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*Maryland
Teachers & State Employees
Supplemental Retirement Plans*

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Date: January 19, 2023

To: Hon. Michael A. Jackson, Chair
Senate Pensions Subcommittee

From: Hon. T. Eloise Foster, Board Chair *J. Eloise Foster*
Ronda Butler Bell, Executive Director & Board Secretary *Ronda B. Bell*
Maryland Teachers & State Employees Supplemental Retirement Plans

**Re: Position of Support – SB0006
Maryland Teachers and State Employees Supplemental Retirement Plans –
Automatic Enrollment**

Mr. Chair and members of the Committee, on behalf of the Maryland Supplemental Retirement Plans Board of Trustees (the “Board”), we submit this position of strong support for Senate Bill 6.

Pursuant to State Personnel and Pensions Article §§ 35-401, 501, and 601, the Maryland Teachers & State Employees Supplemental Retirement Plans (“MSRP”) administer the voluntary defined contribution retirement savings plans that provide all eligible State employees (both permanent and contractual) with the option to enroll in: 1) the 403(b) tax sheltered annuity plan; 2) the 401(k) salary reduction savings plan; or 3) the 457 deferred compensation plan (the “Plans”). The MSRP Board has 9 Board seats. The Board Chair and Trustees are appointed by the Governor. Among the 8 Trustees currently in office, 4 are current State employee Plan participants.

The Plans were designed to provide State employees with a retirement savings benefit to enhance their State pension income. Trends in retirement planning research show that social security benefits combined with a pension do not generate sufficient income to support the average State employee after he/she retires. State law does not currently authorize automatic enrollment in the Plans, so employees must elect to enroll. However, many employees are unaware of the benefit (despite the ongoing outreach efforts of MSRP’s education staff) or have not participated in educational sessions on the importance of retirement planning.

The Board is the fiduciary for the Plans and is legally obligated to act solely in the interest of State employee Plan participants. Authorizing automatic enrollment will allow the Board to support all new State employee participants as they plan for retirement. This bill would provide thousands of new State employees this important benefit so that they will be able to supplement their retirement income to cover the gap that will exist between pre-retirement income and post-retirement income.

This bill would authorize MSRP to enroll new State employees in a supplemental retirement plan as they begin State service on or after January 1, 2024 and would not affect current State employees. The earlier employees participate in the Plans, the more they will be able to save toward supplementing their retirement income.

The Board extends its sincere gratitude to Senator Cory V. McCray for graciously sponsoring this legislation and requests that the Committee submit a favorable report.