



132nd MAINE LEGISLATURE

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Legislative Document

No. 1283

S.P. 511

In Senate, March 25, 2025

An Act to Allow Employees Covered Under the Maine Retirement Savings Program to Elect to Enroll and Unenroll in a Payroll Deduction for an Individual Retirement Account

Reference to the Committee on Health Coverage, Insurance and Financial Services suggested and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT
Secretary of the Senate

Presented by Senator STEWART of Aroostook. (BY REQUEST)

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 5 MRSA §173, sub-§2, ¶B**, as enacted by PL 2021, c. 356, §1, is amended
3 to read:

4 B. Notwithstanding any provision of state law related to payroll deduction to the
5 contrary, require each covered employer to offer its covered employees the choice
6 whether or not to contribute to a payroll deduction IRA by automatically enrolling them
7 by allowing covered employees to elect to enroll in the payroll deduction IRA with the
8 opportunity to ~~opt out~~ unenroll. A covered employee who is not a participant because
9 that employee has ~~opted out~~ elected not to enroll will be ~~automatically reenrolled~~
10 offered the opportunity to contribute to a payroll deduction IRA with the opportunity
11 to ~~opt out again~~ unenroll at regular or ad hoc intervals determined by the board in its
12 discretion, but not more frequently than annually;

13 **Sec. 2. 5 MRSA §173, sub-§2, ¶D**, as enacted by PL 2021, c. 356, §1, is amended
14 to read:

15 D. Provide that, unless otherwise specified by the covered employee, a covered
16 employee who elects to enroll in the program must automatically initially contribute
17 5% of the covered employee's salary or wages to the program and may elect to ~~opt out~~
18 of unenroll from the program at any time or contribute at any higher or lower rate,
19 expressed as a percentage of salary or wages, or, if the board in its discretion permits,
20 expressed as a flat dollar amount, subject in all cases to the IRA contribution and
21 income eligibility limits applicable under the Internal Revenue Code at no additional
22 charge. The board is authorized to change, from time to time, the 5% automatic initial
23 default contribution rate for all covered employees in its discretion;

24 **Sec. 3. 5 MRSA §173, sub-§2, ¶K**, as enacted by PL 2021, c. 356, §1, is amended
25 to read:

26 K. Provide for reports on the status of each participant's account to be provided to each
27 participant at least annually and make best efforts to provide each participant frequent
28 or continual online access to information on the status of that participant's account. It
29 is the responsibility of each participant to ensure that all account information is accurate
30 and up to date;

31 **Sec. 4. 5 MRSA §173, sub-§2, ¶S**, as amended by PL 2023, c. 167, §5, is further
32 amended to read:

33 S. Establish penalties in accordance with subsection 4 for a covered employer that fails
34 without reasonable cause to enroll a covered employee in the program ~~as required~~ who
35 elects to enroll or that fails to transmit a payroll deduction IRA contribution to the
36 program as required. A lack of reasonable cause is established by the failure to enroll
37 after the program communicates with the employer 3 times;

38 **Sec. 5. 5 MRSA §173, sub-§4, ¶A**, as amended by PL 2023, c. 167, §7, is further
39 amended to read:

40 A. If a covered employer fails to enroll a covered employee without reasonable cause,
41 the covered employer is subject to a penalty for each covered employee for each
42 calendar year or portion of a calendar year during which the covered employee was not
43 enrolled in the program or had not ~~opted out of~~ unenrolled from participation in the

1 program and, for each calendar year beginning after the date on which a penalty has
2 been assessed with respect to a covered employee, is subject to a penalty for any portion
3 of that calendar year during which the covered employee continues to be unenrolled
4 without ~~opting out of~~ unenrolling from participation in the program. The amount of
5 any penalty imposed on a covered employer for the failure to enroll a covered employee
6 without reasonable cause is determined as follows:

7 (1) From July 1, 2025 to June 30, 2026, the maximum penalty per covered
8 employee is \$20;

9 (2) From July 1, 2026 to June 30, 2027, the maximum penalty per covered
10 employee is \$50; and

11 (4) On or after July 1, 2027, the maximum penalty per covered employee is \$100.

12 **Sec. 6. 5 MRSA §174, sub-§2, ¶A**, as enacted by PL 2021, c. 356, §1, is amended
13 to read:

14 A. Establish the processes for enrollment and contributions to an IRA under the
15 program, notwithstanding any provision of state law related to payroll deductions to
16 the contrary, including withholding by covered employers of employee payroll
17 deduction contributions from wages and remittance for deposit to an IRA, ~~automatic~~
18 enrollment in a payroll deduction IRA ~~and opt-outs~~ by covered employees, voluntary
19 contributions by others, including self-employed individuals and independent
20 contractors, through payroll deduction or otherwise, the making of default
21 contributions using default investments and participant selection of alternative
22 contribution rates or amounts and alternative investments from among the options
23 offered under the program;

24 **Sec. 7. 5 MRSA §174, sub-§2, ¶G**, as enacted by PL 2021, c. 356, §1, is amended
25 by amending subparagraph (6) to read:

26 (6) Instructions for enrolling, ~~opting out of participation~~, making contributions and
27 making withdrawals, including the possibility of contributing to an IRA, whether
28 offered under the program or not, by means other than ~~automatic~~ enrollment in a
29 payroll deduction IRA;

30 **Sec. 8. 5 MRSA §175, sub-§1, ¶A**, as enacted by PL 2021, c. 356, §1, is amended
31 to read:

32 A. An employee's decision whether or not to participate in ~~or opt out of~~ the program;

33 SUMMARY

34 This bill amends provisions regarding the Maine Retirement Savings Board by
35 providing that covered employees must enroll in the payroll deduction IRA, instead of
36 being automatically enrolled with the ability to opt out. The bill also requires program
37 participants to ensure their account information is up to date.