

# 2022 FEDERAL RETIREMENT SECURITY BLUEPRINT

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With the enactment of the *Setting Every Community Up for Retirement Enhancement Act* ([Public Law 116–94](#)), America’s workers and retirees were able to take a step forward on the path to addressing the many challenges and obstacles they face in seeking a secure and dignified retirement. Many workers and retirees are experiencing an unexpected detour on their path to retirement security; as our nation continues to endure an unprecedented health crisis and momentous disruptions to our nation’s and the world’s economies, there is still much more to do. IRI’s 2022 Federal Retirement Security Blueprint includes common-sense, bipartisan policies to help our nation’s workers and retirees achieve economic equity, strengthen their financial security, and protect their income to sustain them throughout their retirement years.

### IRI’S 2022 FEDERAL BLUEPRINT WILL:

- 1.** Expand opportunities to save for retirement by enhancing access to, and features of, workplace retirement plans;
- 2.** Facilitate and expand the use of protected, guaranteed lifetime income solutions to sustain savers throughout their retirement years;
- 3.** Preserve and promote access for retirement savers to professional financial guidance, education, and information;
- 4.** Enhance protections to safeguard consumers from financial exploitation and fraud; and
- 5.** Maintain and augment the current tax treatment of retirement savings.

### WHO IS IRI?

The Insured Retirement Institute (IRI) is the leading association for the entire supply chain of insured retirement strategies, including life insurers, asset managers, broker-dealers, banks, marketing organizations, law firms, and solution providers. IRI members account for 90 percent of annuity assets in the U.S., include the foremost distributors of protected lifetime income solutions, and are represented by financial professionals serving millions of Americans. IRI champions retirement security for all through leadership in advocacy, awareness, research, and the advancement of digital solutions within a collaborative industry community. Learn more at [www.irionline.org](http://www.irionline.org).

## Expand Opportunities To Save For Retirement

### REQUIRE EMPLOYERS TO OFFER RETIREMENT PLANS FOR WORKERS

Most of America's workers are not saving enough for retirement because they do not have access to employment-based retirement savings plans. To provide workers with more opportunities to increase their retirement savings, **Congress should enact legislation such as Title XII, Committee on Ways and Means, Subtitle B, Part 1, Automatic Contribution Plans and Arrangements included in the "Build Back Better Act" (H.R.5376-117th Congress)**. This measure would generally require all but the smallest of employers to maintain an automatic

retirement savings plan, into which employees would be automatically enrolled with the ability to opt out. The measure also would require automatic retirement plans to offer participants who have a retirement account balance of \$200,000 or more a choice to take a distribution up to 50 percent of their vested balance in a protected lifetime income product. This measure would help address many of America's workers' anxiety about outliving their retirement savings.

### REFORM THE REQUIRED MINIMUM DISTRIBUTION (RMD) RULE

Workers and retirees in America today face an increased risk of outliving retirement assets because of longer lifespans. For a married couple at age 65, there is a 73 percent chance of at least one spouse living to age 90 and a 33 percent chance of at least one spouse living to 92. Current law requires that workers and retirees begin taking a Required Minimum Distribution (RMD) when they reach the age of 72. The enactment of the *Setting Every Community Up for Retirement Enhancement Act (Public Law 116-94)* in 2019 raised the RMD age to 72 from 70½ (where it had been set in 1962 when life expectancies

were considerably shorter than they are today). To allow workers and retirees to keep their savings in tax-deferred retirement accounts longer, **Congress should enact legislation such as the "Retirement Security and Savings Act of 2020" (S.1770-117th Congress) or the "Securing a Strong Retirement Act of 2021" (H.R.2954-117th Congress)**, to further increase the RMD age from 72 to at least 75, update the mortality tables to reflect longer life expectancies, and modify RMD rules to exempt certain annuity benefits and payments from the minimum income threshold test.

### AUTHORIZE THE FORMATION OF 403(B) POOLED EMPLOYER PLANS (PEPS)

Many 501(c)(3) nonprofits, public educational organizations, and religious institutions face financial and administrative challenges, as well as legal risks, when seeking to offer employees a retirement plan such as a 403(b) plan. As a result, many do not offer a retirement plan to their employees. Nonprofits, public schools, and religious institutions would be far more likely to offer retirement plans for their employees if they can band together to achieve economies of scale and delegate responsibility for sponsoring the plan to a professional

plan fiduciary. **Congress should enact legislation such as the "Securing a Strong Retirement Act of 2021" (H.R. 2954 - 117th Congress)**, the **"Retirement Improvement and Savings Enhancement Act" (H.R. 5891-117th Congress)**, or the **"Improving Access to Retirement Savings Act" (S.1703-117th Congress)** to allow for the formation of 403(b) PEPs for employees of 501(c)(3) nonprofits, public educational organizations, or/and religious institutions.

