Testimony of
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"Rise and Shine: Improving Retirement and Enhancing Savings"

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Introduction

Chair Murray, Ranking Member Burr, distinguished members of the committee, thank you for inviting me to speak with you today on the critical issue of retirement security.

My name is Doug Chittenden, Senior Executive Vice President and Head of Client Relationships at TIAA, where I work with my team to provide retirement services to five million employees at more than 15,000 employers in the academic, research, medical and cultural fields. I especially want to thank Ranking Member Burr, my home state Senator, for inviting me to testify today. TIAA is proud of the more than 5,000 employees we have in North Carolina who work hard every day to help millions of Americans retire securely. Additionally, we are honored to manage the assets of more than 120,000 individuals across the state of North Carolina, including employees of Wake Forest. Chair Murray, we also proudly serve in the state of Washington, including your alma mater Washington State University, and are helping 97,000 Washington State residents prepare for retirement.

I also want to acknowledge Chair Murray, Ranking Member Burr and the other members of the HELP committee for your ongoing bipartisan efforts to develop and advance legislative proposals designed to enhance retirement savings for American workers. Bipartisanship has long been the hallmark of successful retirement system improvements, going back as far as the passage of the Employee Retirement Income Security Act in 1974 to the Pension Protection Act of 2006 and as recently as the enactment of the SECURE Act in 2019.

TIAA believes these past retirement improvement efforts have been successful in helping many American workers. In my testimony, I will share why we believe more can and should be done to improve the retirement system in a meaningful and holistic way. We are excited to see the ongoing cooperation between the Senate and the House to enact additional comprehensive retirement improvements, as evidenced by this hearing today at the same time the House is advancing its own package of bipartisan retirement savings enhancements. More broadly, I am here to ask Congress to help foster innovation and provide additional tools to help more Americans attain a financially secure retirement.

Providing Lifetime Income is Part of TIAA's Mission

Over its century-long history, TIAA's mission has always been to aid and strengthen the institutions and individuals it serves by providing financial products that meet their needs. We keep our clients at the center of everything we do, managing their retirement savings with a long-term perspective in mind to help them achieve financial wellbeing throughout their lifetime. In fact, we are proud to say that we have paid out more than $500 billion in benefits to our clients since 1918, money they worked hard to save to help them attain a secure retirement.

Our past experience informs our current efforts to further strengthen the retirement savings system for the next 100 years. While many aspects of the existing retirement system have been successful at providing financial security, we can still take steps to improve and enhance it. In this regard, three key areas of focus would help improve retirement security for all Americans: (1) expanding access to lifetime income solutions; (2) increasing access to retirement savings plans; and (3) enhancing retirement savings rates. My testimony today will focus on these three policy goals and the specific actions that Congress can take to help more Americans gain access to a secure financial future and retire with dignity.

Recommendation #1: Improving Access to Lifetime Income

Our country's voluntary retirement savings system has changed over time but continues to offer a robust and effective structure to support workers in retirement. Over the years, the workplace retirement system has largely shifted away from defined benefit (DB), or pension, plans that provide employees with a guaranteed stream of income for life, to a defined contribution (DC) plan structure, which allows employees to set aside a portion of their salaries to fund their retirement needs in tax-deferred accounts. To help increase savings, employers often make contributions on behalf of their employees. To put some numbers behind this shift, in 1975, private-sector DB plans had a total of 27.2 million active participants, and private-sector DC plans had 11.2 million active participants.[1] In 2019, the most recent year for which there is data, private-sector DB plans had 12.6 million active participants, and private-sector DC plans had 85.5 million active participants.

