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## ICYMI: A Q&A with Members of ICI's Retirement Team

BY ICI VIEWPOINTS

For this year's *2019 Annual Report to Members*, four members of ICI's retirement team sat down to discuss ICI's legislative, regulatory, research, and communications activities to advocate for well-informed public policies that help Americans prepare for retirement.

Below is an abridged version of their discussion. To read the full Q&A, please see ICI's *2019 Annual Report to Members*.



*From left to right: Allen C. Huffman, director, retirement security and tax policy; Peter J. Gunas III, government affairs officer, retirement security and tax policy; Sarah A. Holden, senior director, retirement and investor research; and David M. Abbey, deputy general counsel, retirement policy.*

### **The SECURE Act [Setting Every Community Up for Retirement Enhancement Act] progressed rapidly this year, and it had overwhelming bipartisan House support. How did we get here?**

**Peter Gunas:** I think the bipartisan success of this bill reflects how important retirement savings issues have become. Retirement policy has become an issue that Congress is eager to address. ICI—along with member firms and other partners—spent a lot of sweat equity in educating members of both parties about provisions in SECURE and how they'll be effective in helping Americans save for retirement. So, SECURE is a culmination of all that effort and advocacy aligning with the desires of policymakers.

**Allen Huffman:** We worked hard to disabuse policymakers of the notion that the United States faces a retirement crisis. We did this by **showing them** that the rhetoric is often based on erroneous data that obscure the fact that the system is working well for most Americans. It was a major goal of our early meetings to help policymakers understand the reasons underlying why specific populations are not participating in retirement savings vehicles, and to share methods for increasing that coverage.

**Gunas:** I'd like to add that bringing our top-notch economists and lawyers to the Hill is the bedrock of ICI's advocacy work—providing honest, timely, and trusted information to those who are actually drafting the legislation. So, from a mutual fund perspective, the SECURE Act reflects years of sustained outreach of this sort. It's a team effort with ICI, member firms, and key allies.

### **Sarah, can you expand on how ICI Research is involved in our discussions with policymakers?**

**Sarah Holden:** As we go to regulators or to Capitol Hill, we always take fact-based research with us because it's important to understand the lay of the land before you start making suggestions on how you might improve the landscape. Our positions on the issues raised in the SECURE Act were all based on research. For instance, we know that coverage is lower among smaller employers, and so we supported multiple employer plans. We also know from our research that most IRA investors who take money out do so because the law requires them to—starting at 70½, an age that was set decades ago when life expectancy was lower. We supported allowing folks to preserve that nest egg a bit longer before they have to start taking the money out. So, key elements of the SECURE Act were supported by data on coverage as well as the actual withdrawal activity of today's retirement investors.

### **How does our legal analysis shape the response?**

**David Abbey:** Our legal analysis complements ICI's outstanding research capabilities on retirement issues. Helping policymakers understand what the research shows works and doesn't work, and then how the legal rules can be changed to better effectuate what works, is critical to achieving desired changes.

### **There seems to be a shift to the idea of building up the current system rather than, say, tearing down the house and starting over again. Why is that?**

**Holden:** I think there's a recognition of the innovation that's occurred over time and the sheer **size of the current US retirement system**. We've got [more than 29 trillion] earmarked for retirement and 60 percent of that is in defined contribution plans and IRAs where individuals are managing the money for themselves and doing a very good job of it. So, I think there is finally recognition that the house is large and substantial and simply needs updates, rather than a teardown.

## How have our efforts changed attitudes toward the defined contribution system?

**Gunas:** Our focus on enhancing the current system to expand coverage and reduce administrative burdens so that employers have more capacity to offer plans has been a staple of ICI's lobbying for years. From a congressional perspective, the input ICI has provided to the Hill in favor of the voluntary employer-provided retirement savings system has really helped move the needle away from some of the mandated, government-prescribed approaches that have been more prevalent in the not-too-distant past. There are still outlier proposals, but for the present, Congress intends to build on the current voluntary system. Also, good policy won out during the debate on last Congress's tax reform efforts—and that really helped solidify the benefits of tax deferral for retirement savings and the importance of the private sector.

**Huffman:** Part of the story is how we've turned around the faulty narrative that we need to return to the "golden era" of defined benefit plans. **Data show** that few Americans actually reaped the benefits of defined benefit plans. We've been able to change the understanding of this misperception and **show** that 401(k) plans can provide Americans with greater security in their retirement future.

**Holden:** In the academic and press communities, the crisis narrative and defined benefit nostalgia have been strong. But there has been a bit of a shift in that you see more of these communities suggesting that we need to get more individuals into defined contribution plans and IRAs. It suggests an acceptance of the power of those retirement savings tools. So, I think the shift in the dialogue has definitely gone toward the need to make individual, account-based saving work for more people.

Visit our **Retirement Resource Center** to find out more about ICI research and other useful information about America's retirement system. Also, follow us on social media—**Twitter**, **Facebook**, and **LinkedIn**—to receive information about top news stories on the industry, notices of ICI releases, and stories on retirement.

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