

Massachusetts Credit Unions

Creating Cooperative Power

November 2, 2021

The Honorable Brendan Crighton
The Honorable James Murphy
Chairs
Joint Committee on Financial Services
State House
Boston, MA 02133

BY EMAIL ONLY

Dear Chairs Crighton, Murphy and Members of the Committee:

On behalf of the Cooperative Credit Union Association, Inc. (“Association”)¹ and its members, please accept this letter relative to several proposals relating to savings vehicles pending before the Joint Committee on Financial Services. Each of these measures were the subject of a public hearing on October 26, 2021. Central to the mission of credit union is the promotion of savings vehicles as a path to advance financial education and build wealth. It is in this spirit that the Association offers the following comments:

Support: Senate 653 and House 1138, *Acts Relative to Secure Choice Retirement Savings Plan* and House 1067, *An Act to Encourage Retirement Planning*

The thrust of these bills is to create a new form of automatic retirement savings plans. These measures, similar in concept to federal legislation long advocated for and sponsored by Massachusetts Congressman Richard Neal, are supported by credit unions as another tool to help consumers plan for their future. It is noted that the bills do not impose duplicative requirements on credit unions as they exempt otherwise eligible employers to the extent that they already offer eligible employees the opportunity to participate in a qualified plan or payroll deduction individual retirement account.

The Association does, however, caution this Committee to use appropriate care and consideration to ensure needed flexibility and reduced administrative burdens for small

¹ The Cooperative Credit Union Association, Inc. (“Association”) is the state credit union trade association, serving approximately 160 federally and state-chartered credit unions that are cooperatively owned by 3 million consumers as members. On average, one in three Massachusetts consumers are credit union members. Furthermore, the industry employs over 7,500 full and part-time employees. As not for profit cooperatives, over 2,000 volunteer directors further serve local credit unions who deliver \$310 million in member benefits annually. As of June 2021 call report data, credit union member benefits include higher yield on savings: \$56.5 million; lower fees: \$13.6 million; lower loan rates: \$240.3 million; and savings to nonmembers: \$121.1 million (by impact of credit union presence in the marketplace). CUNA Economics and Statistics.

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employers which will be beneficial for credit unions possessing 25 or fewer employees as proposed in House 1067.

Support: Senate 662 and House 1099, Acts Relative to Savings Enabling Prosperity

The thrust of these measures is to provide additional savings tools, in the form of statewide matched savings accounts, to help consumers build wealth. While the bills use different paths to achieve their mission, low-income persons would be able to contract with a community-based organization to establish a matched-savings account and specify the purposes for which savings may be used. The Association is pleased that credit unions are included as part of this framework to play a pivotal role as depository financial institutions.

Thank you for your consideration of the views of credit unions relative to House 1126, House 1129, and House 1205. The Association remains available to respond to any questions or concerns of the Committee and its staff at your convenience.

Sincerely,



Ronald McLean
President/CEO
Cooperative Credit Union Association, Inc.

RM/KB/MAC