

2021 FEDERAL RETIREMENT SECURITY BLUEPRINT



Insured
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Institute

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With the enactment of the “[Setting Every Community Up for Retirement Enhancement Act](#)” (Public Law [116-94](#)), America’s workers and retirees were able to take a step forward on the path to addressing the many challenges and obstacles they face in seeking a secure and dignified retirement. However, there is still much more that needs to be done, especially with many workers and retirees experiencing an unexpected detour on their path to retirement security when our nation found itself amid an unprecedented health crisis that spurred momentous disruptions to our nation’s and the world’s economies. IRI’s 2021 Federal Retirement Security Blueprint includes common-sense, bipartisan policies to help our nation’s workers and retirees achieve economic equity by strengthening their financial security and protecting their income to sustain them throughout their retirement years.

IRI’S 2021 FEDERAL BLUEPRINT WILL:

- 1.** Expand opportunities to save for retirement by enhancing access to, and features of, workplace retirement plans;
- 2.** Facilitate and expand the use of protected, guaranteed lifetime income to produce sustainable income during retirement;
- 3.** Preserve and promote access for retirement savers to professional financial guidance, education, and information;
- 4.** Enhance protections to safeguard Americans from financial exploitation and fraud; and
- 5.** Maintain and augment the current tax treatment of retirement savings.

WHO IS IRI?

The Insured Retirement Institute (IRI) is the leading association for the entire supply chain of insured retirement strategies, including life insurers, asset managers, and distributors such as broker-dealers, banks, and marketing organizations. IRI members account for more than 90 percent of annuity assets in the U.S., include the top 10 distributors of annuities ranked by assets under management, and are represented by financial professionals serving millions of Americans. IRI champions retirement security for all through leadership in advocacy, awareness, research, and the advancement of digital solutions within a collaborative industry community. Learn more at www.ironline.org.



Expand Opportunities to Save for Retirement

REQUIRE EMPLOYERS TO OFFER RETIREMENT PLANS FOR WORKERS

Most Americans are not saving enough for retirement because they do not have access to employment-based retirement savings plans. To provide more opportunities for America's workers to increase their retirement savings, **Congress should enact legislation such as the "Automatic Retirement Plan Act of 2017" ([H.R.4523-115th Congress](#))**. This bill would generally require all but the smallest employers to maintain a retirement savings plan, into which employees would be automatically enrolled

with the ability to opt-out. It would also help address the anxiety felt by many American workers who fear outliving their retirement savings by not only requiring participants to be offered the option to receive distributions from the plan when they retire in the form of protected, guaranteed lifetime income but also should offer participants the opportunity to invest all or some portion of their retirement savings in protected, guaranteed lifetime income products during their working years.

REFORM THE REQUIRED MINIMUM DISTRIBUTION (RMD) RULE

Workers and retirees in America today face an increased risk of outliving retirement assets because of longer lifespans. For a married couple at age 65, there is a 73 percent chance of at least one spouse living to age 90 and a 33 percent chance of at least one spouse living to 92. Current law requires that workers and retirees begin taking a Required Minimum Distribution (RMD) when they reach the age of 72. The enactment of the "**Setting Every Community Up for Retirement Enhancement Act**" in 2019 raised the RMD age to 72 from 70½ (where it had been set in 1962 when life expectancies were considerably shorter than they are today). **To allow individual workers and retirees to**

keep their savings longer in tax-deferred retirement accounts, Congress should enact legislation such as the "Retirement Security and Savings Act of 2019" ([S.1431-116th Congress](#)) or the "Securing a Strong Retirement Act of 2020" ([H.R. 8696-116th Congress](#)), to reform the RMD rule by further increasing the RMD age from 72 to at least 75, updating the mortality tables to reflect longer life expectancies, and modifying the RMD rules to exempt certain annuity benefits and payments from the minimum income threshold test.

