

**AARP Testimony on Secure Choice
Hearing for the Legislative Committee on State Government
Thursday, March 2nd**

Madame Chair, members of the committee, my name is Jim Scheibel, and I am the Volunteer President for AARP Minnesota. On behalf of AARP Minnesota's nearly 620,000 members, we want to thank you for the opportunity to testify in support of **Senator Pappa's Senate File 4133, the Minnesota Secure Choice Retirement Program.**

AARP is a nonprofit, nonpartisan organization dedicated to helping people ages 50 and older improve their quality of life as they age. In doing so, we focus not only on those nearing and currently in retirement but also those who are at all stages of their careers and will retire in the future.

Minnesota, is facing a retirement crisis. Declines in employer-sponsored pensions and lack of savings impact people's ability to achieve a secure retirement. Nearly half of Americans nearing retirement age (65 years old) have less than \$25,000 put away, while one in four have less than \$1,000 in savings.

At this rate, an unacceptable number of middle-class retirees will be unable to afford their basic needs in retirement- things like medicine, utilities, and rent.

Despite its critical importance, Minnesota's average Social Security benefit is just \$1,600 a month, with 42% of retirees relying on Social Security for at least half of their income. Social Security was never intended to be a person's sole source of income in retirement. It was intended to be one leg of a three-legged approach with employer-sponsored retirement plans, and individual savings envisioned as the other critical components.

In Minnesota 32% of private sector employees- approximately 700,000 individuals-work for an employer that does not offer a retirement plan, and employees of color are significantly less likely to have access to workplace retirement plans.

Small business owners **want** to offer retirement savings options, and employees **want** to save. The problem is the lack of access. Costs can be prohibitive for small businesses to offer their own plans, so by pooling resources, we can create economies of scale and offer lower-cost products.

Minnesota can get ahead of this crisis. Employees are 20 times more likely to save merely by having access to a workplace retirement plan. Secure Choice allows workers to set aside wages through an easily accessible auto-IRA program.

The benefits of increased retirement savings go beyond individual savers and their families. Affording Minnesota workers an effortless way to save for retirement will ultimately save taxpayer dollars, as fewer households will need to rely on social

services. Minnesota could save as much as \$258 million on public assistance programs over the next ten years simply by helping people save for their own retirement.

We urge you to join several other states, by taking bi-partisan action to address the retirement crisis. Rebuilding the promise of financial security in retirement must include modern, expanded options. AARP believes that we all have a right to live with self-reliance and dignity in retirement.

Thank you again for the opportunity to speak with you today.