



May 17, 2021

To the Distinguished Members
Of the Health Coverage, Insurance and Financial Services Committee

RE: LD 1622 An Act To Promote Individual Retirement Savings through a Public-Private Partnership

From Daniel J. Bernier representing the National Association of Insurance and Financial Advisers- Maine

Dear Distinguished Members:

During the public hearing I was asked for some number on the existing states that have plans similar to LD 1622 up and running. The numbers are as follows:

California as of March 31, 2021: \$54,756,572 in total assets, 128,818 accounts, 14,190 accounts have already had withdrawals, Average balance on accounts \$425.07, opt out rate 29.25%.

Illinois as March 31, 2021: \$55,672,562 in total assets, 85,355 accounts, 15,953 accounts have already had withdrawals, Average balance on accounts \$652.25, opt out rate 35.08%.

Oregon as of January 31, 2021: \$99,147,494 in total assets, 104,709 accounts, 22,219 accounts have already had withdrawals, Average Balance on accounts \$947, opt out rate 32.6%.

Nine other States have passed legislation but have yet to get a plan up and running. Thirty-Seven states have rejected similar legislation.

A couple of key points, these are very new plans and accounts, yet we are already seeing high rates of withdrawal. These plans were heavily subsidized by taxpayer dollars in their start up, yet they have been unable to compete with the private sector. Given the relatively small account size are they going to have to raise their fees to cover administrative expenses? If we persuaded people to save rather than required it, would we have lower withdrawal rates? If through education we helped people work on a budget to save, rather than just deducting an arbitrary figure from their paychecks, would people be less likely to engage in early withdrawals?

LD 1622, while well intended and having admirable goals, represents experimenting with the money of working people. While we should find ways to encourage people to save money, if this experiment fails, it will just discourage these people from saving and investing in the future.

Thank you for your time and consideration.

Very Truly Yours,



Daniel J. Bernier Esq