Senator Donna Bailey
Representative Kristi Mathieson

**Joint Standing Committee on Health Coverage, Insurance, and Financial Services**

**Testimony of Angela M. Antonelli, Research Professor and Executive Director of the Georgetown University Center for Retirement Initiatives, providing information regarding LD 355, An Act to Advance the Maine Retirement Savings Program**

**Senator Bailey, Representative Mathieson,** and members of the Committee on Health Coverage, Insurance, and Financial Services, I am Angela M. Antonelli, Research Professor and Executive Director of the Center for Retirement Initiatives at Georgetown University's McCourt School of Public Policy (GeorgetownCRI) in Washington, DC. For more than a decade, the Georgetown Center for Retirement Initiatives has supported and served a network of state-facilitated retirement savings programs around the country with research, data, and best practices. Thank you for this opportunity to appear before you today to provide information about these programs, including the Maine Retirement Savings Program. The views I express in this testimony are my own and should not be construed to represent any official position of Georgetown University.

**The Retirement Savings Access Gap in Maine**

State-facilitated retirement savings programs such as the Maine Retirement Investment Trust (MERIT) address a fundamental weakness in our retirement system. The GeorgetownCRI estimates that approximately one-third (34%) of full- and part-time workers in the state of Maine lack access to an employer-sponsored retirement savings plan. This problem is exacerbated by the changing nature of work and the growing number of gig workers — more than 99,000 in Maine — who are far less likely to have access to traditional retirement plans.[1]

This lack of access is especially prevalent among employees of small businesses. Maine has more than 34,000 small businesses and more than one-half of the workers in these businesses lack access to an employer-sponsored retirement plan. Only 16% of workers in larger businesses lack such access.[2]

[1]Antonelli (2025). Who Lacks Access to Retirement Savings? A State Level Analysis. Georgetown University Center for Retirement Initiatives in conjunction with Econsult Solutions, Inc., p. 60.
[2]Antonelli (2025).

We know that workers are 15 times more likely to save for their retirement if they have access to a way to do so through their employer.[3] Left on their own, only 12% of Americans save for retirement outside of their place of work.[4]

**The Cost of Doing Nothing and its Fiscal Impact on the State**

Because too many workers lack access to an employer-sponsored retirement savings plan, many are simply not saving enough for retirement. Why do retirement savings matter? Like the rest of the nation, Maine's population is rapidly aging, with a projected 22% growth in your population over the age of 65 by 2040. Already today, one in five elderly Maine residents depends on Social Security for more than 90% of their retirement income, and they also depend on other federal, state, and local safety net programs.[5] The budgetary impacts on government are already growing and will continue to grow if nothing is done to address the lack of income in retirement — if nothing changes, the estimated additional cost to Maine of its population with insufficient retirement income over the 20-year period ending in 2040 will be more than $1.63 billion.[6]

By helping to boost private retirement savings, state-facilitated retirement savings programs such as MERIT will be crucial to support a better quality of life for seniors and greater economic activity from their household spending, while constraining growth in the costs of government support programs.

**The Success of State-Facilitated Retirement Savings Programs**

To date, 20 states have adopted state-facilitated retirement savings programs. Of these, 17 of them are auto-IRA programs, many designed like MERIT. As of March 31, 2025, state auto-IRA programs are administering almost $2 billion in assets and there are more than 1 million funded saver accounts, and many of these programs are just getting started.[7] Workers in states with Auto-IRAs are 20% more likely to save for retirement, with the largest gains among small employers and workers earning below the median income.[8]

Based on program performance data collected by the GeorgetownCRI, MERIT has performed extremely well when compared with other states, suggesting there is great demand from workers for access to a simple, easy way to save for retirement. As part of the Colorado Partnership for a Dignified Retirement, Maine has partnered with four other states: Colorado,

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[3]Harvey, Catherine (2016). "Access to Workplace Retirement Plans by Race and Ethnicity." AARP Public Policy Institute.
[4]Haltzel, Laura (2023). As the Population Ages, More Workers Are Unprepared for Retirement. Can States Help Close That Gap? The Century Foundation.
[5]Antonelli (2025).
[6]Scott, John and Blevins, Andrew (2023). State Automated Retirement Programs Would Reduce Taxpayer Burden from Insufficient Savings. The Pew Charitable Trusts.
[7]Georgetown University, Center for Retirement Initiatives. Program Performance Data as of March 31, 2025.
[8]Gusto (2024). "Auto-enroll state retirement savings policies significantly increase savings rates." Gusto (2023). "State Auto-IRA Mandates Boost 401(k) Adoption, With Largest Gains Among Lower-Income Workers."

