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U.S. House of Representatives Passes Bipartisan Retirement Policy Legislation

This week, the U.S. House of Representatives passed H.R. 2954, the *Securing a Strong Retirement Act of 2021 (SECURE 2.0).* The bipartisan retirement bill passed on an overwhelming bipartisan vote of 414 to 5. The bill would build upon the Setting Up Every Community for Retirement Enhancement (SECURE) Act that was signed into law in 2019. The Academy's Retirement Security Assessment and Policy Committee has presented perspectives relevant to the current retirement landscape in its series of issue briefs on a National Retirement Policy.

SECURE 2.0 would make a number of changes to employer-sponsored retirement plans and individual retirement accounts (IRAs). Key provisions in the current version of the bill include:

- Automatically enrolling employees when they become eligible in employer-sponsored defined contribution retirement plans at a floor of 3% of pay effective for plan years beginning after December 31, 2023. Current plans would be grandfathered;
- Raising the age for required minimum distributions to on a graduated basis from age 72 ultimately to age 75 as of January 1, 2033;
- Allowing elective deferrals for the purpose of matching contributions for qualified student loan payments effective December 31, 2022;
- Reducing the period of service requirement for 401(k) plans for long term, part-time workers from 3 consecutive years to 2 consecutive years effective December 31, 2022
- Increasing the amount of retirement plan catch-up contributions for those age 62, 63 and 64 to $10,000 (indexed for inflation) effective for tax years after December 31, 2023;

- Creating an online, national registry with a “lost and found” service for workers who can’t locate their retirement benefits; the Department of Labor is required to issue regulations for plan fiduciaries on how to find missing participants
- Enhancing saver’s credit applicable percentage to 50% rather than the percentage declining as income increases effective for tax years after December 31, 2026;
- Increasing the limit of qualified longevity annuity contract (QLAC) premiums from $135,000 to $200,000 and removal of the 25% limit of QLAC premium balances.

This bill now heads to the U.S. Senate for continued debate and potential revisions. A final vote is expected later this spring.

If you have any questions regarding this ***Academy Alert***, please contact Marietta Richman, Legislative and Regulatory Analyst (richman@actuary.org; 202 617-9011).