February 22, 2019

Bipartisan Policy Center
1225 I Street NW, Suite 1000
Washington, DC 20005
Via email to sakabas@bipartisanpolicy.org

Re: Comments on the Report of the Commission on Retirement Security and Personal Savings

Members of the Commission on Retirement Security and Personal Savings:

The Lifetime Income Risk Joint Task Force, Retirement System Assessment and Policy Committee (RSAP) and Social Security Committee of the American Academy of Actuaries1 ("Academy Committees") appreciate the opportunity to present the following comments to the Bipartisan Policy Center (BPC) on its 2016 Report of the Commission on Retirement Security and Personal Savings (Report). Since the release of the Report, the public policy discussions about retirement security have continued to gain momentum, highlighted by a Government Accountability Office (GAO) report calling for a comprehensive evaluation of the U.S. retirement system issued in December 2017. The Academy Committees have reviewed the Report in detail and offer comments on the recommendations. Our comments cover all of the six areas of the Report as noted below.

I. Improve Access to Workplace Retirement Savings Plans
II. Promote Personal Savings for Short Term & Preserve Retirement Savings
III. Facilitate Lifetime Income Options to Reduce Risk of Outliving Savings
IV. Facilitate the Use of Home Equity for Retirement Consumption
V. Improve Financial Capability Among All Americans
VI. Strengthen Social Security’s Finances and Modernize the Program

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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.
The Commission’s stated objective to help more individuals take action to address financial risks in retirement is an important one, especially as the U.S. population ages. We have addressed each of the Commission’s recommendations below and our comments on each specific recommendation align with each section of the Report. We have also raised additional considerations on several of the issues that were not addressed in the Report. Our comments are intended to provide an independent evaluation and insights regarding the Commission’s recommendations.

I. **Improve Access to Workplace Retirement Savings Plans**

1. **Recommendation: Create Retirement Security Plans to serve any business with fewer than 500 employees.**

   An assessment of the proposed Retirement Security Plan construct is provided in the Academy’s Retirement for the AGES report in the Appendix.

2. **Recommendation: Establish an enhanced, more-flexible, automatic-enrollment contribution safe harbor that would improve access to well-designed workplace retirement savings plans.**

   Efforts to improve participation in employer-sponsored plans could considerably improve retirement security for many. In general, the idea of creating a safe harbor that may be more attractive to smaller employers could benefit both employees and employers. Providing smaller employers the ability to use the safe harbor without having to make a contribution should help broaden participation. We appreciate that there may be reasons to reduce the Internal Revenue Code (IRC) Section 402(g) limit in connection with this small employer exception, including a desire for tax revenue neutrality and concerns about nondiscrimination. However, lowering the contribution limit to 40% of the current section 402(g) limit may be unduly punitive and affect employees’ ability to save for retirement, especially if they did not get an early start. In addition, a low 402(g) level may cause owners of smaller businesses to save using individual retirement accounts (IRAs) and not adopt plans that cover their employees more broadly.

   For an employee earning $125,000 (the 2019 highly compensated employee (HCE) limit), the proposed $7,600 limit under §402(g) would only be about 6% of pay (without catch-ups). Under current law, if that same employee worked for an employer that made a 3% matching contribution, he or she could receive a maximum total contribution of $22,750 ($19,000 salary deferral plus $3,750 match), or 18.2% of pay. In terms of limiting the percentage of pay that can be saved, lowering the §402(g) limit will have the greatest impact on the employees whose compensation is in this range (i.e., approximately $125,000).
3. **Recommendation: Enhance the existing myRA program to provide a base coverage for workers who are least likely to have access to a workplace retirement savings plan.**

Since the issuance of the BPC report, the myRA program was terminated by the U.S. Department of Treasury. Contributions are no longer possible as of December 4, 2017. This action would reinforce the importance of making retirement savings programs more accessible and affordable for all individuals.

4. **Recommendation: Introduce a nationwide minimum coverage standard to pre-empt a disjointed patchwork of state-by-state regulation.**

A nationwide approach to the creation of coverage rules has some advantages over a patchwork of state-by-state regulations. The current trend in state programs is good for coverage but challenging for employers with operations in multiple states. A nationwide approach would bring consistency to all individuals and simplify compliance for employers with employees in multiple states. A national approach, however, could encounter administrative challenges due to its potential size. The recommendation in the Report would exempt employers with less than 50 employees. While it is difficult to predict how a fully implemented system would work in practice, this exemption may exclude many employers for which the compliance burden would not be significant. If employers are able to simply forward elected (or default) contributions with their payroll taxes to a master Retirement Security Plan, the costs should not be high, even for small employers (although administrative costs need to be considered carefully). Perhaps the nationwide program could start with the 50-employee exemption. As the program develops, consideration could be given to reducing the small employer exemption.

5. **Recommendation: Craft policy to encourage plan sponsors to help participants diversify and appropriately allocate their investments.**

A new safe harbor limiting liability for plans that automatically reallocate participants’ investments to qualified default investment alternatives (QDIAs), with the option for employees to opt out, would help ensure appropriate diversification and investment risk management for employees who do not actively monitor and manage their savings plan investments.

6. **Recommendation: Clarify plan sponsors’ ability to establish different default tax treatments to benefit both lower- and higher-earning employees.**

As the Report states, under current tax law, Roth accounts can be more advantageous for some employees than for others. In particular, Roth accounts may offer greater value than tax-deferred vehicles for lower-earning employees who owe little or no income taxes and thus would not benefit significantly from using a tax-deferred plan. Currently, most employers that adopt auto-enrollment use a tax-deferred arrangement for all employees. Employers might be willing to use different default arrangements for different groups of
employees if they had protection against legal liability in the event an employee later decided that the initial arrangement was not the best choice.

Modifying applicable regulations with a new safe harbor to clarify that employers may establish tax-deferred accounts as a default for some employees and Roth accounts as a default for others could enable plan sponsors to better tailor the account structure to participants’ needs. To help encourage employers to pursue this approach, the new safe harbor could limit liability for an employer that automatically enrolls lower earners into Roth savings plans and higher earners into tax-deferred savings plans, as long as participants retain the option to switch.

As part of the proposed new approach, the government could also provide a sample draft notice to employees explaining the differences and advantages/disadvantages between tax-deferred and Roth retirement accounts and how to opt into different treatment if they so choose.

