

## 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	Auto-IRA  <a href="#">The President's budget</a> included a national auto-IRA plan, conceptually similar to those that several states have adopted.	No action by Congress.
	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.  <a href="#">USA Retirement Funds Act</a> (S.1979) (Sponsor: Senator Tom Harkin, D-IA)	
2014	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.  Contributions would be invested in a commingled portfolio, so the individual would not make any investment decisions.  Payments at retirement would be in the form of an annuity.	Referred to Committee on Health, Education, Labor, and Pensions. No action.
2016	<a href="#">SAVE UP Act</a> (H.R.5731) (Sponsor: Representative Joseph Crowley, D-NY)  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.	Referred to Committee on Ways and Means. No action.
	Employers would be required to contribute 50 cents per hour to this account, with this amount increasing with wage growth.	
2017	<a href="#">Automatic Retirement Plan Act of 2017</a> (H.R.4523) (Sponsor: Representative Richard Neal, D-MA)  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.	Referred to Committee on Ways and Means, and Committee on Education and the Workforce. No action.
	<a href="#">Automatic IRA Act of 2019</a> (S.2370) (Sponsor: Senator Sheldon Whitehouse, D-RI)	
2019	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.	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><a href="#">Automatic IRA provision</a> (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>
2024	<p><a href="#">The Automatic IRA Act of 2024</a> (H.R. 7293)</p> <p>This bill would 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 &amp; Means</p>

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