

July 2021

Inside this issue

Senators introduce several savings proposals.....	Below
Congressmen introduce bill to expand access to private investments.....	Page 2
SEC advisory committee recommends ESG and diversity disclosures	Page 3
Senators ask committee to investigate SBL, Roth accounts	Page 3
IRS updates correction program	Page 3
DOL issues lifetime income disclosure FAQ.....	Page 4
Maine establishes state-run retirement plan	Page 4
Florida, Rhode Island and Texas enact senior investor protection laws	Page 4
References and source material used in this publication	Page 6

Senators introduce several savings proposals

Over the past six weeks, Senators have authored several bills designed to spur savings for retirement and other targeted purposes, including the:

- [Young American Savers Act of 2021](#)
- [Encouraging Americans to Save Act](#)
- [Women’s Retirement Protection Act](#)

Child savings accounts. On June 24, Sen. Bob Casey (D-PA), Finance Chairman Ron Wyden (D-OR) and Majority Leader Chuck Schumer (D-NY) [introduced](#) S. 2206, the [Young American Savers Act of 2021](#).

The bill would establish children’s savings accounts, seeded annually with \$500 in government contributions, for every child whose parent(s) or guardian earns under \$100,000 per year. Up to 50% of funds may be used for higher education expenses. Funds could also be:

- Rolled over into a retirement account
- Used to start a business
- Used as a down payment to buy a home in the name of the account beneficiary

Investments would be limited to U.S. Treasury Bonds until the money can be rolled into a Roth plan or Roth IRA account, which is not generally permitted until age 26.

Saver's Tax Credit expansion. On July 22, Senate Finance Chair Ron Wyden (D-OR) and six Democratic colleagues [introduced](#) S. 2452, the [Encouraging Americans to Save Act](#). The bill:

- Restructures the Saver's Tax Credit by making it refundable
- Would make the full 50% credit rate available to couples earning up to \$65,000 per year (\$32,500 for single taxpayers)
- Would require the credit be directly contributed into the saver's retirement plan or IRA
- Establishes R-bond accounts, similar to the myRA program from the Obama Administration
- Provides a government matching contribution of up to \$1,000 a year for middle- and moderate-income workers who save through 401(k)-type plans or IRAs
- Includes a COVID-19 recovery bonus credit that provides up to \$5,000 in additional government matching contributions for the first \$10,000 saved during a five-year period beginning in 2022

The bill's introduction proceeds a Finance Committee hearing scheduled for July 28 and titled "[Building on Bipartisan Retirement Legislation: How Can Congress Help?](#)" The hearing is expected to focus on SECURE Act 2.0 and related efforts and is another positive sign of the strong bipartisan momentum for retirement legislation.

Women's retirement proposal. On July 22, Senate HELP Committee Chairwoman Patty Murray (D-WA) reintroduced S. 2446, the [Women's Retirement Protection Act](#). As in past years, the centerpiece of the bill is the application of spousal consent rules to defined contribution plans, such as 401(k) plans.

The bill also would:

- Broaden provisions under consideration in SECURE 2.0 regarding part-time employee eligibility for 401(k) plans, so that it applies to 403(b) plans and applies under ERISA
- Enhance retirement consumer awareness through links to Consumer Financial Protection Bureau (CFPB) materials
- Work to improve women's financial literacy
- Help women going through a divorce in getting their share of their spouse's retirement plan benefits

[Congressmen introduce bill to expand access to private investments](#)

On June 30, Reps. Gregory Meeks (D-NY) and Anthony Gonzalez (R-OH) introduced H.R. 4262, the [Increasing Investor Opportunities Act](#). The bill provides retail investors with greater access to private investments through closed-end funds (CEF).

Specifically, SEC rules currently prohibit a CEF from investing more than 15% of its net assets in privately offered funds, unless the CEF sells shares to accredited investors who make minimum initial investments of at least \$25,000. The bill would update those restrictions and enable CEFs and their investors, including retail investors, to gain greater exposure to private investments and to act as long-term sources of capital, subject to certain investor protections.

