
Retirement trade groups gird to protect 'tax deferral'

By Editorial Staff Thu, Apr 6, 2017

The 'SOS Coalition' encompasses the \$25.3 trillion retirement industry, which plans to defend the \$100 billion-a-year tax expenditure on long-term savings if and when Congress attempts to overhaul the U.S. tax code.

An armada of retirement industry groups announced its intention this week to defend the nation's \$100 billion-a-year tax expenditure for incentivizing long-term savings from Republican tax reformers who might be tempted to cannibalize it to make room for cuts to income tax rates, the capital gains tax or the estate tax.

"Tax reform is a worthy goal," said a release this week from the Save Our Savings Coalition. "On the other hand, misguided proposals could unintentionally undermine the incentive for employers to offer retirement plans or for working people to save," said Jim McCrery, former Ranking Member of the Ways and Means Committee.

The membership list of the SOS Coalition encompasses a \$25.3 trillion industry. That's the value of U.S. retirement assets invested in the equity and fixed income markets at the end of 2016, the release said. The Coalition believes that, without the incentive of tax deferral, Americans would not save nearly as much as they do.

"We need to make sure people continue to have access to retirement plans," the release said, "because everyone deserves the opportunity to retire with dignity and financial independence."

Not all members of the coalition necessarily share the same views on all access-related issues. Some members recently applauded the legislative defeat of a regulatory exemption that would have made it easier for cities to require companies that don't currently offer retirement plans to either sponsor a plan or default employees into state-sponsored IRA-based savings plans at work.

Under our voluntary 401(k) system, workers have no access to the largesse of tax deferral unless their employer chooses to set up a plan. Large companies almost universally offer retirement plans, but many small companies do not. Some studies show that only about half of workers have access to a retirement plan at work at any given time.

The Coalition includes:

- American Benefits Council

- American Retirement Association
- Committee on Investment of Employee Benefit Assets
- Defined Contribution Institutional Investment Association
- Employee Benefit Research Institute
- Financial Services Roundtable
- Investment Company Institute
- New Economics for Women
- Northern Trust
- Plan Sponsor Council of America
- Principal
- SPARK Institute
- TIAA
- Women's Institute for a Secure Retirement

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