7. **Recommendation: Create Lifetime Income Plans as a new, more sustainable retirement-plan design that would be available to multiemployer DB plans to voluntarily adopt.**

Some current multiemployer plans are facing serious funding challenges from which they are unlikely to recover without assistance. In light of this situation, it is necessary to consider alternative plan designs that will provide lifetime income while minimizing the risk of severe underfunding. While the original composite plan discussion draft proposed by Rep. John Kline is a good start, there may be areas where it could be improved. The RSAP is developing an AGES² assessment on the composite plan proposal that will highlight the potential strengths and weaknesses of the design and discuss possible alternative approaches.

In addition to multiemployer plans, new plan designs could be explored that focus on providing lifetime income but are less burdensome and less risky to employers. Such plan designs can share the risks of investment and longevity experience between employers and plan participants.

8. **Recommendation: Create a private-sector Retirement Security Clearinghouse to help individuals consolidate retirement assets.**

There are advantages to keeping retirement assets in qualified plans, such as ensuring that these savings are used for retirement. One of the issues studied by the ERISA Advisory Council in 2016 was plan-to-plan transfers. In particular, the Council heard testimony that half of participants cashing out of qualified plans would not have done so if it was as easy to roll assets into the plan of their current employer as it was to roll over to an IRA or to cash

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² The Retirement for the AGES initiative provides assessments of retirement policy proposals or systems based on the concepts of Alignment, Governance, Efficiency and Sustainability.
out. The Council recommended providing both plan sponsor and participant education on the topic and provided sample drafts.

Certain factors that make plan-to-plan transfers complex to administer (whether within or outside of a clearinghouse context) would need to be addressed, including outstanding plan loans, company stock, and other proprietary investment options.

9. **Recommendation: Establish new limits on company stock in DC plans to help protect employees from potentially catastrophic investment risk.**

As stated in the Report, while the use of company stock in defined contribution (DC) plans has declined as a result of company failures and stock-drop litigation, establishing specific new limits on company stock in DC plans would help protect employees from potentially catastrophic investment risk. While good communications practices currently include discussing the risks of investments in company stock, the proposed requirement of an annual affirmative election to continue contributions to company stock funds is likely to result in further consideration by the employee.

Some companies may prefer to offer stock in their retirement plans to provide employees with a greater incentive to work toward the success of the company, or to help certain key employees meet stock ownership requirements. However, these objectives need to be balanced against the risk that concentrated stock ownership presents to the employee. The proposal to automatically reinvest company stock funds in a QDIA unless the participant selects a different investment option, if the company stock in a retirement account exceeds 25% of the account balance (or other agreed upon limit), would help limit employee risk. Such legislation or regulations would need to specify when and how the 25% limit is calculated, because account balances fluctuate on a daily basis. A specific rule like this could help protect employers from potential litigation as well as protect employees from excessive investment risk. We also note that there is a 10% limit for defined benefit (DB) plans that invest in employer stock, which suggests that a threshold lower than 25% might be appropriate in this context.

10. **Recommendation: Change Congressional budget estimation rules to use a more accurate, long-term approach for evaluating retirement tax expenditures.**

Retirement plans generally have an accumulation phase that lasts for several decades during employees’ working careers, and then a payout phase during their retirements. The Report appropriately points out that a 10-year projection period used to determine the impact of tax expenditures is problematic for these plans. The 10-year scoring window puts excessive weight on the impact of tax policies during the accumulation phase, and underweights the impact on the payout phase, which can have consequences for long-term tax policy decisions. A long-term approach that considers the present value of cash flows outside of the 10-year window would more accurately reflect the true impact of tax expenditures. For additional
commentary on this issue, see *The Role of Tax Policy in Promoting Retirement Security*, the Academy’s December 2017 issue brief on the connection between tax policy and retirement security.3

11. Recommendation: Promote well-designed workplace retirement savings plans by increasing the new-plan-startup tax credit for employers and offering a new tax credit for employers that add auto-enrollment.

Encouraging small employers to set up and maintain retirement saving plans is consistent with the objective to increase retirement savings plan coverage in America. Adding an incentive to provide auto enrollment to new and existing plans would further that objective.

12. Recommendation: Change the present Saver’s Credit into a refundable Starter Saver’s Match to provide better incentives for younger savers.

The proposed Starter Saver’s Match (a dollar-for-dollar match up to $500 for single filers and $1,000 for joint filers for people age 18 to 35, phasing out between earnings of $25,000 and $30,000 for single filers and $50,000 and $60,000 for joint filers) would serve as a strong incentive for saving, targeted directly at those with lower incomes and savings rates who could benefit most from the tax expenditure. The current Saver’s Credit only benefits those people who have tax liabilities, and people at these earnings levels may not receive any benefit from the tax credit. Thus, providing the credit as a match would make it a more robust savings incentive to the intended group.

13. Recommendation: Establish an overall limit on the total assets an individual can hold in tax-advantaged savings accounts to reduce taxpayer subsidies to wealthy Americans.

Most of the recommendations in the Report are designed to increase access to retirement savings programs, not limit it. This recommendation is different because it is designed to limit the largest tax-advantaged savings accounts in order to reduce taxpayer subsidies to wealthy Americans. According to the GAO study cited, there are only 1,105 taxpayers with IRAs over $10 million, although the study did not include accounts in 401(k) and 403(b) plans. While a $10 million qualified plan account would be unusual, it is not impossible in situations where the DC plan is the only retirement plan for an employee’s career. Before proceeding with the recommendation, it would be helpful to conduct a more complete study and quantify the amount of the proposed reduction in taxpayer subsidies over a long-term period (e.g., beyond a typical ten-year budget window). We also note that because account balances can decline with poor investment performance, any legislation or regulation would need to address how to handle such fluctuations.

3 http://www.actuary.org/content/role-tax-policy-promoting-retirement-security.

Stretching out the payments from tax-deferred accounts for generations after the death of the original owner can be seen as a tax expenditure without sufficient merit. However, there are many retirees who have an ongoing obligation to support family or friends (other than spouses and disabled beneficiaries) in retirement. Requiring that the full amounts be distributed over five years would result in taxable income to the beneficiary during that period. This could impact the wellbeing of the individuals depending on these funds, because the funds would no longer be invested on a tax-deferred basis and would not be expected to last as long. Alternatively, the five-year payout as suggested could be changed to an option of either a full distribution over five years or an annual distribution (commencing in the year of death) over the remaining life expectancy of the owner prior to death.