## CLARIFY THE ELIGIBILITY PERIOD OF THE RETIREMENT PLAN START-UP TAX CREDIT FOR SMALL EMPLOYERS WHO JOIN MEPS OR PEPS

The enhanced tax credit available to small employers when establishing a retirement plan for their employees has successfully expanded access for more small businesses to offer a retirement plan by joining a Multiple Employer Plan (MEP) or Pooled Employer Plan (PEP). While these improvements will help facilitate small businesses' starting and offering retirement savings plans for their employees, the start-up credit is not available to a small business joining a MEP or PEP after the plan's first three years of operation. **Congress should enact legislation such as the "Securing a Strong Retirement Act"**

([H.R.2954-117th Congress](#)) or the "**Improving Access to Retirement Savings Act**" ([S.1703-117th Congress](#)) to clarify that the three-year start-up credit will apply to small businesses for three years from the time the small business joins the MEP or PEP and not from the time the plan begins operations. Clarifying this tax credit would encourage more small businesses to offer a retirement plan and facilitate greater use of MEPs and PEPs as the means to provide employees with a workplace retirement plan.

## ENHANCE RETIREMENT PLAN FEATURES BY REQUIRING NEW PLANS TO OFFER AUTOMATIC ENROLLMENT AND INCREASE AUTOMATIC CONTRIBUTION RATES

Automatic enrollment in an employer-provided workplace retirement plan has proven to be an extremely effective tool for encouraging workers to save for retirement. Studies have shown that plans with automatic enrollment features increase employee participation rates at least 10 percentage points, from 67 percent participation in plans without automatic enrollment to 77 percent. Additionally, according to the National Bureau of Economic Research, employer matching contributions have shown an increased likelihood that an employee will participate in a retirement plan by up to 50 percent. Current law does not require plans to automatically enroll all participants but does provide that if a plan offers automatic enrollment, a default rate of 3 percent is set for participants without requiring an employer match. To provide workers with more opportunities to save for retirement during their

working years, **Congress should enact legislation such as the "Securing a Strong Retirement Act of 2021"** ([H.R.2954-117th Congress](#)), which includes a measure to generally require all-new 401(k) and 403(b) plans to enroll a participant automatically and automatically increase participant contribution rates annually up to at least 10% while allowing for participants to opt-out of participation or elect a different rate of contribution. In addition, Congress should enact legislation, such as the "**Retirement Security and Savings Act**" ([S.1770-117th Congress](#)) to increase the automatic enrollment minimum default contribution level to 6 percent with contributions escalating one percent per year, for four years up to 10 percent, with corresponding employer matching contributions.

## HELP EMPLOYEES SAVE FOR RETIREMENT WHILE REPAYING STUDENT LOANS

Student loan debt is a significant challenge for workers trying to manage competing financial priorities, including saving for their retirement through workplace plans. Research has shown individuals who carry student loan debt have lower workplace retirement balances than those who do not. As a result, student loan debt is impacting the ability of workers to save for their retirement. To better position America's workers who have incurred student loan

debt to start building their retirement nest eggs, **Congress should enact the "Retirement Parity for Student Loans Act"** ([S.1443/H.R.2917-117th Congress](#)), the "**Retirement Security and Savings Act**" ([S.1770-117th Congress](#)), or the "**Securing a Strong Retirement Act**" ([H.R.2954-117th Congress](#)), to help workers who cannot afford to both save for retirement and pay off their student loan debt. These bills would allow employers to make matching

contributions into employees' retirement accounts based on the workers' student loan payments. **Congress should also enact the “Employer Participation in Repayment Act” (S.460/H.R.1043-116th Congress), which would expand the existing exemption from an employee’s income to the employer-provided education assistance allowed under Section 127 of the Internal Revenue Code to pay for student loans as well as tuition.** The exemption, enacted into law as part of the CARES Act ([Public Law](#)

[116-136, Section 2206](#)), provides that employees need not treat amounts paid by their employer for tuition payments made before January 1, 2021, as income under the Code. This bill would make this exclusion permanent. These are voluntary benefits that some employers elect to provide to help workers build their retirement savings while paying down their student loan debt and cannot afford to make contributions into a retirement savings plan.

