

**Support the Bipartisan, Bicameral Retirement Savings for Americans Act**  
**Reps. Lloyd Smucker (R-PA) and Terri Sewell (D-AL)**

**The issue:**

- Americans are unprepared to retire.
- The U.S. has one of the highest elder poverty rates in the world. For the bottom 50% of the wealth distribution, they have \$0 in retirement savings.
- In a new ranking of the world's retirement systems, the U.S. scored a C+ mainly because the current system works well for white collar workers but fails gig workers and blue-collar workers.
- A recent CBO report on the distribution of benefits within the tax code reveals that retirement tax expenditures in the U.S. totaled \$276 billion in 2019.
  - Of this amount, the top quintile got more than 60 percent of the benefit, while the bottom two combined were less than 5 percent. Exclusions for retirement savings is the second largest tax expenditure behind health insurance.
- The reasons for not saving can vary, but primarily it is due to the lack of access to a retirement savings vehicle and the lack of an incentive to save.
- Estimates suggest that roughly one-half of workers do not participate in an employer sponsored retirement plan. Only 1/3 of workers in leisure and hospitality have access to a workplace retirement plan. This has consequences: the bottom 25 percent of Americans have a net worth of \$310.
- Lack of retirement savings occurs across all age groups:
  - 42% of those 18-29, 26% of those 30-44, 17% of those 45-59, and 13% of those over 60 have nothing saved for retirement.

The Retirement Savings for Americans Act will help build retirement security for millions of Americans who do not have access to an employer sponsored retirement account. The RSAA creates an incentive to put money aside and build a retirement nest egg, as so many other Americans do that can leverage workplace programs. The goal of this proposal is to help low- and middle-income Americans become more prepared for retirement by granting access to tax-advantaged 'American Worker Savings Plans' retirement accounts modeled after the federal government's Thrift Savings Plan (TSP). The legislation features proven methods to build wealth and reduce income inequality, including auto-enrollment, tax credits for middle income savers, low fee investment options and financial education. Automatic enrollment increases participation by 13%. Matching contributions increase uptake by 22%.

The *Retirement Savings for Americans Act* contains the following provisions:

- **Eligibility and Auto Enrollment:** Full- and part-time workers who lack access to an employer-sponsored retirement plan would be eligible for an account, and they would be automatically enrolled at 3% of their income. They could choose to increase or decrease their withholding or opt out entirely at any time. Independent workers (including gig workers) would also be eligible.
- **Federal Contribution:** Low- and moderate-income workers would be eligible for a 1% automatic contribution (as long as they remain employed) and up to a 4% matching contribution via a refundable federal tax credit. This would begin to phase out at median income.
- **Portability:** Accounts would remain attached to workers throughout their lifetimes, and workers would be able to stop and start contributions at will.
- **Private Assets:** The accounts would be the property of the worker and the assets could be passed down to future generations to help them build wealth and financial security.
- **Investment Options:** Much like the current Thrift Savings Plan, participants would be given a menu of simple, low-fee investment options to choose from, including lifecycle funds tied to a worker's estimated retirement date, or index funds made of stocks and bonds.

**Supporting Groups:**

Economic Innovation Group, AARP, Charles R. Schwab, International Franchise Association, Small Business & Entrepreneurship Council, American Hotel and Lodging Association, DoorDash, Uber, Society of Human Resource Management, Goldman Sachs 10,000 Small Business Voices, Third Way, BPC Action, Flex Association