

FEDERAL PROPOSALS FOR MANDATORY PROGRAMS TO CLOSE THE COVERAGE GAP

Recent federal proposals to close the coverage gap have focused on a broad solution, like a national auto-IRA program, but have failed to gain any significant traction (see Table 1).

TABLE 1. RECENT FEDERAL PROPOSALS TO CLOSE THE COVERAGE GAP

Year	Description	Outcome
2009-2016	<p>Auto-IRA</p> <p>The President's budget included a national auto-IRA plan, conceptually similar to those that several states have adopted.</p> <p>Employers with more than 10 workers and no retirement plan would be required to automatically enroll workers at a 3-percent contribution rate with workers allowed to opt out.</p> <p>USA Retirement Funds Act (S.1979) (Sponsor: Senator Tom Harkin, D-IA)</p>	No action by Congress.
2014	<p>Employers with more than 10 workers and no plan would be required to either begin offering an auto-enrollment plan with a life-time income option or participate in the USA program. The USA program would automatically enroll workers at a 6-percent contribution rate, with workers allowed to opt out. Employers would be allowed to make a matching contribution. Self-employed workers would also be allowed to participate.</p> <p>Contributions would be invested in a commingled portfolio, so the individual would not make any investment decisions.</p> <p>Payments at retirement would be in the form of an annuity.</p>	Referred to Committee on Health, Education, Labor, and Pensions. No action.
2016	<p>SAVE UP Act (H.R.5731) (Sponsor: Representative Joseph Crowley, D-NY)</p> <p>Employers with 10 or more workers and no plan would be required to auto-enroll workers in a retirement account at a 3-percent contribution rate (eventually increasing to 5 percent), with workers allowed to opt out.</p> <p>Employers would be required to contribute 50 cents per hour to this account, with this amount increasing with wage growth.</p>	Referred to Committee on Ways and Means. No action.
2017	<p>Automatic Retirement Plan Act of 2017 (H.R.4523) (Sponsor: Representative Richard Neal, D-MA)</p> <p>Employers in operation for at least three years with more than 10 workers would be required to establish a 401(k) or 403(b) retirement plan. Workers would be automatically enrolled at a default contribution rate of 6 percent, with contributions automatically escalating by 1 percentage point per year up to 10 percent. Workers would be allowed to opt out.</p>	Referred to Committee on Ways and Means, and Committee on Education and the Workforce. No action.
2019	<p>Automatic IRA Act of 2019 (S.2370) (Sponsor: Senator Sheldon Whitehouse, D-RI)</p> <p>This bill is broadly similar to other auto-IRA proposals and the state initiatives. It would require employers with more than 10 workers and without a plan to automatically enroll their workers at a contribution rate of 3 percent (or at a rate determined by the Secretary of the Treasury between 2 percent and 6 percent), with workers allowed to opt out.</p>	Referred to Committee on Finance. No action.

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TABLE 1. RECENT FEDERAL PROPOSALS TO CLOSE THE COVERAGE GAP (CONTINUED)

Year	Description	Outcome
2021	<p>Automatic IRA provision (H.R. 5376: Build Back Better Act) (Sponsor: John A. Yarmuth, D-KY)</p> <p>This bill would require employers with more than 5 workers and without a plan to automatically enroll their workers in an IRA at an initial contribution rate of 3 percent, with auto-escalation to 6 percent. Workers would be allowed to opt out. The bill would also allow for a Saver's Credit of up to \$500 to be deposited into a participant's account.</p>	<p>Approved by Committee on Ways and Means. No further action.</p>
2025	<p>Retirement Savings for Americans Act of 2025 (H.R.2696, S.1526) (House Sponsors: Lloyd Smucker, R-PA, Terri Sewell, D-AL, Nicole Malliotakis, R-NY, Claudia Tenney R-NY, Brian Fitzpatrick, R-PA, Carol Miller, R-WV, Adrian Smith, R-NE, Eric Swalwell, D-CA, and Mike Carey, R-OH Senate Sponsors: John Hickenlooper, D-CO and Thom Tillis, R-NC)</p> <p>This bill would provide access to a payroll-deduction retirement saving plan for workers without an employer plan. It would automatically enroll them at a 3-percent contribution rate. Low- and moderate-income workers would be eligible for a 1-percent automatic contribution and up to a 4-percent matching contribution via a refundable federal tax credit (which would begin to phase out at the median income).</p>	<p>Referred to House Committees on Education & the Workforce and Ways & Means; and Senate Committee on Finance.</p>
2025	<p>The Automatic IRA Act of 2025 (H.R. 6722) (Sponsor: Richard E. Neal, D-MA)</p> <p>This bill would generally require employers with more than 10 workers and without a plan to automatically enroll their workers in an IRA at an initial contribution rate of 6 percent, with auto-escalation to 10 percent (at a rate of 1 percentage point per year). Workers would be allowed to opt out. Automatic IRAs would also be made available to gig workers, the self-employed, and contractors.</p>	<p>Referred to Committee on Ways & Means</p>

Source: CRR analysis of congressional legislation based on Congress.gov and other sources.