ACLI URGES CONGRESS TO PASS THE RETIREMENT ENHANCEMENT AND SAVINGS ACT

Congress has an opportunity now to enact comprehensive legislation that will help more people retire with peace of mind – increasing the availability, accessibility, and affordability of retirement security products for all Americans.

The Retirement Enhancement and Savings Act (RESA) was introduced by Representatives Ron Kind (D-WI) and Mike Kelly (R-PA) in February 2019 to enhance the retirement security system by expanding access to retirement plans for millions of workers, providing lifetime income protection for savers, and making it easier for employers to offer annuities in their plans. This legislation includes a variety of long-supported bipartisan provisions and was passed by the House of Representatives during the 115th Congress as part of the Family Savings Act.

This legislation is extremely timely - every day between now and the year 2030, 10,000 people will reach age 65, and many of these retirees will live another 20-30 years in retirement. Now is the time to ensure more Americans have access to products that can help them attain a secure retirement.

THE RETIREMENT ENHANCEMENT AND SAVINGS ACT WILL:

ENFORCE SMALL EMPLOYER PLAN COVERAGE

- Expand Multiple Employer Plans (MEPs). This provision expands retirement plan access by permitting employers not yet prepared to sponsor their own retirement plan to join together to achieve economies of scale and receive advantages with respect to plan administration. Sens. Susan Collins (R-ME) and Bill Nelson (D-FL) sponsored a bill on this topic in the Senate and Reps. Kind and Vern Buchanan (R-FL) have led efforts in the House.
- 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).

ENCOURAGE WORKER PARTICIPATION AND EDUCATION

- 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).
- 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. It also provides employers greater certainty in offering plan participants the option to elect to take a portion of their retirement 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.

ASSIST WORKERS IN SECURING THEIR RETIREMENT SAVINGS OVER THEIR LIFETIME

- Improve Upon the Current Annuity Selection Safe Harbor. This provision will provide clear guidance to employers on how to satisfy their duty to consider an insurer’s financial capability when selecting an insurer to provide annuities to plan participants. The provision allows employers to rely upon specific representations from insurers regarding their status in relation to state insurance regulation and enforcement. Reps. Tim Walberg (R-MI) and Lisa Blunt Rochester (D-NY) have sponsored legislation to advance this effort.
- Provide Lifetime Income Portability. To continue lifetime income protections in the event of a sponsor-initiated change, this legislation permits participants to roll over lifetime income options to an IRA that provides the same or similar lifetime income protection. Legislation on this topic has been sponsored by Reps. Neal and Mike Bishop (R-MI).

ACLI POSITION

ACLI strongly supports RESA and urges Members of Congress to take action now to pass comprehensive retirement security legislation that will provide increased access to retirement products for as many people as possible.