Thus, the retirement system has generally shifted from one much more focused on income in retirement (DB plans) to one that is designed more to focus on accumulation of assets (DC plans). While there are benefits to each of these approaches, the shift in focus from guaranteed income to accumulation has inevitably had implications for individual retirement savers. The key implication is that investment risk has shifted from the employer (through managing a pension fund) to the individual saver. Americans now need to be much more thoughtful and proactive in how they plan to make the savings they have worked so hard to build last throughout their retirement, which in some cases could be 30 or more years. This challenge becomes even more important when we consider that Americans face a projected $4 trillion retirement income gap,[2] and more than 40% of households are forecast to exhaust their savings during their retirement years.[3] If we fail to address this retirement income gap, not only will this shortfall have a severe impact on the quality of life in retirement, but it could also have a devastating impact on our economy.

Practical and readily achievable policy solutions could help address this retirement income gap and encourage innovative solutions focused on both increasing accumulations and providing improved access to guaranteed income solutions within the current DC retirement system. The SECURE Act

[1] A Visual Depiction of the Shift from Defined Benefit (DB) to Defined Contribution (DC) Pension Plans in the Private Sector, Congressional Research Service, December 27, 2021

[2] VanDerhei, Jack, EBRI Retirement Security Projection Model (RSPM) - Analyzing Policy and Design Proposals, EBRI, No. 451, May 31, 2018

[3] https://www.ebri.org/content/retirement-savings-shortfalls-evidence-from-ebri-s-2019-retirement-security-projection-model

included several important provisions aimed at improving access to annuities – the only products that can provide guaranteed income in retirement. Chief among these were the improvements to the annuity provider selection safe harbor, which boosted employer confidence in including annuities as retirement plan investment options by clarifying their obligations when selecting an insurance company to provide those guaranteed income solutions. There are, however, some additional steps that can be taken to further improve access to and utilization of annuities on retirement plan menus, including improvements to the rules governing what types of investments employers can default their employees into, to optimize retirement outcomes for American workers.

Addressing the QDIA Rules to Increase Access to Guaranteed Lifetime Income

Over 15 years ago, Congress passed the landmark Pension Protection Act (PPA) of 2006, which focused on leveraging automatic features such as automatic enrollment (to increase participation rates), automatic escalation (to increase savings rates), and automatic investment selection (to enhance default investment options for long-term retirement savings returns). The PPA required the Department of Labor (DOL) to establish rules for enhanced default investment options that became what are now known as qualified default investment alternatives (QDIAs).

The DOL's QDIA rules provide employers a safe harbor to default their employees into certain investment vehicles. Among the requirements that must be met to comply with the QDIA rules is that employees be able to access to their investments "not less frequently than once within any three-month period." DOL's QDIA rules established this requirement for periodic liquidity, which has effectively limited the types of investments plan sponsors choose as QDIAs. Specifically, this liquidity requirement has created a barrier for inclusion of certain annuities – including those that would be most beneficial to retirement investors and retirees – that have liquidity limitations that do not meet the QDIA requirements.

Annuities have been shown to significantly improve outcomes for retirees and are increasingly being recognized by plan sponsors as an important plan feature. According to our research, 38% of employers believe that the feature most lacking in their plans is access to guaranteed lifetime income.[4] The absence of guaranteed lifetime income is problematic, as 35% of plan sponsors say the primary purpose of retirement plans is to provide employees secure income in their retirement years (versus 20% who say they are a vehicle to help employees save/accumulate and 45% who say both have equal importance).[5] Further, multiple studies across our industry have consistently found that 70-85% of employees think guaranteed income is the most important component of a quality retirement program. In one survey, 78% of employees said they would move some or all money from their plans to guaranteed income options if given the appropriate opportunity.[6] Despite the wide recognition of the importance of guaranteed lifetime income, plan sponsors are discouraged from including the most effective lifetime income options, such as fixed annuities with delayed liquidity features, as part of a default investment because of the current QDIA regulations.