AUTHORIZE THE FORMATION OF 403(B) POOLED EMPLOYER PLANS (PEPS)

Many 501(c)(3) nonprofits, public educational organizations, and religious institutions face financial and administrative challenges, as well as legal risks, when seeking to offer employees a retirement plan such as a 403(b) plan. As a result, many do not offer a retirement plan to their employees. Nonprofits, public schools, and religious institutions would be far more likely to offer retirement plans for their employees if they can band together to achieve economies of scale and delegate responsibility for sponsoring the plan

to a professional plan fiduciary. **Congress should enact legislation such as the "Securing a Strong Retirement Act of 2020" ([H.R.8696-116th Congress](#)) or the "Improving Access to Retirement Savings Act" ([S.5064-116th Congress](#)) to allow for the formation of 403(b) PEPs for employees of 501(c)(3) nonprofits, public educational organizations, or/and religious institutions.**



CLARIFY THE ELIGIBILITY PERIOD OF THE RETIREMENT PLAN START-UP TAX CREDIT FOR SMALL EMPLOYERS WHO JOIN MEPS OR PEPS

The enhanced tax credit available to small employers when establishing a retirement plan for their employees has successfully expanded access for more small businesses to offer a retirement plan by joining a Multiple Employer Plan (MEP) or Pooled Employer Plan (PEP). While these improvements will help facilitate small businesses' starting and offering retirement savings plans for their employees, the start-up credit appears to not be available to a small business joining a MEP or PEP after the plan's first three years of operation. **Congress should enact legislation such as the "Securing a Strong Retirement**

Act of 2020" (H.R. 8696-116th Congress) or the **"Improving Access to Retirement Savings Act"** (S.5064-116th Congress) to clarify that the three-year start-up credit will apply to small businesses for three years from the time the small business joins the MEP or PEP and not from the time the MEP or PEP begins operations. Clarifying this provision would encourage more small businesses to offer a retirement plan and facilitate greater use of MEPs and PEPs as the means to offer employees a workplace retirement plan.

INCREASE AUTOMATIC ENROLLMENT CONTRIBUTION RATES AND ENHANCE AUTOMATIC PLAN FEATURES

Automatic enrollment in an employer-provided workplace retirement plan has proved to be an extremely effective tool for encouraging Americans to save for retirement. Studies have shown that plans with automatic enrollment features increase participation rates at least 10 percentage points, from 67 percent participation in plans without automatic enrollment to 77 percent. Additionally, employer matching contributions have shown an increased likelihood that an employee will participate in a retirement plan by up to 50 percent, according to the National Bureau of Economic

Research. Current law sets the default rate for automatically enrolled participants at 3 percent of pay without requiring an employer match. **Congress should enact legislation such as the "Retirement Security and Savings Act of 2019"** (S.1431-116th Congress) to increase the automatic enrollment minimum default contributions level to 6 percent with contributions escalating one percent per year, for 4 years, with corresponding employer matching contributions.

HELP EMPLOYEES SAVE FOR RETIREMENT WHILE REPAYING STUDENT LOANS

Student loan debt is a major challenge for American workers who are trying to manage competing financial priorities, including saving for their retirement through workplace plans. Research has shown individuals who have student loan debt have lower workplace retirement balances than those who do not. As a result, student loan debt is impacting the ability of workers to save for their retirement. To better position America's workers who have incurred student loan debt to start building their retirement nest eggs, **Congress should enact the "Retirement Parity for Student Loans Act"** (S.1428-116th Congress), the **"Retirement Security and Savings Act of 2019"** (S.1431-116th Congress), or the **"Securing a Strong Retirement Act of 2020"** (H.R. 8696-116th Congress), to help workers who cannot afford to both save for retirement and pay off their student loan debt. These bills would allow employers to make matching contributions into employees' retirement

accounts based on the amount of workers' student loan payments. **Congress should also enact the "Employer Participation in Repayment Act"** (S.460/H.R.1043-116th Congress), which would expand the existing exemption from an employee's income to the employer-provided education assistance allowed under Section 127 of the Internal Revenue Code to pay for student loans as well as tuition. The exemption, enacted into law as part of the **"CARES Act"** (Public Law 116-136, Section 2206), provides that employees need not treat amounts paid by their employer for tuition payments made before January 1, 2021, as income under the Code. This bill would make this exclusion permanent. These are voluntary benefits that some employers elect to provide to help workers build their retirement savings while paying down their student loan debt and cannot afford to make contributions into a retirement savings plan.



