



MARYLAND STATE & D.C. AFL-CIO

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SB 322 - Maryland Teachers and State Employees Supplemental Retirement Plans - Automatic Enrollment Senate Budget and Taxation Committee

February 5, 2024

OPPOSE

**Donna S. Edwards
President**

Maryland State and DC AFL-CIO

Chairman and members of the Committee, thank you for the opportunity to submit testimony in opposition to SB 322 - Maryland Teachers and State Employees Supplemental Retirement Plans - Automatic Enrollment. My name is Donna S. Edwards, and I am the President of the Maryland State and District of Columbia AFL-CIO. On behalf of Maryland's 340,000 union members, I offer the following comments.

SB 322 requires all state employees hired after January 1st, 2025 to enroll into a supplemental retirement plan on top of the money they contribute to the regular retirement plan. SB 322 proposes all new employees will be automatically enrolled in the MSRP without their approval and must take on the burden of opting-out on their own. These programs should be negotiated through the collective bargaining process, not prescribed by law. Over the last half-century, workers have faced countless attacks on their ability to retire comfortably. The transition from employer sponsored defined benefit pension plans to primarily employee funded 401(k) plans has left millions of workers without enough financial security to ever consider retirement. The MSRP is a supplemental plan, meant to augment the retirements of some state employees, and should remain optional for employees.

Labor unions have seen a familiar playbook emerge regarding cuts to retirement benefits. The first step of this process is often offering supplemental or optional 401(k) plans, followed by making enrollment mandatory, eventually offering workers a choice of opting out of traditional defined benefit plans, ultimately resulting in the outright elimination of retirement plans that actually guarantee retirement security.

We ask for an unfavorable report on SB 322.