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ASPPA Supports the Retirement Savings and Security Act of 2005

June 2, 2005

Senator Gordon H. Smith, Chairman
Senator Kent Conrad

US Senate Special Committee on Aging 530 Hart Senate Office Building
G31 Dirksen Senate Office Building United States Senate

Washington , DC 20510 Washington , DC 20510

Dear Senators Smith and Conrad:

On behalf of the American Society of Pension Professionals & Actuaries (ASPPA), we would like to express support for the Retirement Savings and Security Act of 2005, co-sponsored by Senators Gordon H. Smith (R-OR) and Kent Conrad (D-ND).

ASPPA is a national society of retirement plan professionals. ASPPA's mission is to educate pension professionals and to preserve and enhance the private pension system. Its membership consists of approximately 5,500 actuaries, plan administrators, attorneys, CPAs, and other retirement plan experts who design, implement and maintain qualified retirement plans, especially for small to mid-size employers.

We very much appreciate your interest in retirement policy and the critical need to take measures to help ensure the retirement security of working Americans. We believe your bill, if enacted, would be a major step toward achieving this important goal. We also wish to commend each of your staff, Lori Prater, Steve Bailey, Kara Getz, and Jennifer Victor, for their leadership in putting this legislation together.

We are particularly supportive of the language in the bill designed to provide incentives for 401(k) plan sponsors to adopt automatic enrollment and automatic increase designs. We also applaud the bill's efforts to expand the federal Saver's Credit and enable tax refunds to go directly to retirement accounts.

ASPPA also supports in concept the language in the bill that would encourage the use of a lifetime annuity payout from qualified or nonqualified lifetime annuities by excluding from taxation a portion of payments. However, we believe that the 10 to 1 differential for tax incentives provided to lifetime annuity payouts from nonqualified plans versus the tax incentives provided to lifetime annuity payouts from qualified plans is too high. We are interested in working with your staff to decrease this differential.

Again, we commend Senators Smith and Conrad on introducing this very important piece of legislation and appreciate the opportunity to provide our support.

Sincerely,

Brian H. Graff, Esq., APM
Executive Director/CEO