



June 3, 2021

Senator James Lankford  
U.S. Senate  
Washington, DC 20001

Senator Michael Bennet  
U.S. Senate  
Washington, DC 20001

Dear Senators Lankford and Bennet:

The National Association of Insurance and Financial Advisors supports S.1870, The “Enhancing Emergency and Retirement Savings Act of 2021.” The bill authorizes inclusion in an IRA or retirement savings plan, at the plan sponsor’s election, a provision that would allow for small, controlled emergency withdrawals from IRAs and employer-sponsored retirement savings plans. We applaud your leadership on this important issue.

The bill addresses the goal of encouraging participation in retirement savings plans, particularly among lower-income workers who may find that access to a limited amount of funds, under controlled but easy-access circumstances, to meet emergency needs is a necessary prerequisite to their decision to participate in their employer-sponsored savings plans. We agree with you that this provision meets a need for access to emergency savings that not only does not undermine retirement savings, but also actually enhances those savings by eliminating a barrier to participation in the plan.

S.1870 also eliminates the argument that a new type of tax-advantaged savings account is needed to help people create and maintain emergency savings accounts. The Enhancing Emergency and Retirement Savings Act meets that need without diverting limited resources away from retirement savings. It also avoids creating a tax-favored vehicle that would benefit wealthier individuals who really do not need additional tax incentives to save.

The bill contains appropriate guardrails to prevent abuse of the emergency withdrawal authority. These include the hard cap of \$1000 that can be withdrawn, pre-retirement and as a result of a financial emergency, from vested account balances; withdrawals limited to no more than one per year; the provision of an opportunity to re-contribute amounts withdrawn; and waiver of the pre-retirement penalty tax but imposition of income tax liability on amounts withdrawn and not re-contributed.



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Plus, the process for making the emergency withdrawal is easy—requiring only self-certification by the plan participant/borrower to access the money. Self-certification is important to avoid burdensome recordkeeping and other administrative costs borne by the plan sponsor, and ease of access would be important to any plan participant who is contending with a financial emergency. Finally, the fact that the bill allows but does not require plan sponsors to offer this emergency withdrawal option is important for plan sponsors who may need to avoid the administrative issues connected to the emergency withdrawal option.

NAIFA is pleased to support this retirement savings enhancing bill, and thanks you for your leadership in sponsoring S.1870.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin M. Mayeux". The signature is fluid and cursive.

Kevin M. Mayeux, CAE  
NAIFA CEO