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SB 270 Board of Trustees of the Maryland Teachers and State Employees Supplemental Retirement Plans - Automatic Enrollment
Senate Budget and Taxation Committee
January 30, 2024

Good afternoon, Chair Guzzone and members of the Senate Budget and Taxation Committee. My name is Tammy Bresnahan, and I serve as the Senior Director of Advocacy for AARP Maryland. On behalf of our more than 850,000 members, I appreciate the opportunity to testify in support of SB 270, *Board of Trustees of the Maryland Teachers and State Employees Supplemental Retirement Plans – Automatic Enrollment*. We also thank Treasurer Davis and Senator Jackson for introducing this important legislation.

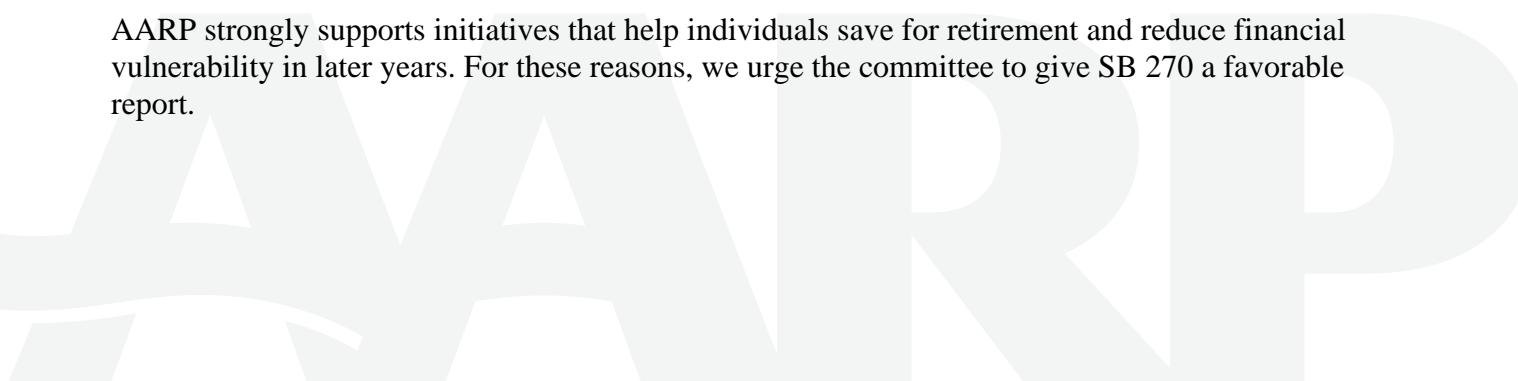
AARP is a nonpartisan, nonprofit organization dedicated to empowering individuals to achieve their goals and strengthening communities. We advocate for issues that matter most to families, including health care, financial security, retirement planning, affordable utilities, and protection against financial abuse.

SB 270 requires the Board of Trustees of the Maryland Teachers and State Employees Supplemental Retirement Plans (MSRP) to implement an automatic enrollment process for eligible state employees. Importantly, while this bill establishes automatic enrollment, employees retain the choice to opt out if they prefer not to participate.

Research consistently shows that automatic enrollment increases savings rates by removing barriers to participation. Currently, only about half of U.S. workers have access to an employer-sponsored retirement plan. This bill addresses that gap by providing state employees with enhanced opportunities to save for retirement and secure income for their future. AARP's experience with similar programs, such as automatic individual retirement accounts (Auto IRAs) and 401(k) plans with auto-enrollment, demonstrates the effectiveness of this approach. When employees must opt out rather than opt in, participation rates increase significantly.

To maximize the impact of retirement savings plans, AARP recommends features such as payroll deductions, low-cost diversified investment options, adequate default contribution rates, automatic escalation of contributions, and options for periodic or guaranteed lifetime income payments. SB 270 aligns with these best practices and will strengthen financial security for Maryland's public workforce.

AARP strongly supports initiatives that help individuals save for retirement and reduce financial vulnerability in later years. For these reasons, we urge the committee to give SB 270 a favorable report.



Thank you for your consideration. If you have questions or would like additional information, please feel free to contact me at tbresnahan@arp.org or 410-302-8451.