



For Immediate Release

Pentegra Applauds SECURE Act as it Heads to the Senate

White Plains, New York, May 29, 2019 -- Last week the U.S. House of Representatives overwhelmingly passed the Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019 (H.R. 1994). Pentegra, a leading provider of retirement planning and fiduciary outsourcing solutions, sees this as one of the most important changes to retirement plan rules since the Pension Protection Act of 2006 when Congress made it easier for employers to enroll workers automatically in 401(k)-type plans.

Richard Rausser, Senior Vice President, Client Services at Pentegra said, "In a tremendous show of bi-partisan support, federal retirement reform seems headed for passage and could potentially enhance retirement plan coverage and strengthen Americans' retirement security. With the Secure Act now headed to the Senate, we are especially hopeful about the possibility of extended retirement coverage for more Americans with open MEPs."

One of the key provisions of the SECURE Act is designed to help those working at small businesses to save for retirement in a number of ways. Small local businesses can join together in order to offer retirement plans for their workers, in what is known in the industry as an MEP (Multiple Employer Plan) – something that can save time and money for the company while benefiting its employees.

The bill is also constructed in a way to provide long-term part-time employees access to their employer's retirement plans. It recognizes that the average life expectancy of Americans is increasing, along with people's ability to work longer – by raising the required minimum distribution (RMD) age from 70½ to 72, and for the same reason removing the age limit for contributing to individual retirement accounts (IRAs).

In addition, it creates new rules that could broaden lifetime-income options, such as annuities, within workplace retirement plans to help employees establish a reliable revenue stream of income during their retirement; make it easier for employees to transfer their retirement plan assets to a new retirement plan when changing jobs; encourage workers to increase their retirement savings annually through automatic increases in contributions to 401(k) plans; and continue to permit an employee to pass a limited amount of an IRA or 401(k) account to a family member or other beneficiary, to allow that beneficiary to continue the tax-deferred saving for retirement.

There are also some exciting new features, including allowing employees to withdraw their savings on a penalty-free basis for the birth or adoption of a child; and readdresses an inadvertent component of the Tax Cuts and Jobs Act of 2017 that raised taxes on benefits received by family members of deceased military veterans, as well as taxes on some students and members of Native American tribes.

Rausser adds, "All of these are positive developments, and items that Pentegra has supported for years. That the SECURE Act passed the House by such a wide margin – a nearly unheard-of 417 to 3 – underscores the bipartisan acknowledgement that something needed to be done to protect retirement for more Americans, and sooner rather than later. With Congress kicking the

can down the road on so many issues, it is refreshing and encouraging to see its members take such an enthusiastic and sensible stand on retirement savings. Pentegra applauds these lawmakers, and we look forward to further legislative developments."

Pentegra is a leading provider of retirement planning and fiduciary outsourcing solutions to organizations nationwide. Founded by the Federal Home Loan Bank System in 1943, Pentegra offers a broad array of qualified and non-qualified retirement plan solutions, TPA services and benefits financing solutions using BOLI. In addition, Pentegra, through Pentegra Investors, Inc., also serves the needs of institutional investors, offering investment outsourcing capabilities. For more information, go to www.pentegra.com.

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