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[4] TIAA 2022 Retirement Insights Report
[5] TIAA 2022 Retirement Insights Report
[6] 2021 Retirement Confidence Survey, EBRI

The DOL's QDIA rules have, however, had a positive impact to the extent that more savers who do not play an active role in managing their retirement investments (the majority of savers) have invested in more diversified and risk-appropriate portfolios. This has been accomplished through the use of target-date funds (TDFs) – diversified investment vehicles that meet the QDIA liquidity requirements. TDFs handle a range of investment decisions many savers simply would not otherwise make or feel they have the expertise to make (*e.g.,* establishing the appropriate mix of stocks and bonds, value and growth stocks, international and domestic investments). As a result, TDFs have become the QDIA of choice – 76% of DC plan sponsors elect to use the QDIA safe harbor default their participants into a TDF.[7]

However, because of the limitations of the QDIA regulations, current TDFs have not been able to innovate to address the range of risks that savers face during their 30 or more working and saving years, and then during their potentially 30 or more years in retirement (*e.g.,* market risk, longevity risk, inflation risk, interest rate risk, and cognitive risk). Guaranteed lifetime income options can help address these risks and make TDFs a more comprehensive retirement security solution, addressing both the need to accumulate assets and the need to ensure those assets last throughout retirement. It is particularly noteworthy that, according to one study, 64% of participants already assume that their TDF will provide guaranteed income in retirement.[8]

The Lifetime Income for Employees Act Offers a Solution

The QDIA rules have had a powerful shaping effect on the retirement market but have unfortunately not evolved with the changing retirement landscape to enable plan sponsors and retirement investors to avail themselves of the best available options. It is time to modernize the QDIA rules to expand the choices plan sponsors have when designing default investments so they can provide retirement investors with a solution that both helps them accumulate savings and ensures those savings will be guaranteed to last them the rest of their lives.

Accordingly, TIAA strongly supports the Lifetime Income for Employees Act (H.R. 6746). This bipartisan legislative proposal, introduced by House Education and Labor Committee members Rep. Don Norcross (D-NJ) and Rep. Tim Walberg (R-MI), would amend the DOL's QDIA regulations to allow a default investment to include a guaranteed lifetime income component with liquidity features that do not meet the current regulations as part of a broader QDIA investment. Under the proposed legislation, participants would receive multiple notices to ensure they understand the liquidity features and would have additional time – 180 days – to opt out of the investment should they wish to do so. It is also important to emphasize that, despite the liquidity features of any already invested dollars that individual investors may have been defaulted into by their plan sponsors, investors would always retain the ability at any point in time to direct future investments into any investment choice on a plan menu.

From TIAA's perspective, there are several benefits to having an annuity component that has limited liquidity in a QDIA. First, it provides for higher returns than a liquid version because the contributions

[7] PLANSPONSOR 2020 DC Plan Benchmarking report.

[8] Investor Testing of Target Date Retirement Fund (TDF) Comprehension and Communication, submitted by Siegel & Gale LLC to the U.S. Securities and Exchange Commission. February 2012

can be invested for the long-term, like a DB or pension plan. This long-term investment translates, in most cases, to a 10%-15% increase in the participant's balance in the annuity at the time of retirement. Another way a sponsor can view the limited liquidity guaranteed contract is as if a DB plan is sitting on a DC plan chassis: contributions made to the annuity grow over time with less leakage or a reallocation of investments to options that are not in the best interest of a participant. Finally, based on our experience, participants do not typically seek to withdraw contributions to annuities. The withdrawal rate on TIAA's liquid annuities has remained well under 5% since 2008, including during volatile market cycles, improving investment outcomes as savers remain invested and avoid harmful market timing.

Finally, this legislation would not mandate that default investments include a guaranteed lifetime income component with delayed liquidity features. The Lifetime Income for Employees Act would only expand the options available to plan sponsors, guided by their fiduciary duty, in their selection of an appropriate QDIA for their employees. For plan sponsors looking to reestablish the guaranteed income features that were a hallmark of DB pensions, this proposed change would give them a much-needed tool to help them do just that for their workers.

