

# THE NEW ENGLAND COUNCIL

December 2, 2016

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Representative Frank Guinta  
Representative Ann Kuster  
Representative David Cicilline  
Representative James Langevin  
Representative Peter Welch

Dear Senators and Representatives of the New England Congressional Delegation:

On behalf of The New England Council, I write to express our organization's support of the Retirement Enhancement and Savings Act (RESA) of 2016 (S. 3471).

Retirement savings is a critical piece of every American's financial health and well-being. Study after study has demonstrated the importance of saving, and many have documented the challenges the American people face in adequately saving for emergency situations as well as retirement. For example, in 2014 Oxford Economics authored a report, sponsored by The New England Council and several other organizations, including AARP, which found that the household saving rate in the United States is just 3.8%, down markedly from an average of 11.1% from 1950 to 1985. Many households face a large saving gap, and those in the bottom quartile must save roughly 21% more of their pre-tax income than they presently do to support an adequate lifestyle in retirement. In addition, the report highlights the importance of boosting saving by the American people, noting that some of the benefits include making the United States less dependent on foreign capital, making households more secure, and strengthening long-term economic growth.

The New England Council works to identify and support commonsense solutions to help solve challenges like the saving gap. That is why the Council was pleased to see that RESA was

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**The New England Council**

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recently marked-up and reported out of the Senate Finance Committee on a unanimous 26-0 vote. The legislation represents a major, bipartisan effort by Congress to address the serious issue of retirement security and to explore ways of offering retirement coverage to hardworking Americans.

Two of the main features of the legislation include tax credits to help small businesses establish plans and the ability to facilitate small businesses to band together in a single plan to achieve some of the economies of scale available to larger plans. Those two provisions alone have the potential to assist in offering retirement coverage to some of the 40+ million Americans that today do not have the option or ability to save for retirement.

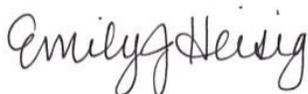
The bill also contains some important enhancements to automatic enrollment options, including a tax credit for small businesses that adopt an automatic enrollment feature. Under current law, one of the most impactful retirement plan features is “automatic enrollment,” under which employees who make no election are automatically enrolled in a plan unless they affirmatively opt out, thus letting inertia work in favor of greater savings. This is particularly helpful in increasing contributions by low and middle-income employees.

While the overall effort should be commended, there are still several concerns with RESA that need to be addressed. Specifically, there are concerns (in practice not in theory) around language dealing with lifetime income disclosures. The Senate bill includes a provision requiring that employees be provided with illustrations of the lifetime income that could be produced by their retirement savings. Showing employees the retirement income that can be produced by their savings may be a powerful tool in educating employees about how much they need to save. But, it is important to provide product-neutral options for employers in providing these illustrations so that innovation is not stifled and workers get a truly accurate and clear understanding of their retirement savings overall wellness.

Core to the mission of The New England Council is to promote economic growth and a high quality of life in the New England region. Retirement security is essential to our region, both as an economic driver and also as a social safety measure used by our and your constituents.

It is our hope that the Senate and House will work diligently to advance RESA in the coming weeks, simultaneously addressing the concerns that remain and providing a pathway towards final passage so that all Americans have the option to save towards a dignified retirement. We look forward to working with you in this endeavor. Please contact me at (202) 547-0048 or [eheisig@newenglandcouncil.com](mailto:eheisig@newenglandcouncil.com) should you have any questions. Thank you for your consideration of this matter.

Sincerely,



Emily J. Heisig  
Senior Vice President, Communications & Federal Affairs

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CC: Senator Mitch McConnell  
Senator Harry Reid  
Senator Orrin Hatch  
Senator Ron Wyden  
Representative Paul Ryan  
Representative Kevin McCarthy  
Representative Nancy Pelosi  
Representative Kevin Brady  
Representative Sander Levin

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