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The Honorable Richard Neal  
341 Cannon House Office Building  
Washington, DC 20515-0916

Dear Representative Neal:

On behalf of State Street, I am writing to express our strong support for the Automatic Retirement Plan Act, which you are introducing today.

One of the greatest retirement security challenges our country faces is the fact that more than one-third of all US employees and half of all small business employees do not have access to a workplace retirement savings plan. Despite various tax incentives and different types of plans that have been introduced in the more than 40 years since the enactment of the Employee Retirement Income Security Act (ERISA), the percentage of Americans participating in a workplace retirement plan is unchanged. At the same time, research has demonstrated that those workers who participate in workplace retirement plans enjoy better savings outcomes and a more secure retirement than those not covered. It is time to take bold action, which is what your legislation does. We applaud you for your leadership in tackling what we believe is one of the most critical financial security issues facing American workers today.

Although tax incentives and other mechanisms can play an important role in spurring retirement plan coverage, we believe that all employers should be required to provide access to retirement plans for their employees through auto enrollment and auto escalation. To help offset costs, tax credits should be provided to small employers to cover the administrative costs of establishing and maintaining those plans. Additionally, Congress should eliminate barriers to open multiple employer plans (MEPs), which will enable businesses to band together, gain scale advantages, and offer affordable retirement savings plans.

We believe these measures will make a significant difference in ensuring that working Americans are able to retire with dignity and do so without placing unnecessary administrative or financial burdens on employers.

At State Street, we are committed to advancing public policy that broadens retirement coverage and helps Americans achieve the secure retirement they deserve. In our view, the combination of requiring that employers offer workplace plans and offering incentives to participate, together with the elimination of regulatory obstacles to the creation of open MEPS in your legislation, will go far in achieving that goal.

Ten thousand American workers are expected to retire every day over the next 15 years. Congress can no longer postpone agreeing on a pragmatic, bipartisan solution to a problem that has direct implications for the dignity of our citizens and the future of our country's economy and social fabric. The cost of inaction is great: for individuals, employers, and state and federal government programs.

Every day we fail to act is another day that Americans fail to save for the future and the problem deepens.

We applaud your leadership in introducing this important legislation and look forward to helping move it to enactment.

Sincerely,