



July 28, 2021

The Honorable Ron Wyden
Chairman
Senate Committee on Finance
Washington, DC 20510

The Honorable Mike Crapo
Ranking Member
Senate Committee on Finance
Washington, DC 20510

Re: Senate Committee on Finance Hearing “Building on Bipartisan Retirement Legislation: How Can Congress Help?”

Dear Chairman Wyden and Ranking Member Crapo,

On behalf of the SPARK Institute, I would like thank you for holding today’s hearing on the critical issues involved in improving retirement security for millions of Americans. Our members deeply value your leadership and look forward to working with you and the Committee to advance solutions that improve, simplify, and modernize retirement savings.

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 100 million employer-sponsored plan participants.

Today’s hearing underscores that the work to enhance retirement security is not finished. As Congress reflects on recent enactment of the Setting Every Community Up for Retirement Enhancement (SECURE) Act, we are excited to share with you a number of suggestions for additional improvements and enhancements. Attached you will find the SPARK Institute’s Legislative and Regulatory Agenda which was the product of extensive input from our members. We are pleased that a number of these proposals have been included in various introduced bills.

In the Senate, SPARK has endorsed the Retirement Security and Savings Act of 2021 introduced earlier this year by Senator Ben Cardin and Senator Rob Portman. SPARK is especially supportive of a number of provisions in Retirement Security and Savings Act that have been identified by our members as key improvements such as expansion of the small business start-up credit, increasing the required beginning date to 75 and additional catch-up contributions for certain older employees. SPARK noted our support for a provision to integrate student loan repayment solutions into workplace savings plans. SPARK also commended the provisions in Retirement Security and Savings Act that will streamline and simplify retirement plan operations, including expanding self-correction, limiting notices for unenrolled participants, and permitting 403(b) plans to invest in collective investment trusts (CITs).

SPARK is committed to working with Congress to continue advance the many improvements contained in the Retirement Security and Savings Act of 2021 and to incorporate additional



improvements and simplifications as the Finance Committee develops its comprehensive retirement savings legislation. For example, SPARK has long championed the expanded use of default electronic delivery for retirement plan documents because it simplifies plan administration, reduces costs, and provides retirement savers access to online tools and real-time information on their retirement benefits. SPARK believes the 2020 Department of Labor E-Delivery Rule struck an appropriate balance between expanding default e-delivery and protecting the rights of retirement savers who prefer paper documents. We strongly encourage Congress to advance legislation that would harmonize e-delivery rules across the federal agencies, including at the Treasury Department and IRS.

We greatly appreciate your interest in and commitment to these important retirement security issues. As retirement savings reforms and enhancements advance through the legislative process, we look forward to working with the Committee to ensure the retirement reforms are as effective as possible to help all Americans achieve a financially secure retirement.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Rouse", with a stylized flourish at the end.

Tim Rouse
Executive Director
The SPARK Institute, Inc.

Legislative & Regulatory Agenda 2021

The SPARK Institute represents the interests of a broad-based cross section of retirement plan service providers and investment managers, including banks, mutual fund companies, and insurance companies. Collectively, our members serve approximately 95 million participants in 401(k) and other defined contribution plans. We focus on promoting the important benefits of employer-sponsored retirement plans, which are critical to the financial security of Americans saving for retirement.

The SPARK Institute believes that **retirement security is a shared responsibility** of individuals, employers, government, and the providers, consultants, and advisors that serve them. Building on the successful enactment of the Setting Every Community Up for Retirement Enhancement (SECURE) Act in 2019, the SPARK Institute is committed to working with Congress and federal regulators to advance solutions that implement the five pillars of the SPARK Institute's Legislative and Regulatory Agenda detailed below.

PRESERVE & EXPAND INCENTIVES FOR RETIREMENT SAVINGS

*The SPARK Institute seeks to **preserve the current tax incentives** for retirement savings and **opposes financial transaction taxes** that would harm retirement savers. The SPARK Institute supports efforts to **increase coverage through expanded tax incentives** so that more workers have access to, and utilize, employer-sponsored savings vehicles, like 401(k), 403(b), and 457(b) plans.*

ELECTRONIC DELIVERY & ADMINISTRATION: MODERNIZING RETIREMENT PLAN COMMUNICATIONS

The electronic delivery of retirement plan documents empowers employees by providing them access to real-time information on their retirement benefits and online tools to assist them with retirement planning. The 2020 Department of Labor E-Delivery Rule struck an appropriate balance between expanding default e-delivery and consumer protections. Additionally, the ongoing pandemic has highlighted the value of electronic delivery and the need for other modernizations to facilitate the greater use of technology for notarizations and other plan operations.

*The SPARK Institute supports the **expansion of default e-delivery**. We will continue to work for the **harmonization of e-delivery rules** across the federal agencies, including at the Treasury Department/IRS. The SPARK Institute will advance a **nationwide remote notarization standard**.*

☑ FINANCIAL WELLNESS & LITERACY: MEETING THE HOLISTIC FINANCIAL NEEDS OF RETIREMENT SAVERS

Retirement savings are part of the holistic financial needs and challenges that plan participants face. With sensible changes to federal rules, employers and service providers can do more to help improve the financial wellness of all employees and implement policies that support an employee's participation in retirement savings plans while meeting their existing obligations, such as student loans.

*The SPARK Institute supports legislative and regulatory solutions to **integrate student loan repayment solutions** into workplace savings plans. The SPARK Institute encourages efforts to **expand access to financial wellness programs** inside and outside of retirement savings plans and the growth of **financial literacy programs**. The SPARK Institute will **advance emergency savings solutions** to address the economic needs and concerns of employees and supports the **expansion of workplace savings programs** to include other non-retirement savings priorities.*

☑ SIMPLIFICATION: ADVANCING REFORMS TO MAKE RETIREMENT SAVING EASIER AND ENHANCE OUTCOMES

Simplifying and modernizing the rules and regulations that govern retirement plans will make it easier and less expensive for employers to offer retirement plans so all Americans can enjoy a financially secure retirement.

*The SPARK Institute supports efforts to streamline retirement plan operations, including **plan design simplification, notice consolidation, testing relief, and streamlined reporting requirements**. The SPARK Institute also supports changes that would **permit 403(b) plans to invest in collective investment trusts (CITs)**. The SPARK Institute will work to **advance missing participant solutions** and **expand access to self-correction for plan errors**.*

☑ LIFETIME INCOME: ENCOURAGING INNOVATIVE WAYS TO GENERATE INCOME IN RETIREMENT

To ensure that retirees have the lifetime income they need to enjoy a comfortable retirement, more should be done to ensure that retirement savers have access to lifetime income options in their retirement plans. This means offering lifetime income investments during the accumulation phase and offering lifetime distribution options at retirement. We believe not in supporting one product, but rather in supporting a robust market where plan fiduciaries can choose what best meets the needs of participants. We need rules that support, not impede, innovative solutions.

*The SPARK Institute supports legislative and regulatory changes that would facilitate the **inclusion of annuities and other lifetime guarantees** during the accumulation phase and through retirement.*