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**Testimony before the
Joint Legislative Budget Committee
Senate Finance and Assembly Ways and Means**

**Economic Development
February 1, 2017**

**Legislative Office Building
Albany, New York**

Introduction

Good afternoon Senator Young, Assemblyman Farrell, and members of the Committee. My name is Kristen McManus and I am the Senior Program Specialist for AARP in New York. AARP is a social mission organization with a membership of over 2.6 million members in New York State. I would like to submit the following testimony regarding the Economic Development portion of the Executive Budget.

My statement will focus on two critical issues to help ensure the financial security of older New Yorkers: combating elder financial exploitation and increasing access to retirement savings programs.

Financial Exploitation

Unfortunately, many older adults fall victim to financial exploitation when an individual misuses a vulnerable person's wealth and assets for their own personal gain. This can result in older adults losing their often limited income, and with that, their ability to pay for necessities such as food, rent and healthcare costs.

Financial exploitation of older adults is a growing problem in New York State and across the country. According to a 2016 study by the New York State Office of Children and Family Services, approximately five million older adults are exploited every year nationwide. In New York State, the number of reported cases of financial exploitation increased by more than 35% between 2010 and 2014.

We also know that financial exploitation is widely underreported. A Lifespan study estimates that 260,000 older New Yorkers fall victim every year, and for every one case that is brought to the authorities, approximately 23 cases go undetected. The OCFS Bureau of Adult Services estimates that elder financial exploitation in New York costs a total of \$1.5 billion dollars, which is a cumulative figure of the damage done to victims and the state.

The Executive budget proposal includes an initiative to train and legally authorize bank employees to place a hold on the bank account of a vulnerable adult if there is a reasonable basis to believe that the adult is a victim of actual or attempted financial exploitation. This would enable banks to act quickly when they suspect a case of financial exploitation, while still allowing the account holder to access funds for housing and emergency expenses. Training and educating financial institutions to further prevent instances of financial exploitation would be carried out by the Department of Financial Services.

AARP supports this initiative. It is a critical step to combating financial exploitation and allowing older New Yorkers to be financially secure and independent in their retirement. AARP recommends that the Legislature include the language from the Executive budget in the enacted budget.

Access to Retirement Savings Programs

To further empower New Yorkers in their retirement, AARP supports a proposal championed by Senator Savino and Assemblyman Rodriguez to create a state-facilitated retirement savings option, known as the Secure Choice Savings Program Act, to help many of the more than 3.5 million private sector workers who have no way to save for retirement through their employer. That leaves more than half the state's 18- to 64-year-old private sector workforce without access to a retirement savings plan at all at the workplace.

The probability of having a workplace retirement plan also differs considerably by workers' earnings level, education, employer size, race and ethnicity. According to the U.S. Census Bureau's Current Population Survey data, access to a plan differs substantially by race and ethnicity: About 67 percent of Hispanic workers, 52 percent of

African Americans, and 60.5 percent of Asian Americans in New York lack access to an employer-provided retirement plan.

In addition, workers are 15 times more likely to save for retirement if their employer offers a plan according to the Employee Benefit Research Institute. That's why it is vital that all workers in the state have access to payroll deduction plans.

According to the U.S. Government Accountability Office, 52 percent of households age 55 and older have no retirement savings, and Social Security provides most of the retirement income for about half of households age 65 and older. The average annual Social Security benefit in New York State is \$15,580 according the Social Security Administration.

Clearly, something must be done to bridge the gap that has been created by fundamental changes in our economy.

New York State can help New Yorkers save for their future through Secure Choice, which establishes the highly-effective automatic enrollment option that has been shown to result in a participation rate of around 90 percent. By establishing automatic payroll deduction with the option for employees to opt out, Secure Choice would provide a convenient way for people to save on the job and continue saving if they change jobs. This program gives employees control over their own financial future – they choose if they want to contribute, and how much they will contribute.

It is a cost-effective solution for businesses owners, many of whom want to offer such a benefit to their employees but find it too costly or burdensome to administer on their own. In fact, a recent AARP survey showed two thirds of small businesses across New York, defined as those with up to 99 employees, support the idea behind Secure Choice.

Furthermore, four in five (80%) agree that New York lawmakers should also support a state retirement savings plan.

Not only does Secure Choice offer a safe, portable investment option for people who lack a way to save through their place of employment, it would not rely on any ongoing state costs. Further, by making it easier for more people to save for retirement, fewer will be in need of taxpayer-funded services down the line.

AARP believes the enactment of Secure Choice is one of the most effective ways to ensure that all New Yorkers have the tools they need to be financially secure in their retirement. AARP urges the Legislature to include language in the Enacted Budget that establishes the creation of this important program.

Conclusion

Thank you again for allowing AARP to testify regarding the Economic Development portion of the New York State budget. These initiatives I've highlighted are critical to allowing older New Yorkers to be financially secure and independent in their retirement, and we hope to see them enacted in this budget cycle.

