

THE PRESIDENT SIGNED AN EXECUTIVE ORDER FOCUSING ON RETIREMENT SAVINGS. WHAT DOES THAT MEAN AND WHERE DO WE GO FROM HERE?

By: Alex Moen (UMW), Sept. 18, 2018

On August 31, President Trump signed an executive order with the goal of “strengthening retirement security in America.”¹ Current estimates show that barely 50% of small businesses (companies with less than 100 employees) offer workplace retirement plans to those employees. Additionally, studies have shown that employees are overwhelmingly more likely to save for retirement through a company sponsored retirement plan.

What are the major takeaway actions from this Presidential order? When taking this action, President Trump made three specific requests of the Treasury and Labor Departments²:

- Allow unrelated small businesses to band together in Multiple Employer Plans (MEPs) to reduce the burdensome, often prohibitive, costs to small businesses.
- Adjust required minimum distribution (RMD) rules to allow employees to keep funds in 401(k)s and IRAs longer. The life expectancies tables used for these calculations have not changed since 2002 and since then, Americans have experienced increased life expectancies. In 2002, 77 years was the average life expectancy. Today that number hovers around 78.5 years old.
- Ease the burden that plan sponsors and participants face when distributing required retirement plan communications to their employees. Clear direction on electronic delivery would be a significant step in the right direction.

What are the next steps? There is no immediate action required for plan sponsors; however, the President did provide timeframes for the government departments to introduce their guidance. Within the next six to twelve months, we can expect to see more from the Treasury and Department of Labor³. Furthermore, Americans should watch for activity on the “Tax Reform 2.0” debate.⁴ Most recently, on September 10, Congressman Kevin Brady of Texas released three bills with suggestions such as new penalty-free, child expense withdrawals and expanded 529 rules.⁵ Time will tell if proposals such as these actually become law.

It appears that 2019 may be a busy year in retirement savings legislation!

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¹ Tax Reform 2.0 Tackles Retirement Savings Issues
https://www.napa-net.org/news/tax-reform-2-0-tackles-retirement-saving-issues/?mqsc=E3987835&utm_source=WhatCountsEmail&utm_medium=NAPA_Net_ListNapa-Net%20Daily&utm_campaign=2018-09-11_eNewsNAPA_Tue

² Trump Signs Executive Order to Boost Retirement Savings
<https://www.politico.com/story/2018/08/30/trump-retirement-savings-executive-order-763351>

³ President Donald J. Trump Is Strengthening Retirement Security For American Workers
<https://www.whitehouse.gov/briefings-statements/president-donald-j-trump-strengthening-retirement-security-american-workers/>

⁴ Trump Order Seeks To Ease Retirement Account Rules For Required Withdrawals
<https://www.cnbc.com/2018/08/31/trump-seeks-changes-to-retirement-accounts-in-executive-order.html>

⁵ Trump Signs Retirement Security Executive Order to Boost Multiple Employer 401k Plans <https://401kspecialistmag.com/trump-signs-retirement-security-executive-order-to-boost-multiple-employer-401k->