

May 24, 2022

The Honorable Cory Booker
United States Senate
717 Hart Senate Office Building
Washington, DC 20510

The Honorable Todd Young
United States Senate
185 Dirksen Senate Office Building
Washington, DC 20510

Dear Senators Booker and Young:

The ERISA Industry Committee (ERIC) applauds the introduction of the *Emergency Savings Act of 2022* and your leadership in addressing critical retirement and savings needs. On behalf of our large employer membership, we look forward to working with you to promote retirement security, emergency savings, and holistic financial wellness for employees, retirees, and their families.

ERIC is a national nonprofit organization exclusively representing the largest employers in the United States in their capacity as sponsors of employee benefit plans for their nationwide workforces. With member companies that are leaders in every economic sector, ERIC is the voice of large employer plan sponsors on federal, state, and local public policies impacting their ability to sponsor benefit plans and to lawfully operate under ERISA's protection from a patchwork of different and conflicting state and local laws, in addition to federal law. As such, ERIC has a strong interest in policies that impact the ability of employers to provide effective and cost-efficient retirement and health care programs to millions of workers, retirees, and their families.

The COVID-19 pandemic has highlighted the financial cross-pressures experienced by many individuals and families. Congress is presented with an opportunity to encourage both short-term savings to address emergencies and also long-term savings to provide for a secure retirement. To help achieve these goals, our plan sponsor member companies and service providers have been actively developing tools to educate workers on the importance of saving and retirement readiness through financial wellness programs and other tools. Your legislation complements these important efforts by addressing emergency savings in the context of retirement plan participation.

The *Emergency Savings Act of 2022* would permit a defined contribution plan to establish an emergency savings account within the plan. Workers would then be able to access funds saved in the account without tax penalty. Allowing participants access to savings for emergencies will encourage participation in retirement programs – particularly for those who may be hesitant to “lock away” money in case they need it later.

Plan sponsors value the flexibility to implement plan designs that address their workforce needs, and your legislation would provide a valuable option. ERIC supports additional legislation providing other options to plan sponsors and participants. This includes the *Enhancing Emergency and Retirement Savings Act of 2021*, which would allow participants to receive up to \$1,000 from a retirement savings account to be used for personal emergencies.

As the Senate develops bipartisan retirement legislation that can pass this year, we urge policymakers to keep the importance of flexibility in mind, as it ultimately benefits workers and retirees. We look forward to working with you and other interested parties to encourage emergency savings and retirement security for working Americans. If you have any questions, please contact me at abanducci@eric.org or by calling 202-789-1400.

Sincerely,

Andrew Banducci

Andrew Banducci
Senior Vice President, Retirement and Compensation Policy
The ERISA Industry Committee