The legislation would also restrict the amount of CEF shares that activist investors and their affiliates could acquire to no more than 10%.

SEC advisory committee recommends ESG and diversity disclosures

On July 7, the SEC's Asset Management Advisory Committee (AMAC) [approved](#) recommendations related to ESG and diversity disclosures for public companies and funds. The nonbinding recommendations can be viewed [here](#) and [here](#).

Introductory comments from the commissioners highlighted the continuing disagreements about how best to address concerns related to climate, diversity and inclusion. Nonetheless, the SEC has indicated its intention to pursue new ESG-related disclosure requirements.

SEC Chairman Gary Gensler focused on whether funds that market themselves as “sustainable” or “green” live up to those characterizations and whether current disclosure and naming rules are sufficient to meet investors’ needs.

Senators ask committee to investigate SBL, Roth accounts

On July 14, Sens. Elizabeth Warren (D-MA) and Sheldon Whitehouse (D-RI) [sent a letter](#) to Finance Committee Chair Ron Wyden (D-OR) calling for an investigation into the role that financial institutions and wealth management firms have in the development and execution of various tax strategies.

The letter is in response to a series of articles from ProPublica detailing the tax records of America's wealthiest individuals — [particularly their use of Roth IRAs](#) — and a separate [report](#) from The Wall Street Journal highlighting the tax benefits of securities-backed lending (SBL).

IRS updates correction program

On Thursday, July 15, the IRS [released updates](#) to its Employee Plans Compliance Resolution System (EPCRS). Rev. Proc. 2021-30 is described as a “limited update” and modifies and supersedes the most recent prior version of EPCRS as set forth in Rev. Proc. 2019-19.

The revised EPCRS includes a handful of helpful changes for plan sponsors, including:

- A one-year extension of the period for self-correction
- A three-year extension of the safe harbor correction method for automatic enrollment failures

- Expanded correction methods for overpayments made by defined benefit plans

The updated procedures are generally effective July 16, 2021, subject to certain exceptions.

DOL issues lifetime income disclosure FAQ

On July 26, the Department of Labor published guidance related to the new lifetime income disclosure required by the SECURE Act and titled “[Temporary Implementing FAQs](#).”

The FAQs address timing issues that have arisen since the issuance of the interim final rule. The FAQs clarify that for a participant-directed plan, the first illustration can be provided as late as the statement for the second calendar quarter of 2022 (ending June 30, 2022). While a plan could provide the first annual illustration sooner, this is the latest date.

The SECURE Act requires pension benefit statements for ERISA plans to include a lifetime income illustration at least once a year, and directed the DOL to issue an “interim final rule” (IFR) which provides assumptions on how to calculate the illustration, along with model language. The DOL issued that IFR on September 18, 2020, effective for statements provided after September 18, 2021.

Maine establishes state-run retirement plan

SB 515, enacted June 23, establishes the Maine Retirement Savings Board, which will administer the Maine Retirement Savings Program.

The Act requires:

- Each covered employer to offer its employees the choice of whether or not to contribute to a payroll deduction IRA by automatically enrolling them with the opportunity to opt out
- Employers with more than five (5) employees to offer the program
- The Program to offer individual defined contribution retirement accounts for persons employed in the State who do not have access to a qualified retirement plan through their employers or who are self-employed
- The Board to contract with private sector entities to administer the program and invest contributions

Florida, Rhode Island and Texas enact senior investor protection laws

In Florida, HB 1041 provides that a person convicted of abuse, neglect or exploitation of an elderly person or a disabled adult is not qualified to act as personal representative, and the law provides for the forfeiture of specified benefits of persons who have engaged in such conduct concerning elderly persons or disabled adults.