## INCREASE THE CATCH-UP CONTRIBUTION LIMITS FOR BABY BOOMERS AND ALLOW CATCH-UP CONTRIBUTIONS FOR QUALIFIED CAREGIVERS

Current law allows employees aged 50 or more to make catch-up contributions to plans up to a dollar limit set by the Internal Revenue Service each calendar year. However, research conducted by IRI revealed retirement anxiety is growing among Baby Boomers. It showed many Baby Boomers have little to no savings (45 percent have zero retirement savings) for their golden years, forcing many Baby Boomers to postpone retirement. In addition, many workers leave the workforce, often for multiple years, to provide full-time care to a dependent family member, eliminating their earned income and their ability to participate in an employer-sponsored retirement savings plan. When these workers return to the workforce, they should have the opportunity to make catch-up contributions

to their retirement accounts to achieve a financially secure retirement without extending their time in the workforce. **To help encourage Baby Boomers to save more, Congress should enact the “Retirement Savings and Security Act” (S.1770-117th Congress) or the “Securing a Strong Retirement Act” (H.R.2954-117th Congress) to provide a higher catch-up contribution dollar limit for workers who reached age 60. Congress should also enact the “Expanding Access to Retirement Savings for Family Caregivers Act” (H.R.3078-116th Congress), which would allow qualified caregivers the ability to make catch-up contributions for a period equal to their time spent as a caregiver in years before reaching age 50.**

## EXPAND OPPORTUNITIES FOR MILITARY SPOUSES AND MEMBERS OF THE READY RESERVE TO MAXIMIZE THEIR RETIREMENT SAVINGS

Military spouses frequently relocate due to their spouses' assignment to new posts. Because of these moves, military spouses also change jobs frequently, making it more challenging to participate in a workplace plan and accumulate savings for retirement. **To help military spouses expand their opportunities to save for retirement, Congress should enact the “Securing a Strong Retirement Act” (H.R.2954-117th Congress), which provides employers a tax credit if they enroll a military spouse into a workplace retirement savings plan within two months of their hiring.** This tax credit will encourage more employers to offer military spouses access to an employer-sponsored retirement savings

account and goes a long way towards ensuring military spouses have more opportunities to build a retirement nest egg. In addition to helping the spouses of those who serve in our armed forces, **Congress should pass legislation such as the “Servicemember Retirement Improvement Act” (S.492-115th Congress/H.R.905-116th Congress), which would address an issue created by changes to the Department of Defense (DOD) retirement system to reduce the amount of guaranteed retirement pay for members of the ready reserves.** In return for the reduction, the DOD agreed to establish individual retirement accounts for members of the reserves. For this new system to work, an individual

would need to make the maximum contribution to the DOD sponsored IRA. However, if the individual already contributes to an employer-sponsored IRA, they would only be able to contribute the maximum amount allowed by law

into one of their IRAs. The bill would enable members of theready reserves to maximize their retirement savings by allowing contributions of the maximum amount under the law to both their DOD and employer sponsored IRAs.

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## OFFER WORKPLACE RETIREMENT PLANS TO EMPLOYEES OF LEGAL CANNABIS BUSINESSES

The *Controlled Substance Act* ([Public Law 91-513](#)) does not provide adequate certainty and clarity to facilitate and encourage the offering of retirement plans and individual retirement accounts to workers at legally operating cannabis companies. Without certainty and clarity, plan providers are concerned about the risk of violating anti-money laundering laws if they offer retirement plans for employees of a business that engages in illegal activities under federal law, even if those activities are legal under state law. As more states pursue and enact laws to legalize cannabis, the industry's workforce will likely

continue to grow. **To provide opportunities to workers in the cannabis industry to save for retirement at their workplace, Congress should enact legislation such as the “Secure and Fair Enforcement Banking Act” (S.910/H.R.1996-117th Congress), which would provide protection and insulation from liability for both participants in and institutions offering and administering retirement plans or individual retirement accounts for the employees of cannabis companies who are regulated and licensed by a state.**

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## PROVIDE OPPORTUNITIES TO ACCUMULATE OR ACCESS EMERGENCY SAVINGS WHILE ENSURING RETIREMENT SAVINGS ARE MAINTAINED

Workers and retirees are chronically under-saved, not just for their retirements but also for short-term expenses and emergencies. According to several studies, fewer than 4 in 10 Americans have the savings to cover a \$1,000 emergency cost. Further, 35 percent of Americans report having less savings now than before the onset of the COVID-19 pandemic. To help America's workers and retirees save more for both near and long-term expenses, **Congress should examine the existing retirement plan distribution regulatory structure to find ways that could allow workers and retirees to either access their**

**retirement savings or accumulate savings outside or in conjunction with their retirement savings to address a short-term financial emergency.** If changes are made to the existing retirement plan distribution structure to provide for the accumulation or access to savings in the case of an emergency, **Congress should also allow, subject to applicable plan rules and contracts, the amount withdrawn from the retirement account to be repaid within a time frame that reduces the chances of any long-term leakage from an individual's retirement savings account.**

## Facilitate and Encourage Greater Access and Use of Protected Lifetime Income Products to Produce Sustainable Income During Retirement

### ALLOW BROADER USE OF QLACS

Treasury Department regulations have created a barrier that limits the amount a retirement saver can save when purchasing a qualifying longevity annuity contract (QLAC), thereby reducing their ability to insure against outliving their savings throughout their retirement years. **Congress should enact legislation such as the “Retirement Security and Savings Act” (S.1770-117th Congress) or the “Securing a Strong Retirement Act” (H.R.2954-117th Congress), which would direct the Secretary of the Treasury to eliminate the existing barriers and make QLACs more available.** The legislation would remove these barriers and allow more workers and retirees an opportunity to insure against the risk

of outliving their accumulated retirement savings, keep more of their tax-deferred savings longer, and provide the workers and retirees with protected guaranteed monthly income throughout their lifetime. The legislation would also ease the administrative challenges of rolling over funds to purchase a QLAC. It would allow larger contributions into QLACs so individuals can meet their longevity protection needs and clarify that a divorce occurring after a QLAC is purchased but before payments commence will not affect the previous permissibility of the joint and survivor benefits purchased under the contract.

