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May 5, 2023

TO: Chair Marty and Members of the Senate Finance Committee

FROM: Cathy McLeer, AARP State Director

Re: SF782 The Minnesota Secure Choice Program

Chair Marty and Members of the Senate Finance Committee,

On behalf of our nearly 620,000 members statewide, AARP Minnesota strongly supports **Senator Pappa's legislation, Senate File 782, the Minnesota Secure Choice Retirement Plan.**

Minnesota faces a significant retirement savings gap, with far too many workers needing to save more for their future. At this rate, an unacceptable number of middle-class retirees will be unable to afford their basic needs in retirement for things such as medicine, utilities, and rent.

Minnesota can get ahead of the retirement crisis by passing the Secure Choice Plan, which allows workers to set aside wages on the job in an easily accessible auto-IRA plan. Greater access to workplace retirement plans can help thousands of households build retirement savings and reduce wealth disparity.

In fact, employees are 20 times more likely to save merely by having access to an automatic payroll deduction plan at their workplace.

AARP survey data shows that small business owners want to offer retirement savings options, and employees want to save, but the problem is a lack of access. Costs can be prohibitive for small businesses to provide their own plans. While individuals could open their own retirement accounts, only 5% of people do, a number that has not budged in decades.

This program has been successfully implemented in other states over the last few years. It is now estimated that over 653,000 funded accounts totaling over \$700 million across state programs. AARP is excited to have Minnesota join the other 12 states that have implemented easily accessible auto-IRA plans.



Additionally, the benefits of increased retirement savings go beyond individual savers and their families. According to our research, Minnesota taxpayers could save as much as \$258 million in public assistance programs over the next ten years simply by having people save for their retirement.

We believe rebuilding the promise of financial security in retirement must include modern, expanded options, which the Secure Choice plan aims to do. Thank you in advance for your support of Secure Choice. If you have questions or wish to discuss this matter further, please contact AARP Advocacy's Director, Mary Jo George, at mgeorge@aarp.org or 651-271-6586.

