

MEMO# 31781

May 29, 2019

ICI Submits Statement for Senate Finance Committee Hearing Record

[31781]

May 29, 2019 TO: ICI Members
Pension Committee

Pension Operations Advisory Committee SUBJECTS: Pension RE: ICI Submits Statement for Senate Finance Committee Hearing Record

The Institute submitted the attached statement to the US Senate, Committee on Finance, in connection with a May 14, 2019 hearing entitled “Challenges in the Retirement System.” The hearing focused on a variety of issues relating to retirement security, including increasing workplace retirement plan coverage and participation, and increasing savings in both plans and IRAs.[\[1\]](#) 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 retirement plans as part of their compensation have 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 statement urges Congress to act on the package of proposals introduced as the Retirement Enhancement and Savings Act (RESA) (S. 972), but to improve the lifetime income disclosure provision.

- RESA would build upon the current system by expanding coverage, participation, and savings rates in DC plans and IRAs. Nevertheless, we urge Congress to broaden RESA's lifetime income disclosure requirement to produce its intended benefits and realize the package's full potential.
- Proposals introduced by Senators Portman and Cardin in the Retirement Security and Savings Act of 2019 (S. 1431) are the logical next step after RESA and Congress should continue to prioritize improvements to the retirement system. We suggest the addition of two ideas that would provide meaningful benefits to workers—a new type of SIMPLE plan and modernized electronic delivery rules.
- In addition to these reforms, it is imperative to preserve Social Security as a universal, employment-based, progressive pension income program for all Americans.
- State-run auto-IRA programs are not the right approach to increasing coverage and savings rates.

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[Attachment](#)

endnotes

[1] A recording of the hearing and witness statements are *available at* <https://www.finance.senate.gov/hearings/challenges-in-the-retirement-system>.

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