Mercer

welcome to brighter

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The Honorable Richard Neal
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Robert Scott
Chairman
Committee on Education and Labor
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin Brady
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Virginia Foxx
Ranking Member
Committee on Education and Labor
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Neal, Ranking Member Brady, Chairman Scott, and Ranking Member Foxx:

I am writing to thank you for your continued leadership on retirement policy and to support House passage of the Securing a Strong Retirement Act of 2022. We at Mercer, a global consulting and actuarial firm that helps thousands of U.S. employers provide retirement benefits to millions of Americans, strongly believe that this legislation represents a great opportunity for bipartisan progress on the urgent issue of retirement security.

Our experience tells us that many Americans participating in employer-sponsored retirement plans are well positioned to receive meaningful retirement benefits. However, data from the Bureau of Labor Statistics shows that about one-third of all private-sector employees — more than 47 million American workers — have no access to employer-sponsored retirement plans, and the problem is particularly acute at smaller companies.

Your bill would build on the success of the employer-sponsored retirement system by making it easier for employers to sponsor plans, expanding plan coverage, and helping individuals generate more savings and retirement income.

We applaud the numerous, valuable bipartisan reforms in your legislation including:

<u>Expanding the IRS self-correction program for employer plans</u>. When plan sponsors or administrators make inadvertent errors, IRS rules sometimes require a lengthy, complicated correction process. Your bill would help remedy this problem by in most cases allowing inadvertent plan violations to be self-corrected without a submission or fee to the IRS. This provision will be

particularly useful now, with several recent legislative changes to the retirement rules making plan administration more complex and inadvertent errors more likely, especially because many employers and service providers have faced challenges working onsite during the pandemic and continue to face issues in view of labor shortages and adapting to hybrid working.

Encouragement of student loan match programs. Even prior to the pandemic, many employees with student loans were experiencing financial challenges and could not easily save for retirement. This is even truer now. Employer programs can help these employees pay down their debt while also saving for retirement. There is significant interest among employer sponsors of 401(k), 403(b), SIMPLE and governmental 457(b) retirement plans to make matching contributions to workers as if their student loan payments were salary-reduction contributions. Your bill would be a big step forward in allowing employers to offer this benefit.

Creating a retirement savings "lost and found." The pandemic has directly caused a significant number of employees to lose or change their jobs. For these individuals, having access to all their retirement funds is critical, but many of these people have lost touch with their former employers or might not even realize they are entitled to retirement benefits. Employers may have no way to reach these individuals. In these circumstances, guidance related to missing and unresponsive retirement plan participants is more important than ever. The U.S. Department of Labor has conducted a robust audit program but has not provided formal guidance for ongoing plans dealing with this challenge. Your bill would help alleviate this problem by creating a national online lost-and-found for Americans' retirement accounts, allowing former employees to retrieve their retirement accounts.

Enhancements to 403(b) plans. Unlike sponsors of most defined contribution plan, providers of Section 403(b) plans — colleges and universities, public school systems and hospitals — cannot offer collective investment trusts (CITs) to their participants. CITs are collectively managed investment vehicles that typically have lower costs than the types of investments available to 403(b) plans. By allowing CITs as investment vehicles for 403(b) plans, your bill would help lower plan expenses and build retirement savings. We also appreciate that your bill would extend the SECURE Act's "Pooled Employer Plan" reforms to 403(b) plans.

We at Mercer stand ready to work with you to enact this broadly supported bipartisan bill, which we believe would be a major step forward in helping more Americans live more securely once in retirement.

Thank you again for your leadership.

Sincerely,

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