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Patrick Moran - President

**SB 6 - Maryland Teachers and State Employees Supplemental Retirement Plans - Automatic Enrollment – Study**

**POSITION: UNFAVOARBLE**

AFSCME Council 3 opposes SB 6. While we appreciate that SB 6 has been converted to a study, we are concerned about the composition and scope of the study. We had hoped for amendments that ensure that the hard-working public servants who choose careers in state government are adequately prepared for their retirement by including all relevant stakeholders to this discussion. Unfortunately, the proposed study assumes that there is only one discussion to be had around retirement readiness and that is to auto-enroll state employees into a supplemental retirement plan.

We disagree with this. Supplemental plans certainly have a place in this discussion, but their purpose is to help employees accumulate wealth. Many of our members are currently living paycheck-to-paycheck. Our members can't afford a discussion on how to accumulate wealth when making ends meet on a daily basis is still such a struggle. The majority of state employees are in the pension system and the purpose of pensions is to help retirees maintain the cost-of-living they had when they were working. The average monthly pension benefit for the system most of our members belong to is \$2,156, or an annual benefit of just \$25,872.

Retirement System	Average Monthly Benefit	Average Annual Benefit	Average Annual Salary of Active Employees	Average Age of Retiree	Total Number of Retirees
Employee's Retirement System	\$2,303	\$27,636	\$56,616	73.6	65,463
Correctional Officers' Retirement System	\$2,009	\$24,108	\$57,342	63.3	6,756
<b>Averages/Total</b>	<b>\$2,156</b>	<b>\$25,872</b>	<b>\$56,979</b>	<b>68.45</b>	<b>72,219</b>

Source: Maryland State Retirement and Pension System Annual Comprehensive Financial Report – FY2022.

With an average salary of \$56,679 when folks retire, and an annual pension benefit of just \$25,872, the pension benefit sadly is not accomplishing its intended purpose. As amended, SB 6 now requires the State Board of Trustees of the Maryland Teachers and State Employees Supplemental Retirement Plan to report to the Joint Committee on Pensions by Nov. 1, 2023,

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the statutory changes necessary to auto-enroll employees into the supplemental retirement plan, among other recommendations. Unlike the State Retirement and Pension System, there are no employee representatives on the Board for the supplemental plan. We continue to believe that it is in the best interest of all employees participating in the various pension systems in Maryland to study first how we can improve the pension benefit before we force employees into auto-enrolling into a supplemental wealth accumulation plan.

For these reasons, we urge the committee to provide an unfavorable report on SB 6.