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Sens. Restart Bipartisan Push For Retirement Plan Access

By **Alexis Shanes**

Law360 (May 21, 2021, 4:47 PM EDT) -- A revived retirement bill floated in the U.S. Senate would target people who have saved too little or who don't have access to retirement plans, in addition to offering new incentives for small businesses, the bipartisan measure's sponsors said Friday.

Provisions in the Retirement Security and Savings Act, reintroduced Thursday by Sens. Ben Cardin, D-Md., and Rob Portman, R-Ohio, include increased limits on catch-up contributions to retirement plans and eased 401(k) eligibility requirements for some part-time workers. The bill, S. 1770, would also add flexibility to when and how savers' must start withdrawing from their retirement funds.

"Americans need to save more so they can retire with the dignity and stability they deserve," Cardin said in a Friday statement. "We have an opportunity to make this process simpler and more beneficial to families and workers. There is strong bipartisan momentum to strengthen our retirement system and ensure Americans can achieve post-work financial stability."

Cardin and Portman, members of the House at the time, were behind many of the sweeping retirement plan changes in the Economic Growth and Tax Relief Reconciliation Act of 2001, which included raised contribution limits and created the catch-up provisions.

But the senators said the challenges of an aging population, complicated by the COVID-19 pandemic, mean it's time for another overhaul.

"Since our last comprehensive retirement package became law in 2001, we've seen more Americans participate in 401(k)s and IRAs to save for their retirement," Portman said in a statement Friday. "But our nation's savings rate still remains too low, and there are far too many Americans with no retirement account at all."

The bill now heads to the Senate Finance Committee, which is run by Sens. Ron Wyden, D-Oregon, and Mike Crapo, R-Idaho.

The measure was first introduced in late 2018 and re-upped in May 2019. It originally **shared many provisions** with the Setting Every Community Up For Retirement Enhancement Act, or the SECURE Act, which passed in late 2019.

The senators cited support from more than two dozen organizations, including retirement plan providers such as Fidelity, Nationwide, Vanguard and Edward Jones, and other groups, such as the U.S. Chamber of Commerce and the ERISA Industry Committee.

The American Retirement Association, the umbrella organization for five retirement industry groups and thousands of professionals, also supports the measure, a spokesperson confirmed Friday.

Bill Sweeney, AARP senior vice president for government affairs, backed the bill in a Thursday letter to the senators.

"While Social Security continues to be the bedrock of retirement income for most American workers and their families, individuals want and need additional retirement income sources," Sweeney said.

He also urged the senators to match disclosure provisions set out in the bill's House counterpart, which require savers to receive, at a minimum, a once-annual statement of their benefits.

As is, the bill would incentivize employers with tax credits for offering safe harbor plans, 401(k)s that are exempt from some federal nondiscrimination tests and provide for employer contributions. The measure would give employers a tax credit for matching contributions up to 6% of employees' pay in addition to the original 3% requirement.

The measure would increase the catch-up contribution limit to $10,000 from $6,000 for individuals 60 or older. And it would allow employers to contribute to match workers' student loan payments with contributions to their retirement accounts.

Expanded access to retirement plans is another major prong of the bill, which proposes making some part-time workers eligible for 401(k)s after two years of service instead of three.

The measure proposes increasing the income thresholds for saver's credit, a tax credit for mid- and low-income earners who contribute to retirement plans. And for some low-income individuals, it would make that tax credit directly refundable into retirement accounts.

Further, the proposal could help workers recover retirement funds they'd thought lost. It would establish an online database of retirement accounts that went unclaimed when workers switched jobs.

The bill wouldn't just serve employees currently saving. It would do away with minimum plan withdrawal requirements for anyone with less than $100,000 and cut the penalties by half for those who fail to take minimum distributions.

Moreover, the measure would raise the age at which minimum withdrawal requirements start to 75 from 72 during the next decade, benefiting people who work longer.

Small businesses also stand to benefit from the bill, which adds tax credits for those starting new retirement plans and offers a three-year, $500 annual credit for those that automatically re-enroll participants in employer retirement plans.

--Additional reporting by Dylan Moroses. Editing by Leah Bennett.
