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Institute Reacts to Gov. Hogan Retirement Initiative

ROCKVILLE, MD (January 31, 2017) – The Maryland Public Policy Institute issued the following statement today in response to Governor Larry Hogan's plan to create a more secure retirement for state employees. Governor Hogan introduced the State Retirement Choice Act for the 21st Century Workforce, a proposal to create a defined contribution retirement option for new state employees similar to those offered by employers in the private sector.

"Nearly 77 million Americans have defined contribution retirement plans similar to the model offered by the Hogan Administration. There is no reason Maryland state employees cannot enjoy a more secure retirement with this option as well," said Christopher B. Summers, president and chief executive officer of the Institute. "With a $20 billion cumulative shortfall in our state employee pension system, Maryland policymakers must think big to save employee pensions. We applaud the Hogan Administration for crafting a sensible plan that reduces taxpayer liabilities and contributes to the long-term retirement security of new state employees."

According to the Governor's office, the legislation proposes that both employees and the state each contribute 5 percent to the employee's individual retirement account. Like other states, new state employees will have the option of choosing between the existing defined benefit pension plan or the new defined contribution plan. Due to IRS regulations, the new plan is not available to current state employees, and teachers are not included in the legislation.

About the Maryland Public Policy Institute: Founded in 2001, the Maryland Public Policy Institute is a nonpartisan public policy research and education organization that focuses on state policy issues. The Institute's mission is to formulate and promote public policies at all levels of government based on principles of free enterprise, limited government, and civil society. Learn more at mdpolicy.org.

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