.

OregonSaves is easy for my employees, but it's also easy for me. The initial set-up took about an hour, and I spend maybe 15 minutes a month adding employees and making other minor revisions on the employer site. When I adopt a different plan, I just need to let OregonSaves know, and I will no longer have to participate. My team gets a savings program at minimal cost, and the program doesn't cost me anything!

Since July, 2017, my 27 employees in OregonSaves now average over 2200 dollars in their IRAs. They are excited to see their balances growing each month. They have access to low-cost target date funds and plan administration through reliable private-sector companies. And they now express some hope that they can actually retire someday if they keep saving.

OregonSaves has changed the future for the people in my company. Please consider making it easier for other states to follow in Oregon's steps by removing any remaining federal obstacles. And even if you pass federal automatic IRA legislation, please continue to let states facilitate programs like OregonSaves, and let them establish new state programs. If my experience is any indication, employees around the country will thank you for the chance to save more easily.

Thank you again for your invitation to share my practical experience with OregonSaves. I am honored and humbled by this opportunity, and I would be happy to answer questions from the members of this Committee.