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Good afternoon Senator Sanborn, Representative Tepler and members of the Health Coverage, Insurance and Financial Services Committee, I am Susan McKay, an insurance producer with the Allen/Freeman/McDonnell Agency in Brewer and a member and a past president of NAIFA-ME, the Maine Chapter of the National Association of Insurance and Financial Advisors. I am here today to speak in opposition to LD 1622, SP0515, An Act To Promote Individual Retirement Savings through a Public-Private Partnership. I want to begin by telling you I do not sell retirement plans. My testimony today is to express my belief that this proposed legislation will be of minimal interest to employees at a cost that would far outweigh its benefit.

The reality that our citizens are not saving enough to ensure a comfortable retirement is a point on which I believe we all can agree. I think we are also aware that there is a wide range of businesses that offer retirement savings vehicles and those opportunities usually come with financial advisors who can provide guidance as to which type of plan or service might best suit any individual or family.

In my opinion, what this bill does that would be somewhat beneficial is the ease of payroll deduction to make contributions. However, with today's technology, individuals can make contributions on their own schedule with the tap of a key stroke if they so choose.

The issues are the associated costs to provide the payroll deduction option, the willingness of employees to part with a portion of their paycheck and then there is the law of unintended consequences. While others will address the details of the cost to the State of setting up such a program, and the employer costs to manage employees participation and withholding the funds and remitting of contributions, it is safe to say there will be a lot of moving parts just to make it a tad easier for some people to use this particular method to save for retirement.

Setting up this additional pathway might encourage a few people to contribute, but really isn't the main issue that people aren't contributing because the money isn't there to invest? One of the "unintended consequences" issue is, what happens when lower income employees decide to participate? How could those assets over time affect their Maine Care eligibility and other programs that are structured to provide support to people of limited means.

Please, consider these points and decide if the funds needed to provide this one additional avenue to invest is worth the cost, or could those funds be better spent getting more money into people's pockets so they could improve their current quality of life as well their long term goals for retirement.

Sincerely,

Susan W. McKay

Susan W. McKay
Life/Health Department Manager

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NAIFA-ME

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