In Rhode Island, SB 264 requires that if an employee of a regulated institution has reasonable cause to believe that financial exploitation of an elder adult has occurred or has been attempted, the employee shall notify the regulated institution of the suspected financial exploitation. The Act provides immunity from civil or criminal liability for reporting suspected financial abuse. The Act also requires a regulated institution to provide training concerning financial exploitation of elder adults to employees and permits regulated institutions to temporarily hold transactions in certain cases of suspected financial exploitation.

In Texas, House Bill 1156 establishes penalties for individuals knowingly engaged in the financial exploitation of the elderly. The penalties established range from a Class B misdemeanor to a first-degree felony. HB 1156 becomes effective on September 1, 2021.

[\(Back to the Table of Contents\)](#)

References and source material used in this publication

Page 1

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<https://www.casey.senate.gov/news/releases/casey-wyden-schumer-introduce-childrens-savings-accounts-to-invest-in-economic-future-of-nations-children>

Text of S. 2206, the Young American Savers Act of 2021

<https://www.congress.gov/117/bills/s2206/BILLS-117s2206is.pdf>

Page 2

Wyden, Democrats Introduce Bill To Help Working Families Save For Retirement

<https://www.finance.senate.gov/chairmans-news/wyden-democrats-introduce-bill-to-help-working-families-save-for-retirement>

Text of S. 2452, the Encouraging Americans to Save Act

<https://www.congress.gov/117/bills/s2452/BILLS-117s2452is.pdf>

Building on Bipartisan Retirement Legislation: How Can Congress Help?

<https://www.finance.senate.gov/hearings/building-on-bipartisan-retirement-legislation-how-can-congress-help>

Text of S. 2446, the Women's Retirement Protection Act

<https://www.congress.gov/117/bills/s2446/BILLS-117s2446is.pdf>

Text of H.R. 4262, the Increasing Investor Opportunities Act

<https://www.congress.gov/117/bills/hr4262/BILLS-117hr4262ih.pdf>

Page 3

Asset Management Advisory Committee meeting of July 7, 2021, webpage

<https://www.sec.gov/news/upcoming-events/amac-070721>

Diversity Recommendations for Consideration by the AMAC on July 7, 2021

<https://www.sec.gov/files/amac-recommendations-di-subcommittee-070721.pdf>

ESG Recommendations for Consideration by the AMAC on July 7, 2021

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Text of Senator Warren's letter to Finance Committee Chair Ron Wyden

<https://www.warren.senate.gov/imo/media/doc/Warren%20Whitehouse%20to%20Wyden%20-%20ProPublica%20Investigation%20Request.pdf>

How Tech Mogul Peter Thiel Turned a Retirement Account for the Middle Class Into a \$5 Billion Tax-Free Piggy Bank

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Buy, Borrow, Die: How Rich Americans Live Off Their Paper Wealth

<https://www.wsj.com/articles/buy-borrow-die-how-rich-americans-live-off-their-paper-wealth-11625909583>

IRS updates to Employee Plans Compliance Resolution System
<https://www.irs.gov/pub/irs-drop/rp-21-30.pdf>

Page 4

DOL Temporary Implement FAQs

<https://www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/our-activities/resource-center/faqs/temporary-implementing-faqs-lifetime-income-interim-final-rule.pdf>

[\(Back to the Table of Contents\)](#)

Keeping watch

You can find the most recent information on issues affecting governmental defined contribution plans, plan sponsors and plan participants on the Employer page of our plan website, NRSforu.com/plansponsor.

About this report

BOB BEASLEY, CRC, Communications Consultant, edits this report. Beasley brings more than 30 years of financial services communications experience to your plan. He has contributed to past editions of the *Governmental 457(b) Guidebook*, edits countless newsletters and plan sponsor communications, and in 2001 authored “What you should know about the Economic Growth and Tax Relief Reconciliation Act of 2001.” He often voices Nationwide’s online presentations.

Beasley has served on the Education and Communication Committee for the Plan Sponsor Council of America and as a member of the National Association of Government Defined Contribution Administrators.

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