15. Recommendation: Exempt small DC-plan and IRA balances from Required Minimum Distribution (RMD) rules, thereby simplifying requirements for many individuals.

This recommendation is likely to address the objectives of both simplification and improving retirement security. Many resource-constrained retirees might prefer to hold on to their investments as long as possible, possibly for emergency purposes.

In addition, consideration could be given to increasing the RMD age from 70½ and allowing IRA contributions after 70½. Alternatively, the RMD rates could be indexed to keep pace with changing life expectancy. These rates have been in the law since ERISA was enacted in 1974 and have never been updated. Increased life expectancy and a trend of employees working longer, as well as efforts to encourage employees to delay their Social Security commencement ages, are all consistent with increasing the RMD age and allowing IRA contributions after age 70½.

16. Recommendation: Exclude modest retirement-account balances from asset tests to remove disincentives to saving for lower-income Americans.

The recommendation to exclude modest retirement-account balances from asset tests could make retirement savings possible for some low-income individuals for whom this is not currently possible. The exemption from asset tests for Supplemental Security Income (SSI) and Medicaid for savings accounts established for certain people with disabilities under the ABLE Act would form a basis for an exemption for savings in existing retirement accounts from assets for SSI, Medicaid, and other similar public programs.

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4 Achieving a Better Life Experience Act.
Other Considerations:

1. Leakage:
The current retirement system in the U.S. allows individuals to use qualified account benefits well before retirement age (resulting in retirement savings leakage). The current 10% excise tax (plus income tax) may not be a sufficient deterrent to this benefit leakage. For some individuals, retirement plan savings may be the only source of emergency funds. The BPC Retirement Security and Personal Savings Report recommends an approach to employer-sponsored savings programs that create accounts that would be accessible for shorter-term needs.

Thought could be given to additional ways to minimize leakage while balancing the need to provide retirement income with other financial needs. Ways to further discourage leakage include greater restrictions on use of retirement funds prior to retirement or higher excise taxes. More innovative approaches could be considered, such as requiring that the excise tax be set aside in an account or prohibiting the full distribution of the account so that some of the assets cannot be accessed until retirement age, thus remaining as part of the individual’s retirement nest egg.

2. Greater coordination of tax-advantaged savings for various purposes:
There is the need for financial wellness coordination, including comprehensive planning around health and retirement programs. There are multiple retirement savings vehicles to which an employee can potentially contribute, including employer-based retirement plans and IRAs. In addition, employees can contribute to Health Savings Accounts (HSAs) to cover medical costs during both active employment and retirement. These vehicles can sometimes “compete” with other savings vehicles, such as 529 college savings plans, or with an employee’s need to pay down debt. Greater coordination and flexibility among these vehicles (e.g., coordinating savings limits across various types of plan, and permitting the transfer of excess funds from one type of plan to another) may be beneficial.

3. Benefits of a comprehensive retirement policy in the U.S.
The U.S. retirement landscape has developed over the years and is a patchwork of programs that are not well-coordinated and that fall under the jurisdiction of multiple entities. The development of a comprehensive national retirement policy based on principles could lead to improved retirement security for all Americans. The policy should balance the interests of all stakeholders and assign responsibilities where they can best be assumed. Based on those principles, thought can be given to potential legislative and other changes needed.
II. Promote Personal Savings for Short-Term & Preserve Retirement Savings

1. Recommendation: Introduce new regulations to harmonize early-withdrawal rules for IRAs and 401(k)-type plans.

The proposal to harmonize early withdrawal rules would hold IRAs to the higher early distribution standards applied to DC plans and subject the distributions to the 10% excise tax penalty. The proposal also calls for IRAs to permit self-certification for immediate and heavy need. Consistency would simplify the rules and reduce confusion. In addition, discouraging early distributions and adding earlier reentry would be consistent with the objectives of retirement savings vehicles. Another area in need of potential alignment is the early retirement eligibility differences between qualified plans and IRAs (qualified plans can allow withdrawals without penalty as early as age 55 versus 59½ for IRAs). In general, greater consistency for when retirement funds can be accessed can help simplify important retirement decisions.

2. Recommendation: Simplify the process for transferring retirement savings from plan to plan.

As was noted in Recommendation 8 of Part I, there are significant advantages to keeping retirement assets in qualified plans. For more on this, we recommend the BPC review the 2014, 2015, and 2016 reports from the ERISA Advisory Council.

The recommendation for account balances under $1,000 would help address some of the challenges of maintaining small balances. Under the current mandatory cash-out rules, small balances rolled over into an automatic IRA can be invested in funds that earn very little return and may be eroded by fees that exceed the returns. According to a 2014 report from the Government Accountability Office (GAO), Greater Protections Needed for Forced Transfers and Inactive Accounts, the balance of a $1,000 “forced transfer IRA” could be projected to decrease to $0 over a period between nine and 29 years due to fees in excess of returns.

3. Recommendation: Make technical adjustments to enable transfers and rollovers from all 457 plans.

In general, unifying the rules, where practical, for the “alphabet soup” of defined contribution retirement plans could help reduce confusion among employees and facilitate better decision making. Care should be taken, however, with respect to transfer and rollover provisions for nongovernmental 457 plans. These programs are often used as deferred compensation plans for highly compensated employees, and are not held in qualified trusts. Rollovers between qualified and non-qualified plans would involve an additional level of complexity, and the public policy implications (i.e., the impact on individuals at various income levels) would need to be considered.
4. Recommendation: Clear barriers to automatic enrollment in multiple savings accounts.

This proposal would provide employers the opportunity to automatically set up multiple types of savings accounts for their employees. The suggestion is to allow employers to set up both qualified retirement savings accounts that would be tax-deferred, and also short-term savings accounts for more of an emergency fund that would not receive any tax benefits but would be available to employees at any time. This approach could encourage employees to build an emergency fund and help avoid the need for hardship withdrawals from retirement plans. It would, however, raise questions about what the appropriate level of savings would be for an emergency fund and how the employer would make sure the employee had access to their funds, particularly if they were placed in a bank where the employee doesn’t otherwise have an ongoing relationship.

Creating emergency funds that remove the temptation or need to take early withdrawals/loans from tax-favored retirement savings accounts would help ensure that money that is intended to provide retirement income is actually available for this purpose. Financial wellness is a growing trend with employers and this proposal is consistent with that effort.

