

September 10, 2021

The Honorable Ron Wyden  
Chairman, U.S. Senate Committee on  
Finance  
221 Dirksen Senate Office Building  
Washington, D.C. 20510

The Honorable Mike Crapo  
Ranking Member, U.S. Senate Committee  
Finance  
239 Dirksen Senate Office Building  
Washington, D.C. 20510

The Honorable Richard Neal  
Chairman, House Committee on Ways and  
Means  
372 Cannon House Office Building  
Washington, D.C. 20515

The Honorable Kevin Brady  
Ranking Member, House Committee on Ways  
and Means  
1011 Longworth House Office Building  
Washington, D.C. 20515

*RE: Federal Automatic IRAs in the reconciliation package*

Dear Chairman Wyden, Ranking Member Crapo, Chairman Neal, and Ranking Member Brady:

As a representative of America's 31 million small businesses, Small Business Majority writes today to offer qualified support with key caveats to enhance the federal automatic IRA program, which is expected to be a critical component of the reconciliation package.

Small Business Majority is a national small business organization that empowers America's diverse entrepreneurs to build a thriving and inclusive economy. We engage our network of more than 85,000 small businesses and 1,500 business and community organizations to advocate for public policy solutions and deliver resources to entrepreneurs that promote equitable small business growth.

The way Americans work and start a business is changing, which has been especially true during the COVID-19 pandemic. The health crisis has also underscored why today's entrepreneurs and small business employees need a modernized and robust benefits infrastructure that promotes wealth creation, financial security and quality jobs for those who do not work for large organizations. One vehicle for achieving this is a retirement account, a benefit that most small businesses want to offer their employees to attract and retain a workforce but are often unable to due to cost, administrative complexity and fear of fiduciary liability. Existing state auto IRA programs in California, Oregon and Illinois have had enormous success with adding employees to the pool of individuals who wouldn't have otherwise saved for their retirement.

The currently proposed federal Automatic IRA legislation with "opt-out" payroll deduction capability would expand this success to the entire country with key provisions that:

- Provide an easy mechanism for small business employees to select automatic IRAs and other retirement savings options and for small businesses to connect their payroll systems to these options;
- Provide for a federally maintained website that lists fully vetted retirement savings options, explains the process for connecting payroll deductions to those options and also explains the process for an employer to set up an employer-sponsored retirement savings plan if they so choose;

- Protect employers from any fiduciary liability for investment decisions made within non-employer sponsored plans;
- Exempt employers from compliance reporting and other administrative burdens other than connecting payroll deductions to the retirement plans; and
- Provide a \$500 tax credit to employers each year for four years to cover administrative costs.

However, our support is conditioned on making the following changes to the current version of the bill. These changes will ensure that (1) the best retirement options are available to small business employees, (2) employers and employees have the most hassle-free “onramps” available, (3) administrative complexity and cost to the employer are minimized and (4) the employer has no risk of fiduciary liability:

- Allow states to continue to create their own auto IRA retirement savings programs, or partner with another state program, with the programs including at least one or more state-sponsored public retirement options, even in states that have not passed legislation to set up these programs as of the date of enactment of this legislation;
- Require that the federal website list all public options available in a state along with private plans;
- Give small businesses six months to comply with the new law after the website goes live.

Moreover, we strongly recommend after the legislation passes that:

- Funding be allocated to the Treasury Department to support small employer outreach and education; and
- The Automatic IRA Advisory Group has small business organizational representation to ensure the needs of entrepreneurs are taken into consideration.

Sincerely,



John Arensmeyer  
Founder and CEO