



December 19, 2018

The Honorable Paul Ryan
Speaker, U.S. House
1233 Longworth House Office Building
Washington, DC 20515

The Honorable Nancy Pelosi
Democratic Leader, U.S. House
233 Cannon House Office Building
Washington, DC 20515

RE: Retirement, Savings, and Other Tax Relief Act of 2018

Dear Speaker Ryan and Leader Pelosi:

As Vice President for Pensions of the American Academy of Actuaries¹ (Academy), I respectfully submit the following comments related to the Retirement, Savings, and Other Tax Relief Act of 2018 and the Taxpayer First Act of 2018 (the Act). In recent years, policy makers have been focusing on ways to expand the portion of the workforce that is covered by employer-sponsored retirement plans. Among other research, this focus is supported by a 2017 report by the Government Accountability Office, which concluded that many households are not well prepared for retirement and have little or no retirement savings and is corroborated by [research](#) cosponsored by the Academy on retirement readiness.

One barrier to broader access to employer-sponsored retirement plans is the cost and administrative complexity associated with sponsoring a plan, which is particularly problematic for small businesses. One possible way to address this challenge is to make it easier for small businesses to participate in multiple employer plans (MEPs), which leverage economies of scale to make plan sponsorship more cost effective.

Under current law and regulation, multiple employer retirement plans are only permissible among companies that share specific common interests, which greatly limits their use. Additionally, under current law, employers may be reluctant to participate in a MEP out of concerns that they may face penalties due to a compliance failure within the plan that occurs beyond their control.

In response to a lack of access to retirement plans by employees of smaller employers, many states have taken actions on their own to create plans that would be accessible to employees of smaller employers. However, these efforts differ from state to state and do not offer many of the benefits

¹ The American Academy of Actuaries is a 19,500-member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

that are available to plans qualified under the Employee Retirement Income Security Act of 1974, as amended (ERISA). Federal legislation expanding access to plans would be more effective than these state initiatives and could address issues that may be difficult to solve through regulations.

The retirement provisions of the Act would relax the requirements for companies to group together to sponsor a MEP, as well as provide a measure of protection for employers from compliance failures that occur beyond their control. While these provisions might not address all of the reasons that small businesses are reluctant to sponsor retirement plans, they would make plan sponsorship more attractive to these companies, which could be an important step towards addressing some of the issues identified in recent retirement readiness research.

The Academy looks forward to continuing to provide objective and unbiased advice and analysis to policy makers as they work to strengthen our retirement system. If you have any questions or need further information, please contact Monica Konaté, the Academy's pension policy analyst (konate@actuary.org; 202-223-8196).

Sincerely,

Joshua Shapiro, MAAA, FSA, EA
Vice President, Pension
American Academy of Actuaries

cc: Members of the U.S. House