INCREASE THE CATCH-UP CONTRIBUTION LIMITS FOR BABY BOOMERS AND ALLOW CATCH-UP CONTRIBUTIONS FOR QUALIFIED CAREGIVERS

Current law allows employees who have attained age 50 to make catch-up contributions to plans up to a dollar limit set by the Internal Revenue Service each calendar year. However, research conducted by IRI revealed retirement anxiety is growing among Baby Boomers. It showed many Baby Boomers have little to no savings (45 percent have zero retirement savings) for their golden years, forcing many Baby Boomers to postpone retirement. In addition, many Americans leave the workforce, often for multiple years, to provide full-time care to a dependent family member, eliminating their earned income and their ability to participate in an employer-sponsored retirement savings plan. When these Americans return to the workforce, they should have the opportunity to make

catch-up contributions to their retirement accounts so they can achieve a financially secure retirement without extending their time in the workforce. **To help encourage Baby Boomers to save more, Congress should enact the “Retirement Savings and Security Act” (S.1431-116th Congress) or the “Securing a Strong Retirement Act of 2020” (H.R. 8696-116th Congress) to provide a higher catch-up contribution dollar limit for workers who reached age 60. Congress should also enact the “Expanding Access to Retirement Savings for Family Caregivers Act” (H.R. 3078-116th Congress), which would allow qualified caregivers the ability to make catch-up contributions for a period equal to their time spent as a caregiver in years before reaching age 50.**

EXPAND OPPORTUNITIES FOR MILITARY SPOUSES AND MEMBERS OF THE READY RESERVE TO MAXIMIZE THEIR RETIREMENT SAVINGS

Military spouses frequently relocate due to their spouses’ assignment to new posts. Because of the frequency of those moves, military spouses also must change jobs, making it more challenging to participate in a workplace plan and accumulate savings for retirement. **To help military spouses expand their opportunities to save for retirement, Congress should enact the “Securing a Strong Retirement Act of 2020” (H.R. 8696-116th Congress), which provides employers a tax credit if they enroll a military spouse into a workplace retirement savings plan within two months of their hiring.** This will encourage more employers to offer military spouses access to an employer-sponsored retirement savings account and go a long way towards ensuring military spouses are provided with more opportunities to build a retirement nest-egg. In addition to helping spouses of those who serve in our armed forces in seeking a secure and dignified retirement, **Congress should pass legislation such as the**

“Servicemember Retirement Improvement Act” (H.R. 905-116th Congress), which would address an issue created by changes to the Department of Defense (DOD) retirement system to reduce the amount of guaranteed retirement pay for members of the ready reserves. In return for the reduction, the DOD agreed to establish individual retirement accounts for members of the reserves. For this new system to work, an individual would need to make the maximum contribution into the DOD-sponsored IRA. However, if the individual already contributes to an employer-sponsored IRA, they would only be able to contribute the maximum amount allowed by law into one of their IRAs. The bill offers a solution to maximizing their retirement savings by allowing members of the ready reserves to contribute the maximum amount allowable under the law to both their employer- and DOD-IRAs.



OFFER WORKPLACE RETIREMENT PLANS TO EMPLOYEES OF LEGAL CANNABIS BUSINESSES

The **“Controlled Substance Act”** ([Public Law 91-513](#)) does not provide adequate certainty and clarity to facilitate and encourage the offering of retirement plans and individual retirement accounts for workers at cannabis companies that legally operate in their state. Without that certainty and clarity, plan providers are concerned about the risk of violating anti-money laundering laws if they offer retirement plans for employees of a business that engages in activities which are illegal under federal law, even if those activities are legal under state law. As more states pursue and enact laws to legalize cannabis, the industry’s

workforce will very likely continue to grow. **To provide opportunities to workers in the cannabis industry to save for retirement at their workplace, Congress should enact legislation such as the “Secure and Fair Enforcement Banking Act of 2019”** ([S.1200/H.R.1595-116th Congress](#)), **which would provide protection and insulation from liability for both participants in and institutions offering and administering retirement plans or individual retirement accounts for the employees of cannabis companies who are regulated and licensed by a state.**

