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Testimony in Opposition: LD 1283, 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

Greetings Senator Bailey, Representative Mathieson, and members of the Committee on Health Coverage, Insurance and Financial Services. My name is Alf Anderson, Associate State Director of Advocacy and Outreach for AARP Maine. AARP is a nonprofit, nonpartisan organization dedicated to helping people ages 50 and older age as they choose. In doing so, we focus not only on those nearing and currently in retirement but also those who are at all stages of their careers and will retire in the future.

On behalf of our nearly 200,000 members statewide, I thank you for the opportunity to testify in opposition to LD 1283, 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.

AARP is testifying against this bill because it will effectively destroy a program that has already shown itself to be a great success. In just over one year, MERIT now has over 13,000 active employee savings accounts, totaling over \$11 million saved. That's 13,000 Mainers who now have the opportunity to save for a retirement that will include a sense of financial security. By effectively changing the program from "opt out" to "opt in" we are all but guaranteed to reduce the flood of growth this program has experienced down to a trickle.

Nationwide, and in similar programs conducted in states like Oregon, we know that, whether they choose to participate or opt out, workers say they appreciate automatic enrollment. Furthermore, studies have shown a greater than 20% difference in enrollment between automatic enrollment and opt in retirement plans, often resulting in the poorest and least educated workers missing out on retirement savings.¹ This difference between opt out and opt

¹ Staff, C. (2021, October 4). *What we Know about Retirement savings: Why strategic behavioral "Nudges" make sense*. Georgetown Center for Retirement Initiatives. <https://cri.georgetown.edu/what-we-know-about-retirement-savings-why-strategic-behavioral-nudges-make-sense/>

in is so dramatic in fact, the federal government passed legislation requiring all new employer 401(k)s and 403(b)s to be implemented with automatic enrollment.²

Across the country, one in five Americans over the age of 50 have zero dollars saved for retirement, and over 60% of them are worried they do not have enough.³ Here in Maine, 22% of senior households rely on the Social Security they earned over a lifetime for at least 90% of their income.⁴ By moving forward with LD 1283, we would only be adding more Maine people into these categories by adding an additional hurdle they would have to overcome to prepare for retirement, and that is why AARP Maine is firmly against this bill.

Thank you for the opportunity to provide our views on this important bill. If I can answer any questions or provide any further information, you can reach me at aanderson@aarp.org or 207.330.1147.

Alf Anderson
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² Treasury, IRS issue proposed regulations on new automatic enrollment requirement for 401(k) and 403(b) plans | Internal Revenue Service. (n.d.). <https://www.irs.gov/newsroom/treasury-irs-issue-proposed-regulations-on-new-automatic-enrollment-requirement-for-401k-and-403b-plans>

³ New AARP survey: 1 in 5 Americans ages 50+ have no retirement savings and over half worry they will not have enough to last in retirement. (n.d.). MediaRoom. <https://press.aarp.org/2024-4-24-New-AARP-Survey-1-in-5-Americans-Ages-50-Have-No-Retirement-Savings>

⁴ Antonelli, A. M., Econsult Solutions, Inc., Center for Retirement Initiatives, American Retirement Association, & Bloomfield, A. (2025). Who lacks access to retirement savings? A State-Level analysis and an examination of the potential benefits of State-Facilitated Retirement savings programs. In *Georgetown University Center for Retirement Initiatives*. <https://cri.georgetown.edu/wp-content/uploads/2025/03/Who-Lacks-Access-to-Retirement-Savings.pdf>