



AMERICAN ACADEMY
of ACTUARIES

NEWS RELEASE

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Academy: Retirement Legislation Introduced by Sen. Harkin Should Prompt National Discussion

WASHINGTON – Retirement legislation (the USA Retirement Funds Act) introduced today by Sen. Tom Harkin (D-Iowa) hopefully will prompt a national discussion about retirement policy. “The discussion is long overdue,” said American Academy of Actuaries President Tom Terry. “The American Academy of Actuaries’ new [Retirement for the AGES](#) initiative is designed to critically examine comprehensive proposals such as this and can play a part in the discussion as retirement-income issues take center stage.”

The Academy’s initiative offers a framework for evaluating retirement plans, systems, and proposals intended to meet Americans’ retirement-income needs. Millions of Americans either lack access to private retirement plans or don’t take advantage of employer-sponsored plans, and over the past 30 years, traditional pensions have given way to defined-contribution plans, such as 401(k)s and IRAs.

“Against this complex retirement landscape, Sen. Harkin’s legislation raises a wide range of issues, from plan portability and management to sustainability,” said Terry. “The Academy’s Retirement for the AGES framework is a great tool for examining the USA Retirement Funds Act, and other retirement legislation or policies that may be proposed.”

On April 28, the Academy will host a policy forum, “Retirement for the AGES: Building Enduring Retirement-Income Systems,” in Washington, D.C. It will include discussion of how the Academy’s new framework can be used to evaluate comprehensive proposals such as Sen. Harkin’s. According to the *Retirement for the AGES* [monograph](#), any well-functioning retirement plan, system or proposal should:

- Lessen the administrative and fiduciary burden on employers;
- Provide for professional management;
- Communicate retirement savings as future income replacement;

- Add strong automatic features and defaults, such as auto-enrollment and better default investment options;
- Standardize and make fees transparent in order to lower costs;
- Incorporate self-adjusting mechanisms to respond to changing economic conditions;
- Allow smaller plans to group together to take advantage of economies of scale;
- Develop procedures to help prevent decisions that damage sustainability; and
- Clarify the role of members of a plan’s governing bodies and clearly define conflicts of interest.

Assessing how well the USA Retirement Funds Act and other proposals address these criteria will be discussed at the forum, where the Academy will release the first in a series of scorecards based on the Retirement for the AGES principles. Learn more about the Academy at www.actuary.org.

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The American Academy of Actuaries is a 17,500-member professional association whose mission is to serve the public and the U.S. actuarial profession. The Academy assists public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

Media Only: *To set up an interview with Tom Terry or Senior Pension Fellow Donald Fuerst, contact Assistant Director of Communications, Public Affairs, David Mendes at mendes@actuary.org or 202.384.2075.*