Facilitate and Encourage Greater Access and Use of Protected Lifetime Income Products to Produce Sustainable Income During Retirement

ALLOW BROADER USE OF QLACS

Treasury Department regulations have created a barrier that limits the amount a retirement saver can save when purchasing a qualifying longevity annuity contract (QLAC), thereby, reducing their ability to insure against outliving their savings throughout their retirement years. **Congress should enact legislation such as the “Retirement Security and Savings Act of 2019”** ([S.1431-116th Congress](#)) **or the “Securing a Strong Retirement Act of 2020”** ([H.R. 8696-116th Congress](#)), **which would direct the Secretary of the Treasury to eliminate the existing barriers and make QLACs more available.** The legislation would remove these barriers and afford more workers and retirees the opportunity to insure

against the risk of outliving their accumulated retirement savings, keep more of their tax-deferred savings longer and provide the workers and retirees with protected guaranteed monthly income throughout their lifetime. The legislation would also ease the administrative challenges associated with rolling over funds to purchase a QLAC, allow larger contributions into QLACs so individuals can meet their longevity protection needs, and clarify that a divorce occurring after a QLAC is purchased but before payments commence will not affect the permissibility of the joint and survivor benefits previously purchased under the contract.

FACILITATE THE USE OF LOW-COST ETF INVESTMENTS IN VARIABLE ANNUITIES

Exchange-traded funds (ETFs) are pooled investment vehicles providing instant access to a well-diversified, low-cost, high-value investment portfolio for individuals saving for retirement. Currently, ETFs are widely available through retirement plans, IRAs, and taxable investment accounts but generally are not available within variable insurance products. An annuity ETF structure could offer consumers lower-cost investment options and appeal to the fee-based advisory market, primarily utilizing ETF structures for client accounts. Due to the way ETFs are structured, current Treasury Department regulations, which pre-date

ETFs, have created a technical gap that prevents ETFs from being included on the menu of investment options offered in variable insurance products. **While there remain some operational challenges to including ETFs as options within variable annuities, Congress should enact legislation, such as the “Retirement Security and Savings Act of 2019”** ([S.1431-116th Congress](#)) **or the “Securing a Strong Retirement Act of 2020”** ([H.R.8696-116th Congress](#)), **which would direct the Treasury Department to amend its regulations to allow ETFs to be offered within variable insurance products.**



AUTHORIZE EXPANDED USE OF LIFETIME INCOME PRODUCTS AS DEFAULT INVESTMENT OPTIONS

The ***"Pension Protection Act of 2006"*** ([Public Law 109-280](#)) created qualified default investment alternatives (QDIAs), which have proven to be an important step forward in enhancing the retirement security of America's workers. However, the current QDIA regulations from the Department of Labor create a barrier for the use of certain investments, such as annuities, that do not meet specified liquidity requirements. This has prevented plan sponsors from utilizing protected guaranteed lifetime income products as a default investment option for workers who fail to select investments for amounts contributed to workplace retirement plans. While existing

QDIA options provide participants with the ability to accumulate assets, such participants are given no way to convert their savings into protected guaranteed lifetime income during their retirement years. **To remove this barrier, Congress should enact legislation such as the *"Lifetime Income for Employees Act"*** ([H.R.8990-116th Congress](#)), which would allow plan sponsors to utilize annuities that provide a guaranteed return on investment and have a delayed liquidity feature as the default investment vehicle for a limited portion of contributions made by participants who have not made investment selections.

CLARIFY FIDUCIARY STATUS FOR PROVIDERS OF GUARANTEED PRINCIPAL PRODUCTS IN WORKPLACE RETIREMENT PLANS

Many insurance companies offer products backed by the assets in their general account that protect principal while providing interest at higher rates than other available options. Recently, the issuers of these products have been targeted by lawsuits seeking to hold them liable as fiduciaries under ERISA despite the existing statutory exception for general account products. This inhibits insurers from offering such products to plan participants without violating ERISA's stringent prohibited transaction rules. Moreover, attaching ERISA fiduciary status to the issuers of general account products is unnecessary to

protect retirement savers, as plan sponsors are already subject to fiduciary duties under ERISA when deciding whether to offer these products to their plan participants. **Congress should enact legislation such as [H.R.7278-115th Congress](#), which would amend the *"Employee Retirement Income Security Act of 1974"*** ([Public Law 93-406](#)) to clarify that the offering and sale of general account products would not trigger fiduciary status in order to ensure that retirement savers can continue to use these valuable products to achieve their retirement goals.

