U.S. Chamber of Commerce

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To The Members of the U.S. House of Representatives:

While the U.S. Chamber of Commerce supports many of the provisions of H.R. 2954, the "Securing a Strong Retirement Act of 2022," which would promote retirement security and also encourage employers, especially small employers, to establish and maintain retirement plans, we are concerned with two provisions which would mandate automatic enrollment and paper statements.

We support the bill's positive provisions, including, but not limited to:

- Promoting the Saver's Credit to increase utilization;
- Allowing employers to voluntarily match qualified student loan payments;
- Providing a tax credit to small employers to encourage military spouse plan participation;
- Allowing for small financial incentives to encourage employees to contribute to a plan;
- Facilitating qualified longevity annuities;
- Clarifying the rules regarding plan overpayments;
- Requiring the Agencies to make recommendation to Congress to consolidate, simplify, standardize and improve the current reporting and disclosure requirements;
- Eliminating certain disclosures for unenrolled employees;
- Creating a retirement savings lost and found managed by the PBGC where individuals can search for individual account balances they may have left at a previous employer; and
- Allowing employers to rely on an employee's certification of hardship distribution.

However, we strongly oppose two requirements that would hurt the many employers' ability to offer and maintain plans and to communicate with their employees: Section 101, which would mandate automatic enrollment and Section 313, which would require paper disclosures for retirement plans. We hope these provisions are improved as the legislative process continues.

The Chamber supports automatic enrollment but opposes mandating it as Section 101 would because employers that do not include it in their plan design do not do so because of the associated cost, particularly for small employers or those with high turnover.[1] Section 103 of the Retirement Security and Savings Act, which offers a credit for including automatic enrollment, is a better model for increasing automatic enrollment.

Section 313 would effectively require employers to provide paper statements with redundant information at least once a year to all retirement plan participants. This provision would increase costs that would likely be passed on to participants.[2] It also is contrary to the Department of Labor's findings that the current regulatory safe harbor, which this provision would disrupt, is unlikely to have any negative impact on individuals residing in rural and remote areas, seniors, and other populations that either lack access to web-based communications or who may only have access through public means.[3] Finally, for those who are concerned that older participants are incapable of understanding electronic disclosures, other surveys and data show that older Americans have become increasingly tech savvy.[4]

We encourage Congress to move forward with bipartisan retirement legislation that encourages employers to establish and maintain plans with the protections that participants need.

Sincerely,

Neil L. Bradley
Executive Vice President, Chief Policy Officer,
and Head of Strategic Advocacy
U.S. Chamber of Commerce

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[1] "What the Pension Protection Act has taught us about saving for retirement," Spencer Williams, Jan. 5, 2022 (explaining the cost of automatic enrollment in high turnover industries) available at https://www.benefitnews.com/advisers/opinion/15-years-of-401k-lessons-from-the-pension-protection-act

[2] See "2018 UPDATE TO Delivering ERISA Disclosure for Defined Contribution Plans: Why the Time Has Come to Prefer Electronic Delivery," Peter Swire & DeBrae Kennedy-Mayo, April 2018 (based on a minimum of six mailings per year, total printing and mailing costs could exceed $385 million per year for ERISA governed retirement plans, and with four quarterly statements and four regulatory notices, it would increase to more than $500 million in a year) available at https://www.napa-net.org/sites/napa-net.org/files/uploads/2018-Update-to-Delivering-ERISA-Disclosure-for-DC-Plans.pdf; see also "Default Electronic Delivery Works: Evidence of Improved Participant Outcomes from Electronic Delivery of Retirement Plan Documents" November 2019 (finding that because of the cost savings from electronic delivery, over 30 years a participant's account balance would increase by 9 percent or $15,014) available at https://www.sparkinstitute.org/wp-content/uploads/2019/12/SPARK-Institute-Default-Electronic-Delivery-Works.pdf.

[3] "Report on Default Electronic Disclosure by Employee Pension Benefit Plans Under Employee Retirement Income Security Act" available at https://www.asppa-net.org/sites/asppa.org/files/EBSA%20--%20Default%20Electronic%20Disclosure%20Report%20%281.26.2022%29-3.pdf.

[4] AARP 2022 TECH TRENDS AND THE 50 PLUS available at https://www.aarp.org/content/dam/aarp/research/surveys_statistics/technology/2021/2022-technology-trends-older-americans.doi.10.26419-2Fres.00493.001.pdf.