Delaware, Vermont, and Nevada. This partnership is valuable and has helped Maine's success because it reduced the time needed to launch a program, as well as having helped and will continue to help keep participant fees and program costs low.

What we also know from examining data is that these state-facilitated retirement savings programs are helping to expand access, both directly through the state program and indirectly as more businesses adopt new private plans in response to state policy.[9] Georgetown's recent examination of three of the early adopter states — California, Illinois, and Oregon — shows that in each of these states, not only have workers gained access through the state programs, but there also is significant growth in the number of workers who have gained access because their employers have adopted new employer-sponsored plans on their own.[10] There is general recognition by policymakers and industry that state auto-IRA programs designed like MERIT are helping to propel new private retirement plan creation, so it is a win-win for all.

**Program Design Features Matter**

State-facilitated retirement savings programs have also been leaders in demonstrating the effectiveness of retirement plan design features to boost worker participation and savings.

**Setting the Employer Threshold for Participation**

Given the prevalence of small businesses, a state program's employer threshold has a dramatic effect on the proportion of workers who have access to retirement plans through their employers. This impact of an employer threshold on the ability of a program to reach uncovered workers can be significant. State-level analysis by the GeorgetownCRI in 2020 found that setting the employer threshold at five or more employees still leaves out approximately 10–15% of workers who lack access.[11] As more states come to understand the importance of offering as many workers as possible access to a way to save for retirement, existing auto-IRA programs have been lowering their employer thresholds.

**Opt-out vs. Opt-in**

Congress has recently enacted reforms that include requiring new employer-sponsored plans to use auto-enrollment. Retirement plans that use auto-enrollment see participation increase by more than 50%.[12] It is generally understood now, across the industry, that leaving it to workers

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[9]Bloomfield, Adam, Goodman, Lucas, Rao, Manita, and Slavov, Sita. State Auto-IRA Policies and Firm Behavior: Lessons from Administrative Tax Data. Georgetown Center for Retirement Initiatives, Working Paper, Updated April 2025.
[10]Antonelli (2025).
[11]Antonelli (2020). What are the Potential Benefits of Universal Access to Retirement Savings? Georgetown University Center for Retirement Initiatives in conjunction with Econsult Solutions, Inc.
[12]Munnell, Alicia. How Much Does 401(k) Auto-Enrollment Help Workers Save for Retirement? MarketWatch, January 9, 2025.

to opt-in to a program or an employer-sponsored plan, instead of being auto-enrolled and opt-out, will significantly reduce program participation and savings.

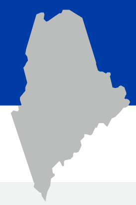
**Conclusion**

Maine is to be applauded for its leadership and offering its workers MERIT. This program meets an important need. The policy underlying the MERIT program and the program itself are assisting the state and the private sector collectively and collaboratively in making important progress in helping more workers save for a dignified retirement and reducing the long-term fiscal burden on the state of its rapidly aging population.

Thank you for this opportunity to share information about the progress and benefits of state-facilitated auto-IRA retirement savings programs.