REDUCE THE AGE REQUIREMENT FOR IN-SERVICE ROLLOVERS TO PURCHASE LIFETIME INCOME PRODUCTS

Under Internal Revenue Service (IRS) rules, an employee who participates in an employment-based retirement plan faces a tax penalty if they take a distribution from a qualified, employer-sponsored retirement plan, without leaving the employer before reaching the age of 59 ½ to purchase an annuity or other guaranteed lifetime income product. **Congress should amend the IRS**

Code to allow plan participants aged 50 and older to initiate special in-service rollover rules for the purchase of deferred income annuities. Enabling such purchases of deferred income annuities would help facilitate greater access to lifetime income products for participants at an earlier age.



✓ **Preserve and Promote Access for Retirement Savers to Professional Financial Guidance**

PROMOTE ADOPTION AND UNIFORM IMPLEMENTATION OF BEST INTEREST STANDARDS OF CONDUCT FOR FINANCIAL PROFESSIONALS ACROSS REGULATORY JURISDICTIONS

Federal and state regulators have recently enhanced the standard of conduct for financial professionals who provide personalized advice about investments and/or insurance to retail consumers. Much like the fiduciary standard that applies to registered investment advisers, this new framework requires financial professionals to act in their client's best interest without putting their own interests ahead of their clients. However, it also recognizes that a one-size-fits-all solution is not appropriate as many clients neither want nor need ongoing advice

from a fiduciary or the additional fees associated with this service. **Before making any significant changes to this newly established framework, federal and state policymakers should objectively assess how the regulatory framework is working in practice to ensure that America's workers and retirees are protected by a clear, consistent, and workable best interest standard without depriving them of access to valuable financial products and services.**

REDUCE THE REGULATORY BARRIERS TO THE DEVELOPMENT AND OFFERING OF INNOVATIVE PRODUCTS SUCH AS REGISTERED INDEX LINKED ANNUITIES

Registered Index-Linked Annuities (RILAs) offer a way for investors to bring a balance to their retirement savings portfolio by allowing the purchaser the opportunity to participate in some market growth along with a reduced downside exposure to partially protect the investor from market losses. The current regulatory framework has created a significant barrier preventing this innovative retirement income product from being offered by more companies and used by more investors, which effectively impairs consumer choice without any corresponding benefit to consumers. To encourage innovation and ensure investors can easily find the information they need about RILAs and other innovative new products without having

to wade through irrelevant, excessive, and confusing disclosure documents, the SEC should develop new registration forms more closely tailored to the products being offered, rather than relying on existing forms which were designed for use in connection with equity offerings and are not designed or well-suited for insurance products. **In the absence of voluntary action by the SEC, Congress should enact legislation such as the "Registration for Index Linked Annuities (RILA) Act" ([S.3795/H.R.6994-116th Congress](#)), which would direct the SEC to remove a barrier inhibiting the use of an innovative retirement income product by developing a new registration form better suited for insurance products.**

STREAMLINE HOW CONSUMERS RECEIVE ELECTRONIC DOCUMENTS SUCH AS STATEMENTS AND ACCOUNT INFORMATION

Technology has become dramatically more available and reliable in the past twenty years since the enactment of the current laws governing electronic communications for commerce. With internet browsers and electronic forms free to use through the public domain and generally standardized, the concerns of the drafters of the "**E-SIGN Act of 2000**" ([Public Law 106-229](#)) that Americans would not be able to access the programs necessary to receive electronically transmitted documents have not materialized.

Congress should enact legislation, such as the "E-SIGN Modernization Act of 2020" ([S.4159-116th Congress](#)), which would streamline how consumers receive electronic communications by removing outdated requirements while ensuring retirement savers are able to continue to choose how they want to receive and access their financial information.



