



February 7, 2024

The Honorable Richard Neal  
Ranking Member  
Committee on Ways and Means  
United States House of Representatives  
327 Cannon House Office Building  
Washington, DC 20515

Dear Ranking Member Neal:

The Insured Retirement Institute (IRI)<sup>1</sup> writes to express support for the *Automatic IRA Act of 2024*. The bill would greatly expand the opportunity for America's workers to save for retirement by requiring that all employers offer and maintain a retirement plan into which employees would be automatically enrolled while retaining the ability to opt-out. It will also make employer-sponsored retirement plans available to individuals who provide services to the employer that do not constitute employment. Further, the bill would significantly reduce the anxiety many workers and retirees feel about running out of savings during retirement by requiring the plan to offer its participants a lifetime income solution as a distribution option. These measures included in the bill are all policy objectives that align with solutions IRI has long advocated to expand workers' opportunities to save for retirement and facilitate greater use of guaranteed, protected lifetime income solutions.

### **Expanding Access to Workplace Retirement Savings Plans**

Workers across the United States are not saving enough for retirement. For many, this results from lack of access to employer-sponsored retirement plans. Among those hit hardest by a lack of access to workplace retirement savings plans are the 48% of our nation's workers employed by small businesses.<sup>2</sup> Of those employed at small businesses, 47% do not have access to workplace plans.<sup>3</sup> Further, of those workers lacking access to employer-sponsored retirement savings, 64% are Latino, 53% are Black, and 45% are Asian<sup>4</sup> – making it more difficult for those workers to accumulate savings and build generational wealth.

By requiring all businesses to offer their employees a workplace retirement savings plan, either in the form of an individual retirement account (IRA) or a retirement plan – such as a 401(k), 403(b), or SIMPLE IRA – Congress will take another step toward addressing the challenges America's workers face during their working years to build a nest-egg so that they may enjoy a secure and dignified retirement.

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<sup>1</sup> The Insured Retirement Institute (IRI) is the leading association for the entire supply chain of insured retirement strategies, including life insurers, asset managers, broker-dealers, banks, marketing organizations, law firms, and solution providers. IRI members account for 90 percent of annuity assets in the U.S., include the foremost distributors of protected lifetime income solutions, 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.irionline.org](http://www.irionline.org).

<sup>2</sup> ["Re-imagining Retirement Amid New Uncertainty 2020"](#), A Report of the Aspen Institute's Fourth Leadership Forum on Retirement Savings, October 2020.

<sup>3</sup> ["Fact Sheet: Final Rule on Association Retirement Plans \(ARPs\)"](#), U.S. Department of Labor, July 2019.

<sup>4</sup> ["Studies Spotlight Racial, Ethnic Gaps in Retirement Savings"](#), AARP, July 2022.

A study<sup>5</sup> of the impact the *Automatic IRA Act* would have if enacted into law found that an additional \$7 trillion in retirement savings would be generated, creating 62 million new retirement savers over ten years – including 10.8 million new Latino savers and seven million new Black savers. Ninety-eight percent of those new savers earn less than \$100,000 annually.

## **The SECURE Act and the SECURE 2.0 Act Provide a Strong Foundation to Support Implementation for Employers**

This bill builds on and uses measures included in the bipartisan *SECURE Act of 2020*<sup>6</sup> and *SECURE 2.0 Act of 2022*,<sup>7</sup> laws enacted during the last two sessions of Congress. Those new laws are serving to strengthen and enhance retirement security and are helping to ease workers' anxiety about their financial security during their retirement years. Most importantly, several measures included in the laws will make the implementation of the *Automatic IRA Act* easier, simpler, and less costly for small businesses.