# APPENDIX

# Maine



STATE-FACILITATED PROGRAM **ADOPTED**

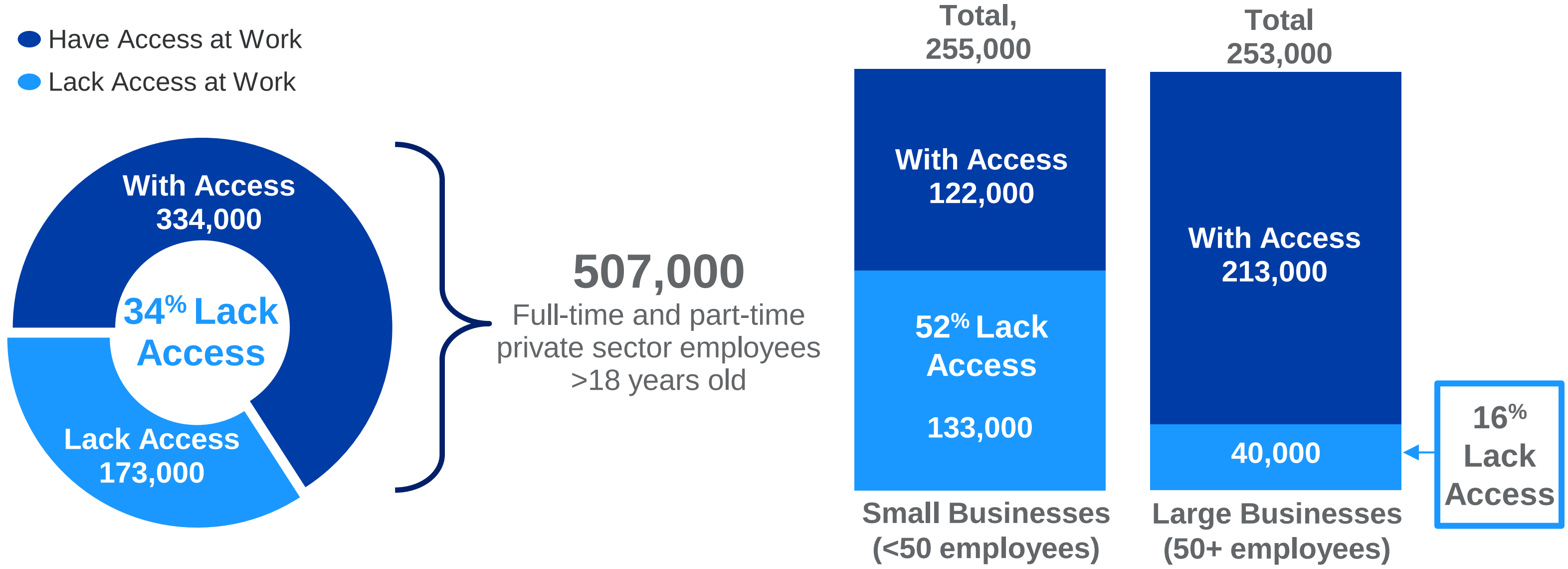
## Who Lacks Access to Retirement Savings?

Private sector workers are much more likely to save for retirement if they have access to employer-sponsored retirement savings plans, but employers are not required to offer them. As a result, nearly half (47%) of U.S. private sector workers over the age of 18 lack access to such a plan.[1] In Maine, a smaller share of private sector workers lacks such access (34%) when compared with the national average (47%).

State-facilitated retirement savings programs adopted across the country demonstrate the potential to increase savings options for the 173,00 Maine employees who lack access. Maine recently enacted the MERIT Program. Such programs have been shown to expand coverage through worker participation and indirectly contribute to new private sector employer plan formation reaching even more workers. While progress is being made, a gap remains between those with access and those who still lack access.

## Many Employees Lack Access to an Employer-Sponsored Retirement Savings Plan…

### Workplace Access to Retirement Savings Among Private Sector Employees in Maine, 2023[2]




Maine has 34,000 small businesses with employees.[3] Employees at these businesses are less likely than those working at larger firms to have access to retirement savings through their workplaces.

## …while Gig Workers Represent Another Significant Population Lacking Access

"Gig economy" workers with non-traditional employment arrangements are less likely to have access to workplace retirement savings options.[4] Access for this population is growing in importance as work arrangements change and this segment of the workforce grows.[5]

**173,000** Private Sector Employees in ME Lack Access + **99,000** Gig Economy Workers in ME Lack Access[6] → **272,000** Total Workers In ME Potentially Lack Access

Notes:
1: ESI Analysis of Census Bureau (2022-2024) and BLS Data (2024); 2: ESI Analysis of Census Bureau (2022-2024) and BLS Data (2024). Results may not sum precisely due to rounding; 3: U.S. Small Business Administration (2024); 4: Gig workers include independent contractors, on-call, temporary, and contingent workers, as defined by the BLS; 5: Collins, et al., "Is Gig Work Replacing Traditional Employment? Evidence from Two Decades of Tax Returns" (2019); 6: ESI Analysis of BLS Data (2023) and Census NES Data (2022).

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With grant support from American Retirement Association — Working for America's Retirement

For further information and technical details, see: "Who Lacks Access to Retirement Savings? A State-Level Analysis and an Examination of the Potential Benefits of State-Facilitated Retirement Savings Programs"

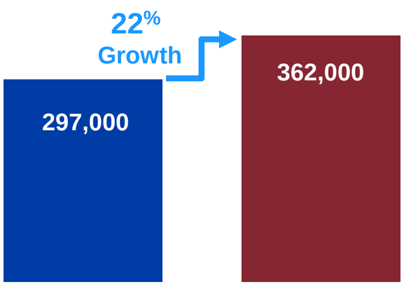
# Maine

## Why Do Retirement Savings Matter?

Too many of the elderly in Maine already rely almost exclusively on Social Security. Because Maine's senior population will grow significantly, boosting private retirement savings is crucial to supporting a better quality of life for seniors and greater economic activity from their household spending, while constraining growth in the costs of government support programs.

