5 Critical Considerations Related to
President's Executive Order on Strengthening Retirement Security in America

I was honored to be invited to the announcement of the President's Executive Order Friday, August 31st in Charlotte. Many thanks to my friends in Washington for including me. As I was listening and reflecting on what was being said, I want to share a few of my thoughts.

This Administration grounds its approach to retirement policy in the fact that the most important element in securing a successful retirement is having a successful work life. Strong availability of jobs and a robust economic environment are the foundation upon which dignified retirements are built.

The President and Secretary Acosta made it clear that while they welcome enabling legislation that would help reduce the retirement coverage gap, they are fully intent on doing their part to create the best regulatory environment possible to reduce the cost and complexity for employers offering workplace retirement programs.

The three major directives in the Order address important areas where regulatory change can make a real difference:

- **Improving Access to Workplace Retirement Plans through MEPs –** Better enabling businesses (especially small and mid-size) to band together to offer workplace retirement benefits similar to those offered by larger employers through the use of Multiple Employer Plans (MEPs). And, creating solutions for 'non-traditional' or 'gig workers', which include part-time employees, independent contractors, and self-employed entrepreneurs who continue to increase as a percentage of the workforce at a rapid rate.

- **Improving the Effectiveness of and Reducing the Cost of Furnishing Required Notices and Disclosures –** Reducing the cost and complexity of the various notices and disclosures required by both the DOL and the IRS, and broadening the use of e-delivery.

- **Updating Life Expectancy and Distribution Period Tables for Purposes of Required Minimum Distribution Rules –** Bringing up to date the tables used to calculate RMDs and keeping them current with regular updates.

As we get involved in shaping these changes that can help more Americans retire with confidence, dignity and sufficient economic resources, consider these five perspectives:

1. **Measuring Costs in Dollars, Time, and Liability –** The cost of a workplace plan can be measured in dollars spent, in time spent by an already swamped employer, and in liability incurred as employers try to live up to the responsibilities associated with being an ERISA fiduciary. We need to address all three of these issues to truly lower employer costs.

2. **Shifting More to Providers –** The complexity associated with workplace plans results not only from complex notice and disclosure requirements, but also from the duties the employer has to perform as plan administrator. Whether designing or adopting a plan, determining eligibility, calculating contributions, approving loans and withdrawals, deducting loan repayments, or administering investments, small employers are not experts. The time and learning involved can be crippling, especially for a small business owner or independent worker. Relieving employers of these tasks is achievable if we look at them differently and find new ways providers can take on more of these burdens in a cost-effective way.

3. **Good Design and Easy Action** – It is terrific so many people have been able to save and see those savings grow through their workplace retirement programs, and with this Order, we are likely to continue to see more people accessing this tremendous savings opportunity. We know automatic programs and solid safe-harbor designs can help simplify programs and propel good savings behaviors. These types of techniques should also be part of good MEP design, and accompanied by low-cost automated services and platforms that make using these designs as simple as possible for both employers and employees.

4. **Using Savings After Retirement –** Everyone knows engaging employees in their retirement plan is a huge endeavor. Getting employees to save, invest, keep savings intact, and ultimately use their retirement assets wisely is a task that needs new and innovative solutions, especially when a large employer is not part of the equation. Updating RMD calculations helps individuals in recognizing that 70½ isn't as young as it used to be, and life expectancy factors make people want to protect their savings as long as they can. But, these changes need to be accompanied by new investment products, new payout solutions, and new services designed to respect and protect an elderly population.

5. **If We Sell It They Will Come –** MEPs aren't the first solution to be proposed or put in place to solve the coverage gap for America's small business employees and non-traditional workers. SEPs, SIMPLEs, MyRAs, Automatic IRAs and other programs over

> the years have all made a little difference, but what they lacked was an effective approach to adoption. We can't leave MEPs to the same fate. And, with state-sponsored retirement programs rapidly emerging, business owners may become more confused by the options they have. A successful MEP public relations and sales program is an issue that must be addressed—not left to chance.

These are inspirational times for retirement experts and the people we serve, with a world of possibilities before us. This Executive Order brings urgency and focus to forging new partnerships driven by the spirit of common purpose between government and industry. We should all be energized and motivated to do whatever we can to solve the retirement security challenge – one of America's most critical looming economic and social issues.

To learn more about how we believe this Order could impact the world of retirement, and to review our perspectives on MEPs and on E-Delivery, please visit us at www.oculuspartners.com.