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Testimony of Janet Smith, New Ventures Maine Regional Manager and CA\$H Maine Financial Capability and Asset Building Coordinator, in support of LD 1622, An Act to Promote Individual Private Savings Accounts through a Public-Private Partnership.

Good afternoon Senator Sanborn, Representative Tepler, and members of the Joint Standing Committee on Health Coverage, Insurance and Financial Affairs. My name is Janet Smith and I am a Regional Manager for New Ventures Maine and the Financial Capability and Asset Building Coordinator for CA\$H Maine. CA\$H Maine is a statewide collaboration of ten coalitions working together to empower Maine individuals and families to achieve long-term financial stability. Since 2003, we have offered free tax preparation to qualified filers during tax season and educated hard-working families and individuals about programs in the community that can increase their income, reduce debt, and build savings.

Maine's workers want to save for retirement and it's difficult for them to save for it. Each tax season CA\$H Maine collects information about financial goals and challenges from the low to moderate income tax filers participating in the program. In 2020, 34% of our tax filers indicated that saving for retirement is one of their top three financial goals and 32% identified that saving for retirement is a challenge. Many of these tax filers work for employers that do not offer a retirement savings program. These individuals are also balancing other financial demands, like saving for unexpected expenses and other goals, and would benefit from a retirement savings program that would make it easier for them to save, like the plans offered by many large employers.

The need for more access to retirement savings is great. At New Ventures Maine, my co-workers and I frequently have people in our classes who are of retirement age with little to no savings. Because Social Security does not meet their minimal expenses, they have to work later into life, full time, part time or through self-employment, with few other options.

Through our matched savings programs at New Ventures Maine, we see that when providing low-income individuals with the knowledge, skills, and access to resources, they become successful savers. In the Family Development Account Program and the Rainy Day Savings Program individuals save to buy homes, start businesses, buy cars, build up emergency savings and others goals. We have reason to believe these individuals would have the same success with retirement savings support.

Retirement savings are an important source of income and financial stability for older adults. With the decline in availability of defined-benefit pensions, retirement savings are the main way retired adults enhance Social Security benefits. However, it is estimated, after retiring, more than half of U.S. households and two-thirds of low-income households will not have the income to maintain their pre-retirement standard of living, according to the [Center for Retirement Research](#).*

We support LD 594 which establishes a Retirement Savings Board, and directs the board to perform a market analysis and feasibility study to address the issue of retirement security in the state.

Thank you for your time today. I would be happy to answer any questions.

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*Center for Retirement Research at Boston College, The National Retirement Risk Index: An Update By Alicia H. Munnell, Anthony Webb and Francesca N. Golub-Sass, November 2012, <https://crr.bc.edu/briefs/the-national-retirement-risk-index-an-update/>