



Senator Tom Harkin (D-IA), Chairman

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“After a lifetime of hard work, people deserve the opportunity to live out their golden years with dignity and financial independence. But for most of the middle class, the dream of a secure retirement is slipping out of reach. We are facing a retirement crisis.” – HELP Chairman Tom Harkin (D-IA)

HELP Chairman Tom Harkin Introduces the USA Retirement Funds Act – Bill Snapshot

The Retirement Crisis: The United States is facing a growing retirement crisis: the retirement income deficit – *i.e.*, the difference between what people have saved for retirement and what they should have at this point – is at least \$6.6 trillion. Only one in five people has a defined-benefit pension plan, and half of workers have no plan at all. Half of Americans have less than \$10,000 in savings, and 85 percent of Americans report that they are worried about their prospects for retirement.

Public Support for Reform: There is strong public support for reforming the retirement system. A recent study by the National Institute for Retirement Security found a majority of Americans agree there is a need for a strong, universal pension system, and 90 percent favor a plan that is available to all Americans, is portable, and provides a monthly check throughout retirement.

USA Retirement Funds Act: The Act tackles the retirement crisis head-on by ensuring that people currently without access to a workplace retirement plan would finally have the opportunity to earn a safe and secure pension benefit for life. The key features of USA Retirement Funds include –

- **Universal Coverage:** USA Retirement Funds would be available to everyone, including the more than 61 million people without access to a workplace retirement plan and the 14.5 million people who are self-employed.
- **Automatic Enrollment:** Employees would be automatically enrolled at a rate of 6 percent per year, but could choose to raise, lower, or stop their contributions.
- **Secure Lifetime Income:** Benefits would be paid monthly for life, and participants would be shielded from market volatility and other risks.
- **Lower Costs:** Pooled, professional management and risk sharing will reduce the cost of retirement by up to 50 percent.
- **Portability:** People would be able to take their benefit with them as they change employers.
- **Simple and Easy for Businesses:** Small businesses can easily participate and would not have to take on risk or administrative burden.

In addition to establishing USA Retirement Funds, the Act would make it easier for small employers to offer pooled retirement plans, encourage plan sponsors to incorporate lifetime income solutions into their defined contribution plans, provide increased fiduciary and other protections for plan participants, simplify the administration of defined benefit pension plans, and improve the pension insurance system.

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For more information, please visit <http://www.harkin.senate.gov> or contact any of Senator Harkin’s offices in Washington, D.C. or Iowa.