



AMERICAN BENEFITS
COUNCIL

May 16, 2018
NR 2018-11

NEWS RELEASE

For additional information:

Jason Hammersla
202-289-6700

Council supports bipartisan, common-sense proposal to increase retirement cash-out limits

Additional retirement reforms to strengthen employer-sponsored system

WASHINGTON, D.C. — In [testimony](#) before the U.S. House of Representatives Committee on Education and the Workforce’s Subcommittee on Health, Employment, Labor and Pensions (HELP) today, the American Benefits Council voiced support for a bill that would provide for a common-sense update to the cash-out limit, as well as other measures that would modernize how employees receive required disclosures and expand usage of open multiple employer plans (MEPs).

“We applaud the HELP Subcommittee for considering bipartisan legislation, that builds on the employer-sponsored system that works alongside public programs,” said Lynn Dudley, senior vice president, global retirement and compensation policy. “Public policy must support employer efforts to meet the needs of an ever-dynamic workforce.”

The Council’s public policy strategic plan, [A 2020 Vision: Flexibility and the Future of Employee Benefits](#), recommends that Congress increase the cash-out limit, update rules to modernize communications with employees and provide common-sense changes to enhance open MEPs.

Krista D’Aloia, a vice president and associate general counsel at Fidelity Investments, testified on behalf of the Council. “The cash-out threshold is one of the few dollar figures applicable to retirement plans, which is not currently indexed for inflation,” said D’Aloia.

To address this, the Council strongly supports the Retirement Plan Modernization Act (H.R. 4158) introduced by Chairman Tim Walberg (R-MI) and Ranking Member

Gregorio Sablan (D-HI), which would build in an inflation index to the cash-out limit, which is the value of benefit that a plan would be able to distribute to a participant if the participant terminates employment before retirement age. The proposal would also update (for the first time since 1997) the current \$5,000 cash-out limit to \$7,600.

“Updating the cash-out limit will increase efficiency in plan administration, lower costs, as well as reduce the potential for individuals losing track of their benefit,” continued D’Aloia.

In addition to expressing support for the Retirement Plan Modernization Act, the Council also expressed support for:

The Receiving Electronic Statements To Improve Retiree Earnings (RETIRE) Act (H.R. 4610): As D’Aloia explained, the RETIRE Act “would allow, but not require, an employee to use e-delivery as the default method to communicate with all participants in its retirement plan.” Importantly, “this bill preserves the ability of employees to completely elect out of paper disclosures when they choose to do so, or to elect into paper disclosure at no additional direct charge,” added D’Aloia.

The Retirement Security for American Workers Act (H.R. 854): By expanding open MEPs, it “would help quell the growing coverage gap arising from the shifting workforce in a ‘gig’ economy,” said D’Aloia. “Expanding coverage among small businesses is important to all plan sponsors, even large employers currently sponsoring retirement plans, because it strengthens the overall voluntary system and helps ensure consistency of coverage through employees’ working lives.”

For more information on retirement policy matters, or to arrange an interview with D’Aloia contact Jason Hammersla, Council vice president of communications, at jhammersla@abcstaff.org or by phone at 202-289-6700 (office) or (202) 422-4652 (cell).