Other Considerations

1. Reduce variations and align DC plan options:
There are multiple types of qualified defined contribution plans that exist today—e.g., 401(a), 401(k), 403(b), and 457 plans, and Simplified Employer Plans (SEPs), etc. These differences and variations complicate understanding for those who may participate in multiple plans as well as employers and administrators. Reducing the number of variations and aligning the remaining options would simplify compliance and communication.

2. Include the emergency fund within a qualified DC plan:
An additional idea for reducing leakage is to allow the emergency fund concept discussed in #4 above to be included in a qualified defined contribution plan. A participant could elect to maintain an emergency account that offers full access (with no penalty) and is maintained at a specified level. Once that level is reached—e.g., six months of pay, or a stated dollar amount—then employee contributions would go to the traditional retirement account. If the emergency funds are accessed, employee money would be redirected until the emergency fund is once again at the targeted amount. Restrictions could be set such that all employer contributions would go to the retirement portion and only employee contributions greater than the match could be available in the emergency fund.
III. Facilitating Lifetime-Income Options to Reduce the Risk of Outliving Savings

1. **Recommendation:** Encourage plan sponsors in general to integrate easy-to-use, sophisticated lifetime-income features.

Creating safe harbors that eliminate plan sponsor fiduciary concerns would reduce barriers to including lifetime income options within DC plans. Additionally, there would be value in a safe harbor that would create convenient access to a platform for the purchase of attractively priced annuities via an IRA rollover. This platform could be designed in a relatively easy-to-use manner that does not require sophisticated decision-making.

The additional BPC recommendation that the QDIA approach be extended to lifetime income appears to be worth pursuing as evidenced by the success of QDIAs in the asset accumulation phase. This approach may not be as simple for lifetime income purposes because of the varying income option possibilities and the varying needs of participants.

2. **Recommendation:** Implement specific policy changes that would enable more plans to offer automatic installment purchases (i.e., laddering) of guaranteed lifetime-income products.

This recommendation is an extension of Recommendation 1, insofar as it specifies laddering and identifies the types of acceptable lifetime income approaches. Because of the irrevocable nature of an insured lifetime income option, an active-choice approach might be used in lieu of an opt-out approach. Provisions related to vesting and portability of lifetime income products should be taken into consideration when developing specific policy changes for enabling automatic installment purchases by active participants. Portability challenges include changes in insurance providers, record-keepers, service providers, plan asset custodians, and plan offerings. The additional recommendation for a safe harbor for nonguaranteed lifetime income withdrawal programs that complement the guaranteed options may be a way to address the varying needs of participants.

3. **Recommendation:** Implement specific policy changes to promote active-choice methods of selection among retirement-income features.

An active-choice approach to lifetime income choices would force some engagement in the option-selection process and thereby may help to educate the participant. The extra layer of involvement by the participant could add significant value to complex decision-making. Many retirees do not have outside financial advice and may have difficulty with plan explanation materials and the interpretation of their implications. This gap may require some educational support within the plan from an unbiased adviser with respect to the pros and cons of alternative approaches, especially with respect to options that have irrevocable provisions. A safe harbor that recognizes such an adviser—one who provides one-on-one guidance to retirees beyond simply explaining the plan options and protects the plan sponsor from subsequent challenges—could encourage more employers to offer this support within the plan.
4. **Recommendation: Encourage plan sponsors to offer information and features designed to lessen the risk that workers will claim Social Security benefits early.**

As the Report states, early claiming of Social Security can work to the disadvantage of the recipient and spouse; however, we recognize that there is not a single right answer due to individual situations and financial market circumstances. The educational material could be more effective if it recognizes differences due to annuitant health, other income sources, dual Social Security eligibility, and other factors. Providing a safe harbor, with guidance and constraints, for the plan to provide educational material and tools to quantify the impact could be helpful. Another option may be to have employers recommend participants utilize standardized material that could be available from the Social Security Administration, the Consumer Financial Protection Bureau (CFPB), and the Department of Labor (DOL).

5. **Recommendation: Develop new guidance and rules to encourage plan sponsors to better engage participants in decisions about lifetime income.**

Education is needed to help participants better understand longevity risk and the value of their current and potential account balance in lifetime income terms. Many plans provide this information through website tools, and some include it in participant statements. One example of another web-based tool is the Actuaries Longevity Illustrator, created jointly by the American Academy of Actuaries and the Society of Actuaries. The easy-to-use tool can be found at longevityillustrator.org. Guidance from the DOL on acceptable approaches and examples would be helpful to achieve some degree of consistency across all plans.

An alternative would be to leave the choice of assumptions to record-keepers or third-party administrator (TPAs), although with some outside limits. Such guidance could be in the form of safe harbors to eliminate employer fiduciary risk that could result from outcomes less than projected. As the Report mentions, a range of outcomes would be appropriate for better decision-making. Also, the information could be layered from broad to detailed, so that participants can choose the degree of information they wish to consider. A plan could refer participants to a calculator on the DOL website that has sufficient flexibility to ensure that it can produce results appropriate for different participant circumstances and economic climates.

6. **Recommendation: Clarify the role of the plan sponsor in assessing the financial strength of insurance carriers when selecting in-plan annuities.**

With respect to the choice of insurers, changing from requiring a certain process to satisfying some clear objective criteria may remove some of the roadblocks to sponsors offering in-plan annuities. An approach that primarily relies on external measures—such as, but not limited to, requiring a specified level of rating from two rating agencies or choosing insurers from a list of qualified companies maintained by the DOL or Treasury—would reduce the concerns of plan sponsors. This approach could broaden the number of acceptable insurers, because in the absence of guidance, plan sponsors may feel obligated to only consider a small number of providers with the highest possible rating. The simplification of insurer choice would allow
the plan sponsor to focus on benefit design and pricing. The process should be evaluated in light of the DOL Fiduciary Rule (subject to its final form, if implemented).

7. **Recommendation:** Allow participants aged 55 and older to initiate in-service rollovers for the purchase of annuities that begin making payments later in life, and improve the portability of in-plan annuity contracts.

