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Employers strengthen retirement security by improving access, adding value

Employers, individuals, government each have a role to play in creating opportunities for American workers to save for retirement

WASHINGTON, D.C. – “Lawmakers must not underestimate employers’ critical role in ensuring workers’ retirement security,” American Benefits Council President James A. Klein said today in connection with the Senate Finance Committee’s hearing on retirement savings. “Employers provide savings opportunities for tens of millions of Americans and believe more must be done to protect and encourage employment-based retirement plans.”

“Innovations such as automatic enrollment, automatic escalation, life-cycle investing and hybrid plans, expand access and improve outcomes for participants,” Klein said. Finance Committee members should consider how tax and retirement policy can build on the existing system, rather than destabilize it, as the committee hears testimony today on [Retirement Savings 2.0: Updating Savings Policy for the Modern Economy](#).

The Council (along with the American Council of Life Insurers and Investment Company Institute) released [a collection of research and statistics in late 2013](#) describing how defined contribution plans – powered by effective and efficient tax incentives – generate retirement savings for workers at all ages and income levels.

“Proposals to curtail retirement plan tax incentives should be resisted since the incentives make possible plan sponsorship and participation in the short term and benefit the federal treasury in the long term by avoiding the need to ensure retirement security through direct federal expenditures,” Klein said.

In a recent [public statement](#), Finance Committee Chairman Ron Wyden (D-OR) praised the legacy of the Employee Retirement Income Security Act and called on Congress to “update our pension rules to help provide greater economic security in retirement.”

The Council believes that such reform should preserve the unique value proposition offered by employer plans, keeping squarely in mind that, in the future:

- Health and financial well-being will be benefit plans’ primary objective.
- Global competitiveness will significantly dictate benefit plan design.
- Benefits administration and participation must be simple and predictable.
- Flexibility will be essential to allow employers to pursue a variety of strategies.

“The Council’s members know from our experience over decades that employer-sponsored plans offer an effective path to financial well-being in retirement by reducing burdens and costs on individuals and public programs,” Klein said. “To ensure that this remains true, retirement policy must encourage sustainability, empowerment, value, innovation and the use of technology, while accommodating a broad range of employer approaches to benefit design.”

For more information on retirement savings plans, please contact Jason Hammersla, Council 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.