The SECURE Act opens doors to lifetime income

The most significant piece of retirement legislation since the Pension Protection Act of 2006, the SECURE Act empowers plan sponsors to help their employees attain lifelong financial security by targeting three gaps in retirement policy:

The Access Gap

- Not enough Americans have access to an employer-sponsored retirement plan
- Only 9.8% of plans include access to products that provide monthly income in retirement

The Savings Gap

- Most Americans aren’t saving enough for retirement
- Only 9.8% of plans include access to products that provide monthly income in retirement

The Guarantee Gap

- Not enough Americans have access to guaranteed lifetime income
- Only 9.8% of plans include access to products that provide monthly income in retirement

Why the SECURE ACT Matters…

For Plan Sponsors

- Improves plan design options and makes it easier for employers to offer lifetime income choices:
  - Among unwindable (DC) plan sponsors, participation in multiple employer plans (pooled employer plans) is limited to the size of the plan sponsor.
  - Providing plan sponsors with the guidance they need to meet their fiduciary duty to assess the financial capability of annuity providers of guaranteed income benefits.
  - Increasing the amount that can be invested through auto-enrollment/escalation to lessen the risk of unengaged employees not saving enough.
  - Enhancing the ability of plans to distribute lifetime income investments in certain circumstances.
  - Increasing startup credit for small employer plans.

For Employees

- Makes it easier to build a path towards lifetime income by:
  - Increasing the required minimum distribution age from 70½ to 72, allowing savings to grow for longer.
  - Providing plan participants with income illustrations on their benefit statements.
  - Allowing penalty-free withdrawals from a retirement plan or IRA for births or adoptions.
  - Including non-tuition fellowship and stipend payments as “compensation” on which IRA contributions may be based.
  - Repealing the maximum age for traditional IRA contributions to allow continued retirement savings.

How might the SECURE Act impact your plan?

- Allowing unrelated 401(k) plan sponsors to participate in multiple employer plans (pooled employer plans).
- Providing plan sponsors with the guidance they need to meet their fiduciary duty to assess the financial capability of annuity providers of guaranteed income benefits.
- Increasing the amount that can be invested through auto-enrollment/escalation to lessen the risk of unengaged employees not saving enough.
- Enhancing the ability of plans to distribute lifetime income investments in certain circumstances.
- Increasing startup credit for small employer plans.

1 PSCA’s 2019 Annual Survey of Profit Sharing and 401(k) Plans
2 1 in 3 Americans have less than $5,000 in retirement savings. Northwest Mutual. May 2018
3 Lifetime income: Building confidence from uncertainty. TIAA, August 2019

For more information, visit TIAA.com/SECUREAct.