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March 7, 2025

Delegate Ben Barnes, Chair
Maryland House Appropriations Committee
121 Taylor House Office Building
Annapolis, MD 21401

Dear Chair Barnes:

The National Association of Government Defined Contribution Administrators (NAGDCA), the premier professional organization of public employer-sponsored deferred compensation and defined contribution (DC) plan administrators, enthusiastically endorses your efforts to introduce automatic enrollment to the Maryland Teachers and State Employees Supplemental Retirement Plans.

Automatic enrollment is a preferred practice in public retirement plans because of its demonstrated efficacy in increasing employees' personal retirement savings. Results have shown that the adoption of automatic enrollment substantially increases participation in all DC plans, and even more impressive is the "stick rate" of participants who continue to contribute and escalate their contributions throughout their careers. In one study, 94% of public sector employees who were auto enrolled into a supplemental public sector retirement plan continued to make voluntary contributions after the automatic enrollment "opt-out" window closed. Additionally, according to our internal data of over 3 million public employees, those in auto-enrolled plans contribute an average of 13% more than employees in non-auto enrolled plans.

A public employee's defined benefit pension and Social Security may not always provide adequate income in retirement, especially for those serving less than a full career in the public sector. With the implementation of automatic enrollment, plan sponsors can improve the overall participation in DC retirement plans, and the financial wellness of the employees in their plan. We laud your efforts to make this important decision for the good of public employees in the state of Maryland and strongly support House Bill 605.

Sincerely,

A handwritten signature in black ink, appearing to read "Matthew Petersen". The signature is fluid and cursive, with a large, sweeping initial "M" and a long, horizontal flourish at the end.

Matthew Petersen
Executive Director
NAGDCA

cc: The Honorable Michael A. Jackson, Senate Chair, Joint Committee on Pensions