AMERICAN RETIREMENT ASSOCIATION

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Working for America's Retirement

April 29, 2021

The Honorable Danny Davis
United States House of Representatives
2159 Rayburn House Office Building
Washington, DC 20515

The Honorable Darin LaHood
United States House of Representatives
1424 Longworth House Office Building
Washington, DC 20515

Re: Letter of Support for the *Retirement Parity for Student Loans Act*

Dear Representative Davis and Representative Lahood:

On behalf of the over 30,000 members of the American Retirement Association (ARA), we hereby express our strong support for the *Retirement Parity for Student Loans Act*.

The ARA is the coordinating entity for its five underlying affiliate organizations representing the full spectrum of America's private retirement system – the American Society of Enrolled Actuaries (ASEA), the American Society of Pension Professionals and Actuaries (ASPPA), the National Association of Plan Advisors (NAPA), the National Tax-Deferred Savings Association (NTSA), and the Plan Sponsor Council of America (PSCA). The ARA's members include organizations of all sizes and industries across the nation who sponsor and/or support retirement saving plans and are dedicated to expanding on the success of employer-sponsored plans. The ARA and its underlying affiliate organizations are diverse but united in their common dedication to the success of America's private retirement system.

Student loan debt has been increasing rapidly over the past two decades. This debt has affected a great number of workers, young and even old. The percentage of families with student loan debt grew from 10.5 percent in 1992 to 22.3 percent in 2016. For families with heads younger than age 35, the percentage with student loan debt approaches one half (45 percent), and the percentage is over a third for those with a family head ages 35 to 44.[1] Consequently, both Congress and employers are creating new benefit programs to help workers mitigate this debt, as it can have lifelong financial consequences impacting both homeownership and retirement savings.

The *Retirement Parity for Student Loans Act* recognizes and helps address the negative impact of student loan debt on retirement savings. The bill would permit 401(k), 403(b), and SIMPLE retirement plans to make matching contributions to workers as if their student loan payments were elective deferral contributions. The bill helps workers who cannot afford to both save for retirement and pay off their student loan debt.

The ARA is especially glad to see new language in the latest version of the bill that addresses the impact this new retirement plan design feature could have with the special test that applies to 401(k) plans called the average deferral percentage (ADP) test. Many employers are interested in this new benefit that gives employees matching contributions into the 401(k) plan based on the amount an employee is paying in student loans. Small businesses will now not have to worry that this benefit puts their retirement plan testing at risk.

[1]Craig Copeland, Neil Lloyd, Alex Smith, and Stacy Schaus. "Student Loan Debt Trends and Employer Programs to Help." EBRI Issue Brief, no. 467 (Employee Benefit Research Institute, December 6, 2018).

The ARA thanks both Representative Davis and Representative LaHood for championing this important issue and urges Congress to promptly enact the *Retirement Parity for Student Loans Act* into law.

Sincerely,

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