### FACILITATE THE USE OF LOW-COST ETF INVESTMENTS IN VARIABLE ANNUITIES

Exchange-traded funds (ETFs) are pooled investment vehicles providing instant access to a well-diversified, low-cost, high-value investment portfolio for individuals saving for retirement. Currently, ETFs are widely available through retirement plans, IRAs, and taxable investment accounts but generally are not available within variable insurance products. An annuity ETF structure could offer consumers lower-cost investment options and appeal to the fee-based advisory market, primarily utilizing ETF structures for client accounts. Due to the way ETFs are structured, current Treasury Department regulations, which pre-date ETFs, have created significant technical barriers to the inclusion

of ETFs on the menu of investment options offered in a vast majority of variable insurance products. While there remain some operational challenges to including ETFs as options within variable annuities, **Congress should enact legislation, such as the “Retirement Security and Savings Act” (S.1770-117th Congress) or the “Securing a Strong Retirement Act” (H.R.2954-117th Congress), which would direct the Treasury Department to amend its regulations to allow ETFs to be offered within variable insurance products.**

### AUTHORIZE EXPANDED USE OF LIFETIME INCOME PRODUCTS AS DEFAULT INVESTMENT OPTIONS

Qualified default investment alternatives (QDIAs), created by the *Pension Protection Act of 2006* ([Public Law 109-280](#)), have proven to be an essential step forward in enhancing retirement security for America’s workers. Unfortunately, current Department of Labor regulations inhibit the use of certain investment options that do not meet specified liquidity requirements. As such, plan sponsors are prevented from including guaranteed lifetime income products as default investment options for plan participants,

and there is currently no mechanism enabling savers to convert their QDIA savings into lifetime income. **Congress should enact legislation, such as the “Lifetime Income for Employees Act” (H.R. 6746-117th Congress), which would allow plan sponsors to utilize annuities that provide a guaranteed return on investment and have a delayed liquidity feature as a default investment vehicle for a portion of contributions made by a retirement saver who has not made investment selections.**

## PERMIT DEFINED CONTRIBUTION PLANS TO OFFER PROTECTED LIFETIME INCOME OPTIONS AS A DEFAULT FORM OF DISTRIBUTION

Several recent studies have shown that millions of workers and retirees are concerned about their ability to accumulate sufficient savings to provide sustainable income to last during their retirement years. This anxiety has significantly grown in the past year with the COVID-19 pandemic's impact on retirees' and workers' physical and financial health. Additionally, recent research conducted by IRI revealed that workers have a high level of interest in having income generated from their retirement savings protected throughout their retirement years. The research also found that demand for protected lifetime income solutions, such as annuities, to be included in workplace defined contribution retirement plans is high, with more than two-thirds of workers being very or somewhat likely to allocate a portion of their plan to annuities. To address workers

and retirees anxiety and insecurity about outliving their retirement savings, **Congress should enact legislation that would provide employers with a fiduciary duty safe harbor if offering lifetime income solutions as a default distribution option for defined contribution plans. Congress should ensure that all fiduciary duties required under the *Employee Retirement Insurance Security Act* ([Public Law 93-406](#)) are complied with, and those savers are notified of the default annuitization and have the right to opt-out.** Providing for protected lifetime income distribution options to be offered as a default in defined contribution plans will help to further protect individuals from longevity risk and enhance and strengthen their retirement security.

## CLARIFY FIDUCIARY STATUS FOR PROVIDERS OF GUARANTEED PRINCIPAL PRODUCTS IN WORKPLACE RETIREMENT PLANS

Many insurance companies offer products backed by the assets in their general account that protect the principal while providing interest at higher rates than other available options. Recently, the issuers of these products have been targeted by lawsuits seeking to hold them liable as fiduciaries under ERISA despite the existing statutory exception for general account products. This legal uncertainty inhibits insurers from offering such products to plan participants without violating ERISA's stringent prohibited transaction rules. Moreover, attaching ERISA fiduciary status to the issuers of general account products is unnecessary to

protect retirement savers, as plan sponsors are already subject to fiduciary duties under ERISA when deciding whether to offer these products to their plan participants. **Congress should enact legislation such as [H.R.7278-115th Congress](#), which would amend the *Employee Retirement Income Security Act of 1974* ([Public Law 93-406](#)) to clarify that the offering and sale of general account products would not trigger fiduciary status in order to ensure that retirement savers can continue to use these valuable products to achieve their retirement goals.**

