The Honorable Kevin Brady  
Chairman, Committee on Ways and Means  
1102 Longworth House Office Building  
Washington, DC 20515

Dear Chairman Brady:

The American Benefits Council represents companies that sponsor retirement plans for their employees. We encourage you to include H.R. 2030, the Savings Enhancement by Alleviating Leakage in 401(k) Savings Act (SEAL Act) in the next available tax vehicle that is considered by the Ways and Means Committee, such as disaster relief legislation, if you believe it could be accomplished without compromising speedy enactment of such emergency legislation. We understand H.R. 2030 has been scored as having a “negligible” revenue effect by the Joint Committee on Taxation.

H.R. 2030 makes a constructive change to the 401(k) plan loan system by providing flexibility to repayment rules and allows immediate plan participation following a hardship withdrawal.

The provisions in this bill are similar to proposals that have been discussed to aid individuals facing a personal financial emergency in disaster-stricken parts of Texas and Florida. H.R. 2030 is also consistent with your important proposal that would allow affected residents to access their 401(k) retirement savings without paying a penalty and easier access to loans and hardship withdrawals. We applaud you for including those ideas in your forthcoming disaster relief legislation.

H.R. 2030 would reduce leakage from 401(k) plans by providing workers who have terminated employment, but have an outstanding 401(k) plan loan, an extended period to roll over the unpaid balance to another savings vehicle. The current prohibition on plan participation placed on individuals who take a hardship distribution is too strict. The bill allows individuals who take a hardship withdrawal to cover a personal financial emergency while continuing to participate in their employer’s retirement plan.

The provisions of H.R. 2030 would work hand-in-hand with other changes to plans
designed to help workers continue to prepare for retirement and meet emergency needs. Surveys have repeatedly shown that these plans are enormously popular with American families. H.R. 2030, the SEAL Act, will make 401(k) plans even more effective for working Americans who face an emergency. Thank you for considering our request.

Sincerely,

James A. Klein
President