November 13, 2017

The Honorable Orrin Hatch
Chairman
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510-6200

The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510-6200

Re: Senate Tax Reform Proposal

Dear Chairman Hatch and Ranking Member Wyden:

As organizations interested in ensuring the adequacy of Americans' retirement savings, we thank you for your work on retirement security. We are especially appreciative that the Chairman's Mark released on November 10 preserves the ability for consumers to choose the savings vehicle most beneficial to their particular circumstances. However, we urge you to remove the provision that would prohibit some small business owners from making "catch-up" contributions to retirement plans.

Over 15 years ago, Congress passed bipartisan legislation to allow people age 50 and over to contribute an extra amount each year to their retirement accounts. Congress correctly recognized that many people are unable to make sufficient retirement plan contributions in their early working years and need the ability to make additional contributions later in life when they are in a better financial position to save. This is particularly true of small business owners that spend many lean years building their business before being in a position to establish a retirement plan for themselves and their employees. The ability to make catch-up contributions has been enormously beneficial and has positively impacted many working families.

Despite that long-standing consensus, the Chairman's Mark would limit catch-up contributions to certain individuals. Specifically, the proposal would prohibit individuals earning $500,000 or more from making any catch-up contributions. Such a change would materially limit the ability business owners to save. Limiting catch-up contributions would also undermine the incentive for business owners to adopt and support retirement plans, and without access to a plan at the workplace, most people simply do not save. Importantly, this limitation is entirely unnecessary as a matter of public policy. The existing nondiscrimination rules already serve to maintain a relative parity between more highly compensated workers and other participants.

We urge you to reconsider undoing the bipartisan consensus regarding catch-up contributions and to protect older workers' ability to save by removing this provision. Any changes to the retirement system made solely for short-term budgetary gains and not for policy reasons could hurt Americans' long-term retirement security.

We thank the Committee for its work to protect the private-sector retirement system. We appreciate your attention to this issue, and we look forward to working with you.

Sincerely,

American Retirement Association (ARA)

Committee on Investment of Employee Benefits Assets (CEIBA)

Financial Services Institute (FSI)

Insured Retirement Institute (IRI)

Investment Company Institute (ICI)

National Association of Insurance and Financial Advisors (NAIFA)

Plan Sponsor Council of America (PSCA)

Small Business Council of America (SBCA)