NAIFA
National Association of Insurance
and Financial Advisors

February 8, 2017

The Honorable Paul Ryan
Speaker
United States House of Representatives
H-232, The Capitol
Washington, DC 20515

The Honorable Nancy Pelosi
Minority Leader
United States House of Representatives
H-204, The Capitol
Washington, DC 20515

Dear Speaker Ryan and Leader Pelosi:

On behalf of the National Association of Insurance and Financial Advisors (NAIFA), I urge you to support H.J. Res 66 and H.J. Res 67 to invalidate the Department of Labor's (DOL) "safe harbor" regulations entitled "Savings Arrangements Established by State and Political Subdivisions for Non-Governmental Employees".

NAIFA strongly supports efforts to promote retirement security for all American workers and has promoted innovative improvements to our voluntary retirement system. For decades, there has been a uniform set of federal policies governing employer-provided retirement plans to ensure clear rules of the road for employers to follow and strong protections for America's workers and retirees. However, in 2016, the Obama administration finalized regulations establishing a "safe harbor" from those long-standing rules that would pave the way to government-run IRAs managed by states and certain municipalities.

Our concerns are many, centered on the belief that these state-run plans will diminish overall retirement savings. Access to savings vehicles, including for workers without access to an employer-sponsored plan, is not the problem. Individuals currently have access to both traditional and ROTH IRAs, as well as the Treasury's MyRA for small balance savers. Those with access to employer-sponsored plans save at higher rates due to features such as employer matching, auto enrollment, and auto escalation – and higher contribution limits – so encouraging employer-sponsored plans is a better approach to improved retirement savings for American families.

Other concerns include:

- **Lost worker protections** – States offering these plans to private sector employees are not subject to ERISA, therefore limiting the protections for workers in these plans.
- **Overlapping and conflicting mandates** – DOL rulemaking also allows cities and counties to mandate employers implement a saving program. By DOL's own assessment, this means

employers may need to contend with more than 100 jurisdictions with overlapping and conflicting mandates.

- **Fewer employer plans, especially among small businesses** – If a state mandates auto-IRAs, some employers will decide to avoid taking on the work of offering their own plans and let the state take it on instead, resulting in the loss of significant retirement savings opportunities for their workers.

Congressional disapproval of the rule would not prevent states from offering innovative voluntary solutions, or educational information to encourage retirement savings. Rather, Congress' action to disapprove the rule, by the passage of these two resolutions, would simply ensure that savers are fully protected from misuse of their savings by state and local officials and that states act on a level playing field with private businesses.

Again, we urge you to pass these joint resolutions of disapproval, and we appreciate your consideration of this critical issue. We look forward to working with the 115th Congress and this administration to improve on our successful voluntary private retirement savings system.

Paul R. Dougherty

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cc: All Members of the House of Representatives