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**SB 322 Maryland Teachers and State Employees Supplemental Retirement Plans –  
Automatic Enrollment  
Senate Budget and Taxation Committee  
FAVORABLE  
February 8, 2024**

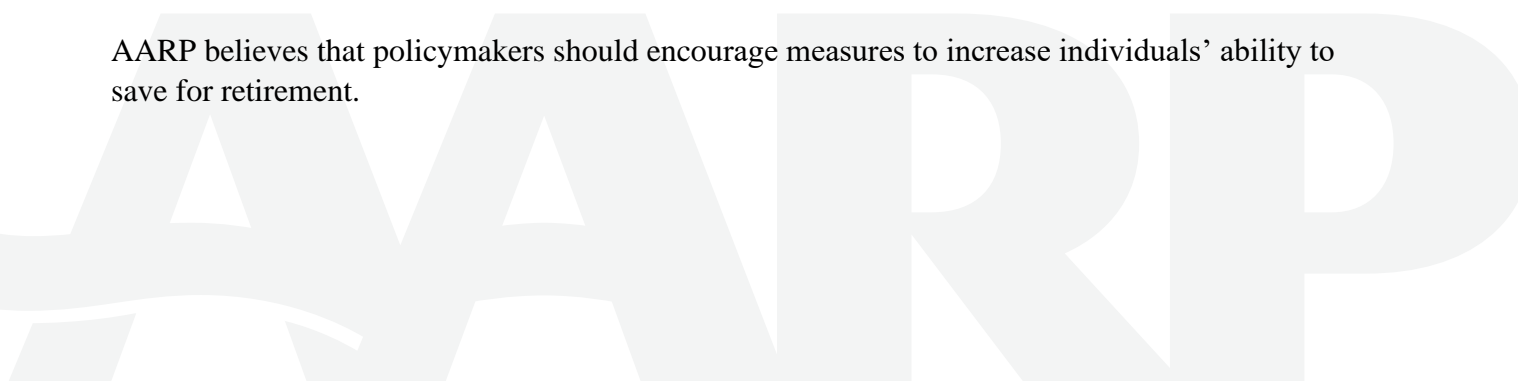
Good afternoon, Chair Guzzone and members of the Senate Budget and Taxation Committee. I am Tammy Bresnahan, Senior Director of Advocacy for AARP MD. On behalf of our more than 850,000 members, we would like to thank you for the opportunity to speak in support of SB 322 Maryland Teachers and State Employees Supplemental Retirement Plans-Automatic Enrollment. We thank Senator Jackson for bringing SB 322 to the General Assembly introduction.

AARP is a nonpartisan, nonprofit, nationwide organization that helps people turn their goals and dreams into real possibilities, strengthens communities, and fights for the issues that matter most to families such as health care, employment and income security, retirement planning, affordable utilities, and protection from financial abuse.

SB 322 Maryland Teachers and State Employees Supplemental Retirement Plans - Automatic Enrollments requires the Board of Trustees of the Maryland Teachers and State Employees Supplemental Retirement Plans (MSRP) to establish an automatic enrollment process for eligible employees (generally, State employees). While the bill will allow automatic enrollment, employees will also be able to opt-out and not take part should they so choose.

AARP's research shows that people are more likely to save when saving occurs automatically through mechanisms such as payroll deductions. Only about half of U.S. workers have access to an employer-sponsored retirement plan. Key provisions of this bill aim to bolster state employees' opportunities to save for retirement and to draw income from those funds later in life. Where possible, plans should use features such as automatic enrollment and payroll deduction, low-cost diversified default investments, adequate default contribution levels, automatic escalation of contributions, and periodic or guaranteed lifetime income payments. Based on our experience with automatic individual retirement accounts (Auto IRAs): the experience with auto-enrollment in some 401(k) plans has shown that requiring people to opt out, rather than opt in, can boost enrollment rates tremendously.

AARP believes that policymakers should encourage measures to increase individuals' ability to save for retirement.



AARP recognizes that automatic enrollment in retirement plans is a useful tool for significantly increasing employees' retirement plan participation. For these reasons, we support SB 322 and ask the committee for a favorable report. If you have questions or need follow up, please contact me at [tbresnahan@aarp.org](mailto:tbresnahan@aarp.org) or by calling 410-302-8451.