



STATE OF MAINE
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May 13, 2021

Senator Heather Sanborn, Chair
Representative Denise Tepler, Chair
Joint Standing Committee on Health Coverage,
Insurance and Financial Services

-Via Electronic Delivery-

Testimony in Support of LD 1622 (Senator Vitelli of Arrowsic)

Senator Sanborn, Representative Tepler and Honorable Members:

Maine's Office of the State Treasurer supports LD 1622. Senator Vitelli and others will offer comments on the policy merits at issue. To be clear, we believe that facilitating private retirement saving with a simple, low-fee opt-out model is in the interest of the people of the State and the State's fiscal position. Today, we focus our testimony on certain specific elements of the draft of LD 1622 before you.

LD 1622 assigns our office to staff the proposed board. We believe this can be done within existing resources, especially up until such time as an executive director of the program is hired. LD 1622 makes the Treasurer of State a member of the Maine Retirement Savings Board. We accept this board membership. The Treasurer is named the Chair of the Board. We are neutral on this point. On boards of other programs and entities with similar characteristics (no state dollars under direct control, but the interests of the State at stake) tradition holds that the Treasurer is not chair.

We thank Sen. Vitelli for including language that debts and liabilities of the program are not debts or liabilities of the State. Likewise note that LD 1622 states, in the interest of participants, pooled assets of the program are not assets of the State.

This proposal has taken various forms over several Legislative sessions. We of course expect a Committee Amendment but also assert that LD 1622 represents the best draft to date. For example, LD 1622 requires board members maintain fiduciary duty, craft a sound investment policy, abide by ethical guidelines, and very importantly, have discretion in selecting fund offerings and contribution rates. These best practices and other elements of LD 1622 will best position Maine to offer a voluntary private retirement savings program for workers without retirement programs from their workplace that is accessible, viable, and effective in achieving consensus public policy goals.

Lastly, in sessions past, concerns have arisen about ERISA. This is a program, not a retirement plan. I have separately submitted a May 7th, 2021 article in the Wall Street Journal relating to a court ruling on California's program and ERISA.