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COMMITTEE on FINANCE
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# Wyden Statement at Finance Committee Markup to Consider Retirement Legislation

*As Prepared for Delivery*

This morning the Finance Committee meets to consider a proposal called the *Enhancing American Retirement Now Act*, or the EARN Act. It includes more than 70 proposals aimed at helping more Americans save — the culmination of months of collaboration between just about every member of the committee, Democrat and Republican.

It starts with the proposition that helping people save is key to an economic system that gives everybody a chance to get ahead. Particularly for people of modest incomes and the middle class, the system on the books today isn't doing enough to help them set money aside.

The need for reforms is even more urgent at a time when prices are rising and eating into family budgets. More Americans are now reporting that they expect they won't have enough set aside to retire anytime soon, and the number of retirees who are going back to work is climbing.

That's why it's so important for the Congress to act, and this committee is leading the way. I'll tick through four major reforms in the EARN Act.

First, the bill includes a pair of important upgrades to the Saver's Tax Credit. For the first time, the Savers Tax Credit will be deposited directly into a worker's IRA or 401(k) account, rather than lumped into any tax refund. This will unlock even greater savings potential with added interest and earnings on that deposit. Also for the first time, the saver's credit will be fully refundable, which means workers of modest incomes will get an additional boost to their savings they couldn't get before.

Taken together, these changes make the saver's credit a much more powerful tool to help working people and middle-class Americans prepare for retirement. Roughly twice as many workers will qualify — up to 77 million. For a typical Oregon worker who participates in my state's OregonSaves program, the EARN Act will deliver a 50 percent boost to their savings by the time they reach retirement. These are changes I've sought for five years, and they are key to giving all Americans the chance to get ahead.

Number two, there will be a new saving opportunity for people buried under student loans. Here's the issue. Millions of Americans have loads of student loan debt they typically pay off every month. By the time they pay for food, rent, utilities, the car, and those student loan payments, many people don't have anything left over to participate in their employer's retirement plan.

The EARN Act says they will no longer have to forego that opportunity to save. For the first time, people making student loan payments will qualify to participate in their employer's retirement plan. While they're paying down their loans, their employers will make contributions to begin building up their retirement accounts. It's a fresh approach that rewards people with increased savings for making smart financial choices — another long-standing priority of mine.

Number three, for the first-time, the EARN Act will direct the Treasury to come up with new standardized forms that retirement plans can use to make rollovers easier for workers. Rollovers are how workers bring their savings along when they change jobs. Today that process is often a massive headache.

There's loads of paperwork, forms haven't been standardized, the process is slow and confusing. The EARN Act is going to help change that because portability ought to be a whole lot simpler.

Number four, for the first-time, the EARN Act will allow all employers to allow workers to take distributions from their retirement accounts to pay for long-term care premiums. The distributions out of retirement accounts will still be taxable, but there will no longer be a 10 percent penalty. It will mean that more people are able to get high quality long term care insurance coverage in case they need expensive at home or nursing home care.

These are just a few of the 70-plus provisions included in the EARN Act. Again I want to thank Ranking Member Crapo and every member of this committee for all their hard work. There's a big challenge for us to solve, so I'm glad the committee is coming together with solutions.

Before turning to Senator Crapo, I'll discuss one of my top priorities, which is missing from this bill. Here's a stunning fact: Half of the top one percent of the top one percent — 8,300 taxpayers out of nearly 150 million — have gamed the tax rules for years to build massive retirement accounts. These fortunate few now hold collectively more than $200 billion in their IRAs and 401(k) accounts. Those massive accounts were built with assets that exploded in value over time — a wealth-accumulation strategy that isn't available to typical Americans.

There is no reason why American taxpayers should be on the hook for subsidizing these massive accounts. I've proposed ending this game-playing by requiring distributions when a taxpayer's 401(k) and IRA account balances reach $10 million.

There was no agreement to include this proposal in the bill the committee is considering today. But I want members and all who are following this to know, I'm going to keep birddogging this issue. The final retirement bill that hits the president's desk ought to crack down on this obvious abuse of the tax code.

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