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National retirement policy essential to help employees, families achieve financial security

WASHINGTON, DC – “Even in today’s challenging political environment, stakeholders and lawmakers on both sides of the aisle agree that Americans need to save more for their retirement. **Businesses serve as the engine of savings – and our investment economy – by sponsoring retirement plans for [more than 90 million active employees nationwide](#),**” American Benefits Council President James A. Klein said today.

“As is said in *Alice in Wonderland*, ‘if you don’t know where you are going, any road will take you there.’ Unfortunately, despite shared goals for a secure retirement, the nation lacks a coherent retirement policy by which we can determine if we are headed in the right direction,” Klein said.

As representatives of some of the world’s largest companies and experts in retirement plan design and administration, the American Benefits Council urges policymakers to [abide by the following principles](#) when crafting legislation that could affect these vital plans:

1. **Ensure a diversified, balanced and robust retirement system.** The economic security of American families requires access to a diversified portfolio of retirement savings instruments, including strong and sustainable employer-sponsored retirement plans, individual savings that are preserved for retirement and a viable Social Security system.
2. **Expand coverage by building on the successful voluntary employer system.** Employer plan sponsors add tremendous value to retirement savings by

lowering costs and improving the employee experience through group purchasing, providing access to investment guidance and developing innovative plan designs. Improving participation rates among part-time and moderate-income workers and employees at smaller firms would be best achieved by removing impediments to private-sector plan sponsorship.

3. **Preserve and encourage the growth of employer plan sponsorship by strengthening and expanding tax incentives.** Enlightened, bipartisan tax policy is the foundation of the successful employer-sponsored benefits system. Because the federal government has a vested interest in individuals building adequate retirement savings independent of public programs, the historically successful tax incentives must be retained and built upon.
4. **Retain the federal framework for plan design and administration.** Uniform plan administration, as provided under the Employee Retirement Income Security Act (ERISA), is essential for multi-state employers to sponsor benefits, since even subtle variations in state laws results in employees and retirees being treated inconsistently and creates substantial administrative burdens and costs for plan sponsors.
5. **Offer employers the flexibility to design plans to best serve diverse and evolving employee populations.** Employers are motivated to provide innovative solutions that will help employees achieve financial security. A national retirement policy should be flexible enough to accommodate a wide range of approaches based on the population to be served by the plan and other industry factors.
6. **Minimize regulatory burdens on plan sponsors.** A sound regulatory framework serves employer retirement plan sponsors and participants alike. But excessive regulation complicates or prevents sponsorship of plans diminishing retirement security. We strongly support a “least burdensome compliance” standard that would require regulators to demonstrate that the policy objective of the rules they are promulgating cannot be achieved in a less burdensome manner.
7. **Enable participants to save for extended retirement and address the financial risks of longevity and economic volatility.** Policymakers must permit employees to contribute enough money to build sufficient, sustainable retirement assets and mitigate the risk of outliving those assets or facing unexpected costs, including those arising from temporary or permanent disability.
8. **Expand opportunities for participants to obtain financial advice and education.** Public policy should embrace the development of independent and employer-

provided tools and resources to help people make informed choices about their budget and retirement goals.

9. **Encourage the responsible use of technology to fulfill plan obligations.** Just as employees can leverage technology to help make decisions, employers should be afforded the flexibility to use technology to lower costs, improve productivity and provide better service to plan participants and beneficiaries.
10. **Make changes to retirement plans based on sound policy, not on the need for revenue to fund unrelated government policies nor on incomplete budget estimates.** Changes to retirement policy should be evaluated on the basis of their policy value, as measured against the other principles outlined in this document.

“This last point has never been more crucial,” Klein said. “We recognize that hard choices must be made in tax reform, but this is an easy one: the tax incentive for retirement plans do not result in ‘lost’ revenue, since contributions and earnings are taxed when distributed. The tax expenditure is an *investment* because it effectively reduces pressure on individuals and government programs like Medicare and Social Security.”

Klein concluded, **“As lawmakers consider enormously significant changes to workplace retirement plans – perhaps to generate revenue for other tax priorities – we urge them to consider how those changes meet the foundational principles articulated here.** If we work together, we can move ever closer to our shared goal of improving financial security in retirement for all Americans.”

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

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The American Benefits Council is the national trade association for companies concerned about federal legislation and regulations affecting all aspects of the employee benefits system. The Council’s members represent the entire spectrum of the private employee benefits community and either sponsor directly or administer retirement and health plans covering more than 100 million Americans.