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Senate Proposal Suggests National Approach to Retirement Policy— Actuaries Weigh In on the Potential Challenges and Benefits

WASHINGTON—Legislation introduced in the U.S. Senate in spring 2019 to create a federal Commission on Retirement Security raises the question of what a cohesive national policy framework for the U.S. retirement system could look like, a concept that the American Academy of Actuaries explores in a new, nonpartisan [issue brief](#).

“A national retirement policy framework would aim to provide a more coordinated and inclusive system that helps more people better prepare financially for retirement, as opposed to the piecemeal approach that exists today,” said Eric Keener, chairperson of the Academy’s Retirement System Assessment and Policy Committee whose members authored the paper, *National Retirement Policy & Principles*. “If policymakers decide to pursue a national framework, they’d need to address familiar challenges to retirement security, as well as weigh the benefits, complexities, and costs of establishing a new framework.”

Policymakers would need to consider:

- The availability of retirement plans, including addressing the reasons why some lower-income earners and others haven’t participated in employer-based or other available plans and why some employers haven’t offered plans.
- Whether to set a target level of retirement income, including the method or methods to use for calculating the target level, as well as consideration of how the target could be met for lower-income earners and others.
- How risks to retirement security, such as longevity and investment risks, would be managed, including determining who (e.g., government, employers, individuals) would bear what risks, and the methods, such as risk pooling, used to manage the risks.

(MORE)

- What changes might be needed to existing retirement plans and systems such as Social Security and employer-based retirement plans.
- The role of incentives in encouraging employers to offer retirement plans.
- The level of individual choice available to plan participants. Policymakers would need to discuss the full range of risks and potential consequences of different levels of choice, such as the potential consequences of poor individual decision-making on investments, or of providing retirement income to some people who do not need it while providing inadequate income to others.
- The cost of supporting the new framework, relative to the value it provides.
- The potential advantages of offering portable plans in which individuals would no longer lose track of benefits when they change jobs, and of plan safeguards that protect against “leakage” or early spending of money that has been set aside for retirement.

Read the [issue brief](#) and learn more about the Academy’s work on retirement issues under the “Public Policy” tab at actuary.org.

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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.