How Might a Clinton Presidency Change Retirement and Health Policy?

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Short answer: Very little.

Why? Because the primary architects of current policy and proposals in retirement, savings, financial literacy/capability/wellness, fiduciary liability, health, and other tax and employee benefit areas in her campaign came out of the Obama administration. These policy-makers have spent much of the prior eight years in non-government research and policy organizations, and had been younger architects in these policy areas in her husband's administration, President Bill Clinton.

Could there be exceptions? Yes.

- First, exceptions driven by the inevitable and looming deficit/economic changes in the years ahead, such as the negative cash-flows of payroll taxes for Social Security, and the ongoing premium and general revenue increases in Medicare, Medicaid, and other social support programs. In the past, Congress has repeatedly trimmed tax benefits for retirement and health programs to lessen the federal deficit, and pressure will grow to do so again.
- Second, exceptions driven by the 2016 election determination of which party controls the Senate and the House, and by what margins.
- Third, exceptions that serve to either require, inspire, or inhibit action on benefits issues at the national level.

State-based initiatives are one possible exception: Implementation and the resounding success (or failure) of state-based auto-IRA programs (judged by data on the number of individuals who do not opt out and do not reduce the individual retirement account contribution rate); in other words, future experience showing whether these programs actually increase retirement "coverage" and "participation" and "vesting." The outcomes of such state-based experiments will inform the debate over likely effectiveness of proposals for auto-IRA, open multiple employer plans (MEPs) and auto-design mandates on employer-sponsored retirement plans.

Developments in employer design and market forces could produce other exceptions: Ongoing fee declines in 401(k) and IRA programs, ongoing growth in account balances, ongoing decline of traditional defined benefit pension plans, and ongoing growth in single-sum distributions or split distributions (such as the new design of the U.S. military DC and DB retirement programs in the direction of "lump-sum distributions") will affect assessments of regulatory and legislative needs and likely effectiveness. Alternatively, a major economic downturn and loss of private-sector retirement coverage and savings may also be likely to have legislative and regulatory effects.

Health insurer reaction to "Obamacare" could produce a third exception: The accelerating departure from Affordable Care Act health exchanges by major private insurers will increase interest in, and accelerate consideration of, a public option and/or Medicare for all.

How would various policy proposals fall on a scale of likelihood of enactment and implementation? I reviewed "thought leadership" papers, regulatory and legislative proposals, and testimony from the last three years to come up with this core list. While a comprehensive financial well-being approach would be preferred, public policy does not follow that form.

Likely:

1. Implementation of the DOL fiduciary regulation.
2. Affordable Care Act technical amendments and tax/premium support changes.
3. Increases in the Savers Credit.
4. Expansion of myRA as a portability vehicle and encouragement of other auto-portability approaches.
5. Increased funding for the PBGC multiemployer program and further revision of benefit adjustment and funding rules for plans.
6. Legislative/regulatory changes across all public and private "benefit" programs to expand both availability and ownership/portability for individuals as they change employment and life stages.
7. Legislative changes that continue to increase the premiums paid for entitlement program benefits by higher-income taxpayers (so-called "means-testing" of the benefits).
8. Increasing the level of income on which OASDI payroll taxes are paid for Social Security.
9. Legislative changes that reduce retirement tax preferences for higher-income and high-account/benefit value participants.

Somewhat Likely:

1. Social Security changes to extend sustainability and increase benefits for poor retirees, in addition to the likely change of increasing the level of income on which taxes are paid.
2. Medicare changes to extend sustainability, that go beyond increasing premiums of higher-income taxpayers.
3. Create new safe harbors to encourage plans to offer multiple extended time and/or lifetime payout options.
4. Reductions in current individual and combined contribution limits for tax-preferred retirement savings.
5. Expanded availability standard—or open standard—for multiple employer plans (MEPs), including changes that encourage their use as a working career portability account approach (allowing it to serve as a "life-plan" for each participant like the myRA).

Unlikely:

1. Increase the contributions limits for DC accounts.
2. Establish an in-plan, stand-alone annuity open safe harbor.
3. Prohibit pre-age-59-1/2, non-hardship distributions.
4. Universal auto-IRA or other auto-enrollment mandate that would cover all workers regardless of employer size or hours worked (e.g. adoption of a program modeled on Australia or an auto-version with opt-out that applies to all).
5. Repeal of the Affordable Care Act.
6. Medicare redefinition from defined benefit to premium-support/voucher/Medicare-advantage free market design and completion models.
7. Allow individuals to purchase additional annuity income from Social Security.
8. Enactment of a universal national long-term care entitlement more generous than Medicaid.

Alternative Future:

My next commentary will focus on "**How Might the Next Congress and Presidency Change Retirement and Health?"**