PROMOTE INTERSTATE E-COMMERCE BY RECOGNIZING REMOTE AND ELECTRONIC NOTARIZATIONS PERFORMED BY A NOTARY PUBLIC REGARDLESS OF THE STATE IN WHICH THE NOTARY IS COMMISSIONED

The COVID-19 pandemic dramatically changed the way Americans go about their daily lives and conduct business. Social distancing measures became necessary to combat the spread of the virus, and many businesses adopted digital solutions. However, various laws and rules applicable to the insured retirement industry require individuals to be physically present to conduct business and access the products and services needed to prepare for their retirement. While both federal and state regulators responded to the pandemic by authorizing temporary relief measures, making the temporary relief measures permanent would best serve

retirement savers. **Congress should enact legislation, such as the “Securing and Enabling Commerce Using Remote and Electronic Notarization Act of 2020” (S.3533/H.R.6364-116th Congress), which would establish minimum federal standards for the nationwide use of remote online notarizations and ensure that all 50 states, the District of Columbia, and territories of the United States recognize the use of current technologies for interstate notarizations and essential transactions executed in the conduct of interstate commerce.**

ESTABLISH A NATIONAL, ONLINE LOST AND FOUND FOR AMERICANS’ RETIREMENT ACCOUNTS

Workers in America today change jobs more frequently and they often leave retirement savings in plans maintained by their previous employers. Over the past decade, 25 million workplace retirement plan participants changed jobs and left behind a retirement savings plan. Millions more have left two or more accounts. This has resulted in roughly \$8.5 billion in “lost” retirement savings. To facilitate workers tracking their past and possibly forgotten workplace retirement accounts, **Congress should enact legislation,**

such as the “Retirement Savings Lost and Found Act of 2020” (S.4192/H.R.7439-116th Congress) or the “Securing a Strong Retirement Act of 2020” (H.R.8696-116th Congress), which would establish a national, digital database utilizing information already provided to the Department of Treasury, where retirement savers can locate their former employer-sponsored retirement savings accounts to ensure they are not leaving retirement savings behind

EXTEND RETIREMENT SAVINGS COUNSELING TO FEDERAL STUDENT LOAN, JOB TRAINING, AND APPRENTICESHIP RECIPIENTS

The federal government has mandated financial counseling for federal student loan borrowers when entering and exiting college to improve college students’ financial literacy; however, these counseling sessions do not provide any information about the many workplace retirement savings choices presented when they graduate college and enter the workforce. This lack of education about workplace retirement savings options is also an issue for those individuals who have completed a federally funded job training or apprentice program as they enter the market searching for employment. **Congress should enact a law**

to include retirement savings as an element of federal student loan borrowers’ exit counseling requirements and extend this counseling to recipients of federally funded job training and apprentice programs. By adding and extending retirement savings counseling, the beneficiaries of these federal financial assistance and training programs will be empowered with information about the different types of retirement savings accounts and risk options to help them make well-informed decisions about developing their own sustainable retirement savings strategies during their working years.



✓ Increase Protections to Safeguard Americans from Financial Exploitation and Fraud

AUTHORIZE AND INCREASE FEDERAL RESOURCES TO STATE ADULT PROTECTIVE AGENCIES

Many recent federal and state laws and regulations have empowered financial industry professionals to report suspected elder financial exploitation cases to appropriate government agencies, such as state Adult Protective Services (APS). Unfortunately, APS offices across the country are underfunded, leaving them without enough staff or resources to thoroughly investigate an increasing number of reports of suspected financial abuse. While these agencies are primarily funded by their individual state, additional funds can be obtained through various federal grant programs, such as those established by the Consumer Financial Protection Bureau (CFPB) under the **“Dodd-Frank Wall Street Reform and Consumer Protection Act”** ([Public Law 111-203](#)). While the CFPB has the authorization to provide grant funding, it has not been implemented due to alleged funding hindrances. **Congress should adopt legislation, such**

as the “Empowering States to Protect Seniors from Bad Actors Act”, as proposed by the National Association of Insurance Commissioners and the North American Securities Administrators Association, to ensure the CFPB delivers the needed funds to the grant programs. Additionally, Congress should enact legislation to amend the “Older Americans Act of 1965” ([Public Law 89-73](#)), **such as the “Elder Protection and Abuse Prevention Act”** ([H.R.6744-115th Congress](#)), **to authorize federal assistance for under-funded state APS agencies to help them combat financial exploitation of older Americans. Congress should also enact legislation to increase the amounts appropriated to support these and other similar federal programs to ensure state APS agencies have the resources they need to investigate and prosecute suspected abuse and exploitation of the growing population of older Americans.**

