

**LD 1622, An Act To Promote Individual Retirement Savings through a Public-Private Partnership**

**SUMMARY:**

This bill establishes the Maine Retirement Savings Board to establish and administer the Maine Retirement Savings Program. The bill designates the Treasurer of State as the chair of the board and places the program under the oversight of the Office of the Treasurer of State. The bill requires the board to develop a voluntary program to offer individual defined contribution retirement accounts for persons employed in the State who do not have access to a qualified retirement plan through their employers or who are self-employed.

**TESTIMONY:** Written testimony can be found at this [link](#)

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### **ISSUES FOR CONSIDERATION:**

1. The bill reflects substantially similar language considered in the 129<sup>th</sup> Legislature as [LD 594](#), An Act To Promote Individual Savings Accounts through a Public-Private Partnership. LD 594 was reported out of committee as divided report: OTP-A (8); ONTP (5). LD 594 was reported out of committee, but was not taken up in any special session before termination of the 129<sup>th</sup> Legislature. As amended by the majority report, LD 594 directed the Maine Savings Retirement Program to be overseen by the Maine State Retirement System rather than the Office of the State Treasurer. LD 1622, as drafted, directs the Office of the State Treasurer to oversee the program and names the Treasurer of State as the chairperson of the board of directors.
2. The sponsor has suggested the following technical amendments to the language as drafted:
  - Page 1, line 25: replace “an employee” with “its employees”
  - Page 9, line 17: change "private-sector partnerships" to "private sector entities"
  - Page 9, line 35: add to the end of the sentence "and in accordance with rules established by the board."
  - Page, 15, section 3: separate into subsections for clarity and add language in last sentence

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### ISSUES FOR CONSIDERATION (cont'd):

3. As drafted, the bill proposes to provide initial funding for the program of \$1.6 million in one-time funding from a multistate settlement agreement. The Attorney General's Office oversees distribution of those funds and has indicated support for this proposal, but has suggested a technical amendment to the language in Section 5 of the bill to properly identify the settlement agreement as "*In the Matter of Moody's Corporation, Moody's Investors Services, Inc. and Moody's Analytics, Inc., Settlement Agreement (Me. Super. Ct., Ken. Cty., Feb. 3, 2017)*".
4. Consider that individual retirement accounts are available through the private market? Is a public-private partnership necessary? Consider modifying program to provide marketplace to access private market so that all eligible private financial services providers may participate?
5. Consider experience and costs of implementing the program in other states? What are the ongoing administrative costs to the State? To employers?
6. Consider impact of ERISA and potential for preemption? As drafted, the proposed amendment contains language prohibiting implementation if the board determines that the program would preempted. In addition, the 9<sup>th</sup> Circuit Court of Appeals (3-judge panel) issued a unanimous decision on May 6, 2021 holding that ERISA does not preempt the CA law. The link to the court decision is [here](#).

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### **ISSUES FOR CONSIDERATION (cont'd):**

7. See [Georgetown University, McCourt School of Public Policy, Center for Retirement Initiatives](#) and [AARP](#), for more information about state-sponsored retirement savings programs. As of March 31, 2021, 5 states have such programs open to employers and workers: Oregon, Illinois, California, Washington and Massachusetts.

### **FISCAL INFORMATION:**

Not yet determined; bill does contain provision to allocate \$1.6 million in one-time funding to the Maine Retirement Savings Program Enterprise Fund as start-up funding