Access to lifetime income options could be enhanced through less restrictive in-service rollover rules. Although having in-plan lifetime income options is efficient due to institutional pricing and a captive pool of participants, greater access to alternative annuity purchase solutions other than those available under current law could be achieved with a more flexible allowance for rollovers. This may allow for more attractively priced lifetime income options beginning as early as age 55. The rollover approach may be more attractive for some males due to sex-distinct pricing, but in other cases the in-plan pricing may be more attractive due to different pricing assumptions resulting from the dynamics of a group participant base. Also, facilitating the purchase of lifetime income over time and from an early enough age should make lifetime income planning more thorough and the purchase decision-making easier, and mitigate purchase timing risk. This approach also eliminates employer fiduciary concerns if done through an IRA with no employer involvement.

While easing the rollover restrictions could facilitate the purchase of QLACs, it could also pave the way for the use of annuities with Guaranteed Lifetime Withdrawal Benefits (GLWBs). Allowing rollovers of in-plan annuities while an active participant under certain conditions could lower a barrier to offering in-plan annuities.

8. **Recommendation:** Allow DB plans to offer additional lifetime-income distribution options in order to provide employees with more flexibility and discourage lump-sum distributions.

We agree that the all-or-nothing choice faced by many DB participants likely contributes to participants electing lump sums, when available. Recent Treasury guidance is intended to facilitate partial annuitization, which is a concept mentioned in the Report. Extending the availability of QLACs to DB plans may make participants more receptive to partial lifetime income solutions that focus on longevity risk. If participants had a level income, a deferred start income, and a lump sum all available to combine, they could structure an approach that could meet their specific needs. For example, a participant could receive a reduced income to age 80, at which time it would increase. This would be helpful for a retiree concerned with the added expenses of health care and long-term care in the later years of retirement. Another approach would be to use a portion of the benefit value (for example 25%) to purchase a QLAC. The remainder of the benefit could be paid out in a lump sum to be used to facilitate a withdrawal program that provides income up to the point that the QLAC is payable.

Pension Benefit Guaranty Corporation (PBGC) premiums can be a deterrent to plan sponsors keeping retirees inside plans, and the Report’s proposal to prorate the per-participant PBGC premiums for participants who partially annuitize would help to mitigate that problem.
However, potential changes to the structure of PBGC premiums may raise complex issues that are beyond the scope of this analysis.

9. **Recommendation: Improve work incentives by allowing qualified retirement plans to align plan retirement ages with Social Security.**

The recommendation to allow the plan retirement age to equal that of Social Security’s full retirement age rather than be capped at 65 adds consistency for the participant and could encourage later retirements. See *Rethinking Normal Retirement Age for Pension Plans*, the Academy’s March 2013 issue brief regarding this topic.5

**Other Considerations:**

1. **Provide sample educational material**
   Several items above indicate the need for education. While record-keepers can develop appropriate materials with proper safe harbors, it might be helpful if the DOL provided sample material that could be used for plans for which development of their own material is not practical, perhaps because of plan size.

2. **Provide tax incentive to elect lifetime income**
   Although there is a tax-deferral advantage, currently there is no overt tax reduction incentive for DB plan participants to elect a form of payment that provides lifetime income and for DC plan participants to purchase a lifetime income option. Participants might be more likely to make choices that will provide them with lifetime income when an option is available if there were a tax incentive to do so.

3. **Encourage plan designs that are less risky and burdensome to employers**
   Encourage new plan designs that focus on providing lifetime income but are less burdensome and less risky to employers. Such plan designs can share the risks of investment and longevity experience between employers and plan participants. The Commission’s focus on multiemployer composite plans is an example of such an arrangement.

4. **Create possibility for Open Defined Contribution Retiree Multiple Employer Plans**
   Another approach would be to create the possibility for Open Defined Contribution Retiree Multiple Employer Plans, which would provide access to lifetime income purchases while relieving the original DC plan of the burden of managing income purchases. This is described in a Sept. 1, 2016, letter from the Academy to the Senate Special Committee on Aging.6

Many of the issues discussed above are also addressed in 401(k) Plans: DOL Could Take Steps to Improve Retirement Income Options for Plan Participants, GAO Report to Congressional Requesters, August 2016. The Commission may want to consider some of the ideas as outlined in that report.

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IV. Facilitate the Use of Home Equity for Retirement Consumption

1. **Recommendation: End subsidies that encourage the use of home equity for pre-retirement consumption.**

   Limiting the deductibility of mortgage interest to only first mortgages on a primary home and a second home that is not rented out could discourage the use of home equity to fund pre-retirement consumption, which could preserve that equity for use in retirement. Discouraging home equity borrowing, however, could lead to reduced 401(k) or IRA savings, or a drawing down of balances, which would be counterproductive.

2. **Recommendation: Strengthen programs that support and advise consumers on reverse mortgages.**

   Reverse mortgage utilization is low despite promotion by lenders. The recommendation that the Federal Housing Administration (FHA) engage Treasury, DOL, PBGC, Social Security Administration (SSA), and CFPB to develop a strategic plan for how reverse mortgages can play the most appropriate role in retirement security would help.

   Currently, the required financial counseling for prospective reverse mortgage users generally occurs after a decision has been made to take out the loan. The recommendation to broaden the counseling to all interested individuals would help increase awareness and understanding of reverse mortgages among individuals who do not have a financial adviser.

3. **Recommendation: Establish a low-dollar reverse-mortgage pool for retired homeowners.**

   The standard Home Equity Conversion Mortgage (HECM) has an upfront insurance fee of 2.50% of home value and ongoing annual charges of 1.25% of the loan balance. If the initial loan is less than 60% of home value, the upfront fee is reduced to 0.5% of home value. Both of these approaches are oriented to heavy reliance on loan proceeds. The BPC recommendation of a lower option, such as borrowing less than 30% of home value, for financing one-time expenditures may be a good way to encourage retirees to preserve home equity that can be used later in retirement. Because the insurer risk that the loan value will exceed home value is much lower with such a loan, the fee could be reduced substantially, which would provide further protection.
V. **Improve Financial Capability Among All Americans**

1. **Recommendation: Implement the recommendations of the President’s Advisory Council on Financial Capability.**

   Financial matters are becoming more and more complex with time; this complexity has also created additional opportunities for financial opportunists to take advantage of poorly informed customers, especially among older individuals. The need to provide people with the skills to make smart financial choices is crucial. Education and skill training can come from many sources; libraries, community colleges, and employers are just a few. Though technology could be a good source, it also poses risks (e.g., security and data entry).