Recommendation #2: Increasing Access to Retirement Savings Plans

For individuals to have access to retirement savings and lifetime income, they must first have access to a retirement savings plan. According to the Bureau of Labor Statistics (BLS), one-third of private industry workers did not have access to employer-provided retirement plans in March 2021. Almost 50% had access only to DC plans. Additionally, BLS found that 52% of those working for a company with fewer than 50 employees did not have access to a retirement plan.[9] In a similar study, only 54% of families headed by prime-age workers (age 32–61) participate in any kind of retirement plan, down from 60% in 2001.[10] According to the Center for Retirement Research, millions of Americans are not offered, or are not participating in, tax-advantaged savings and investment options through their employer. In fact, only 54% of white workers participate in a retirement plan, and the numbers drop to 46% for Black Americans and 34% for Latino Americans. In most cases, people without access to employer plans work for small businesses, which can further exacerbate the racial and gender gaps in retirement access.

One of the biggest deterrents to small businesses adopting retirement plans has been the cost of starting and maintaining the plan, as well as handling its ongoing administration. According to a Pew Research Center study, employers that do not offer a retirement plan pointed to the financial cost and organizational resources needed to start a plan as barriers.[11] Another study indicated that 50% of employers stated that cost was the primary reason for not starting a plan.[12] Therefore, reducing the administrative burden for employers would remove a significant barrier preventing employers from starting a retirement plan. We appreciate the Committee looking at ways to help plan sponsors ease their retirement plan administration burdens, especially for smaller plan sponsors that may not have a benefits office or that have a single employee responsible for all human resource functions.

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[9] TED: The Economics Daily, *67 % of private industry workers had access to retirement plans in 2020*, BLS, March 1, 2021

[10] Monique Morrissey, The State of American Retirement Savings - How the shift to 401(k)s has increased gaps in retirement preparedness based on income, race, ethnicity, education, and marital status, Economic Policy Institute, December 2019

[11] PEW Research Center, Employer Barriers to and Motivations for Offering Retirement Benefits – Insights from Pew's International survey of small businesses, June 21, 2017

[12] 16th Transamerica Retirement Survey, 2015

403(b) Multiple Employer Plans/Pooled Employer Plans

The SECURE Act took steps to address these concerns by removing some regulatory barriers that would make it easier for employers – especially small employers – to overcome these deterrents by leveraging economies of scale and joining together under a single retirement plan. This concept, known as multiple employer plans (MEPs) or pooled employer plans (PEPs), has been and will continue to be instrumental in helping people working for smaller employers save in an employer-sponsored retirement plan. Prior to enactment of SECURE, in a survey of small employers, 66% said they would be likely to consider a MEP.[13] Unfortunately, 403(b) plans were inadvertently left out of the MEP and PEP changes included in the SECURE Act. The Securing a Strong Retirement Act and RISE Act in the House, as well as the Improving Access to Retirement Savings Act – a Senate bill co-sponsored by Senator Maggie Hassan (D-NH) along with Senators Chuck Grassley (R-IA) and James Lankford (R-OK) – would allow for 403(b) plans to be offered as PEPs.

We welcome this change because, at TIAA, we have seen the benefits that a similar arrangement can provide to plan sponsors and their employees. We have been encouraged by how some of our 403(b) clients have been able to leverage the existing rules to come together using a "common bond" to improve upon their existing retirement plans. Given the financial struggles that some smaller institutions we serve are facing in the wake of the pandemic (*e.g.,* decreased student enrollment, staff reduction), being able to join a single plan has allowed them to provide a more robust retirement plan than would have been possible on their own. They have reduced their administrative burdens and lowered costs while expanding plan services to their employees (*e.g.*, expert investment selection). One of the most notable examples of this success is how a group of private colleges recently came together to offer their employees across numerous institutions a better selection of investment options and more guidance on retirement planning. Implementation of the provisions being considered today would not only increase access to retirement plans for employees but also allow our clients to have improved opportunities to band together to leverage economies of scale and access services that they would not be able to do as a single plan.

