

Legislate[®]

Key Legislative Developments Affecting Your Human Resources US

Volume 9 | Issue 16 | May 21, 2018

Two-Year Retirement Commission Proposed

Acting on the 2017 recommendation of the GAO, Senators Young and Booker have introduced legislation aimed at establishing a commission to examine the U.S. retirement system and suggest improvements in light of changes in the economy and the shift to defined contribution plans and individual responsibility.

In this issue: [Shift to DC Plans Warrants Examination](#) | [Post-ERISA Federal Commissions](#) | [Outlook](#)

Shift to DC Plans Warrants Examination

Senators Todd Young, R-Ind., and Cory Booker, D-N.J., introduced [S. 2753](#) to establish a federal commission charged with reviewing private retirement benefit programs and reporting to Congress on how to improve U.S. private retirement security. The Commission on Retirement Security Act of 2018 would call for a comprehensive review of U.S. private benefit programs, with a particular focus on the shift from defined benefit to defined contribution models. The commission would be charged with examining plan coverage, account balances, investment trends, costs, and retirement distributions — and reviewing economic issues, the gig economy, and demographic changes (longer life expectancy and shrinking household size). Its report would be due within two years from naming most of the members of the commission.

A [Young/Booker press release](#) observes that private retirement systems have undergone significant changes over the past 40 years with traditional pensions being replaced by retirement savings accounts, such as 401(k) plans. In addition, workers are more likely to work in the “gig economy,” defined by serial or contingent employment. For these workers, it is particularly difficult to save for their own retirement. The role of the commission, recommended by a [GAO Report on Retirement Security Challenges](#), would be to better understand how to ensure current and future generations can successfully prepare for retirement. See our [November 21, 2017](#) issue of *For Your Information* for more on the GAO report.



The bill has been referred to the Senate Health, Education, Labor, and Pensions Committee.

Post-ERISA Federal Commissions

Many House and Senate hearings over a decade led to the enactment of ERISA in 1974. GAO reports that three federal commissions have been established since 1974 to examine various aspects of the U.S. retirement system.

- The 1979 President’s Commission on Pension Policy conducted a broad study of the nation’s retirement income policies and made a series of recommendations including a Minimum Universal Pension System (MUPS), federal protections for participants in state and local government plans, more consistent tax treatment of pension plans and retirement savings vehicles, provisions to strengthen Social Security, and proposals on the employment of older workers and disability programs. However, many of the commission’s recommendations were not implemented.
- The 1981 National Commission on Social Security Reform (known as the Greenspan Commission) provided the basis for the 1983 Social Security Amendments that made several changes to strengthen that program.
- The 2001 President’s Commission to Strengthen Social Security suggested three reform plans for Social Security that all featured voluntary personal retirement accounts as a central component. None of the plans were adopted.

Outlook

With bipartisan sponsorship and GAO support, one would think the odds are good that this bill could make progress this year. But that remains to be seen — does this bill offer either party election currency that could lead to success (for the bill or the election!)?

Authors

Marjorie Martin, FSPA, EA, MAAA
Joanne Jacobson, JD, LLM

Produced by the Knowledge Resource Center of Conduent Human Resource Services

The Knowledge Resource Center is responsible for national multi-practice compliance consulting, analysis and publications, government relations, research, surveys, training, and knowledge management. For more information, please contact your account executive or email fyi@conduent.com.

You are welcome to distribute *Legislate*® publications in their entireties. To manage your subscriptions, or to sign up to receive our mailings, visit our [Subscription Center](#).

This publication is for information only and does not constitute legal advice; consult with legal, tax and other advisors before applying this information to your specific situation.