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Washington, DC; April 2, 2019—Investment Company Institute (ICI) President and CEO Paul Schott Stevens issued the following statement after the House Ways and Means Committee today favorably reported the Setting Every Community Up for Retirement Enhancement Act, also known as the SECURE Act:

“ICI commends Chairman Neal, Ranking Member Brady, and the Ways and Means Committee on passage of this major bipartisan legislation, which takes significant steps to help American families achieve a financially secure retirement. Changes like expanding multiple employer plans and raising the auto-enrollment safe harbor cap build on policies that are proven to work for our nation’s savers. Reforms such as repealing the maximum age for making traditional IRA contributions and increasing the age required for mandatory distributions will help align policy with the reality that people are living longer today.

“As the process moves forward, however, lawmakers should broaden the lifetime income disclosure provision so that it is ‘product neutral’ in its approach. As currently written, the provision would likely discourage young, low-balance savers and produce misleading information, among other problems.

“We look forward to continuing to engage in the legislative process as this bill moves forward.”

Highlights of the SECURE Act include:

- allowing companies—regardless of industry—to join together to form multiple employer 401(k) plans;
- increasing the auto-enrollment safe harbor cap from 10 percent to 15 percent;
- simplifying the nonelective contribution 401(k) safe harbor by providing notice and amendment flexibility;
- treating certain taxable non-tuition fellowship and stipend payments as compensation for IRA purposes, thus making it easier for individuals receiving such payments to save through an IRA;
- repealing the maximum age (now 70½) for making traditional IRA contributions;
- increasing the age at which required minimum distributions (RMDs) must start from 70½ to 72;
- expanding the types of education costs that are coverable by 529 plans; and
- increasing the credit limit for small employer start-up costs and creating a new auto-enrollment credit to defray associated start-up costs.