## **Preserve and Promote Access for Retirement Savers to Professional Financial Guidance**

### PROMOTE ADOPTION AND UNIFORM IMPLEMENTATION OF BEST INTEREST STANDARDS OF CONDUCT FOR FINANCIAL PROFESSIONALS ACROSS REGULATORY JURISDICTIONS

Federal and state regulators have recently acted to enhance the standard of conduct for financial professionals who provide personalized advice about investments and/or insurance to retail consumers. This new federal and

state regulatory framework consists of the U.S. Securities and Exchange Commission's [Regulation Best Interest](#), the National Associations of Insurance Commissioners' [Suitability in Annuity Transactions Model Regulation](#), and

the U.S. Department of Labor's [Improving Investment Advice for Workers & Retirees \(PTE 2020-02\)](#). Much like the fiduciary standard that applies to registered investment advisers, this new framework requires financial professionals to act in their client's best interest without putting their own interests ahead of their clients. However, it also recognizes that a one-size-fits-all solution is not appropriate as many clients neither want nor need ongoing advice from a fiduciary or the additional fees associated

with this service. **Before making any significant changes to this newly established framework, federal and state policymakers should objectively assess how the regulatory framework is working in practice to ensure that America's workers and retirees are protected by a clear, consistent, and workable best interest standard without depriving them of access to valuable financial products and services.**

## REDUCE THE REGULATORY BARRIERS TO THE DEVELOPMENT AND OFFERING OF INNOVATIVE PRODUCTS SUCH AS REGISTERED INDEX-LINKED ANNUITIES

Registered Index-Linked Annuities (RILAs) offer a way for investors to bring a balance to their retirement savings portfolio by allowing the purchaser the opportunity to participate in some market growth along with a reduced downside exposure to partially protect the investor from market losses. The current regulatory framework has created a significant barrier preventing this innovative retirement income product from being offered by more companies and used by more investors, which effectively impairs consumer choice without any corresponding benefit to consumers. To encourage innovation and ensure investors can easily find the information they need about RILAs and other innovative new products without having

to wade through irrelevant, excessive, and confusing disclosure documents, the SEC should develop new registration forms more closely tailored to the products being offered, rather than relying on existing forms which were designed for use in connection with equity offerings and are not designed or well-suited for insurance products. **In the absence of voluntary action by the SEC, Congress should enact legislation such as the "Registration for Index-Linked Annuities (RILA) Act" ([S.3198/H.R.4865-117th Congress](#)), which would direct the SEC to remove a barrier inhibiting the use of an innovative retirement income product by developing a new registration form better suited for insurance products.**

## STREAMLINE HOW CONSUMERS RECEIVE ELECTRONIC DOCUMENTS SUCH AS STATEMENTS AND ACCOUNT INFORMATION

Technology has become dramatically more available and reliable in the past twenty years since the current laws governing electronic communications for commerce were enacted. The drafters of the *Electronic Signatures in Global and National Commerce Act* ([Public Law 106-229](#)) were concerned that consumers would not be able to access the programs necessary to receive electronically transmitted documents. However, with Internet browsers and electronic forms becoming standardized and readily available for free

through the public domain becoming standardized those concerns of have not materialized. **Congress should enact legislation, such as the "E-SIGN Modernization Act" ([S.4159-116th Congress](#)), which would streamline how consumers receive electronic communications by removing outdated requirements while ensuring retirement savers can continue to choose how they want to receive and access their financial information.**



## PROMOTE INTERSTATE E-COMMERCE BY RECOGNIZING REMOTE AND ELECTRONIC NOTARIZATIONS PERFORMED BY A NOTARY PUBLIC REGARDLESS OF THE STATE IN WHICH THE NOTARY IS COMMISSIONED

The COVID-19 pandemic dramatically changed how consumers go about their daily lives and conduct business. Social distancing measures became necessary to combat the spread of the virus, and many businesses adopted digital solutions. However, various laws and rules applicable to the insured retirement industry require individuals to be physically present to conduct business and access the products and services needed to prepare for their retirement. While both federal and state regulators responded to the pandemic by authorizing temporary relief measures, making those temporary measures

permanent would best serve retirement savers. **Congress should enact legislation, such as the “*Securing and Enabling Commerce Using Remote and Electronic Notarization Act*” ([S.1625/H.R.3962-117th Congress](#)), which would establish minimum federal standards for the nationwide use of remote online notarizations and ensure that all 50 states, the District of Columbia, and territories of the United States recognize the use of current technologies for interstate notarizations and essential transactions executed in the conduct of interstate commerce.**

