



April 10, 2025

Senator Donna Bailey, Chair  
Rep. Kristi Mathieson, Chair

Joint Standing Committee on Health Coverage, Insurance and Financial Services

**Testimony of Elizabeth Bordowitz, Executive Director of the Maine Retirement Savings Board in support of LD 355 An Act to Advance the Maine Retirement Savings Program**

Senator Bailey, Representative Mathieson and distinguished members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services, I am Beth Bordowitz of Portland, Maine.

I am here this afternoon to support LD 355 An Act to Advance the Maine Retirement Savings Program.

The Maine Retirement Savings Board was created by legislation in 2021. As required by the statute, the Governor appointed and the Senate approved board members who held their initial meeting in April 2022. The Board was charged with implementing a Program to provide a workplace retirement savings opportunity for the 40% of Maine workers without access to such a workplace retirement plan.

In 2023 the Board established that partnering with a state offering a similar program would be the most efficient and cost effective way for the Board to implement the Program. After a due diligence process the Board chose to partner with Colorado SecureSavings run by the Colorado Treasurer's Office and managed by Vestwell State Savings. This first in the nation partnership allowed for Mainers to enjoy lower fees and enabled the Board to launch a pilot of the Program in October 2023 and launch the Program statewide in January 2024. Delaware and Vermont have since joined the partnership and Nevada's Board approved their participation in the partnership this week.

The Program requires that all Maine employers with five or more Maine employees that do not offer a qualified workplace retirement plan register their business with

MERIT. They must register all Maine employees. Once employees are registered, the Program reaches out to the employees to let them know about the Program and their options in the Program: how to choose the amount they would like to invest, how to choose their investments, and how to opt out if that is their preference.

After just over one full year of operations, there are over 13,000 Maine employees preparing for a secure retirement through MERIT. They have invested over \$10,000,000, generally at the rate of \$50 - \$60 per paycheck. I have attached some Program highlights through the first quarter of 2025.

We have begun reaching out to employers who are newly eligible for the Program in 2025 - either because they have now been in business for two years or have passed the threshold of five employees. They will need to register for the Program by June 30, 2025. Several of the changes proposed in this amendment are to clarify how the enforcement of the Program works for employers who become newly eligible employers after the initial year of the Program.

The Bill also proposes to change the definition of a Covered Employer to an employer with three or more Maine Employees. We support this change because of the number of employees who work for small employers and do not have access to a workplace retirement savings opportunity. The Maine Department of Labor estimates that this change would open the program up to approximately 7,000 more Maine employers. The research is clear: employees who have access to a workplace retirement plan are 15 times more likely to save for their retirement than those who do not.

The bill also proposes to change the due date of our Annual Report to July 1st, rather than February 1st. This is a practical change. Pursuant to the statute, the Board operates on a calendar year. We cannot close the prior year and complete a full audit in time to have the report to the legislature on February 1st. Our auditors completed our 2024 audit this week. It must be presented to and approved by the Board, which meets every other month. We plan to have the audit of the program reviewed by the Board at their meeting next week. That is the audit of the Board and its operations. There is a separate audit being completed for the Partnership of the operations of our Program Manager, Vestwell. We anticipate that it will be completed in time for those auditors to present their audit to the Board at its

meeting in June. Elements of that audit are required in the Annual Report. Hence the proposed July 1st submission date to allow for compilation and printing after Board approval of the audit.

The Bill also includes a proposed appropriation. As you may recall, the Board and Program were funded with a one time \$1,600,000 allocation of funds from a State settlement with Moodys Investors Services, Inc. We have been working to make those funds last as long as possible. In the past year we received our first income from the Program and we have received investment income from the funds invested in the Treasurer's Cash Pool, since the funds were allocated to the Board. We are also aware of the need, both statutorily and practically, to keep fees as low as possible to the Mainers who are saving for retirement with MERIT. That is balanced against the costs of making sure that Maine businesses are aware that they must participate in the Program or certify that they are exempt because they offer a qualified workplace retirement plan.

