



## MEMORANDUM

**TO:** Members of the House Labor Committee  
**FROM:** Kelli Saunders, Vice President of Policy and Engagement, SBAM  
**SUBJECT:** Small Business Association of Michigan Opposes HB 5461  
**DATE:** April 18, 2024

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This memorandum is to voice the Small Business Association of Michigan's **opposition** to House Bill 5461.

House Bill 5461 would require all employers in the state of Michigan who have 1 or more employees to facilitate a newly created state-run IRA for participating employees unless they offer a qualifying retirement savings plan.

SBAM acknowledges the value and importance of retirement savings options for employees, and many small businesses across the state already offer retirement benefits. Additionally, there are many small businesses who offer investment and retirement services to individuals and employers. This proposal does not create anything that is not already available to employees through existing means. It simply creates a mandate for small businesses to participate with a new and duplicative government program. **Mandates are harmful and costly for small businesses and are not effective solutions.** For small businesses to survive, flexibility is a must. HB 5461 seeks to curb that flexibility by mandating small businesses facilitate certain benefits.

SBAM has considerable concerns about the administration of this new mandate. HB 5461 would automatically enroll employees into an IRA, facilitated through employer payrolls. This provides no additional value or benefit to employees beyond what is already available to them in the private sector. It is simply a new administrative burden on employers. There are also concerns about how the state will vet and choose the financial advisors they are going to use to manage these funds. Both of these concerns highlight the need for choice in the system.

HB 5461 also does not adequately establish supports or methods to address the education and assistance effort that will be required to assist the potentially hundreds of thousands of small businesses across the state who will be mandated to offer this new benefit that they have no experience facilitating.

To the extent that the state is involved in facilitating retirement benefits, solutions should **provide options** to employers and be free of mandates. Instead of the currently proposed state-administered IRA program, policy makers should investigate a program that allows employers and individuals to choose from a variety of private sector options, but still retain the right not to participate if the plans do not make sense for their business.

House Bill 5461 does not make sense for Michigan's small businesses. We urge a "NO" vote.

Please contact me with any questions at [Kelli.Saunders@sbam.org](mailto:Kelli.Saunders@sbam.org)