2. **Improve personal financial education in K-12 and Higher Education.**

   It is never too soon to teach critical life skills such as financial literacy. There are many programs already available but there is no nationwide initiative to teach these skills in school. Financial education programs would be of greatest value if there were age-appropriate standardized courses taught by teachers with proper training. Providing financial education early in life has the potential to contribute to better long-term financial planning and ultimately better retirement security.

3. **Recommendation: Better communicate the advantages of claiming Social Security benefits later.**

   Better communicating the advantages of claiming Social Security later is consistent with the need for better financial literacy. Care must be taken to ensure that individual circumstances are recognized and that unique situations are not ignored. Just as there are often benefits in waiting to claim Social Security, there are cases where this is not advisable for some people.

4. **Recommendation: Rename the Social Security claiming ages to provide more information about the benefits and consequences of claiming later vs. earlier.**

   Behavioral economics has shown that naming conventions can change behavior. Accordingly, the recommendation to rename Social Security claiming ages could be expected to modify behavior, and could be used to encourage people to begin receiving their Social Security benefits later.

5. **Recommendation: Ensure that prospective applicants at Social Security field offices receive accurate information about claiming options.**

   Accurate education and information about the multiple claiming and commencement options available from Social Security field office workers is beneficial. Ensuring that applicants at Social Security offices receive accurate information about options can improve decision-making.
6. **Recommendation:** Rename the Retirement Earnings Test (RET) and effectively communicate its purpose to working Americans who have claimed Social Security benefits.

Naming conventions that accurately depict the purpose and intent of each component of Social Security, including the earning test, can improve understanding and decision-making.
VI. Strengthen Social Security’s Finances and Modernize the Program

The comments from our review of the recommendations in this section contain three primary themes:

- Recognizing the balance between (a) the features of Social Security that pay benefits to participants in proportion to the contributions received on their behalf (individual equity), and (b) the poverty reduction features of Social Security that distribute resources to participants with greater need (social adequacy);
- Striving to make the system as simple and easily understood as possible; and
- Ensuring meaningful and worthwhile reform while avoiding immaterial tinkering.

Acknowledging that the scheduled benefits in the Social Security System are not contractually guaranteed, the BPC proposal has been developed in relation to the benefits that the system is currently projected to have sufficient funds to actually pay. Additionally, like the current program, the BPC proposal does not directly address the possibility that the program could fall out of balance in the future.

We are not commenting on the long-term sustainability of the program as a result of the combined recommendations, but want to recognize the analysis completed by the Social Security, Office of the Chief Actuary (OACT), capturing the financial impact of the BPC recommendations that we have relied on for purposes of commenting on the cost of the various proposed provisions.

1. Recommendation: Increase the progressivity of the benefit formula.

   According to the OACT analysis, this recommendation would offer cost savings and continue to provide substantial replacement of low earnings. This would also result in a shift away from the individual equity characteristics of the program and toward the poverty reduction characteristics, and would add complexity to the system.

   Low-wage workers have lower savings rates and lower participation rates in employer-sponsored retirement plans in comparison to higher-wage workers. The existing poverty reduction characteristics of Social Security serve to at least partially mitigate this disparity in retirement income. Presumably this recommendation is founded in the belief that additional anti-poverty measures are needed to ensure that low-income workers have adequate retirement income. While Social Security may provide a convenient and efficient vehicle for achieving this objective, consideration should be given to how increasing the anti-poverty characteristics of the program may change how it generally is perceived by the public and by policymakers.

2. Recommendation: Apply the benefit formula annually to earnings to more evenly reward continued work.

   As with the first proposal, this recommendation would also apparently result in cost savings. Additionally this recommendation would reward consistent and continued working patterns.
This recommendation may decrease the benefits payable to individuals who have faced financial hardships (child care, elder care, unemployment), significantly increases complexity, and may have unintended consequences for workers with highly variable incomes.

This recommendation would reduce the benefits of workers whose covered income varies significantly over the course of their careers, in particular those with extended periods in which no wages are earned. As the Report notes, there are many reasons why periods that lack Social Security earnings do not necessarily indicate a lack of financial resources. We note, however, that while some workers may voluntarily leave the workforce or choose to work for less income, there are also many instances where such actions are involuntary and the cause of financial hardship. In cases where the periods of diminished or zero earning are involuntary, this provision may reduce retirement benefits for workers who have already faced financial misfortune during their working years.

3. **Recommendation: Establish a basic minimum benefit to enhance Social Security for beneficiaries with low incomes.**

The proposal would provide enhanced poverty reduction and strengthen financial security for the low-income elderly. These outcomes would be achieved by shifting Social Security away from individual equity toward a poverty reduction program.

While Social Security already has an anti-poverty component that is inherent in the basic benefit formula, this proposal would introduce an entirely new anti-poverty component into the program. It may be worth considering whether the goals of this proposal could alternatively be achieved by expanding SSI benefits to provide the desired minimum benefit. The proposed minimum benefit is purely an anti-poverty measure, and it could be provided through existing programs that share this characteristic, which could enhance the transparency of the system. SSI is already entirely an anti-poverty program that is funded by general government revenues, so adding the minimum basic benefit concept to SSI would not change the nature of the program in the way that it would change Social Security.

Furthermore, changes to the “basic” Social Security benefit may have an impact on other federal programs (e.g., Medicare and Medicaid) regarding, for example, eligibility and benefit level calculations. The evaluation of any minimum retirement benefit provisions should consider these other programs.

4. **Recommendation: Index the retirement age to longevity to reflect ongoing increases in average life expectancy.**

The American Academy of Actuaries has supported an increase in the retirement age in recognition that demographic problems demand demographic solutions.7 A logical response to the higher retirement costs associated with increased longevity may be to require a longer working career in order to receive a particular benefit level. This option would also maintain

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the program’s current position on the individual equity / social adequacy spectrum. Those in physically demanding careers that prevent longer working periods may bear a disproportionate share of the burden, and this proposal might not be consistent with the changing needs of the general labor market.

One possible mechanism for addressing concerns related to workers in physically demanding fields is to add a Social Security occupational disability benefit with less stringent eligibility requirements than the current disability benefit and with benefits between the current disability and old age benefits. Changing disability provisions, however, must be carefully studied to avoid unintended consequences, such as a sudden increase in disability claims that may not be warranted.

