

ACLI URGES CONGRESS TO IMPROVE THE FAMILY SAVINGS ACT OF 2018

The House Ways and Means Committee released the Family Savings Act of 2018 in early September as part of Chairman Kevin Brady's Tax 2.0 proposal. Several provisions included in the legislation are strongly supported by ACLI – including the facilitation of retirement plan creation among employers ('open MEPS') and lifetime income portability protections. Unfortunately, other critical components that are vital to meaningful retirement security policy were omitted from the bill.

CRITICAL BIPARTISAN COMPONENTS MISSING FROM THE FAMILY SAVINGS ACT WOULD:

ASSIST WORKERS IN SECURING THEIR RETIREMENT SAVINGS OVER THEIR LIFETIME

- Improve Upon the Current Annuity Selection Safe Harbor. Clarification of the current safe harbor provision mitigates employer concerns of adding an annuity option to their retirement plan offerings. Currently, employers are required to make a determination as to whether "an annuity provider is financially able to make all future payments under an annuity contract." This standard has been difficult to meet in part because it is hard to know how an employer could draw this conclusion. When considering an insurer's financial capability, employers should be able to rely upon the work of state insurance commissioners and specific representations from the insurer regarding the plan's status in relation to state insurance regulation and enforcement. Employers will still be obligated to prudently select an annuity and annuity provider, but able to offer this option to their employees. Reps. Tim Walberg (R-MI) and Lisa Blunt Rochester (D-DE) have sponsored legislation to advance this effort.

ENCOURAGE WORKER PARTICIPATION AND EDUCATION

- Facilitate Lifetime Income Disclosure. This provision will help participants better understand their retirement savings by providing an illustration of how their savings account balance translates into monthly lifetime income in retirement, similar to the illustration included in the federal Thrift Savings Plan annual statement. It also provides employers greater certainty in offering plan participants the option to elect to take a portion of their retirements savings in the form of an annuity. Sens. Johnny Isakson (R-GA) and Chris Murphy (D-CT) have sponsored a bill on this topic in the Senate and Reps. Luke Messer (R-IN) and Mark Pocan (D-WI) have led efforts in the House.
- Facilitate Auto-enrollment Enhancements. This provision removes the 10% cap on automatic employee contribution rate increases, allowing employees to automatically save more for retirement on a yearly basis. Employees can always opt-out. Furthermore, employers can take up to a \$1,500 credit to add auto-enrollment to a new or existing plan. This provision is included in bills sponsored by Sens. Collins and Nelson and Rep. Richard Neal (D-MA).

ENCOURAGE SMALL EMPLOYER PLAN COVERAGE

- Provide a Small Employer Plan Start-Up Credit. This provision would encourage small employers to establish a plan by providing them with up to a \$5,000 credit toward start-up costs. Legislation on this provision has been sponsored by Reps. Kind and Dave Reichert (R-WA).

ACLI POSITION

Now is the time to enact comprehensive retirement security legislation. These components are extremely timely and necessary - every day between now and the year 2030, 10,000 Americans will reach age 65. Providing American workers with greater access to employer plans and options related to those plans helps them save for their retirement. Additionally, facilitating lifetime income solutions and communicating how retirement savings translate into a monthly benefit empowers and educates participants to make better decisions. Many retirees are expected to live another 20-30 years in retirement and need to understand how to manage their savings to ensure they last their lifetime. ACLI strongly supports the inclusion of the above components in the Family Savings Act to ensure as much access to retirement products for as many people as possible.