INCREASE PROTECTIONS AND SAFEGUARDS FOR PERSONAL FINANCIAL INFORMATION

With the ever-increasing use of digital solutions, it is vital that protections are in place to safeguard consumers’ personal data, provide a uniform privacy standard, and ensure consistent breach notification processes to better protect consumers. **Congress should enact legislation to establish federal standards for security, privacy,**

and notification preempting the growing patchwork of state regulatory regimes. Any legislation enacted by Congress should consider the unique aspects of various sectors while providing a broadly applicable framework and rely on regulatory enforcement rather than enforcement by a private right of action.

PROHIBIT THE PRIVATE COLLECTION OF TAX DEBT FOR OLDER AMERICANS

One of the most prevalent scams targeting senior citizens involves persons impersonating IRS officials seeking to collect past due tax debt. These bad actors have an air of authenticity because of an Internal Revenue Service (IRS) mandated to use private collection agencies to collect tax debts. Since 2013, more than 2.4 million Americans have been targeted by scammers impersonating IRS officials, and more than 14,700 taxpayers have lost more than \$72.8 million. In these cases, criminals generally threaten victims with foreclosure, arrest, or deportation if payment is not made. **To help prevent older Americans from**

becoming victims of such scams, Congress should amend the law mandating the IRS’s use private debt collection agencies to prohibit the assignment of tax-debt of any individual over the age of 65 to any authorized private tax debt collection agencies. The proposed amendment would require the tax debt for these older Americans to be pursued only by the IRS. Such a prohibition will help prevent older Americans from becoming victims of this scam and potentially losing their hard-earned savings.



Maintain and Augment the Current Tax Treatment of Retirement Savings

MAINTAIN TAX-DEFERRED TREATMENT FOR RETIREMENT SAVINGS

Tax-deferral for retirement savings plays a vital role in spurring America's economic growth and serves as a strong incentive for workers to accumulate retirement savings during their working years. Research conducted by IRI shows workers will save less if tax deferral is reduced or eliminated.

Congress should continue to promote retirement savings by maintaining its tax-deferred treatment as a necessary tool that helps America's workers to plan for and achieve a secure and dignified retirement.

PROTECT THE CURRENT STRUCTURE AND DIVERSITY OF WORKPLACE RETIREMENT PLANS

There are several types of employment-based defined contribution retirement plans designed to meet employers' and workers' needs in various employment sectors, including the private, governmental, church, educational, and nonprofit sectors. The most prominent types are 401(k), 403(b), and 457(b) plans. Proposals to consolidate these

different structures into a single type of plan fail to recognize the important distinctions between these different employment sectors. **Congress should maintain and protect the diverse array of retirement plan structures, rather than attempting to devise a single framework that could meet a wide variety of needs.**

PROVIDE FAVORABLE TAX TREATMENT FOR GUARANTEED LIFETIME INCOME

Distributions and withdrawals from guaranteed lifetime income products - like annuities - are currently taxed as ordinary income. However, these products provide significant social and economic benefits. By helping older Americans avoid outliving their assets, lifetime income from annuities can reduce pressure on Social Security

and other social safety nets. **Congress should create tax incentives - such as a lower tax rate, an exclusion of a portion of lifetime annuity income from taxation, or an increased catch-up contribution - to encourage greater use of guaranteed lifetime income products.**

