

Publications

Senate Finance Panel Recommends Changes to Retirement System

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On July 8, 2015, the Senate Finance Committees Savings & Investment Tax Reform Working Group (S&I Working Group) submitted bipartisan [recommendations](#) to the Chairman and Ranking Member of the Committee. The recommendations include:

- enabling employers to use open multiple employer plans;
- increasing the value of start-up credits, particularly for those plans that use automatic enrollment;
- expanding the safe harbor for automatic enrollment;
- requiring plans to allow long-term, part-time employees to participate;
- making lifetime income solutions more attractive by excluding a portion of the payments from income, encouraging portability, and considering other options (*e.g.*, fiduciary safe harbors and lifetime income disclosures);
- expanding the savers credit;
- reducing leakage by, for example, extending the rollover period for plan loans;
- clarifying certain rules related to church plans; and
- making changes to encourage employee-ownership in S corporation ESOPs.

The S&I Working Group is one of five, bipartisan working groups set up in January to analyze current tax law and examine policy trade-offs and available reform options. Senator Mike Crapo (R-Idaho) and Senator Sherrod Brown (D-Ohio), co-chairs of the panel, solicited public comment and received [128 formal submissions](#) from industry and advocacy groups. After reviewing the public submissions, the S&I Working Group developed a set of bipartisan recommendations, many of which reflect concepts already included in previously introduced legislation.

The recommendations are important because they reflect areas in which members were able to come together and reach bipartisan consensus, said Groom Principal Michael Kreps, former Senior Pensions and Employment Counsel to the Senate Committee on Health, Education, Labor, and Pensions. Although Congress is a long

way from passing comprehensive tax reform, the recommendations give an aura of credibility to a handful of policy proposals that already have support from many members in the Senate and the House.

I would not be surprised to see some members of Congress try to capitalize on the bipartisan recommendations by making a push to pass some or all of the proposals, noted Groom Principal Brigen Winters, former Tax Counsel to the House Ways and Means Committee. This is definitely something people interested in retirement policy should be taking seriously.

Grooms premier retirement policy team will discuss the S&I Working Groups recommendations, along with other developments from inside the beltway, during its inaugural Groom Retirement Policy Report on July 22, 2015, at 1 pm. If you are interested in participating in the webinar, please contact Yena Lee at ylee@groom.com.

If you have any questions to submit before the webinar, please include them in the comments section on the registration page.

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