

Department of Planning and Budget

2020 Fiscal Impact Statement

1. Bill Number: HB775H1

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|------------------------|---------------------------------------|--|------------------------------------|
| House of Origin | <input type="checkbox"/> Introduced | <input checked="" type="checkbox"/> Substitute | <input type="checkbox"/> Engrossed |
| Second House | <input type="checkbox"/> In Committee | <input type="checkbox"/> Substitute | <input type="checkbox"/> Enrolled |

2. Patron: Ayala

3. Committee: General Laws

4. Title: My Virginia Plan; multiple employer retirement plan for private employers and their employees.

5. Summary: The substitute establishes the My Virginia Plan and directs the governing board (Board) of the Virginia College Savings Plan (Virginia529) to create the My Virginia Plan (the Plan) to allow employees of private employers in the Commonwealth to contribute to a defined contribution retirement plan overseen by the Board. The bill allows all self-employed individuals, sole proprietors, and nongovernmental employers to allow their employees to participate in the Plan. It provides for automatic enrollment of an employer's employees if such employer chooses to participate in the Plan. The bill authorizes the Board to contract with third parties to implement and administer the Plan.

The Plan shall allow an enrollee to contribute to an account at a default rate and modify his contributions within the parameters of the Internal Revenue Code. The bill prohibits the Commonwealth from guaranteeing a rate of return or interest rate on any contribution and indemnifies it from losses incurred through the Plan.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Indeterminate

8. Fiscal Implications: The fiscal impact of this bill is indeterminate. Virginia529 considers that for the current biennium and the second enactment provisions of the bill, there should be no fiscal impact. Virginia529 will absorb any costs to complete the study and report to the General Assembly from its current operating budget. However, if the first enactment or a substitute for those provisions is adopted by the 2021 or subsequent Session, directing the implementation of the Plan, a funding source would need to be identified for the costs of design, implementation and operation until the Plan becomes self-sustaining.

9. Specific Agency or Political Subdivisions Affected: Virginia College Savings Plan (Virginia 529)

10. Technical Amendment Necessary: No

11. Other Comments: None