

ACLI URGES CONGRESS TO PASS THE SETTING EVERY COMMUNITY UP FOR RETIREMENT ENHANCEMENT (SECURE) ACT OF 2019 AND THE RETIREMENT ENHANCEMENT AND SAVINGS ACT (RESA)

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The Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019, introduced by House Ways and Means Chairman Richard Neal (D-MA), Ranking Member Kevin Brady (R-TX), Representative Ron Kind (D-WI) and Representative Mike Kelly (R-PA) and the Retirement Enhancement and Savings Act (RESA) introduced by Senate Finance Chairman Chuck Grassley (R-IA) and Ranking Member Ron Wyden (D-OR), would 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 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 SECURE ACT AND RESA WILL:

ENCOURAGE 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.

ACLI strongly supports the SECURE Act and 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.

- **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.

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.
- **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.

ACLI POSITION

ACLI strongly supports the SECURE Act and 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.



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101 Constitution Avenue, NW, Suite 700
Washington, D.C. 20001-2133
aclicom | March 2019

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