

# MAINE STATE LEGISLATURE

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# 132nd MAINE LEGISLATURE

## FIRST SPECIAL SESSION-2025

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Legislative Document

No. 1283

S.P. 511

In Senate, March 25, 2025

**An Act to Allow Employees Covered Under the Maine Retirement  
Savings Program to Elect to Enroll and Unenroll in a Payroll  
Deduction for an Individual Retirement Account**

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Reference to the Committee on Health Coverage, Insurance and Financial Services  
suggested and ordered printed.

A handwritten signature in black ink, appearing to read "D M Grant", is positioned above the printed name of the Secretary of the Senate.

DAREK M. GRANT  
Secretary of the Senate

Presented by Senator STEWART of Aroostook. (BY REQUEST)

1       **Be it enacted by the People of the State of Maine as follows:**

2       **Sec. 1. 5 MRSA §173, sub-§2, ¶B,** as enacted by PL 2021, c. 356, §1, is amended  
3 to read:

4       B. Notwithstanding any provision of state law related to payroll deduction to the  
5 contrary, require each covered employer to offer its covered employees the choice  
6 whether or not to contribute to a payroll deduction IRA ~~by automatically enrolling them~~  
7 by allowing covered employees to elect to enroll in the payroll deduction IRA with the  
8 opportunity to ~~opt-out~~ unenroll. A covered employee who is not a participant because  
9 that employee has ~~opted-out~~ elected not to enroll will be ~~automatically reenrolled~~  
10 offered the opportunity to contribute to a payroll deduction IRA with the opportunity  
11 to ~~opt-out again~~ unenroll at regular or ad hoc intervals determined by the board in its  
12 discretion, but not more frequently than annually;

13       **Sec. 2. 5 MRSA §173, sub-§2, ¶D,** as enacted by PL 2021, c. 356, §1, is amended  
14 to read:

15       D. Provide that, unless otherwise specified by the covered employee, a covered  
16 employee who elects to enroll in the program must automatically initially contribute  
17 5% of the covered employee's salary or wages to the program and may elect to ~~opt-out~~  
18 of unenroll from the program at any time or contribute at any higher or lower rate,  
19 expressed as a percentage of salary or wages, or, if the board in its discretion permits,  
20 expressed as a flat dollar amount, subject in all cases to the IRA contribution and  
21 income eligibility limits applicable under the Internal Revenue Code at no additional  
22 charge. The board is authorized to change, from time to time, the 5% automatic initial  
23 default contribution rate for all covered employees in its discretion;

24       **Sec. 3. 5 MRSA §173, sub-§2, ¶K,** as enacted by PL 2021, c. 356, §1, is amended  
25 to read:

26       K. Provide for reports on the status of each participant's account to be provided to each  
27 participant at least annually and make best efforts to provide each participant frequent  
28 or continual online access to information on the status of that participant's account. It  
29 is the responsibility of each participant to ensure that all account information is accurate  
30 and up to date;

31       **Sec. 4. 5 MRSA §173, sub-§2, ¶S,** as amended by PL 2023, c. 167, §5, is further  
32 amended to read:

33       S. Establish penalties in accordance with subsection 4 for a covered employer that fails  
34 without reasonable cause to enroll a covered employee in the program ~~as required~~ who  
35 elects to enroll or that fails to transmit a payroll deduction IRA contribution to the  
36 program as required. A lack of reasonable cause is established by the failure to enroll  
37 after the program communicates with the employer 3 times;

38       **Sec. 5. 5 MRSA §173, sub-§4, ¶A,** as amended by PL 2023, c. 167, §7, is further  
39 amended to read:

40       A. If a covered employer fails to enroll a covered employee without reasonable cause,  
41 the covered employer is subject to a penalty for each covered employee for each  
42 calendar year or portion of a calendar year during which the covered employee was not  
43 enrolled in the program or had not ~~opted-out of~~ unenrolled from participation in the

1 program and, for each calendar year beginning after the date on which a penalty has  
2 been assessed with respect to a covered employee, is subject to a penalty for any portion  
3 of that calendar year during which the covered employee continues to be unenrolled  
4 without ~~opting out of~~ unenrolling from participation in the program. The amount of  
5 any penalty imposed on a covered employer for the failure to enroll a covered employee  
6 without reasonable cause is determined as follows:

7 (1) From July 1, 2025 to June 30, 2026, the maximum penalty per covered  
8 employee is \$20;

9 (2) From July 1, 2026 to June 30, 2027, the maximum penalty per covered  
10 employee is \$50; and

11 (4) On or after July 1, 2027, the maximum penalty per covered employee is \$100.

12 **Sec. 6. 5 MRSA §174, sub-§2, ¶A**, as enacted by PL 2021, c. 356, §1, is amended  
13 to read:

14 A. Establish the processes for enrollment and contributions to an IRA under the  
15 program, notwithstanding any provision of state law related to payroll deductions to  
16 the contrary, including withholding by covered employers of employee payroll  
17 deduction contributions from wages and remittance for deposit to an IRA, ~~automatic~~  
18 enrollment in a payroll deduction IRA ~~and opt-outs~~ by covered employees, voluntary  
19 contributions by others, including self-employed individuals and independent  
20 contractors, through payroll deduction or otherwise, the making of default  
21 contributions using default investments and participant selection of alternative  
22 contribution rates or amounts and alternative investments from among the options  
23 offered under the program;

24 **Sec. 7. 5 MRSA §174, sub-§2, ¶G**, as enacted by PL 2021, c. 356, §1, is amended  
25 by amending subparagraph (6) to read:

26 (6) Instructions for enrolling, ~~opting out of participation~~, making contributions and  
27 making withdrawals, including the possibility of contributing to an IRA, whether  
28 offered under the program or not, by means other than ~~automatic~~ enrollment in a  
29 payroll deduction IRA;

30 **Sec. 8. 5 MRSA §175, sub-§1, ¶A**, as enacted by PL 2021, c. 356, §1, is amended  
31 to read:

32 A. An employee's decision whether or not to participate in ~~or opt out of~~ the program;

### 33 SUMMARY

34 This bill amends provisions regarding the Maine Retirement Savings Board by  
35 providing that covered employees must enroll in the payroll deduction IRA, instead of  
36 being automatically enrolled with the ability to opt out. The bill also requires program  
37 participants to ensure their account information is up to date.