Expanding Long-Term Part-Time Coverage

Another helpful proposal, which is in Chair Murray's Women's Retirement Protection Act, would further expand access to plans for part-time employees. I want to commend Chair Murray for her tireless work to expand access for long-term part-time employees, employees who work more than 500 hours over three consecutive years, to their employer's plan. This provision was included in the SECURE Act, and the current proposal to accelerate access for long-term part-time employees after two rather than three years would be a sensible extension. This proposal has already been included in the bipartisan legislation being considered in the House this week.

Addressing Unnecessary or Duplicative Disclosures and Notices

[13] Empower Institute, Open MEPs: A Promising Way to Narrow the Coverage Gap, December 2018

As we look to expand participation and engagement in retirement savings plans, we should take a close look at how we communicate with current and prospective retirement savers. One potential solution is to examine the number and types of notices and disclosures sent to participants. We agree with the bipartisan proposals in the Securing a Strong Retirement Act, the Retirement Improvement and Savings Enhancement Act and the Retirement Security and Savings Act that would require the DOL, Treasury and Pension Benefit Guaranty Corporation (PBGC) to review the current Employee Retirement Income Security Act (ERISA) and Tax Code reporting and disclosure requirements and make recommendations to simplify, consolidate and standardize disclosures. Simplifying and streamlining required notices would reduce costs for current plan participants and reduce costs for new employers who are considering adopting a plan.

Additionally, we also support the bipartisan proposals in the aforementioned bills that would lift requirements that DC plan sponsors continue to provide notices to unenrolled employees, other than an annual reminder notice of their eligibility to participate in the plan. Sending notices that do not apply to an employee not participating in the plan seems inefficient. Simplifying the notices workers receive and not having to send notices that do not apply to an employee who has not enrolled in the plan could have the added benefit of helping savers better understand those notices.

Providing Incentives for Employers to Start a Retirement Savings Plan
As stated earlier, cost is a barrier to an employer starting a retirement plan. Retirement proposals and policies that provide tax incentives, such as credits, to start a plan or incentives that help drive participation and increased savings could better help employees achieve retirement security.

Recommendation #3: Enhancing Retirement Savings Rates
Another important piece of strengthening our retirement security system is helping Americans save more. Many adults approaching retirement age may not be financially prepared to retire: 49% of adults ages 55 to 66 had no personal retirement savings in 2017.[14] About 50% of women ages 55 to 66 have no personal retirement savings, compared to 47% of men. Women also lag men at the other end of the savings spectrum: only 22% of women have $100,000 or more in personal retirement savings compared to 30% of men.[15] Additionally, a recent study found 1-in-4 Americans have no retirement savings at all, and those who are saving are not saving enough. The median retirement account balance for 55- to 64-year-olds in the study was $120,000. Divided over 20 years, that is $500 a month—hardly enough to support a comfortable retirement, even without factoring in lengthening life expectancies and rising healthcare costs.[16] There are several ways this savings gap can be addressed.

Emergency Savings
One potential hurdle to employees saving for retirement is a concern about the need to access funds immediately to address short-term financial emergencies. Saving for unexpected expenses is challenging. A Federal Reserve Board study from May 2021 found that 35% of Americans would have

[14] Brittany King, Those Who Married Once More Likely Than Others to Have Retirement Savings United States Census Bureau, January 13, 2022
[15] Ibid.
[16] https://www.pwc.com/us/en/industries/asset-wealth-management/library/retirement-in-america.html

trouble handling an unexpected $400 expense.[17] Another survey indicated that 25% of Americans have no emergency savings and that more than 50% have less than three months' worth of expenses covered in an emergency fund.[18] Individuals should ideally have at least six months of expenses saved in an emergency fund to prevent unexpected expenses from snowballing into greater financial hardships by relying on high-interest credit or retirement plan loans to cover a relatively small amount.