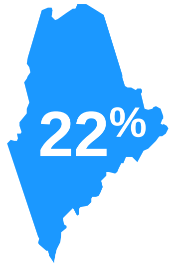
### Maine's Aging Population...

**Growth of Population 65 and Older: 2020–2040[1]**




### ...Already Relies Heavily on Social Security...

**Share of Elderly Households Relying on Social Security for at Least 90% of Their Income[2]**




### ...and Benefit Programs

**Median Annual Per-Beneficiary Spending (Federal & State) for Elderly Medicaid Recipients in Maine[3]**


State-facilitated retirement programs provide a simple pathway for workers without employer-sponsored plans to save for retirement. These programs, most often designed as automatic enrollment individual retirement accounts (Auto-IRAs), make saving easy and automatic while giving workers full control to adjust their contribution levels or opt out at any time.

The new federal Saver's Match provides additional support for eligible low- and moderate-income workers, including those saving through these state programs. It has the potential to boost retirement savings and income for millions of Americans and help supplement Social Security benefits, which today average $23,150 per year.[4]

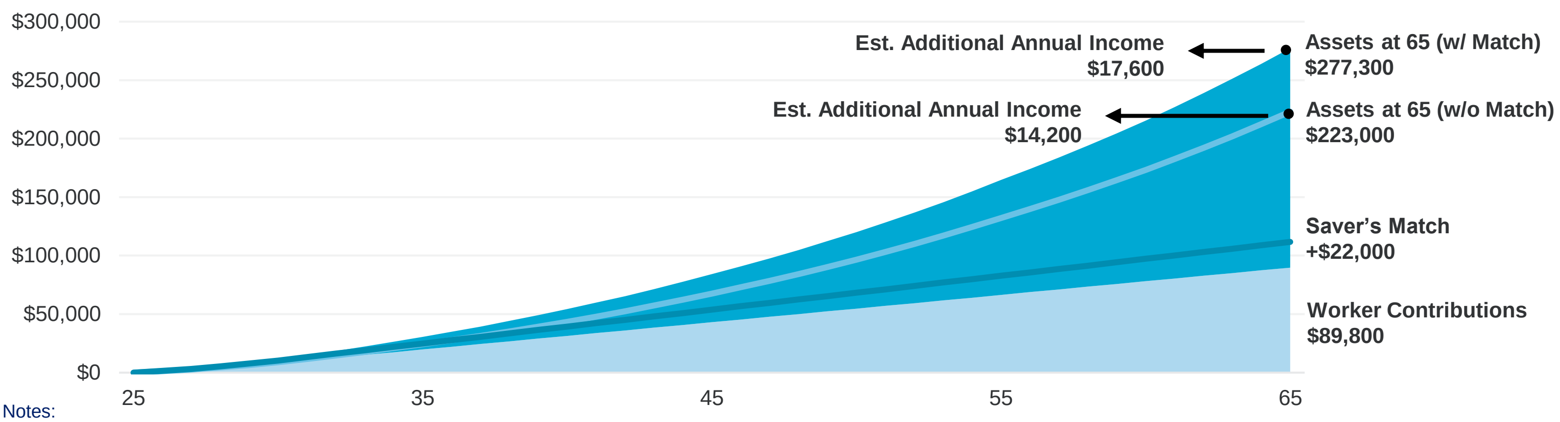
### Worker Contributions + Saver's Match Provide Additional Income for Retirement

**NAME**: Jane Doe
**OCCUPATION**: Server
**AGE**: 25
**ANNUAL INCOME**: $27,100
**SAVINGS CONTRIBUTION**: 5% of income to start, growing 1% annually to 10% cap
**MARKET RETURN:** Inflation adjusted annual return of 4.0% - 5.4%, adjusted for fees

Using the most common state Auto-IRA program defaults, Jane would contribute $89,800 to her retirement account over a 40-year career. The Saver's Match could add $22,000 in contributions.

By age 65, Jane's assets could grow to $277,300, providing her with $17,600 each year in retirement through an immediate annual fixed annuity to supplement her Social Security Income.

**Potential Supplemental Income Available at Age 65 for a Saver With and Without the Saver's Match[5]**




Notes:
1: University of Virginia Population Projections (2024); 2: ESI Analysis of Current Population Survey Data (2022-2024); 3: Centers for Medicaid and Medicare Services (2021-2022); 4: Social Security Administration, "Monthly Statistical Snapshot," Table 2 (Jan. 2025); 5: ESI simulation of asset growth over time for a worker in the food service industry in the state following Auto-IRA savings defaults.

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