## ESTABLISH A NATIONAL, ONLINE “LOST AND FOUND” FOR RETIREMENT ACCOUNTS

Today, workers in America change jobs more frequently, and they often leave retirement savings in plans maintained by their previous employers. Over the past decade, 25 million workplace retirement plan participants changed jobs and left behind a retirement savings plan. Millions more have left two or more accounts, resulting in roughly \$8.5 billion in “lost” retirement savings. **To facilitate workers tracking their past and possibly forgotten workplace retirement accounts, Congress should enact legislation, such as the “*Retirement Savings Lost and Found Act*” ([S.1730/H.R.5832-117th Congress](#)),**

**“*Retirement Security and Savings Act*” ([S.1770-117th Congress](#)), the “*Retirement Improvement and Savings Enhancement Act*” ([H.R. 5891-117th Congress](#)), or the “*Securing a Strong Retirement Act*” ([H.R.2954-117th Congress](#)), which would establish a national, digital database utilizing information already provided to the Department of Treasury, where retirement savers can locate their former employer-sponsored retirement savings accounts to ensure they are not leaving retirement savings behind.**

## EXTEND RETIREMENT SAVINGS COUNSELING TO FEDERAL STUDENT LOAN, JOB TRAINING, AND APPRENTICESHIP RECIPIENTS

The federal government has mandated financial counseling for federal student loan borrowers to improve their financial literacy when entering and exiting college. However, these counseling sessions do not provide any information about the many workplace retirement savings choices presented when they graduate college and enter the workforce. This lack of education about workplace retirement savings options is also an issue for those individuals who have completed a federally funded job training or apprentice program as they enter the market searching for employment. **Congress should enact legislation,**

**such as the “*Financial Fitness Act*” ([H.R.5779-117th Congress](#)), which would direct the Secretary of Education to create a centralized financial resources portal on the Department’s website for federal financial aid recipients that will provide information about planning and saving for their retirement as part of its financial literacy content. Congress should also extend this resource to the recipients of federally funded job training and apprentice programs. Making information about retirement savings available to all the recipients of these federal financial assistance and training**

programs will help them better understand the different types of retirement savings accounts and risk options and help them make well-informed decisions to develop their

own sustainable retirement savings strategies during their working years.

## ESTABLISH A PRESIDENTIAL COMMISSION ON FINANCIAL INCLUSION

There are many workers and retirees in America today who still cannot equitably access, properly utilize, and successfully reap the benefits of the financial system to build short-term stability and long-term financial security. This challenge is especially prevalent among people of color when it comes to saving for their retirement during their working years. These underserved populations most often lag far behind in participating in employer-based retirement plans and accumulating retirement savings. To advance greater diversity, equity, and inclusion among people of color and address their retirement insecurity, **the President should establish a Commission on Financial Inclusion at the Treasury Department. The Commission**

**would partner with the financial services industry and community organizations to develop a whole-of-government strategy that seeks out solutions that can increase access to financial services and reduce retirement insecurity among people of color.** The Commission would also analyze and coordinate the review of federal policies, rules, and regulations as they are being developed to ensure their compatibility with financial inclusion objectives. **In the absence of action by the administration, Congress should enact legislation to establish a Commission on Financial Inclusion.**

## Increase Protections To Safeguard Consumers From Financial Exploitation And Fraud

### AUTHORIZE AND INCREASE FEDERAL RESOURCES TO STATE ADULT PROTECTIVE AGENCIES

Recent federal and state laws and regulations have empowered financial industry professionals to report suspected elder financial exploitation cases to appropriate government agencies, such as state Adult Protective Services (APS). Unfortunately, APS offices across the country, primarily funded by their states, are underfunded, leaving them without enough staff or resources to thoroughly investigate an increasing number of reports of suspected financial abuse. To help address this lack of resources, **Congress should enact legislation such as the “Empowering States to Protect Seniors from Bad Actors Act” ([S.3529/H.R.5914-117th Congress](#)), which would establish a program at the Securities Exchange Commission (SEC) Office of Investor Advocate to provide grants on a competitive basis to state insurance and securities departments, agencies, or commissions.** The grant funds would be used to hire more staff, invest in

technology and educational resources, develop strategies to combat financial exploitation and fraud, including enhancing state law. With this additional source of federal funding, these state agencies will be able to increase their efforts to protect older investors from senior financial fraud and exploitation. Additionally, **Congress should enact legislation such as the “Elder Justice Reauthorization and Modernization Act of 2021” ([S.2674/H.R.4969-117th Congress](#)) to reauthorize federal assistance for under-funded state APS agencies to help them combat financial exploitation of older Americans.** Increasing the amount of federal funds appropriated to support these and other similar federal programs can help to ensure state APS agencies have the resources they need to investigate and prosecute suspected abuse and exploitation of the growing population of older Americans.

