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 Congress made a real difference in the lives of Americans when they enacted SECURE 2.0 in December 2022. See how the legislation incentivizes 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.
- SECURE 2.0 requires a minimum of 3 percent auto-enrollment for most new 401(k) and 403(b) plans and offers tax incentives for small businesses, helping more Americans access retirement security.

### Low-Income Earners
- SECURE 2.0 improves the Saver's Credit to encourage utilization among low- and middle-income earners.
- Under the previous law, the Savers Credit was non-refundable, meaning that it could only decrease the amount of taxes owed. Now, the legislation makes it refundable, so that those without federal tax liability can 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 previous law required 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. Now, SECURE 2.0 extends 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.
- SECURE 2.0 includes an innovative approach that enables 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.
- SECURE 2.0 increases the required minimum distribution (RMD) age from 72 to 75 and allows those 62-64 to maximize their catch-up contributions by increasing the amount to $10,000.
- Addressing these regulatory hurdles improves 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.
- SECURE 2.0 provides a tax credit to small employers if they make military spouses eligible for their retirement plan within two months of hire, provides matching or non-elective contributions to the plan, and ensures that spouses are 100 percent vested in all employer contributions within the same time frame. Small employers will now 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. Congress helped millions of Americans retire with peace of mind by increasing the availability, accessibility and affordability of retirement security products. ACLI is committed to working with lawmakers on more solutions to support American families and our communities.