National Association of Insurance and Financial Advisors

February 8, 2017

The Honorable Mitch McConnell
Majority Leader, U.S. Senate
317 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Charles Schumer
Minority Leader, U.S. Senate
322 Hart Senate Office Building
Washington, D.C. 20510

Dear Majority Leader McConnell and Minority Leader Schumer:

On behalf of the National Association of Insurance and Financial Advisors (NAIFA), I urge you to move forward under the Congressional Review Act (CRA) on a joint resolution of disapproval of 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 Treasury's My RA 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.

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 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 put before the Senate a joint resolution of disapproval of DOL's state-run savings arrangement rule, 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, LUTCF, FSS, HIA
2016-2017 NAIFA President
National Association of Insurance and Financial Advisors

cc: All Members of the U.S. Senate