

Letter of Support for the Retirement Enhancement and Savings Act

November 21, 2016

The Honorable Orrin Hatch
104 Hart Senate Office Building
Washington, DC 20515

The Honorable Ron Wyden
221 Dirksen Senate Office Building
Washington, DC 20515

Dear Chairman Hatch and Ranking Member Wyden:

On behalf of the over 20,000 members of the American Retirement Association, we hereby express our strong support for the *Retirement Enhancement and Savings Act (S. 3471)*. We commend you both and the Senate Finance Committee for acting on this important issue.

The American Retirement Association is a non-profit professional organization comprised of four premier retirement industry associations - the American Society of Pension Professionals & Actuaries (ASPPA), the ASPPA College of Pension Actuaries (ACOPA), the National Association of Plan Advisors (NAPA), and the National Tax-deferred Savings Association (NTSA). While our members come from all corners of the country, representing every part of the industry, they are all united by their belief in and commitment to the private employer-sponsored retirement system.

The *Retirement Enhancement and Savings Act* includes several provisions that – when pieced together – will make it easier for small businesses to put a workplace retirement savings plan in place for rank and file workers and increase access to payroll deduction savings that will help build a secure retirement for them. The bill makes the existing tax credit to encourage small business owners to offer a qualified retirement plan more generous and it adds an additional credit to encourage the automatic enrollment of those workers into both new and existing plans which will get more of these workers saving.

The bill would also give a small business owner more time to make a decision about whether to adopt a qualified retirement plan for the year, since many small business owners do not know their true profits until their tax returns need to be filed. Another provision would give a small business owner with an existing plan the flexibility to choose a safe harbor plan with generous employer contributions after the beginning of the year. These provisions recognize the real challenges that small business owners face when deciding to provide retirement benefits for their workers and will help business owners make that important decision with more certainty and confidence.

Another key provision in the legislation allows two or more unrelated private employers to join a pooled employer retirement plan. Importantly, the legislation requires the provider of such an arrangement to take responsibility for the proper operation of the plan. The clear lines of responsibility prescribed in the legislation give adopting employers – many of which could be small business owners – more security. Additionally, adopting employers will not have to worry about the actions of one participating employer disqualifying the plan for all the other employers. The provision also allows retirement plan providers to offer a payroll deduction IRA program with automatic enrollment through a pooled employer plan to small business owners. Pooling unrelated employers together into one plan creates economies of scale that lowers both employer and plan participant cost which will ultimately boost retirement plan coverage in the private sector.

The American Retirement Association applauds the Senate Finance Committee under your leadership for unanimously voting to report this legislation favorably to the floor of the United States Senate, and we stand ready to work with you both to see this legislation enacted into law.

Sincerely,

A handwritten signature in black ink, appearing to read "B. H. Graff".

Brian H. Graff, Esq., APM
Executive Director/CEO
American Retirement Association

