



May 16, 2018

The Honorable Tim Walberg
Chairman
HELP Subcommittee
Committee on Education and the Workforce

The Honorable Gregorio Kilili Camacho Sablan
Ranking Member
HELP Subcommittee
Committee on Education and the Workforce

Re: SPARK Supports Measures to Simplify and Modernize Plan Administration

Dear Chairman Walberg and Ranking Member Sablan:

On behalf of the SPARK Institute, Inc., I want to thank you for holding today's important hearing to discuss proposals to simplify and modernize retirement plan administration.

The SPARK Institute believes that retirement security is the shared responsibility of individuals, employers, government, and the providers, consultants, and advisors who serve them. We represent the interests of a broad-based cross section of retirement plan service providers and investment managers, including banks, mutual fund companies, insurance companies, third-party administrators, trade clearing firms and benefits consultants. Collectively, our members serve approximately 85 million employer-sponsored plan participants.

As your subcommittee continues to explore ways to enhance retirement security, we strongly encourage you to consider the following proposals intended to simplify and modernize retirement plan administration. These matters have been identified by our members as key areas for improving our private retirement system.

- **Electronic Delivery of Disclosures.** SPARK believes that the default delivery method for retirement plan related documents should be electronic delivery. Electronic delivery empowers retirement plan participants by providing them access to real-time information about their retirement benefits and other online tools that can assist with retirement planning. However, existing regulations prevent retirement plan providers from fully implementing this technology to improve their communications with retirement savers. SPARK strongly supports the RETIRE Act (H.R. 4610), introduced by committee members Representative Polis and Representative Roe, because it allows employers to make electronic delivery the default delivery method for retirement plan related documents.
- **Facilitate Coverage Through Open MEPS.** SPARK believes that it should be easier – not harder – for small employers to offer retirement plans. We believe that open multiple employer plans (MEPs) would help expand retirement plan coverage, especially for small businesses, because of the reduced costs and economies of scale that would be made possible by open MEPs. However, existing Department of Labor guidance has limited the ability of unrelated employers to pool together to offer their employees access to retirement plans at an affordable cost. SPARK strongly supports the provisions in the Retirement Security for American Workers Act (H.R. 854) that would allow unrelated employers to join together through a single

MEP and eliminate the “one-bad-apple” rule. This proposal is also contained in Retirement Enhancement and Savings Act of 2018 (RESA) (H.R. 5282), which SPARK strongly supports.

- **Support for Lifetime Income Options.** SPARK believes that retirees deserve access to guaranteed lifetime income options. Accordingly, SPARK strongly supports the Increasing Access to a Secure Retirement Act (H.R. 4604), introduced by Chairman Walberg and Representative Lisa Blunt Rochester. That legislation, if enacted, would encourage the use of lifetime income options by establishing an improved fiduciary safe harbor for plan sponsors when selecting an annuity provider. This proposal is also contained in RESA, which SPARK strongly supports.
- **Increased Cash-Out Thresholds.** SPARK also supports the Retirement Plan Modernization Act (H.R. 4158), introduced by Chairman Walberg and Ranking Member Sablan, which would increase the automatic cash-out threshold from \$5,000 to \$7,600 and make the threshold indexed going forward. By increasing and indexing this limit, the Retirement Plan Modernization Act would help strike the right balance between allowing employees to defer benefits until retirement and preventing plans and participants from incurring unreasonable costs associated with maintaining small accounts on behalf of former employees.
- **Other Common-Sense Proposals in RESA.** SPARK strongly supports RESA, especially the provisions that would advance the legislative agenda items described above. Additionally, SPARK supports the RESA provisions that would improve auto features by removing the 10 percent cap from the automatic enrollment safe harbor and expand coverage by permitting similar defined contribution plans to combine their annual reporting on a single Form 5500.

We greatly appreciate your interest in these important retirement security issues and look forward to working together to ensure all Americans are able to achieve a financially secure retirement.

Sincerely,



Tim Rouse
Executive Director
The SPARK Institute, Inc.