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November 30, 2017

Honorable Richard Neal
Ranking Member
Committee on Ways and Means
United States House of Representatives
Washington, DC 20510

Dear Ranking Member Neal:

The Insured Retirement Institute¹ writes to express our strong support for the enactment of the *Automatic Retirement Plan Act of 2017*. The bill offers a common-sense private sector solution for Americans to save more for their retirement by expanding access for workers to a workplace retirement plan, while preserving employer choice, competition, and protections for small businesses. Many of the measures contained in the bill are ones IRI has long supported and included in our 2017 Retirement Security Blueprint, published earlier this year.

Americans today face many challenges and obstacles in saving for retirement and many Americans are not saving for retirement because they do not have access to a workplace retirement savings plan. Research conducted by the [Pew Charitable Trust](#) found that 40 percent of full-time workers at small and medium businesses do not have access to an employment based 401(k) plan. The same report found the expense and administrative burdens of maintaining retirement accounts are the top reasons why employers do not provide this benefit to their employees. IRI supports this bill because it offers a private sector solution to expand the availability of workplace retirement plans so more Americans will now have an option through their employers to save for their retirement.

The *Automatic Retirement Plan Act of 2017* also will remove legal and regulatory barriers allowing plan sponsors to extend the use of Multiple Employer Plans (MEPs) to more small businesses. The bill removes the “one bad apple” rule and the commonality requirement, as well as other

¹ The Insured Retirement Institute (IRI) is the leading association for the retirement income industry. IRI proudly leads a national consumer coalition of 40 organizations, and is the only association that represents the entire supply chain of insured retirement strategies. IRI members are the major insurers, asset managers, broker-dealers/distributors, and 150,000 financial professionals. As a not-for-profit organization, IRI provides an objective forum for communication and education, and advocates for the sustainable retirement solutions Americans need to help achieve a secure and dignified retirement. Learn more at www.irionline.org.

onerous and costly fiduciary and administrative duties, all of which will facilitate the use of MEPs by small business owners. Research has shown that [forty seven percent](#) of employers support a reduction in the legal risk assumed when sponsoring a retirement plan. IRI supports this bill because the changes made by this legislation will result in more small businesses offering a retirement savings benefit to their employees and as a result, will greatly expand the number of workers with access to a workplace plan.

The bill will also increase automatic savings and escalation features for American workers. Studies have shown that automatic enrollment is extremely successful in getting people to save for retirement with participation rates at least 10 percentage points higher in plans with automatic enrollment (77 percent) than those without it (67 percent). IRI supports this bill because it will provide employers with a greater ability to automatically enroll their employees in 401(k) plans with an option to opt out of participation, while at the same time providing help to employers by defraying some of the cost of offering and maintaining such plans with tax credits.

Additionally, most private-sector employees who are currently utilizing automatic enrollment set the default savings rate to 3 percent of pay. Research has shown this percentage to be too low and that many Americans do not increase their savings rate even when their pay is increased. A study conducted by the Employee Benefit Research Institute (EBRI) found that a 6 percent default rate would lead to significantly better retirement outcomes for workers without causing a marked increase in opt-outs. Another study conducted by Wells Fargo Institutional Trust & Retirement found opt-out rates on plans with a 6 percent default rate are the same as those for accounts with a 3 percent default rate. IRI supports this bill because it increases the default contribution and automatic escalation rates for savings to levels enabling workers to save more for retirement through participation in a workplace plan. As a result, more Americans will have a greater ability to reach their retirement savings goals.

Therefore, as the House considers this legislation to expand access to private sector retirement plan benefits, IRI welcomes the opportunity to work with you and your staff to advance the bill. Please feel free to contact me or Paul Richman, IRI's Vice President for Government Affairs, at (202) 469-3004, if we can provide any additional assistance in securing passage of this vital legislation.

We thank you for your leadership in pursuing legislation that will help more Americans achieve a financially secure retirement.

Sincerely,



Catherine Weatherford
President & CEO
Insured Retirement Institute