



June 1, 2022

Honorable Cory A. Booker
U.S. Senator
717 Hart Senate Office Building
Washington, D.C. 20510

Honorable Todd Young
U.S. Senator
185 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Booker and Senator Young:

The National Association of Insurance and Financial Advisors (NAIFA) is pleased to support your recently introduced legislation, S.4310, the Emergency Savings Act of 2022. We applaud you for your ongoing work in trying to perfect the concept of an addition of an emergency savings account feature to defined contribution retirement plans.

NAIFA's members advise small businesses and many American families of modest means on how to develop a comprehensive life-long financial plan. We know how crucial it is for these families not only to save for their future retirement but also to meet the challenge of unexpected current expenses. As you noted, the Federal Reserve has documented that nearly half of Americans struggle to cover an unexpected expense of only \$400. Another study has shown that 60 percent of retirement account participants who lack emergency savings tap into their long-term retirement savings to cover those emergencies. These withdrawals may not be replenished leaving account participants with fewer funds available in retirement.

Your bill would allow the addition of an emergency savings account to a plan sponsor's defined contribution plan. An amount of up to \$2500 could be saved in this new account on an after-tax basis. In separating emergency savings from retirement savings, we believe your bill would limit retirement account leakage while enhancing participation in retirement plans. We are also pleased to see that your bill would allow the funding of this account through automatic enrollment.

We also support the optional nature of the account in that it does not require plan sponsors to offer this emergency withdrawal option. That feature 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. We thank you for your leadership in introducing this bill. If you or your staff have any questions, please do not hesitate to reach out to Jayne Fitzgerald, Director, Government Relations (jfitzgerald@naifa.org).

Sincerely,

A handwritten signature in black ink, appearing to read "Lawrence Holzberg".

Lawrence Holzberg
President
National Association of Insurance and Financial Advisors