TIAA works with our plan sponsors to prioritize holistic financial wellness, with budgeting for short-term needs as a starting point of educational advice. We also work with participants to educate them about the different options available to help them avoid unnecessarily tapping their retirement savings. During the pandemic, Congress acted swiftly to enact the CARES Act to provide flexibility to those in financial need. When participants reached out to TIAA to take a CARES Act withdrawal, we were often able to discuss with them the many different options other than a withdrawal from their plan to help them meet their immediate needs without adversely impacting their long-term retirement security.

Generally, employers benefit from having numerous solutions available to enable them to customize how they want to help their employees save for emergency situations and simultaneously address their employees' need for retirement security. We commend the Committee for recognizing that emergency savings solutions can enhance retirement savings participation and rates. Providing employers with options to help them meet their employees' needs while helping minimize retirement plan leakage without mandating a one-size-fits-all approach is an appropriate way to explore solutions to the emergency savings gaps that many Americans face.

Improving the Saver's Credit

Created more than 20 years ago, the little-known federal Saver's Credit provides people with modest incomes a government match on their retirement contributions. The Transamerica Center for Retirement Studies (TCRS) polled more than 10,000 adults late last year and found only 48% were aware of the tax credit. Among those earning less than $50,000 annually, just 41% knew about the credit. Given that the Saver's Credit[19] is limited and not refundable, lower-income workers who do not end up paying taxes cannot get the match. This valuable tool to promote savings for those who need it most could be further strengthened and publicized to help those in lower income brackets save more. Furthermore, a refundable Saver's Credit could be more beneficial to employees, especially younger employees. One study found that a refundable Saver's Credit would play a pivotal role in enhancing the assets of different types of savers at all points of their lives assuming the refundable credit could be deposited into the saver's retirement account. As an example, for a young saver, the refundable Saver's Credit could

[17] Board of Governors of the Federal Reserve System, Report on the Economic Well-Being of U.S. Households in 2020 , May 2021 https://www.federalreserve.gov/publications/2021-economic-well-being-of-us-households-in-2020-dealing-with-unexpected-expenses.html

[18] Sarah Foster, Survey: More than half of Americans couldn't cover three months of expenses with an emergency fund, Bankrate, July 2021 https://www.bankrate.com/banking/savings/emergency-savings-survey-july-2021/

[19] Transamerica Center for Retirement Studies, Fewer Than Half of U.S. Workers Are Aware of a Tax Credit for Retirement Savers, February 2022

increase their assets from $262,400 to $390,400.[20] This would be a positive development for increasing savings for lower income individuals.

Encouraging Employer Match Based on Student Loan Payments

Many younger workers are missing out on retirement savings opportunities because they are saddled with student loans, especially minorities. Black college graduates owe an average of $25,000 more in student loan debt than white college graduates. Four years after graduation, 48% of Black students owe an average of 12.5% more than they borrowed. Black student borrowers are the most likely to struggle financially due to student loan debt, with 29% making monthly payments of $350 or more.[21] While many of these individuals are aware of the importance of saving for retirement, they are forced to prioritize student loan repayments over longer term financial goals. Unfortunately, by responsibly paying their most urgent debt, such individuals lose the benefits of compound interest that are important when saving for retirement in the early years of their career. Bipartisan House and Senate bills would allow employers to match employees' student loan payments with retirement-plan contributions so workers could keep paying down their student loan debt without foregoing their employers' contributions to their workplace savings plans. Employers, in turn, would benefit from a tax deduction for their contributions to the same extent they would for matching employees' retirement plan contributions while also creating goodwill and a compelling recruiting tool.

Expanding Automatic Plan Features

Automatic plan features help ensure many savers do not miss out on the first step to retirement savings. Auto-enrollment first gets employees into the plan and auto-escalation incrementally nudges them to save more over time. By harnessing the power of inertia, these two features are critical to helping workers save enough to retire with dignity. However, more needs to be done.

