

Improving Retirement Security for all Americans

Americans face significant financial security challenges, including limited short and long-term savings shortfalls, and the struggles are even greater for vulnerable and at-risk populations. The life insurance industry plays a critical role in helping people plan and save for a secure retirement and comprehensive retirement legislation,¹ dubbed SECURE 2.0, moving through the U.S. Congress would incentivize retirement savings among these groups:



Institutionally Disadvantaged Savers

- For too long, communities of color have lacked access to traditional pathways to financial security. Life insurers are committed to working with Congress to drive solutions that close growing savings gaps and address economic inequality due to race.
- Legislation would require a minimum of 3 percent auto-enrollment for most new 401(k) and 403(b) plans and offer tax incentives for small businesses, helping more Americans access retirement security.



Low-Income Earners

- Legislation would improve the Saver's Credit to encourage utilization among low- and middle-income earners.
- Under current law, the Saver's Credit is non-refundable, meaning that it can only decrease the amount of taxes owed. Legislation would make it refundable, so that those without federal tax liability would be able to claim the credit and contribute it to a retirement plan or IRA.



Part-Time Workers

- Only 39 percent of part-time workers have access to a retirement plan at work.
- The current law now requires employers to allow long-term, part-time workers with at least 500 hours of service in three consecutive years to participate in their 401(k) plans. Legislation would further extend this benefit to part-time workers by decreasing the year requirement to two consecutive years.



Student Loan Borrowers

- Almost 41 percent of Millennials are burdened with student loan debt and may delay saving for retirement.

¹ The U.S. House passed the Securing a Strong Retirement Act. The Retirement Security and Savings Act, the Enhancing American Retirement Now Act, and other policy initiatives are under consideration in the U.S. Senate.

- Legislation includes an innovative approach that would enable employers to contribute a “match” to an employee’s 401(k) account in the amount that the employee is contributing to their student loan repayments.



Those Closest to Retirement

- Older workers need more flexibility and control over their savings.
- Increasing the required minimum distribution (RMD) age from 72 to 75 is a step in the right direction. Allowing those 62-64 to maximize their catch-up contributions by increasing the amount, is another crucial tool.
- Increasing the retirement plan contribution catch-up provision to \$10,000 for those aged 60 or older.
- Addressing several regulatory hurdles that will help improve access to products that provide retirees with a more secure income throughout retirement.



Military Spouses

- 92 percent of military spouses are women. Only 53 percent participate in the labor market.
- Legislation would provide a tax credit to small employers if they make military spouses eligible for their retirement plan within two months of hire, provide matching or non-elective contributions to the plan and ensure that spouses are 100 percent vested in all employer contributions within the same time frame. Small employers would be able to claim the credit for three years for each military spouse.

Providing Americans with greater access to retirement savings tools will help them better prepare for retirement. Many retirees can expect to live more than 30 years or longer in retirement. Facilitating lifetime income solutions and increasing financial education empowers and educates Americans to make better decisions. By acting now on retirement security legislation, Congress can help more people retire with peace of mind by increasing the availability, accessibility and affordability of retirement security products for all Americans. ACLI continues to urge policymakers to support and make every effort to enhance the current retirement system. We and our members stand ready to assist the Congress in this worthwhile endeavor.