

MEMO# 31625

February 21, 2019

ICI Submits Statement for House Ways and Means Hearing Record

[31625]

February 21, 2019 TO: ICI Members
Pension Committee

Pension Operations Advisory Committee SUBJECTS: Pension RE: ICI Submits Statement for House Ways and Means Hearing Record

The Institute submitted the attached statement to the US House of Representatives, Committee on Ways and Means, in connection with a February 6, 2019 hearing entitled “Improving Retirement Security for America’s Workers.” The hearing focused on a variety of issues relating to retirement security, including strengthening Social Security, multiemployer pension plans, expanding coverage for private-sector workers, and safe harbors for including lifetime income products in plans. ICI’s statement explains how the US retirement system is helping millions of Americans achieve a secure retirement and describes targeted changes that would build on the strengths of the current system, reduce costs, and increase access.

Our statement makes the following key points:

I. The US retirement system is helping millions of Americans achieve a secure retirement, and there are opportunities to build on its success and cover more workers. Efforts to strengthen the retirement system should be guided by an understanding of how the current system works and the evidence showing that it works well.

- Relying on the complementary components of Social Security, homeownership, employer-sponsored retirement plans, IRAs, and other assets, the American retirement system is working for the majority of American workers and has grown stronger in recent decades.
- Assets specifically earmarked for retirement have increased significantly over time and the majority of private-sector workers needing and demanding access to pensions as part of their compensation have pension plan coverage.
- The flexibility built into the voluntary employer-provided retirement system has led to numerous innovations that benefit savers and decrease costs for retirement plan products and services over time.
- The current retirement-savings tax incentives are crucial to the effectiveness of the US retirement system and Congress should maintain and strengthen these incentives.

II. Targeted changes building on the strengths and successes of the current national system would reduce cost and increase access. The changes outlined in our statement will foster innovation and growth in the voluntary employer-sponsored retirement plan system by improving access to retirement savings opportunities and making retirement plans more efficient and effective.

- These reforms would build upon the current system by expanding coverage, participation, and savings rates in DC plans and IRAs; improving the delivery and quality of information and education to plan participants and plan sponsors; enhancing flexibility in determining how and when to tap retirement savings; and eliminating unnecessary burdens in plan administration so that plans can function more effectively.
- In addition to these reforms, it is imperative to preserve Social Security as a universal, employment-based, progressive pension income program for all Americans.

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[Attachment](#)

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