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How Would Retirement-Reform Proposals Impact Retirement Income Adequacy?

WASHINGTON – The Employee Benefit Research Institute (EBRI) has just released new research that examines the impact of various retirement-reform proposals on aggregate retirement deficits. While EBRI's Retirement Security Projection Model,® (RSPM) shows that most policy initiatives would have limited impact for those already on the verge of retirement, the reduction in retirement deficits could be significant for younger age cohorts.

"For the youngest age cohort simulated (those currently ages 35-39), RSPM shows that the reductions in retirement deficits would be as much as 23 percent under the Automatic Retirement Plan Act of 2017 (assuming no optouts)," said EBRI Research Director Jack VanDerhei, the author of the report. "The *Issue Brief* also examines the impact various retirement-reform proposals," he said, "including a federal auto Individual Retirement Account (IRA) program, such as the one proposed under President Obama's 2015 Budget; a universal defined-contribution scenario that assumes employers who do not currently offer their employees a qualified retirement plan will choose a type of defined contribution plan and a set of generosity parameters similar to employers in their size range; and an auto-portability scenario in which an inactive participant's retirement account from a former employer's retirement plan would be automatically combined with their active account in a new employer's plan."

The paper also analyzes the impact of reductions in the 402(g) and/or 415(c) limits as well as the three major forms of leakage in the 401(k) system: cashouts, loan defaults and hardship withdrawals.

The full *Issue Brief* is available here. And to access the Fast Facts, click here. VanDerhei will be discussing his findings during an upcoming webinar on June 20th, at 3:00 p.m. ET. Attendance is limited and you can register here.

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