# MEMORANDUM

**Date:**  January 30, 2025

**To:**  Hon. Guy Guzzone, Chair
Senate Budget and Taxation Committee

**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:**  **Information – SB0270**
**Board of Trustees of the Maryland Teachers and State Employees**
**Supplemental Retirement Plans – Automatic Enrollment**

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Mr. Chair and members of the Committee, on behalf of the Maryland Teachers & State Employees Supplemental Retirement Plans Board of Trustees (the "Board"), we submit this memorandum to provide information relative to Senate Bill 270.

Retirement industry research deems automatic enrollment in supplemental retirement plans an effective tool for employee retirement readiness. Private sector retirement plan sponsors have been deploying automatic enrollment since 2006.

The Maryland Teachers & State Employees Supplemental Retirement Plans ("MSRP") is a State employee benefit available to all eligible Executive, Legislative, and Judicial branch employees. The Plans serve as a retirement savings supplement to State pension and Social Security benefits. MSRP offers eligible State employees 401(k), 403(b), and 457 Plans. Employees may choose from a variety of investment vehicles, including the Investment Contract Pool (offered in the 401(k) and 457 Plans), which is a stable value principal preservation vehicle. Employees have the ability to adjust the amount of their initial payroll contributions/deferrals to MSRP at any time and may elect to cease or resume payroll deductions as desired.

MSRP is governed by a nine-member Board of Trustees that is appointed by the Governor. The Board oversees and makes decisions on the Plans' investment offerings based upon the expert advice of its external investment advisor contractors (currently, NFP Retirement, Inc. and T. Rowe Price). The Trustees are fiduciaries who have a statutory duty to act solely in the best interest of Plan participants. By law, 6 of the 9 members must be active or plan-eligible State employees (SPP § 35–202). Only one-third of the Board seats are designated for members of the public.

Currently, 4 Trustees are active Maryland State Government employees and 1 Trustee is a plan-eligible member (a retired State employee with an active MSRP account who was initially appointed to the Board as an active State employee). There is currently a vacancy for a plan-eligible member.

MSRP has a dedicated customer service team through our Plan Administrator vendor (currently Nationwide Retirement Solutions) and an internal State agency education team. The agency's staff are State employees, not external vendors. The Director of Member Services and Member Services Education Specialists are Certified Retirement Counselors® and maintain the CRC® credential. The Member Services Team provides State employees with one-on-one consultations (as requested) and numerous webinars and in-person education sessions on a variety of retirement readiness and financial literacy topics.

If SB 270 becomes law, the Board will be required to automatically enroll new State employees who are hired on or after January 1, 2026.