

STATEMENT FOR THE RECORD BY
THE ERISA INDUSTRY COMMITTEE
TO THE UNITED STATES SENATE SPECIAL COMMITTEE ON AGING
HEARING ON
A FINANCIALLY SECURE FUTURE:
BUILDING A STRONGER RETIREMENT SYSTEM FOR ALL AMERICANS

October 28, 2021

Chairman Casey, Ranking Member Scott, and Members of the Senate Special Committee on Aging, thank you for the opportunity to submit a statement for the record on behalf of The ERISA Industry Committee (ERIC) on retirement security and building a stronger retirement system. ERIC is the only national association that advocates exclusively for large employers on health, retirement, and compensation public policies at the federal, state, and local levels. ERIC's members are leaders in every industry sector and provide comprehensive retirement benefits to tens of millions of active and retired workers and their families across the country. As such, ERIC has a strong interest in policies that impact employers' ability to provide cost-effective retirement programs and the ability of employees to receive such benefits.

ERIC member companies are working hard to keep their businesses viable, to keep workers employed, and to continue providing benefits that are tailored to provide value to their employees. ERIC appreciated the retirement provisions enacted in the last two years that provided relief to retirement plan participants and sponsors during the COVID-19 pandemic.

ERIC member companies want to expand opportunities for workers and optimize resources for retirement savings. Our member companies have different workforces and benefits designs, but employers, workers, and retirees can gain from a retirement system bolstered by policy enhancements. To further support the financial and retirement security of workers and retirees, ERIC encourages Congress to implement the following provisions:

- Allow defined contribution plans to permit participants to **withdraw or use limited, pre-tax elective deferrals for critical short-term financial needs** without imposing an early distribution tax penalty
- **Expand cafeteria plans to allow participants additional pre-tax benefit options** such as student loan repayment, disability insurance, long-term care insurance, longevity insurance, and retirement planning services

- Provide additional savings opportunities for those close to retirement by **increasing catch-up limits in plans**
- **Increase the age for required minimum distributions** to age 75
- Provide a safe harbor for **the recovery of retirement plan overpayments**
- Modify the **definition of a Highly Compensated Employee (HCE)** to encourage the inclusion of employees who meet the definition but are not on an executive or management level

Employers voluntarily offer retirement plans for their workers, expending significant resources to provide retirement benefits. As such, ERIC urges Congress to pass legislation that will allow these employers to optimize resources by eliminating unnecessary administrative burdens. Specifically, we recommend Congress enact legislation that would:

- **Maintain electronic disclosure** as a default distribution
- **Simplify reporting and disclosure requirements** by eliminating redundant and unnecessary disclosures
- **Prevent raising single-employer Pension Benefit Guaranty Corporation premiums** to offset non-retirement legislation
- **Establish an Office of Retirement Savings Lost & Found** that would serve as a repository for information about lost retirement accounts accessible through a searchable online database
- **Protect ERISA preemption** in efforts to increase retirement coverage

Many of these provisions were included in the *Retirement Security and Savings Act of 2021* introduced by Senators Cardin and Portman, and in the *Securing a Strong Retirement Act of 2021* introduced by Congressmen Neal and Brady in the House this year. ERIC applauds congressional leaders for recognizing the continued need to focus on retirement security.

Thank you for the opportunity to share our ideas. ERIC and our large employer plan sponsor members look forward to working with you and other interested parties to advance these measures and explore additional provisions that can be included to further promote retirement security for working Americans. If you have any questions, please contact me at abanducci@eric.org or by calling 202-789-1400.