5. **Recommendation: Use a more accurate measure of inflation for Social Security’s cost-of-living adjustments and for indexing parameters within the tax code.**

This recommendation would entail a small, gradual reduction in benefits for all beneficiaries, which over time could result in increases in poverty, especially for low-benefit retirees. There are alternative views about the proper measure of inflation for retirement benefits, for example the CPI-E, which specifically looks to measure inflation for the elderly. Careful consideration of the cost savings relative to the impact on vulnerable retirees and public perception challenges may need further consideration.

6. **Recommendation: Cap and re-index the spousal benefit.**

This recommendation reduces spousal benefits of the primary Social Security benefit recipient if that individual is in the top 25% of Social Security beneficiaries based upon benefits being paid. An arbitrary cutoff like 25% could have unintended consequences with respect to spouses that had child-raising or caregiving demands. While this proposal targets survivor benefits payable to individuals who did not need to work due to high-earning spouses, it may also adversely impact some less-affluent individuals who were out of the workforce due to dependent care responsibilities, or were engaged in full employment in lower-earning occupations. More information may be needed to clarify whether this approach is the optimal way to achieve savings.

7. **Recommendation: Enhance survivor benefits to help widows and widowers maintain their standard of living.**

This recommendation could help protect elderly survivors who are particularly at risk of becoming impoverished.

Under current law, couples where both individuals earned roughly equal Social Security benefits typically experience a larger decrease in benefits following the death of a spouse compared to couples where there was a primary earner. The proposal would narrow this gap by increasing the reduction that occurs when a primary earner dies, and decreasing the reduction that occurs when an equal-earning spouse dies. However, two-earner couples are not necessarily worse off after the first spouse’s death than one-earner couples, as the greater
percentage reduction in their benefit may result from a higher joint benefit before the first death.

This recommendation could result in a wide variety of outcomes for households depending on their individual circumstances, and could have complex interactions with other related proposals such as Recommendation 6. Detailed analysis may be necessary to ensure that vulnerable survivors are not adversely impacted and that the enhanced survivor benefits go primarily to individuals in need of protection. Additionally, there may be simpler or more cost-effective ways to address the financial challenges facing surviving spouses.

8. **Recommendation: Reinstate benefits for college-aged children of deceased beneficiaries and certain other Social Security beneficiaries.**

This recommendation appears to be consistent with other federal legislation (e.g., the Affordable Care Act [ACA] coverage to 26) and may encourage continued education and overall economic development. However, it may have unintended consequences such as affecting scholarships to college-aged children. An alternative approach might be to allow payments up to age 19 so that high school students are less likely to age out of the benefit prior to graduation. In contrast with many of the other proposals, this change could be regressive as higher-earning families may be more likely to have children attend college and benefit from this provision.

9. **Recommendation: Raise the maximum taxable earnings level.**

This recommendation appears frequently in bipartisan proposals and could improve the financial condition of the Social Security program. One concern with this proposal is that it may encourage shifts from covered earnings to non-covered earnings.

This approach is favored by many stakeholders, because it only impacts a small percentage of the workforce and would help solve the program’s financial problems. This measure represents a revenue increase option for Social Security reform that is not, per se, a direct tax increase. Following a near-term increase in the wage base, the proposal attempts to recapture additional earnings over time by indexing the wage base in accordance with increases in the national average wage plus 0.5%. However, the recommendation does not contain any measures to ensure that a return to taxing a specific percentage of earnings (like the goal of covering 90% of earnings from the 1983 reforms) is reached and not exceeded.

10. **Recommendation: Gradually increase the payroll tax rate by 1 percentage point.**

We note that in contrast with many of the other proposed provisions that would make the system more progressive, this proposal would apply a uniform tax increase to all earnings under the wage base.

The gradual increase proposed in the recommendation would allow time for employees to adjust to the change, as they would not see an immediate 1% decrease in take-home pay. Consideration could be given to providing that cumulative increases in the tax rate will not
exceed one-tenth of the cumulative percentage increase in the National Average Wage from the year prior to the year the tax increase first becomes effective. This modification would help ensure that the increases are delayed during recessions.

11. Recommendation: Increase taxes on benefits of high-income beneficiaries.

This is another recommendation that appears frequently in bipartisan proposals and delivers cost savings. It is not expected to incur unintended consequences with other federal programs. As with several other recommendations, it represents a shift in the balance between individual equity and poverty reduction objectives. Similar to the proposal to raise the taxable wage base, an unintended consequence may be an incentive for employees to shift earnings to non-covered classes of compensation.

12. Recommendation: Replace the windfall elimination provision (WEP) and government pension offset (GPO) with a pro-rated benefit for workers with non-covered earnings.

This is another recommendation that frequently appears in bipartisan proposals and delivers cost savings, though the cost savings are expected to be small. It is also not expected to incur unintended consequences with other federal programs.

This recommendation is generally regarded as consistent with the purposes of matching program realities with intentions. However, there are many varied considerations when actual implementation occurs. One could easily consider it prohibitively complex. However, the WEP itself is already relatively complex.

13. Recommendation: Improve the Disability Insurance (DI) program and address the impending depletion of the DI Trust Fund.

Any changes made to the Disability Insurance program may take on greater significance if the retirement age continues to rise. The financial gains may be very small relative to the administrative complexity, and there is a lack of understanding of many aspects of Social Security disability already.

This recommendation includes a variety of administrative measures, such as improving initial determination, appeals and continuing review processes, and work incentive and return-to-work programs. OACT, in its analysis of the BPC proposal, did not evaluate this recommendation. While improvements in program administration are certainly worth pursuing, it is unlikely that significant cost saving will be realized. Consideration of the marginal return on these efforts appears warranted.
The Academy commends the Bipartisan Policy Commission for taking a comprehensive view of the U.S. retirement system and developing a list of realistic recommendations aimed to improve the retirement security for many individuals. Our comments are meant to raise additional considerations (both strengths and weaknesses) beyond the Report’s recommendations.

A holistic U.S. retirement policy would allow changes to be measured against policy objectives. There are a number of stakeholders providing excellent research and perspectives that help address retirement security for the U.S. population, but there appear to be no guiding principles or direction from which these efforts could be coordinated.

The Academy’s Pension Practice Council input reflects the collective knowledge of many of our members who bring a wealth of experience to helping employers and individuals address retirement needs. Our actuarial knowledge places us at a strong vantage point to provide perspectives not only on current policies and programs, but on viable solutions. These comments represent input from our Social Security Committee, Lifetime Income Risk Task Force, and Retirement System Assessment and Policy Committee.