For example, the *SECURE Act of 2020* authorized pooled employer plans (PEPs), which reduce the administrative cost of plan sponsorship and produce economies of scale for the small business employers that participate. Employers who choose a PEP are also eligible for up to \$15,000 in tax credits for the first three years of participation – further reducing administrative costs. The *SECURE 2.0 Act of 2022* expanded the retirement plan start-up tax credit to cover 100 percent of the expenses for businesses with fewer than 50 employees. The *SECURE 2.0 Act* also established a tax credit for employers who must provide automatic enrollment as a feature of their employees' retirement plans. All of these measures that have already been enacted into law will help to make it easier and simpler for small businesses to comply with the minimal additional requirement the *Automatic IRA Act* would establish for small business employers.

## **Making Lifetime Income Products More Readily Available**

In addition to requiring the offering of an employer-sponsored retirement plan, the *Automatic IRA Act* will provide plan participants with account balances of \$200,000 or more the option to take a distribution of at least 50 percent of their vested account balance in the form of a guaranteed, protected lifetime income solution. IRI research<sup>8</sup> found that older workers are very interested in having protected lifetime income solutions included in their defined contribution retirement plans. Seventy percent of workers aged 40-45 say they are very or somewhat likely to allocate a portion of their retirement plan assets into lifetime income solutions. Eighty-seven percent believe it is important that the income generated from their retirement savings is protected for life. Requiring this option in a retirement plan authorized by the *Automatic IRA Act* will expand opportunities for workers to obtain the longevity protection they seek to ensure they do not outlive their savings by providing them with a guaranteed monthly income to sustain them throughout their retirement years.

By requiring small business employers to offer a protected lifetime income solution in an automatic contribution plan, defined contribution plan participants can obtain the benefits of a more traditional pension that many retirees desire. It is clear from the research IRI and others have conducted that an overwhelming majority of small business employees want to have retirement plan products that offer protected guaranteed income for life among their distribution options. Additionally, the research demonstrates that the insured retirement industry is ready to provide in-plan lifetime income solutions via products that are already readily available.

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<sup>5</sup> [Letter of Support Retirement Subtitle "Build Back Better Act"](#), Page 2, Footnote #s 3-5, ARA, September 2021

<sup>6</sup> The *Setting Every Community Up for Retirement Enhancement Act of 2020* ([Public Law No. 116-34, Div. O](#))

<sup>7</sup> The *SECURE 2.0 Act of 2022* ([Public Law No. 117-328, Div. T](#))

<sup>8</sup> ["Retirement Readiness Among Older Workers 2021"](#), Insured Retirement Institute, September 2021.

## Shoring Up Benefits for Gig Workers

Lastly, another benefit of the bill is expanding opportunities for the 73.3 million<sup>9</sup> gig economy workers in the United States today. The bill directs the Secretary of the Treasury, through regulations or guidance, to make available the employer-sponsored retirement plans offered to their employees to individuals who provide services to an employer that do constitute employment. Providing gig workers with access to retirement savings will help strengthen and enhance their opportunities to achieve long-term financial security.

## Summation

For the above reasons, IRI is proud to reiterate support for the *Automatic IRA Act of 2024*. The bill is a solution that will provide workers, particularly those employed by small businesses, more opportunities to save for retirement during their working years. It also will make protected, guaranteed lifetime income solutions that can provide sustainable income throughout an individual's retirement years more readily available to help individual ensure their long-term retirement security. IRI urges you, your colleagues on the U.S. House of Representatives Committee on Ways and Means, and all members of Congress to quickly advance the *Automatic IRA Act of 2024*.

IRI thanks you for your dedicated leadership in pursuing this solution to help more Americans achieve a financially secure retirement. We welcome the opportunity to continue working with you and your staff to advance the *Automatic IRA Act*. If you have any questions, please do not hesitate to contact us at [prichman@irionline.org](mailto:prichman@irionline.org) or (202) 469-3004, or John Jennings, Director of Government and Political Affairs, at [jjennings@irionline.org](mailto:jjennings@irionline.org) or (202) 469-3017.

Sincerely,



Wayne Chopus  
President and CEO  
Insured Retirement Institute



Paul Richman  
Chief Government & Political Affairs Officer  
Insured Retirement Institute

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<sup>9</sup> ["The State of Gig Work in 2021,"](#) PEW Research Center, December 2021.