GS1: Washington Update

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SECURE Act

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SECURE Act: RESOURCES

- Visit NAPA Net Website: https://www.napa-net.org/industry-intel/hot-topics/secure-act
- Sign Up for a Webcast: https://www.asppa-net.org/defined-benefit-provisions-secure-act
**SECURE Act: Top Issues**

- Open Multiple Employer Plans
- Required Minimum Distribution Age Increase
- Lifetime Income
  - Portability
  - Fiduciary Safe Harbor
  - Disclosure
- Part-Time Employee Eligibility
- Withdrawal for Birth/Adoption
- Safe Harbor Plan Changes
- Tax Credits

**SECURE Act: What’s Next?**

- Request for Relief from Plan Disqualification or Penalties for Reasonable Reliance on SECURE Act Provisions (RMD, Withdrawal for Birth/Adoption, etc.)
- Review Legislative Text for Technical Corrections
- Request Meetings with Agencies to Provide Input on Guidance
- Provide Input to Agencies on Priority Guidance Projects

**SECURE Act: How Can You Help?**

- Ask Questions!
- Provide Boots-On-The-Ground Examples of Implementation Issues
- Join a Government Affairs Committee
- Draft Content
SECURE Act: Questions?

Possible Questions/Comments:
What are your SECURE Act priorities?
Any temporary relief necessary?
Possible issues with effective dates?

Federal Legislative Update
- Portman-Cardin (Senate Finance Committee Bill)
- House Ways & Means Activity
- 403(b) Parity
- Plan Asset Use Legislation
- Butch-Lewis Act (Multi-Employer Plan Relief)
Portman-Cardin

- Retirement Security and Savings Act of 2019 (S.1431)
- 6 "Titles" & 50+ provisions
  - expanding coverage and increasing savings
  - income preservation
  - administrative simplifications
  - DB plan reforms
  - rule harmonization
- Will serve as the base bill for the next round of retirement policy reforms

Portman-Cardin

- New stretch match safe harbor
- Expands Saver’s Credit
  - Saver’s Credit refundable if deposited into qualified plan or IRA
  - Income eligibility for 20% Credit increased to $32,500
- Allows ERs to provide matching contributions to a 401(k) plan if EEs make student loan payments
- Allows ERs to provide de minimus financial incentives to EEs for contributing to a 401(k) plan
- New $10k catch-up limit ($5K for SIMPLE) for 60+ year old

House Ways & Means Activity

- Possible Legislative Activity
- Auto 401(k) Legislation
  - Most Employers to Provide a Plan to Employees
  - Employer Contributions NOT Required
  - Relies on Private Sector Solutions
- Family Savings Act of 2018: Universal Savings Account
  - Allow Individuals to Contribute Tax Free to a Savings Account (up to $2,500)
- Retirement Plan Simplification and Enhancement Act of 2017
  - 20+ Provisions Similar to Portman-Cardin Legislation
**403(b) Parity**
- Provide for 403(b) Parity with 401(k) Plan Rule Changes
- Open Multiple-Employer Plans (SECURE Act Provisions)
- Hardship Withdrawal Rule Changes (Bipartisan Budget Act of 2017)
- Allow 403(b) Plan to be an Option under a Section 125 Cafeteria Plan

**Plan Asset Use Legislation**
- ARA has developed legislative language to clarify that advisors can make plan design recommendations to primarily benefit plan participants in individual account plans and allow those services to be paid from plan assets
- Recommendations include but not limited to:
  - implementation of automated plan designs (auto-enrollment and auto-escalation)
  - financial education and wellness programs
  - enhanced matching program (student loan repayment match)

**Butch-Lewis Act**
- Rehabilitation for Multiemployer Pensions Act (H.R. 397)
- Establishes the Pension Rehabilitation Administration within Treasury
- Authorizes Treasury to issue PRA bonds and use proceeds to make 30-year loans to approved multiemployer plans
- Approved plans
  - Multiemployer plans in "critical and declining" status under IRC section 432(b)(6) and (b)
  - Plans with suspended benefits under MPRA
  - Insolvent ongoing plans received PBGC assistance
State Legislative & Regulatory Update

• Standard of Care Initiatives
• Secure Choice Plans

State Based Standard of Care Initiatives

State by State: Fiduciary Duty

• Nevada Released Draft Rule in January 2019
• New Jersey Released Proposed Fiduciary Duty Rule in April 2019
• Massachusetts Close to Implementing Rule
• Impact on Retirement Sector:
  • Possible Dual Compliance and Standards if State Rules do not Exempt ERISA Fiduciaries
State Based Retirement Programs

State by State: Secure Choice

- New Jersey Governor signed a Secure Choice bill in 2019
- OregonSaves - operational since July 2017
- Illinois Secure Choice - operational since January 2018, July 2019 ER registration deadline (100-499 EEs), Nov 2019 ER registration deadline (25-99 EEs)
- CalSavers - operational since July 2019, ERISA preemption lawsuit pending
- Crystal Ball: Hawaii, Nevada, Colorado, Massachusetts, and NYC will be Next States to Implement a SECURE Choice Plan

Regulatory Activity
Regulations: DOL
• All Quiet on the Fiduciary Front
  • DOL Expected to Release Fiduciary Guidance by December 2019 (Note: SEC Released Final Best Interest Rule in June 2019)
• Missing Participants?

Electronic Disclosure
• DOL Prop. Reg. released on 10/22/2019
  • Effective 30 days after regulations are finalized
• Adds a new safe harbor method
  • Does not replace existing rules
• Only applies to retirement plans

Electronic Disclosure
• Prop. Reg. provides a “notice and access approach” (similar to FAB 2006-03)
• Allows a plan administrator to post disclosure documents to a designated website
• Can be used for participants, beneficiaries, and other individuals
Regulations: IRS

• Proposed Regulations Impacted by SECURE Act:
  • One Bad Apple (MEP Rule)
  • Required Minimum Distributions
  • Closed Plans (Non-Discrimination Relief)

Questions?