According to the Defined Contribution Institutional Investment Association's (DCIIA) plan sponsor survey, auto-enrollment saw growth in adoption to 69% in 2019, up from 60% in 2016.[22] However, that means roughly 30% of plan sponsors still have not adopted auto-enrollment. When drilling deeper into auto-enrollment by plan size, *PlanSponsor* found that only 22% of plans with less than $5 million in assets had auto-enrollment, and of those with less than $50 million, only 47% had auto-enrollment features.[23] When asked, plan sponsors identified cost as one of the barriers to including an auto-enrollment feature in their plans.[24]

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[20] Anna Milstein and Angela Antonelli, How Universal Access and a Refundable Saver's Tax Credit Can Transform Retirement Savings, Georgetown University Center for Retirement Initiatives, August 2021. https://cri.georgetown.edu/how-universal-access-and-a-refundable-savers-tax-credit-can-transform-retirement-savings/ (Young saver assumptions - started their account at age 25 and earned an average salary ($35,000) at a small employer over a 40-year career.

[21] Hanson, Melanie. "Student Loan Debt by Race" EducationData.org, March 10, 2022, https://educationdata.org/student-loan-debt-by-race

[22] Defined Contribution Institutional Investment Association (DCIIA) Plan Sponsor Survey, April 2020

[23] PlanSponsor, 2021 DC Plan Benchmarking Survey, November 2021

[24] Defined Contribution Institutional Investment Association (DCIIA) Plan Sponsor Survey, April 2020

The auto-escalation feature also saw a rise in adoption by plan sponsors, where 69% of plans offer auto-escalation in 2019, up from 50% in 2016.[25] However, similar to auto-enrollment, the numbers vary when looking at plan size. For plans with less than $5 million, 65% are defaulting participants at 3% of their salary or less. For plans that are smaller than $50 million in size, the number decreases to roughly 50% defaulting participants at 3% of salary or less.[26] To the extent that workers need to contribute anywhere from 10%-15% annually of their salary, including both employee and employer contributions, to accumulate sufficient retirement savings, then it could take participants seven years to start contributing to the point where they are saving enough.

Proposals to improve upon and encourage adoption of these automatic feature provisions are included in bipartisan legislation. We encourage Congress to continue to pursue improvements in this area consider include automatic plan features enhancement in legislation you are drafting.

Supporting Caregivers

To contribute to a workplace retirement plan you need to be working. For numerous reasons and for varying lengths of time, employees occasionally must step aside from their full-time job to focus on the needs of a parent, a child or a spouse as a full-time caregiver. To help those who need to leave the workforce for these reasons, the majority of whom are women, Congress should move ahead with bipartisan proposals like the Expanding Access to Retirement Savings for Caregivers Act. This legislation, introduced in the House last year, would help those who were forced to stop saving entirely while they were not employed to allow them to make special catch-up contributions to get their retirement savings back on track.

Conclusion

I commend you, Chair Murray and Ranking Member Burr, for holding this hearing today. It is another example of the bipartisan work being done to help ensure a brighter financial future for all Americans. Access to guaranteed lifetime income through a retirement plan is critical, and we believe enhancing access to the best versions of these products throughout the entire system is foundational. The HELP Committee can play a critical and much needed role to ensure the next round of retirement legislation will further build on that foundation and help plan sponsors use the power of default investments to help their workers obtain and maintain a guaranteed stream of retirement income that will last them for their entire lives.

On behalf of the entire retirement industry, I would like to thank you for your commitment to improving and modernizing the current retirement system. And thank you for the opportunity to testify. I look forward to answering your questions.

[25] Defined Contribution Institutional Investment Association (DCIIA) Plan Sponsor Survey, April 2020

[26] PlanSponsor, 2021 DC Plan Benchmarking Survey, November 2021