
Protecting Retirement Savers, Taxpayers, and Small Businesses

H. J. Res 66 and H. J. Res 67

THE PROBLEM: For decades, there has been a uniform set of federal policies governing employer-provided retirement plans to ensure clear rules of the road for employers to follow and strong protections for America's workers and retirees. However, in 2016, the Obama administration finalized regulations establishing a "safe harbor" from those long-standing rules that would pave the way to government-run IRAs managed by states and certain municipalities. As a result, some employers would be forced to automatically enroll workers in government-run IRAs without the important protections provided by the *Employee Retirement Income Security Act* (ERISA). This misguided approach would lead to unintended consequences, including:

- **Fewer protections.** Working families may have less information about the management of their plans and fewer consumer protections if their savings are mismanaged.
- **Less control over retirement savings.** Savers would have less control over their hard-earned dollars. Withdrawals or rolling-over investments to a private-sector account could be restricted or penalized.
- **Fewer small business retirement plans.** Small businesses may be discouraged from offering 401(k)s, and some may end their existing programs altogether, shifting their employees into government-run plans.
- **Confusing patchwork of rules.** Workers would not receive the same benefits across state lines, and employers would struggle to follow complex rules that vary across multiple cities and jurisdictions — even within one state.
- **Risk for taxpayers.** It's no secret that state and city pension plans are severely underfunded, with some reports estimating over \$5 trillion in unfunded liabilities. If government-run IRAs are mismanaged, hardworking taxpayers may end up footing the bill to honor promises made by state and local governments.

THE SOLUTION: To address these concerns, Rep. Tim Walberg (R-MI) introduced a resolution of disapproval (H. J. Res 66) to roll back the regulatory "safe harbor" created by the Obama administration that will result in private-sector workers being forced into government-run IRAs managed by states. Rep. Francis Rooney (R-FL) introduced an additional resolution (H. J. Res 67) that would block a second regulation that extended the "safe harbor" to include cities and counties. The resolutions would invoke Congress's powers under the *Congressional Review Act* to prevent the regulations from taking effect, and:

- ✓ **Protect working families** from losing control over their retirement savings and being forced into government-run IRAs with less financial security and fewer safeguards.
- ✓ **Support small businesses** by blocking flawed regulations that would discourage them from offering private-sector retirement plans to their employees.
- ✓ **Shield taxpayers** from potential liabilities associated with mismanagement of government-run retirement plans.
- ✓ **Encourage real solutions** that reduce costly red-tape and empower small businesses to band together to offer retirement plans for employees.