We welcome the opportunity to discuss our comments and additional considerations with the BPC and/or Commission with a goal of further strengthening the recommendations set forth in the Report. Please contact Monica Konaté, the Academy’s pension policy analyst (konate@actuary.org; 202-223-7868), if you have any questions.

Respectfully submitted,

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Appendix: AGES Assessment on Retirement Security Plans

The creation of new multiple employer Retirement Security Plans would allow employers with fewer than 500 employees to transfer most responsibilities for operating a retirement savings plan to a third-party expert, while still maintaining strong employee protections under ERISA. The Retirement Security Plans would be different from existing multiple employer plans (MEPs), because the “commonality requirement” would be waived, enabling more small employers to band together and participate in these new Retirement Security Plans.

Employers adopting a Retirement Security Plan would have to cover all full-time employees over the age of 21 with at least three months of service, though more liberal participation requirements could be used. The employers would be responsible for enrolling their employees during an annual open-enrollment period and forwarding data and contributions to the provider.

Under the proposal, there would be a new certification board established by the departments of Labor and the Treasury. The board would certify the providers and organizers of Retirement Security Plans. The providers and sponsors would be fiduciaries, while employers would have no fiduciary responsibilities for selecting or monitoring the plan provider as long as the provider is certified. The certification board would certify Retirement Security Plans in accordance with published criteria and establish appropriate procedures for their operations. The board would give preference to Retirement Security Plan providers that include retirement income features. The Retirement Security Plan provider could use a safe-harbor plan design that would avoid nondiscrimination and top-heavy testing.

Note: As noted in the asterisked comments below, there are some critical issues that require more details before a full AGES assessment, with corresponding grades, can be completed. This draft assessment is intended to help identify these areas and spur additional discussion with the Academy’s Pension Practice Council.
Alignment

Description

- Aligns each stakeholder’s role with their skills.
- Redefines employer’s role by placing responsibility for important roles with those appropriate entities.
- Helps individuals by structuring their choices to be well-defined and enhance good decision-making.
- Develops systemic ways to enhance financial security through appropriate levels of laws and regulations.

Application of Principles

+ Employer only required to adopt plan, enroll employees, withhold contributions, and forward data and contributions to the provider.

+ Administered by professional third-party provider with no employer fiduciary, compliance, or ongoing administrative requirements.

+ Entities handling participant funds would be restricted to insured organizations, including banks, credit unions, insurance companies, and broker-dealers.

+ Investments managed professionally, with use of default to QDIA.

+ Could use default employee contributions or safe harbor plan design to avoid nondiscrimination testing and top-heavy testing.

* Many design elements left to the organizer and providers, such as automatic enrollment, automatic escalation, and lifetime income elements.

- Not available to larger employers.

- Even with auto features, plan design still allows for less desirable decisions by individuals. Plan participants may not have sufficient knowledge to understand what contribution levels are needed to achieve their individual objectives nor how investment risk impacts the likelihood of achieving those objectives.

- Employees must make decisions on how to draw down assets during retirement, a complex issue they may not be adequately equipped to address.

Legend

(+) feature meets principles
(-) feature does not meet principles
(*) feature where there is not enough information to determine impact
Governance

Description

- Clearly defines roles and responsibilities, and acts in accordance with them.
- Reduces real and potential conflicts of interest.
- Recognizes and manages competing needs.
- Staffs boards with financial and other professionals who possess relevant expertise.

Application of Principles

+ Plan sponsor is considered a fiduciary, and plans and participants are covered by ERISA.

+ Plan organizers would be subject to oversight by a certification board established by the departments of Labor and the Treasury, and would be required to be certified and recertified periodically. Certification criteria will be published, making the process transparent.

+ Investments are professionally managed, and providers handling funds are restricted to insured organizations—e.g., banks, credit unions, insurance companies, and broker-dealers.

+ Basic plan information to be published, including plan design, investment options, and plan-wide fees, making the process transparent, consistent with other qualified plans.

* Organizers could also be providers, potentially introducing conflicts of interest.

* Board to give preference to plans that include retirement-income features; while retirement income features are desirable, more detail would be needed to assess the effectiveness of this provision.

* Unclear how/whether Board would receive input from participating employers and employees.

- Would require establishment of a new governance body, potentially complicating implementation and administration.

Legend
(+ feature meets principles
(-) feature does not meet principles
(*) feature where there is not enough information to determine impact
Efficiency

Description

• Allows smaller plans to group together, with standard and transparent fees to lower plan costs.

• Provides consistent opportunities to accumulate assets during working lifetime to enhance participation and coverage.

• Minimizes leakage for non-retirement benefits during accumulation and payout phases.

• Encourages pooling and effective risk sharing so funds can provide lifetime income.

• Incents narrowing the variability of benefits by fostering risk hedging and allowing for pricing benefits and guarantees.

Application of Principles

+ Pooled funds provide for availability of institutional pricing.

+ Lower administrative costs.

+ Subject to ERISA, except waives multiple employer plan (MEP) commonality rule.

+ Allows auto-enrollment, auto-escalation.

* Organizer and provider determine plan features and whether or not there is a lifetime income option.

* Unclear about access to funds prior to retirement.

* Unclear how/whether investments would be portable in the event a participant changes plans.

* Unclear how lifetime income options would be priced—e.g., purchased from insurance companies to reflect current market conditions and life expectancies.

Legend

(++) feature meets principles
(-) feature does not meet principles
(*) feature where there is not enough information to determine impact
Sustainability

Description

- Promotes intergenerational equity.
- Allocates cost properly among stakeholders.
- Withstands market shocks.
- Maintains balance between sustainability and adequacy.

Application of Principles

+ Costs may be shared between employer and individuals.
  + Ensures intergenerational equity as accounts are dedicated to participants.

* Unclear whether any sustainability issues would be introduced by lifetime income options—e.g., if not designed to reflect current market conditions and life expectancies.

  * Indicates administrative fees related to the board structure and operation will initially be covered by the federal government but switch to per-participant fees. Unclear how and when this will occur. This has been a challenge for programs with many small accounts. The program has the potential to deliver services for competitive fees by capitalizing on economies of scale.

- Uses QDIA as default for investments, but individuals are able to make their own choices. Risk of market shocks is not addressed.

- Employees may not have adequate education to understand what level of savings is needed to achieve their retirement objectives.

Legend

(+) feature meets principles
(-) feature does not meet principles
(*) feature where there is not enough information to determine impact