

Retirement Savings & Security Act (RSSA) S. 1431

Introduced May 2019 by Rob Portman (R-OH) and Ben Cardin (D-MD)

Summary: The Retirement Savings and Security Act of 2019 is bipartisan legislation introduced last week which will help strengthen Americans' retirement security by addressing four major opportunities in the existing retirement system: (1) allowing people who have saved too little to set more aside for their retirement; (2) helping small businesses offer 401(k)s and other retirement plans; (3) expanding access to retirement savings plans for low-income Americans without coverage; and (4) providing more certainty and flexibility during Americans' retirement years. The measure includes more than 50 provisions to accomplish these objectives.

Bill Text

As summarized in Rob [Portman Press Release](#):

Allow People Who Have Saved Too Little to Set More Aside for their Retirement

- Establishes a new incentive for employers to offer a more generous automatic enrollment plan and receive a safe harbor from costly retirement plan rules. It provides a tax credit for employers that offer these safe harbor plans starting at six percent of pay in addition to the existing safe harbor at three percent. This gives employers the certainty to offer more generous retirement benefits to their employees.
- Increases the "catch-up" contribution limits from \$6,000 to \$10,000 for baby boomers (individuals over age 60) with 401(k) plans.
- Helps employees who are struggling to save for retirement and pay off student loan debt. It allows employers to make a matching contribution to the employee's retirement account in the amount of his or her student loan payment.
- Allows employers to make an additional contribution on behalf of employees in a small business SIMPLE retirement plan.
- Indexes to inflation the allowable catch-up contribution to Individual Retirement Accounts (IRAs).

Help Small Businesses Offer 401(k)s & Other Retirement Plans



- Increases the current law tax credit for small businesses starting a new retirement plan from \$500 to as much as \$5,000.
- Provides a small business tax credit for adopting the more generous safe harbor from costly rules.
- Simplifies rules for small businesses, including allowing small businesses to self-correct all inadvertent plan violations under the IRS' Employee Plans Compliance Resolution System ("EPCRS") without paying IRS fees or needing formal submissions to the IRS.
- Simplifies "top-heavy" rules for small business plans to reduce the cost of enrolling new employees.
- Establishes a new three-year, \$500 per-year tax credit for small businesses that automatically re-enroll plan participants into the employer plan at least once every three years.

Expand Access to Retirement Savings Plans for Low-Income Americans Without Coverage

- Expands the existing Saver's Credit income thresholds to give more Americans access to increased credit amounts.
- Creates a new "government match" for low-income savers by making the Saver's Credit directly refundable into a retirement account.
- Expands the eligibility of 401(k)s to include part-time workers that complete between 500 and 1,000 hours of service for two consecutive years.
Provide More Certainty & Flexibility During Americans' Retirement Years
- Increases the age for required minimum distributions from age 70.5 to 72 in 2023 and age 75 by 2030, allowing all individuals choosing to work later in life to keep saving for retirement.
- Creates an exception from required minimum distributions for individuals with \$100,000 or less in aggregate retirement savings, allowing them to choose to keep saving for retirement at any age.
- Reduces the current penalty for failing to take required minimum distributions from 50 percent of the shortfall amount to 25 percent in most cases, and as low as 10 percent, if you self correct.
- Encourages expanded use of Qualifying Longevity Annuity Contracts (QLACs), retirement plans that provide annual payments to individuals who outlive their life expectancy. QLACs prevent older Americans from outlasting their savings.