ENHANCE THE START-UP TAX CREDIT TO ENCOURAGE SMALL BUSINESS TO ESTABLISH WORKPLACE PLANS

Current law allows small employers to receive a tax credit equal to half of the cost associated with starting a workplace retirement plan. While the enactment of the **"Setting Every Community Up for Retirement Enhancement Act"** ([Public Law 116-94](#)) increased the annual cap allowed for this tax credit, the increased percentage has not encouraged more small employers to offer their employees the opportunity to save for their retirement at their workplace. According to the Bureau of Labor Statistics, more than 50 percent of private-

sector workers employed by a small business with 50 or fewer employees do not have access to a defined contribution retirement savings plan. **Congress should enact legislation such as the "Retirement Security and Savings Act of 2019"** ([S.1431-116th Congress](#)) **or the "Securing a Strong Retirement Act of 2020"** ([H.R. 8696-116th Congress](#)) **to increase the start-up tax credit percentage available to small businesses with 50 or fewer employees.**



2021 ADVOCACY BLUEPRINT

CREATE OPPORTUNITIES FOR THE USE OF INNOVATIVE FINANCING MECHANISMS TO SUPPORT REBUILDING OUR NATION'S INFRASTRUCTURE

The life insurance industry is one of our nation's largest institutional investors, with \$6.5 trillion invested in the United States today. The industry employs a unique investment strategy whereby it seeks to deploy capital to long-term, highly illiquid assets that can generate predictable revenue over their life, providing a better return, and reduce reinvestment risk. Infrastructure investments are ideal investments for the industry, as evidenced by its \$60 billion of investments in "Build America Bonds," a program authorized in 2009 in the **"American Recovery and Reinvestment Act"** ([Public Law 111-5](#)). This program matched up perfectly with the long-term investment needs

of life insurers. The funding provided by the industry's purchase of these bonds provided capital to finance projects in all 50 states, the District of Columbia, and two territories.

As Congress considers legislation to invest in our nation's infrastructure, it should permanently reinstate the Build America Bonds program, as contemplated by the "Moving Forward Act" ([H.R.2-116th Congress](#)) or the "American Infrastructure Bonds Act" ([S.4203-116th Congress](#)), to attract and leverage the significant investment resources of the life insurance industry to finance all types of infrastructure projects.

CLARIFY THE IRC §199A DEDUCTION APPLIES TO FINANCIAL PROFESSIONALS

The **"Tax Cuts and Jobs Act"** ([Public Law 115-97](#)) created §199A, a 20 percent deduction on "qualified business income" for owners/shareholders of pass-through businesses, such as S corporations, partnerships, and sole proprietorships. However, owners and shareholders of certain types of businesses – the "specified service trades or businesses" – are limited in their ability to apply the 20 percent deduction if their overall taxable income exceeds certain thresholds. Unfortunately, financial advisors, financial planners, and investment advisers currently fall under this definition. As a result, they are unfairly and unintentionally disadvantaged, and their ability to invest in and build their businesses is

diminished. These financial service professionals employ thousands of individuals across the United States and are community leaders, supporting millions of clients by aiding on a wide range of issues, dealing with challenges such as how to create a savings plan and how to plan for family transitions. **Congress should amend the Internal Revenue Code (IRC) §199A to allow these business owners to fully benefit from this new deduction by clarifying financial advisors, financial planners, and investment advisers qualify as "qualified trades or businesses" and not considered "specified service trades or businesses."**

EXAMINE OPPORTUNITIES TO MAKE LONG-TERM CARE INSURANCE MORE TAX ADVANTAGED, AFFORDABLE AND ACCESSIBLE

The number of Americans who will require long-term care services is expected to increase significantly, with seventy percent of people who are turning 65 expecting to require long-term care in their lifetime. However, the current public long-term care insurance financing system is already stretched thin, as millions of American retirees and their families are forced to tap into savings to pay for the increasing costs associated with their long-term care needs. Most Americans either do not understand the financial risks they may face because of a long-term care event or do not adequately prepare for the costs of long-term care as part of their retirement planning. As a result, demand is growing for innovative private-sector solutions. **Congress should conduct**

hearings to examine the threat posed by the potential cost of long-term care to our nation's retirement income security and explore solutions such as the "Long-Term Care Affordability Act" ([S.4820-116th Congress](#)). Through those hearings, Congress should develop a comprehensive national long-term care financing proposal to address this challenge through legislative and regulatory changes promoting private-sector innovation and development of new products designed to increase tax-advantaged, accessible, and affordable private long-term care insurance options, including allowing the use of tax-exempt retirement plan distributions to pay for long-term health care insurance.