## INCREASE PROTECTIONS AND SAFEGUARDS FOR PERSONAL FINANCIAL INFORMATION

With the insured retirement industry increasing its use of digital solutions to improve the experience of retirement savers, it remains vital that procedures are put in place to safeguard consumers' personal data and breach notification processes are improved to protect consumers better. **Congress should enact legislation to establish uniform standards for security, privacy, and**

**notification requirements that preempt the growing patchwork of state regulatory regimes.** In enacting such legislation, **Congress should also consider the unique aspects of different industries by providing a broadly applicable framework and relying on regulatory rather than private enforcement mechanisms.**

## PROHIBIT THE PRIVATE COLLECTION OF TAX DEBT FOR OLDER AMERICANS

One of the most prevalent scams targeting senior citizens involves persons impersonating IRS officials seeking to collect past due tax debt. These bad actors have an air of authenticity because the Internal Revenue Service (IRS) was mandated to use private collection agencies to collect tax debts. Since 2013, more than 2.4 million Americans have been targeted by scammers impersonating IRS officials, and more than 14,700 taxpayers have lost more than \$72.8 million. In these cases, criminals generally threaten victims with foreclosure, arrest, or deportation if payment is

not made. To help prevent older Americans from becoming victims of such scams, **Congress should amend the law mandating the IRS's use of private debt collection agencies to prohibit the assignment of tax-debt of any individual over the age of 65 to any authorized private tax debt collection agencies.** The proposed amendment would require the tax debt for these older Americans to be pursued only by the IRS. Such a prohibition will help prevent older Americans from becoming victims of this scam and potentially losing their hard-earned savings.

## **Maintain And Augment The Current Tax Treatment Of Retirement Savings**

### MAINTAIN TAX-DEFERRED TREATMENT FOR RETIREMENT SAVINGS

Tax-deferral for retirement savings plays a vital role in spurring America's economic growth and serves as a strong incentive for workers to accumulate retirement savings during their working years. Research conducted by IRI shows workers will save less if tax deferral is reduced

or eliminated. **Congress should continue to promote retirement savings by maintaining its tax-deferred treatment as a necessary tool that helps America's workers to plan for and achieve a secure and dignified retirement.**

## PROTECT THE CURRENT STRUCTURE AND DIVERSITY OF WORKPLACE RETIREMENT PLANS

There are several types of employment-based defined contribution retirement plans designed to meet employers' and workers' needs in various employment sectors, including the private, governmental, church, educational, and nonprofit sectors. The most prominent types are 401(k), 403(b), and 457(b) plans. Proposals to consolidate these different

structures into a single type of plan fail to recognize the essential distinctions between these different employment sectors. **Congress should maintain and protect the diverse array of retirement plan structures rather than attempting to devise a single framework that could meet a wide variety of needs.**

## PROVIDE FAVORABLE TAX TREATMENT FOR GUARANTEED LIFETIME INCOME

Distributions and withdrawals from guaranteed lifetime income products – like annuities – are currently taxed as ordinary income. However, these products provide significant social and economic benefits. By helping older Americans avoid outliving their assets, lifetime income from annuities can reduce pressure on Social Security

and other social safety nets. **Congress should create tax incentives – such as a lower tax rate, an exclusion of a portion of lifetime annuity income from taxation, or an increased catch-up contribution — to encourage greater use of guaranteed lifetime income products.**

## ENHANCE THE START-UP TAX CREDIT TO ENCOURAGE SMALL BUSINESSES TO ESTABLISH WORKPLACE PLANS

Current law allows small employers to receive a tax credit equal to half of the cost associated with starting a workplace retirement plan. While the enactment of the “Setting Every Community Up for Retirement Enhancement Act” ([Public Law 116–94](#)) increased the annual cap allowed for this tax credit, the increased percentage has not encouraged more small employers to offer their employees the opportunity to save for their retirement at their workplace. According to the Bureau of Labor Statistics, more than 50 percent of

private-sector workers employed by a small business with 50 or fewer employees do not have access to a defined contribution retirement savings plan. **Congress should enact legislation such as the “Retirement Security and Savings Act” (S.1770-117th Congress) or the “Securing a Strong Retirement Act” (H.R.2954-117th Congress) to increase the start-up tax credit percentage available to small businesses with 50 or fewer employees.**

## ALLOW PENALTY-FREE WITHDRAWALS FROM RETIREMENT ACCOUNTS AS RELIEF FROM NATURAL DISASTERS

More individuals in communities all across America are being impacted by severe natural disasters – including hurricanes, floods, tornados, wildfires, or earthquakes. Often, many of those individuals have limited and insufficient savings to assist them in rebuilding and getting back on their feet in the immediate aftermath of disasters other than their retirement savings. Survivors who turn to their retirement savings and make early withdrawals to help them after a natural disaster become subject to taxes and penalties unless congressional action is taken after the occurrence of each disaster. To streamline and help alleviate the necessity of action by Congress after each natural disaster which often can be delayed, **Congress**

