



An Act relative to the SMART Plan

H.39/H.2824/S.1878

The SMART Plan is a defined contribution 457 plan for public employees. There are currently 119,000 full-time participants enrolled in the Plan with a total value of all investments over \$12.03 billion.

About the Legislation

- Filed by Treasurer Deborah Goldberg, Representative Ann-Margaret Ferrante, and Senator Joan Lovely.
- Allows the State Treasurer to automatically enroll new state employees in the Plan, other governmental bodies could elect to auto-enroll employees.
- Allows employees to opt-out without penalty and be refunded within 90 days of hiring.
- Adds no costs to the state budget, increased enrollment would likely result in reduced fees for Plan members.

Access to Retirement Savings for Public Employees

- In Massachusetts, 437,800 people are public employees, making up 13% of the overall workforce.
- Only 13% of employees without an employer sponsored plan contribute to retirement accounts.
- When residents can't meet recommended retirement savings targets, the fiscal burden is placed on a shrinking population of working-age taxpayers and public assistance programs. This also results in reduced tax revenue and decreased household spending.

Visit mass.gov/smart-plan-for-public-employees to learn more!





Public & Private Sector Parity

- Beginning in 2025, federal legislation (SECURE 2.0 Act) requires private employers who offer 401(k) or 403(b) plans to automatically enroll their employees at a rate of 3%, escalating 1% each year and capping out at 10%.
- Massachusetts is one of only seven states where most public employees do not contribute to social security. This, combined with the ten-year vesting period for state pension benefits, puts these employees at a meaningful disadvantage to the private sector employees.
- In Massachusetts, women retirees have significantly shorter job tenures than men. Only 15.6% of women receiving benefits had 30 or more years of creditable service, compared to 38.3% of men. At the other end of the spectrum, 46.7% of women had 19 years or less creditable service, compared to 27.4% of men.

	Private Sector	Public Sector
Defined Contribution Plan	401(k) or 403(b) with 3% auto-enrollment and escalation	Optional 457 plan (SMART)
Retirement Income	Social Security (6.2% capped at \$176,100/year)	State Pension (9%, employees must have 10 years of service to vest)
Trad. & Roth IRA	Available on private market	Available on private market

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