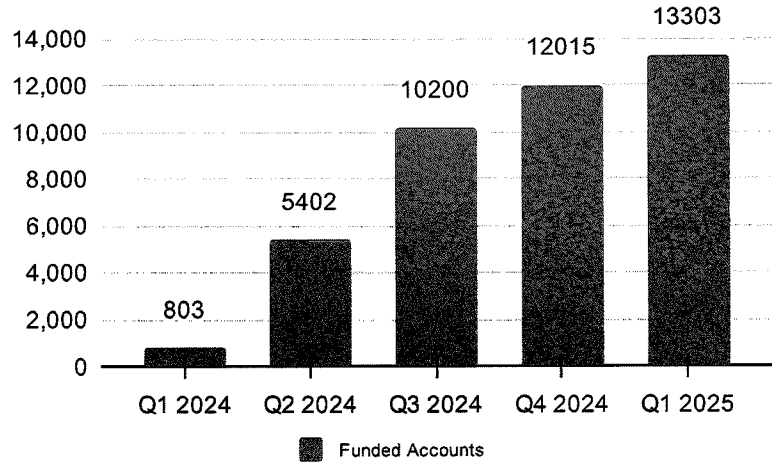
Accounts in the Program are generally low dollar accounts. Even an account fully funded for the year would have a maximum of \$7000. The average monthly account contribution is \$150.00. The median monthly contribution is \$121.00. It will take a while for the program income to provide sufficient funds to run the Program and the Maine Retirement Savings Board, an independent agency. Initial modeling done by the Pew Charitable Trusts estimates that the program will be self-sustaining in 2031. We are therefore requesting this appropriation with the expectation that it will provide the remaining funds we need to operate the Program and administer the Agency until Program Income is sufficient.

I appreciate your ongoing support of this important program.

