

The Retirement Enhancement & Savings Act (RESA)

H.R. 5282/S. 2526

An opportunity to deliver real progress and improve
Americans' retirement security now.

Congress must act now to pass the widely-supported bipartisan Retirement Enhancement and Savings Act of 2018 (RESA). This legislation, if not enacted now, will put the retirement savings opportunities for millions of Americans who work for charitable organizations, churches, synagogues, cooperatives and in the private sector in jeopardy.

Specifically, RESA will:



Ensure that approximately 250,000 workers do not lose future retirement benefits by providing non-discrimination testing relief for closed defined benefit pension plans.

Many defined benefit plans that are closed to new participants have been forced to freeze, eliminating additional benefits for participants, due to compliance challenges with non-discrimination testing regulations. To prevent future unintended and unnecessary consequences like plan freezes, RESA allows plans to protect the benefits of a grandfathered group if the plan meets certain requirements.



Fix PBGC overcharging of premiums paid by charities and cooperatives (e.g., Girl Scouts, Jewish Federations, Christian Schools International, NRECA, NTCA).

Although Congress adjusted funding rules to recognize that certain retirement plans maintained by charities and cooperatives posed almost no risk to the PBGC, Congress did not adjust their PBGC premium rules accordingly and as a result charities and cooperatives are being overcharged by almost \$100 million per year by the PBGC. RESA would fix this and free up the funds being used by these organizations to pay their premiums so that they can be redirected for charitable purposes and to benefit the consumer-owners of the cooperatives.



Preserve important retirement plan options for thousands of clergy and lay workers employed by religiously-affiliated organizations and institutions.

By clarifying that employees of church-related organizations and institutions – like schools, nursing homes, and social service providers – can continue to participate in certain retirement plans offered by their sponsoring religious denomination, RESA would ensure that employees of these organizations can retire in comfort.



Increase worker participation and savings rates by enhancing automatic enrollment and contribution increase features within employer-sponsored plans.

By removing the 10% cap on automatic increases to employee contributions, but still allowing employees to opt out of such increases, employers will be able to help their employees save more for retirement. To incentivize this helpful practice, which has been proven to increase retirement savings, RESA will provide employers with up to a \$1,500 tax credit for adding auto-enrollment to a new or existing plan.



Increase access to retirement plans, especially for small businesses.

By removing unnecessary barriers to employers joining together in an open multiple-employer plan (“open MEP”), RESA would make it easier for employers to achieve economies of scale, relieve administrative burdens and reduce liabilities associated with operating retirement plans. Additionally, providing small employers with up to a \$5,000 tax credit for three years toward the costs of starting a plan for their employees would incentivize adoption of workplace retirement plans.



Make it easier for workers to manage retirement savings by increasing education and access to lifetime income products for all retirement plans.

By improving the current annuity provider selection safe harbor, employers would have more clarity when choosing a provider for an in-plan annuity option. Furthermore, by allowing trustee-to-trustee transfer of lifetime income investments, savers can preserve guaranteed lifetime income benefits and avoid surrender charges and fees. Participants would be better informed by receiving an annual illustration on their yearly benefit statement that displays the estimated monthly retirement income they could receive from their account balance, thereby helping them make more informed decisions about how much they need to save to meet their retirement goals.

The above provisions, as well as other provisions in RESA, have been previously introduced in the House and Senate:

- **Open MEPs:** H.R. 854, sponsored by Representatives Buchanan, Neal, Renacci, and Kind; H.R. 4637, introduced by Representatives Kind and Reichert; S. 1383, sponsored by Senators Collins and Nelson.
- **Plan Start Up Credit:** H.R. 4637, sponsored by Representatives Ron Kind and Dave Reichert; and H.R. 3902, introduced by Representatives Bishop and Neal.
- **Annuity Provider Selection Safe Harbor:** H.R. 4604, sponsored by Representatives Walberg and Blunt Rochester; and H.R. 4637, introduced by Representatives Kind and Reichert.
- **Annuity Portability:** H.R. 3910, sponsored by Representatives Neal and Bishop.
- **Auto-Escalation Cap Removal:** S.1383, sponsored by Senator Collins and Nelson; H.R. 854, sponsored by Representatives Buchanan and Kind; H.R. 4637, introduced by Representatives Kind and Reichert; S.1383, sponsored by Senator Collins and Nelson.
- **PBGC Premium Decrease for CSEC Plans:** H.R. 3596, sponsored by Representatives Kelly and Kind (with 123 other bipartisan co-sponsors).
- **Form 5500 Efficiencies:** H.R. 1688, sponsored by Representatives Roe and Sanchez; and S. 695, sponsored by Senators Collins and Warner.
- **Non-Discrimination Testing Relief for DB Plans:** H.R. 1962, sponsored by Representatives Tiberi and Neal; S. 852, sponsored by Senators Cardin and Portman.
- **Relief for Church Plans:** H.R. 2341, sponsored by Representatives Roskam and Kind; paralleling an amendment to RESA sponsored by Senators Crapo, Roberts, and Cardin.

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