

Letter of Support for the Retirement Enhancement and Savings Act

March 15, 2018

The Honorable Mike Kelly
1707 Longworth House Office Building
Washington, DC 20515

The Honorable Ron Kind
1502 Longworth House Office Building
Washington, DC 20515

Dear Congressmen Kelly and Kind:

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 of 2018 (H.R. 5282)*. We commend the both of you for introducing – and the many others who are cosponsoring – this important bipartisan legislation in the House of Representatives.

The American Retirement Association is a non-profit professional organization comprised of five 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), the National Tax-deferred Savings Association (NTSA) and the Plan Sponsor Council of America (PSCA). While our members come from all corners of the country – representing every part of the industry and stakeholder community – they are all united by their belief in, and commitment to, the private employer-sponsored retirement plan system.

The *Retirement Enhancement and Savings Act (RESA)* includes several provisions that when taken together will make it easier for small businesses to adopt and maintain a workplace retirement savings plan. RESA further incentivizes small business owners to offer a qualified retirement plan by significantly increasing the existing small employer pension plan startup tax credit amount and also encourages small business owners to incorporate automatic enrollment as a feature of new and existing plans with an new and additional tax credit. RESA gives small business owners more time to decide whether to adopt a qualified retirement plan for the year since many of these owners do not know their true profits until their tax returns must be filed. RESA also gives a small business owner with an existing 401(k) plan the flexibility to choose an administratively streamlined 401(k) safe harbor plan either during or shortly after the plan year. All these provisions are sorely needed because small business owners face real challenges when deciding to provide retirement benefits for their workers and these new policies will help business owners make that critical decision with more certainty, clarity, and confidence.

Another key provision in RESA allows two or more unrelated private employers to join a pooled employer retirement plan. Notably, RESA requires the provider of such an arrangement to take responsibility for the proper operation of the plan. The clear lines of responsibility prescribed in RESA give adopting employers – many of which could be small business owners – more security. Additionally, the provision eases adopting employers’ worries about the actions of one participating employer disqualifying the plan for all the other employers. Importantly, 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 an economy of scale that lowers both employer and plan participant cost.

The American Retirement Association applauds your leadership as strong advocates for sensible policies that increase access, coverage, and participation in workplace retirement plans. The *Retirement Enhancement and Savings Act* embodies these principles and we stand ready to work with the both of you to see this vital 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

