



123 W. Allegan St. Suite 500 | Lansing, MI 48933
1-866-227-7448 | Fax: 517-482-2784 | TTY: 1-877-434-7598
aarp.org/mi | miaarp@aarp.org | twitter: @aarpmichigan
facebook.com/aarp.michigan

April 18, 2024

The Honorable Jim Haadsma, Chair, and
Members of the House Labor Committee

Dear Chairman Haadsma and Committee Members,

AARP appreciates this opportunity to express our **support for House Bill 5461**, which would create the Michigan Secure Retirement Savings Program to give private sector workers whose employers don't otherwise offer a retirement plan a simple way to save for their retirement through an optional payroll deduction.

AARP supports this bill both as a way to empower more people to take control of their individual financial future, and also because it makes fiscal sense for our state. According to a 2021 AARP survey, 60% of Michigan registered voters aged 25-64 feel anxious about having enough money to live comfortably through their retirement years, and half say they are behind schedule for planning and saving for retirement. Inadequate retirement saving also impacts the state budget, because when individuals don't have enough retirement savings to live on, they are more likely to rely on public assistance programs. An analysis by the AARP Public Policy Institute estimates the State of Michigan could save \$81.7 million over 15 years if lower-income retirees saved enough to increase their retirement income by \$1,000 per year.

Currently, about 42% of Michigan workers aged 18-64 in the private sector work for businesses that do not offer a retirement plan. In raw numbers, about 813,000 small-business employees in Michigan do not have access to a retirement plan at work, and about 751,000 workers at businesses with 100 or more workers do not have access to a retirement plan. This is a critical point because research shows that having the ability to save through a payroll deduction is a predictor of whether someone is likely to save for retirement at all. Fewer than 10% of households regularly contribute to an Individual Retirement Plan outside of their jobs. However, when offered the opportunity to save for their retirement through a payroll deduction plan at work, 7 out of 10 people choose to participate.

Passing HB 5461 would also give Michigan businesses another tool to attract and retain talent. According to a 2023 AARP survey of more than 500 Michigan small businesses with between 1 and 150 employees, 79% of small business owners said being able to offer a portable retirement savings program would help them attract and retain quality employees and stay competitive. Furthermore, 73% said they would support the creation of a privately managed, plug-and-play retirement savings option, like the one HB 5461 would establish, to allow employees to save for their future through their paycheck.

AARP urges you to vote YES on HB 5461 to give more Michigan workers this easy pathway to grow their retirement savings and take control of their financial future. If you have any questions or if there is further information we can provide, please feel free to contact our Associate State Director for Government Affairs, Melissa Seifert, at mseifert@aarp.org or 517-316-6393. Thank you for your work on this important issue.

Respectfully,



Paula D. Cunningham
State Director



Lisa Dedden Cooper
Manager of Advocacy



Melissa Seifert
Associate State Director/Government
Affairs

AARP is a nonprofit, nonpartisan 501(c)(4) social welfare organization that advocates on issues that matter the most to people age 50 and over, and their families. AARP has approximately 1.25 million members in Michigan. AARP does not endorse candidates for public office or make contributions to political campaigns or candidates.