

Eric S. Henderson, FSA, MAAA

President

Nationwide Annuity
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May 10, 2023

Maine Taxation Committee

Re: In Support of LD 1720 to Phase Out Annuity Premium Tax (May 11, 2023, Public Hearing)

Dear Members of the Maine Taxation Committee:

I am writing you on behalf of Nationwide Life Insurance Company. Nationwide protects over 3,240 Maine annuity contract owners, with a total of \$396,325,172 of annuity assets.

Nationwide whole-heartedly supports LD 1270, which is designed to phase out Maine's premium tax on annuities.

For most people, Social Security payments and individual savings are not enough to support them through retirement. Annuities, the only financial product in the marketplace that can guarantee lifetime income, are an increasingly popular solution to the retirement shortfall so many see looming. As baby boomers reach retirement age and life expectancies extend, the trend over time has been to repeal annuity taxes. Phasing out the state's annuity tax will help ease Mainers' fears about paying for their retirement years.

- The existing annuity tax makes it harder for people in Maine to protect their families' financial futures and safeguard their savings.
- Maine's annuity tax places the greatest burden on small business owners, the self-employed, and workers without employer-sponsored retirement plans. These annuities are funded with after-tax dollars. Unlike retirement plan contributions, an annuity tax subjects these types of retirement plans to a second tax that is not imposed on employer-sponsored plans funded with pre-tax dollars.
- Annuities are the only retirement product that guarantees a paycheck for life, competing against non-taxed products that cannot offer this protection. Maine's annuity tax discourages and punishes those who want to guarantee to protect their families and retirement. Phasing out the annuity tax will make annuities more affordable, encouraging people to secure their retirement savings.

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- With LD 1720, Maine proposes to leave the small minority of states that tax annuities and join with nearly all other states in promoting retirement security. Only 7 states (California, Colorado, Florida, Maine, Nevada, South Dakota and Wyoming) continue to impose this burden on their retirees.

Nationwide respectfully urges you to enact this important law.

Sincerely,

/s

Eric S. Henderson
President
Nationwide Annuity

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