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# Congress considers how retirees can keep funds flowing

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After years of advancing policies to help workers accumulate a nest egg, Congress is now working on how to help Americans manage those savings over decades of retirement.

The House is expected to vote next week on a retirement savings bill (**HR 2988**) that would amend the Employee Retirement Income Security Act to require that retirement plan fiduciaries prioritize maximizing returns when they select retirement investments.

And lawmakers and witnesses at a House Education and Workforce Subcommittee on Health, Employment, Labor and Pensions hearing Wednesday said retirees can take a lump sum out of their retirement savings but not know how to make it last.

"Congress has enacted policies to encourage participation and savings in these plans," Chairman **Rick W. Allen**, R-Ga., said. "Today, we turn our attention to what happens when workers retire — specifically, how retirees draw down their defined contribution plan balances."

Most employer retirement programs are set up as defined contribution plans. Unlike defined benefit plans, they don't provide a set amount of retirement income.

Allen said there is an opportunity to enhance defined contribution plans by allowing them to include so-called lifetime income options. Those products often are annuities.

"The retirement industry and Congress can work together to support predictable income streams and help retirees manage longevity risk and market fluctuations during retirement. Maximizing retirement savings is a shared goal," Allen said.

Ranking member **Mark DeSaulnier**, D-Calif., said the issue of boosting retirement savings should be bipartisan but also offered a word of caution about annuities.

He noted that the Department of Labor issued a rule in 2008, and Congress passed a law (**PL 116-94**) in 2019, both of which allowed for greater use of annuities in retirement plans.

"If there is bipartisan interest in going beyond what Congress has already done, we must proceed carefully . . . as these kinds of investments can be costly, opaque, and complex," DeSaulnier said. "And we want it to be easy for everyone to analyze their risk assessment."

***[Related:** Push for annuities could help seniors ... and insurance industry**]***

A law enacted in 2022 (**PL 117-328**) allowed fixed annuities to be added to 401(k) plans.

Rep. **Donald Norcross**, D-N.J., sponsored a bill in the previous Congress that would allow employers to make annuities a default option in 401(k) plans and expand the types of annuities to include fixed indexed and variable annuities.

The measure, which was backed by Education and Workforce Chairman **Tim Walberg**, R-Mich., has not been reintroduced in this Congress.

At Wednesday's hearing, Norcross said there's bipartisan interest in helping retirees ensure they don't outlive their savings.

"That's the nightmare," Norcross said. "How much do you withdraw each month?"

Surya Kolluri, head of the TIAA Institute, said lawmakers should consider how to provide retirees with as many options for withdrawal as they have for accumulation.

"Let's give them choices in addition to the lump sum, with some education," Kolluri said.

Wayne Chopus, CEO of the Insured Retirement Institute, said annuities can ensure lifetime-guaranteed income, just as defined benefit plans did.

"Annuities provide mailbox money to ease financial stress and replace uncertainty with the steady reassurance of monthly checks that arrive like clockwork, lifting a burden from retirees' shoulders," Chopus told lawmakers.

Nari Rhee, director of the Retirement Security Program at the University of California, Berkeley, told lawmakers there should be "guardrails" around the use of annuities in retirement plans, such as protections against excessive cost and disclosure requirements.

"There should be a high level of fiduciary care," Rhee said.

Rep. **Lucy McBath**, D-Ga., said she would support using annuities in retirement plan if there were appropriate guardrails. But she said that is only a partial answer to concerns about the level of Americans' retirement savings.

"The most effective way to solve this problem is to save Social Security," McBath said.

Rep. **Mark Takano**, D-Calif., said only people with about $250,000 or more in retirement savings would really have the amount of savings needed to use an annuity. Most Americans don't have much of a nest egg.

"This hearing is really focused on a very elite problem," Takano said. "I think the bigger problem for us . . . in Congress is we have a huge nation of people who are facing retirement only with Social Security [and] maybe a little bit of equity in their houses. And this is the underlying anxiety of America and a huge political problem for us all."

## Floor action

The measure expected on the floor next week relates to a Biden-era Department of Labor rule from 2022 that allowed plan fiduciaries to consider climate change and other environmental, social and governance factors when choosing investments. The DOL said allowing ESG considerations would help investors make the best decisions about how to increase and protect their savings.

The bill on the floor next week would codify that so-called pecuniary factors — or those related to financial returns — should be the criteria for investment selection.

"Americans' hard-earned retirement savings should never be jeopardized by politically-motivated mismanagement," Allen said in an April 29 press release when the bill was introduced.

"Unfortunately, the Biden-Harris Administration made this possible with an overreaching rule that allows fiduciaries to aggressively invest retirees' money in ESG funds — which often charge steeper fees, carry higher risk, and have lower returns."

**Tagged:** **ESG**, **Financial Services**, **Individual Retirement Accounts**, **Pensions & Retirement**, **Retirement**

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**Bills**

**HR2988**

A bill to amend the Employee Retirement Income Security Act of 1974 to specify requirements concerning the consideration of pecuniary and non-pecuniary factors, and for other purposes.

Status Chart

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**Members**

**Rep. Takano (D-Calif.)**

**Rep. Allen (R-Ga.)**