

# The Retirement Savings For Americans Act Threatens Workers' Social Security and 401(k) Plans

Introduced in October 2023, the Retirement Savings for Americans Act ([H.R. 6065/S. 3102](#)) would create a new federal government managed fund, called the American Worker Retirement Fund ("Fund"), for qualifying workers who do not have access to a workplace-based retirement plan. While there is a need to address the retirement plan coverage gap in the private-sector workforce, this legislation is impractical, unfair, and may harm Social Security.

## A THREAT TO SOCIAL SECURITY

Social Security is an essential component of our social safety net, providing a guaranteed source of retirement income for millions of Americans and their families. Social Security benefits lift more people above the poverty line than any other program in the United States. This legislation would create an additional federal government retirement program, directly competing with our traditional Social Security program for a predictable government funding source, thereby putting Social Security at greater risk for insolvency.

## THE RETIREMENT SAVINGS FOR AMERICANS ACT JEOPARDIZES WORKERS' 401(K) PLANS

The proposal would provide government-subsidized matching and other contributions to tens of millions of workers but only if they use the Fund, incentivizing employers to close their company 401(k) plan (in many cases with more generous employer contributions to rank and file employees) and utilize the new Fund.

## LACKS CONSUMER PROTECTIONS THAT 401(K) PLANS HAVE

The Fund is not subject to many of the laws and regulations under the Employee Retirement Income Security Act (ERISA) and the Internal Revenue Code that apply to private sector 401(k) plans, which provide robust protections to consumers.

## AN ENORMOUS AND DUPLICATIVE FEDERAL PROGRAM

The bill provides a Government Match to individuals saving in the Fund and an additional contribution *regardless of how much the individual is saving*. The Government Match is more than twice as valuable as the Saver's Match in the SECURE 2.0 Act for private sector 401(k) plans. Further, the population eligible for the Government Match is more than double than those eligible for the Saver's Match.

## PLENTY OF RETIREMENT PRODUCTS ARE AVAILABLE TO SMALL EMPLOYERS

The legislation is based on the false premise that small employers and gig workers do not have access to affordable retirement plans. The retirement plan marketplace in the United States is vibrant and competitive. Small business employers can currently find reasonably priced retirement plan products of all types from many providers. Congress has enacted two major retirement policy bills in recent years - the SECURE Act and the SECURE 2.0 Act - with provisions specifically catered to encouraging small employers and gig workers to adopt retirement plans. These provisions created new small business friendly retirement plan designs, like pooled employer plans (PEPs) and the Starter K plan, as well as provisions that provide robust tax credits to small businesses for the adoption of new plans that may cover the entire cost to administer a plan.

*The American Retirement Association (ARA) is a non-profit education and advocacy organization for retirement plan and benefits professionals. Our mission is to advocate for policies that give every working American the ability to have a comfortable retirement.*