**should explore expanding the definition of a hardship withdrawal to include federally declared disasters as a way to enable survivors of natural disasters to immediately access on a one- time basis a limited amount of their retirement savings to help cover emergency expenses caused by damages incurred after the occurrence of a federally declared disaster. Congress should also allow, subject to applicable plan rules and contracts, the amount withdrawn from the retirement account to be repaid within a time frame that reduces the chances of any long-term leakage from an individual’s retirement savings account.**

## CREATE OPPORTUNITIES FOR THE USE OF INNOVATIVE FINANCING MECHANISMS TO SUPPORT REBUILDING OUR NATION'S INFRASTRUCTURE

The life insurance industry is one of our nation's largest institutional investors, with \$6.5 trillion invested in the United States today. The industry employs a unique investment strategy whereby it seeks to deploy capital to long-term, highly illiquid assets that can generate predictable revenue over their life, providing a better return, and reduce reinvestment risk. Infrastructure investments are ideal investments for the life insurance industry, as evidenced by its \$60 billion of investments in "Build America Bonds," a program authorized in 2009 in the *American Recovery and Reinvestment Act* ([Public Law 111-5](#)). This program matched up perfectly with the long-term investment needs of life insurers. The funding provided by the industry's purchase of these bonds provided capital to finance projects in all 50 states, the District of Columbia, and two territories. While Congress has enacted the *Infrastructure*

*Investment and Jobs Act* ([Public Law 117-58](#)), **Congress should consider enacting additional legislation to invest in our nation's infrastructure, which would either permanently reinstate the "Build America Bonds" or a similar financing vehicle, such as would be established by enacting the "American Infrastructure Bonds Act" ([S.1308-117th Congress](#)), or the "Local Infrastructure Financing Tools Act" ([H.R.2634-117th Congress](#)).** The reauthorization of the Build American Bond program or the establishment of a similar infrastructure financing mechanism contemplated by the legislation introduced last year can serve as a way to attract and leverage the significant investment resources of the life insurance industry to serve as an additional private-sector source of financing infrastructure projects.

## SIMPLIFY THE IRC §199A DEDUCTION APPLICATION TO FINANCIAL PROFESSIONALS

The Tax Cuts and Jobs Act ([Public Law 115-97](#)) created §199A, a 20 percent deduction on "qualified business income" for owners/shareholders of pass-through businesses, such as S corporations, partnerships, and sole proprietorships. However, owners and shareholders of certain types of businesses – the "specified service trades or businesses" – are limited in their ability to apply the 20 percent deduction if their overall taxable income exceeds certain thresholds. Unfortunately, financial advisors, financial planners, and investment advisers were excluded from taking full advantage of the deduction when the IRS promulgated regulations. As a result, they are unfairly and unintentionally disadvantaged, and their ability to invest in and build their businesses has been diminished. These financial service professionals employ thousands of individuals across the United States. They are community leaders, supporting millions of clients by aiding them on a

wide range of issues and dealing with challenges such as creating a savings plan and planning for family transitions. To correct this unequal tax treatment that certain businesses including financial professionals, **Congress should enact legislation such as the "Small Business Tax Fairness Act" ([S.2387-117th Congress](#)) which would simplify the Internal Revenue Code (IRC) §199A to treat thousands of businesses across the country equally by allowing any business to take advantage of the pass-through deduction. Congress should also seek to further equalize §199A by applying the deduction for the first \$400,000 of income, regardless of income level or at a minimum provide for a more gradual phase-out of the deduction.** This will allow for all small business owners, including financial professionals to better utilize and benefit from the deduction.

## EXAMINE OPPORTUNITIES TO MAKE LONG-TERM CARE INSURANCE MORE TAX-ADVANTAGED, AFFORDABLE, AND ACCESSIBLE

The number of Americans who will require long-term care services is expected to increase significantly. Seventy percent of people are turning 65 expecting to need long-term care in their lifetime. However, the current public long-term care insurance financing system is already stretched thin, as millions of American retirees and their families are forced to tap into savings to pay for the increasing costs associated with their long-term care needs. Most Americans either do not understand the financial risks they may face because of a long-term care event or do not adequately prepare for long-term care costs as part of their retirement planning. As a result, demand is growing for innovative private-sector solutions. **Congress should**

**conduct hearings to examine the threat posed by the potential cost of long-term care to our nation's retirement income security and explore solutions such as the “*Long-Term Care Affordability Act*” ([S.2415-117th Congress](#)).** Through those hearings, Congress should develop a comprehensive national long-term care financing proposal to address this challenge through legislative and regulatory changes promoting private-sector innovation and development of new products designed to increase tax-advantaged, accessible, and affordable private long-term care insurance options, including allowing the use of tax-exempt retirement plan distributions to pay for long-term health care insurance.