

December 18, 2025

The Honorable Richard Neal  
Ranking Member  
Committee on Ways & Means  
U.S. House of Representatives

**Re: Letter of Support for the Automatic IRA Act of 2025 (H.R. 6722)**

Dear Ranking Member Neal:

On behalf of the over 39,000 members of the American Retirement Association (ARA), I write to express our support for and endorsement of the Automatic IRA Act of 2025 (H.R. 6722). This vital piece of legislation will help bridge the coverage gap and ensure that millions of working Americans have access to a secure retirement.

ARA is the coordinating entity for its five underlying affiliate organizations representing the full spectrum of professionals serving America's private retirement system: the American Society of Pension Professionals and Actuaries (ASPPA), the National Association of Plan Advisors (NAPA), the National Tax-Deferred Savings Association (NTSA), the American Society of Enrolled Actuaries (ASEA), and the Plan Sponsor Council of America (PSCA). ARA's members are diverse but united in their common dedication to the success of America's private retirement system.

**A Federal Auto-IRA Program is Good for Small Businesses**

This Auto-IRA proposal is specifically designed to be simple and low-cost, with minimal paperwork and administrative burden for the employer. In fact, existing tax credits available to small businesses that start up a retirement plan that were expanded under the SECURE 2.0 Act of 2022, plus the new tax credit for implementing an Auto-IRA product proposed in this legislation, would ensure that the costs to operate the plan are zero or minimal for the small business. Accordingly, small businesses, which traditionally have tighter margins and less administrative capacity, stand to benefit the most from this proposal.

Nearly all small businesses that do not have a retirement plan want to offer one for their employees. Pew Charitable Trusts found that nearly 9 in 10 (87 percent) of small and mid-sized employers without plans—employers with between 5 and 250 employees—support the concept of a payroll deduction retirement plan with automatic enrollment.<sup>1</sup>

The policy problem is not that there is a lack of retirement products available to small businesses. There are plenty of retirement plans available at a reasonable cost. The problem is that many small business owners are too busy running their own businesses to focus on offering a retirement plan to their employees, so some additional incentives would help nudge them in the right direction.

However, the ARA believes that any requirements placed on employers should be designed to minimize the burden on the employer while achieving the desired policy outcome of increasing the availability of workplace savings arrangements. Many of the provisions in SECURE 2.0, such as the Starter K, expanded startup tax credits, and automatic enrollment tax credit, ensure that a small business can implement a

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<sup>1</sup> "Employer Reactions to Leading Retirement Policy Ideas," Pew Charitable Trusts (July 27, 2017).

retirement plan with minimal compliance burden at a low cost. Because of these provisions, the requirement to provide a retirement plan for most small businesses is now ripe for implementation.

### **A Federal Auto-IRA Program Will Help Address Racial Inequities in Retirement Saving**

Racial financial inequality is a growing problem in the United States and is particularly evident in retirement savings. Retirement plans provide long term economic growth and build financial security for the middle class. The critical factor that determines whether moderate-income workers save for their retirement is whether they have access to a retirement savings plan at work. Data shows that more than 70 percent of workers earning \$30,000 to \$50,000 will save in a plan when given the opportunity at work, but fewer than 7 percent voluntarily save on their own through an IRA.<sup>2</sup> In other words, moderate-income workers are 15 times more likely to save for retirement if they have access to a retirement savings plan at work.<sup>3</sup>

Historically, workers in minority and underserved communities have faced barriers to accessing retirement plans due to limited access to workplace retirement plans, like 401(k) plans. This coverage gap, and the corresponding lack of retirement savings, is particularly pronounced in Black and Hispanic communities. According to the Urban Institute, only 52 percent of Black employees and 37 percent of Hispanic employees have access to a workplace retirement plan, compared to 60 percent of White employees.<sup>4</sup>

Expanding retirement plan coverage through this legislation is the key to addressing racial inequities in retirement savings. Data shows that when moderate income workers are automatically enrolled in a workplace retirement plan there is no racial disparity in retirement savings participation with Black, Hispanic, and White Americans all participating at an 80 percent rate.<sup>5</sup> The Automatic IRA Act will go a long way to level the playing field in retirement savings opportunities.

### **Conclusion**

The ARA believes that the Automatic IRA Act strikes the appropriate balance to close the retirement plan coverage gap in the private-sector workforce to the greatest extent possible while imposing the minimum possible burden on small- to medium-sized businesses. Further, the legislation protects the state-facilitated automatic IRA programs that have been successful in closing the coverage gap.

The ARA strongly endorses this legislation and urges Congress to promptly enact it into law.  
Sincerely,

/s/

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

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<sup>2</sup> “How America Saves 2025” at Figure 28 (“Participation rate by income”), Vanguard (June 2025); IRS SOI Table 1.4 (2022).

<sup>3</sup> David John, et al., “Payroll Deduction Savings Programs Improve Retirement Security,” AARP (Dec. 12, 2024).

<sup>4</sup> Richard W. Johnson, “How Can Policymakers Close the Racial Gap in Retirement Security?,” Urban Institute (Oct. 2020).

<sup>5</sup> “401(k) Plans in Living Color,” The Ariel/Aon Hewitt Study (2012).