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Patrick Moran - President

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

POSITION: FAVORABLE WITH AMENDMENTS

AFSCME Council 3 supports the intent of SB 6. After providing dedicated service to the State of Maryland, our members should be able to retire with dignity. We support all efforts to make our members as ready for retirement as possible. SB 6 attempts to do this by automatically enrolling all eligible state employees hired on or after January 1, 2024, into the Maryland Teachers and State Employees Supplemental Retirement Plan (MSRP). Employees will then have a 90-day window to opt-out of the plan.

Our concern with the approach this bill takes is as follows:

- The amount set to be automatically deducted has yet to be determined and appears to be the same regardless of the income of the state employee. While the employee can increase, decrease, or cease contributions to the supplemental plan, the awareness to do so is contingent on this information being properly communicated to the new employee and there aren't any provisions in the bill to ensure this will happen adequately. We are concerned that our lowest paid members particularly will be forced into a deduction they cannot afford because information to lower the deduction or opt-out of it, was not properly communicated to them in the timeframe they must make this decision.
- The automatic deduction amount, as well as the fee the MSRP charges to operate is assessed by a board that has no employee representation. This contrasts with the State Retirement and Pension System which allows state employees and teachers a seat on the pension board.

To address these concerns, we believe SB 6 should be amended to instead support a retirement readiness study which brings in relevant stakeholders from the employee's exclusive representatives, the MSRP, and State Retirement Agency so we can make sure we're putting forward the best possible policy that does not adversely and disproportionately impact our lowest paid state employees. We also believe that the employees should have a seat on MSRP board to ensure that the money they invest has proper oversight. For these reasons, we urge the committee to support these amendments on SB 6. Thank you.

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An employee has the right to a union representative if requested by the employee.
800.492.1996

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