

Health Coverage, Insurance and Financial Services Committee April 26, 2021

Dear Senator Sanborn, Representative Tepler and Esteemed Members of the Committee,

My name is Jessica Simpson, and I'm a volunteer with AARP Maine, living in Cape Elizabeth. I am in strong support of LD1622, and will testify to the *need for* and the *simplicity of* this bill.

In 2010, I retired to Maine after working 35 years serving the public at the Social Security Administration.

At my job, I witnessed the changes our economy had wrought on workers and the increasingly fragile nature of their economic state. Unfortunately, these changes *exacerbated* retirement income *insecurity* and *increased* the need for this bill.

The trend I saw and heard from the people at my desk began with the disappearance of defined pension benefits, replaced by the introduction of 401K plans, followed by a widespread reclassification of employees to contractors, consultants and free-lancers; the burgeoning of the gig economy.

Burdens were now placed on the worker/self-employed to *not only save* for their own retirement, but to learn *how to invest*, and to *understand they must pay into their own Social Security* in order to provide for retirement, disability or an untimely death. And because Social Security was never intended to be their sole income in retirement, workers were to be saving outside Social Security as well.

Yet, after 4+ decades, for those without a plan at work, participation rates in individual retirement plans remain at a meager 5%! In short, neither education nor the financial sector is successfully changing behavior when it comes to saving for the future. However, our state and local communities continue to shoulder responsibility to help support those who have no access to a pension or 401k. Can't we agree the status quo isn't working and why people of all ages need a simple, automatic, modern way to begin to save?

This bill does that. It begins with an effortless opt-In default. By starting young, with no minimum investment, being portable and low cost, it allows Mainers to turn the tide and raise our participation rate, evidenced in States with similar plans to a much improved 72%!

If LD1622 passes, we can address our retirement savings crisis and concurrently save taxpayers millions in programs such as Medicaid, SSI, and SNAP. If not, our dismal savings rate will only have those costs mushroom as our population continues to age. Please support this bill, not just as a benefit to our working Mainers, but also as a benefit to our broader economic community.

Thank you,

Sincerely,

Jessica D Simpson

3 Manter St

Cape Elizabeth, ME 04107