

December 18, 2020

The Honorable Chuck Grassley
Chairman
Committee on Finance
United States Senate
135 Hart Senate Office Building
Washington, DC 20510

Re: Letter of Support for the *Improving Access to Retirement Savings Act*

Dear Chairman Grassley:

On behalf of the nearly 30,000 members of the American Retirement Association (ARA), we hereby express our strong support for the *Improving Access to Retirement Savings Act*.

The ARA is the coordinating entity for its five underlying affiliate organizations representing the full spectrum of America's private retirement system – the American Society of Enrolled Actuaries (ASEA), the American Society of Pension Professionals and Actuaries (ASPPA), the National Association of Plan Advisors (NAPA), the National Tax-Deferred Savings Association (NTSA), and the Plan Sponsor Council of America (PSCA). The ARA's members include organizations of all sizes and industries across the nation who sponsor and/or support retirement saving plans and are dedicated to expanding on the success of employer-sponsored plans. The ARA and its underlying affiliate organizations are diverse but united in their common dedication to the success of America's private retirement system.

Our members help American workers bolster their retirement security by facilitating well-designed workplace-based retirement savings plans. For most Americans, the key to a successful retirement is having access to a workplace savings program. Workers earning between \$30,000 and \$50,000 are 12 times more likely to participate in a defined contribution plan when it is offered to them at work than if they save on their own in an IRA¹. We recognize that, despite our best efforts, far too many Americans lack access to a retirement plan at work.

Fortunately, under your leadership, Congress is taking concrete action to address this retirement plan coverage gap, starting with your latest retirement savings legislation. Your bill, the *Improving Access to Retirement Savings Act* includes three key provisions that does what the title of the legislation suggests. Two provisions address issues with respect to multiple employer plans (MEPs), building upon the improvements made to these arrangements in the *Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019*. The first provision would allow 403(b) plans generally sponsored by charities and public educational organizations, to participate in MEPs. The second provision would allow employers who wish to join an existing MEP to receive the small employer pension plan startup credit. These provisions would improve access to high-quality low-cost retirement plans for the benefit of rank-and-file workers.

The third provision encourages retirement plan sponsors to adopt automatic enrollment and automatic escalation features that improve coverage by creating a safe harbor for corrections of enrollment failures. Under current law, businesses that adopt automated features could be subject to significant penalties

¹Vanguard, *How American Saves 2018* (DC plan participation); Employee Benefits Research Institute (EBRI) estimate based on 2014 IRS SOI tabulation (IRA-only participation)

even if honest mistakes are made, a key reason why many small businesses are hesitant to adopt these features in their retirement plan. The legislation would ease that concern by allowing a grace period to correct, without penalty, reasonable errors in administering automatic enrollment and automatic escalation features.

The American Retirement Association thanks Chairman Grassley for introducing this important piece of legislation and we look forward to working with you to ensure its prompt enactment into law during the 117th Congress.

Sincerely,

A handwritten signature in black ink, appearing to read "B.H. Graff".

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

Will Hansen
Chief Government Affairs Officer
American Retirement Association