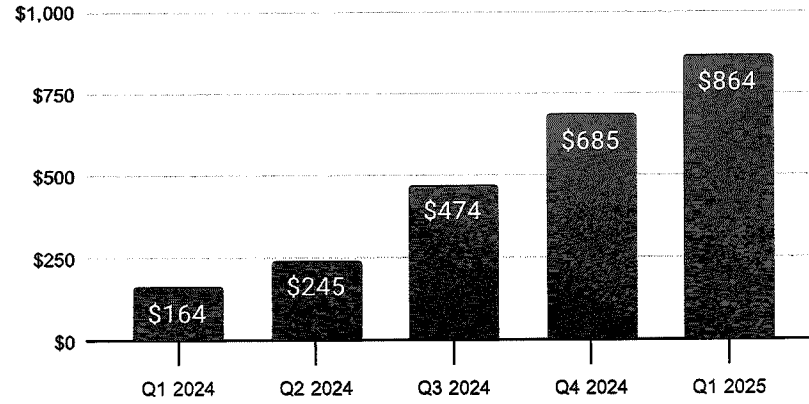


## April 1, 2025 | MERIT PERFORMANCE

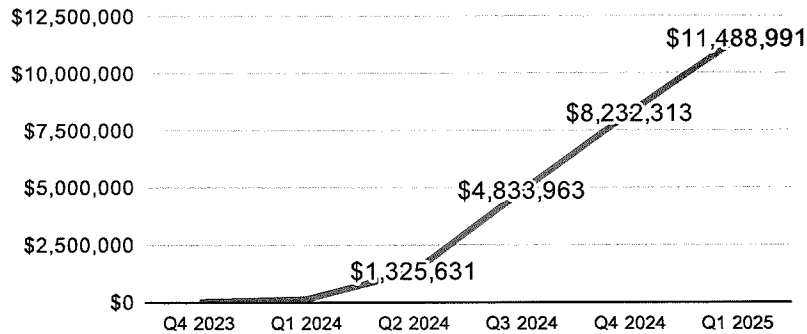
### Total Funded Accounts



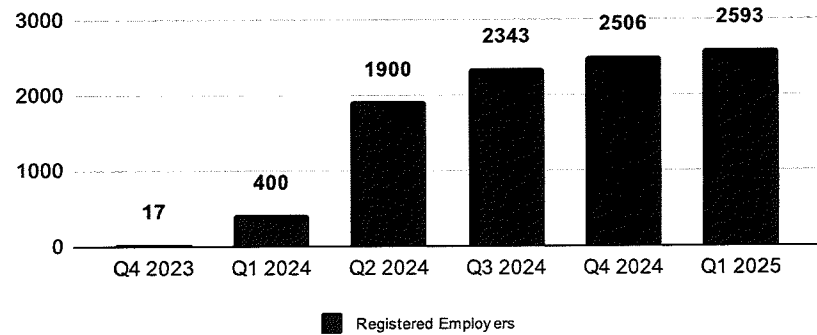
### Average Account Balance by Quarter



### Total Assets

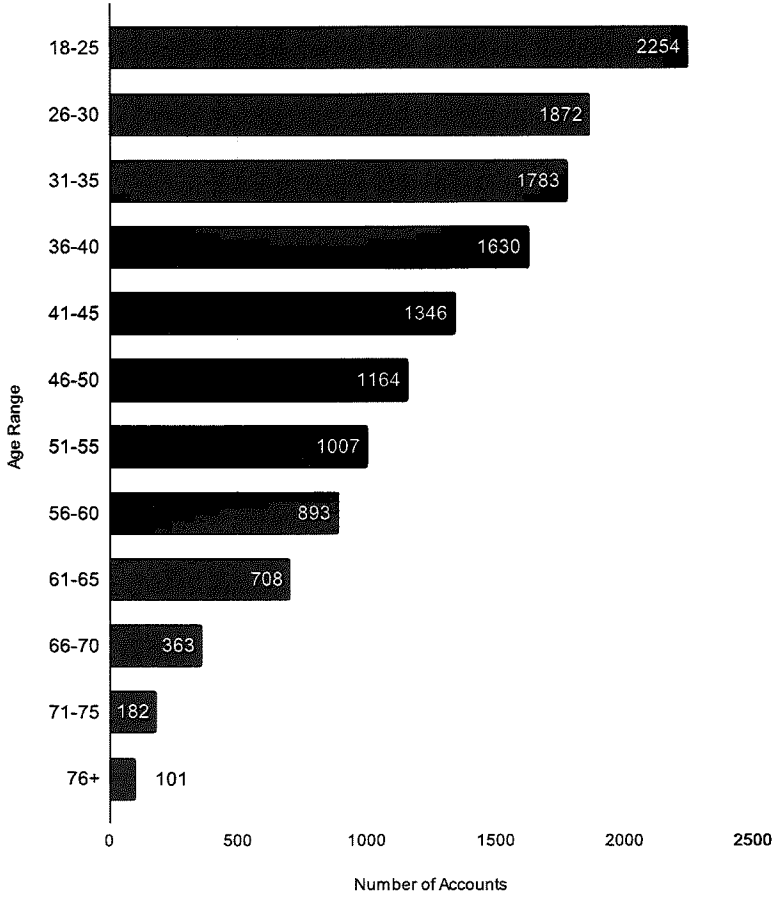


### Registered Employers

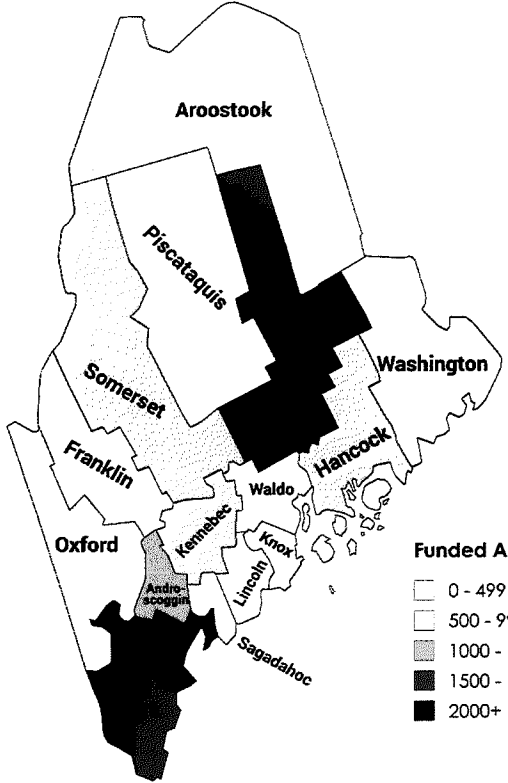


# April 1, 2025 | MERIT PERFORMANCE

## Accounts by Age



## Accounts by County



Androscoggin	1,134
Aroostook	479
Cumberland	2,926
Franklin	253
Hancock	616
Kennebec	896
Knox	476
Lincoln	356
Oxford	416
Penobscot	1,813
Piscataquis	119
Sagadahoc	457
Somerset	516
Waldo	435
Washington	322
York	1,651
<b>Total</b>	<b>13300</b>