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Inside this issue

Senate Republicans release opening offer in Phase 4 negotiations Below

Senators introduce bill to allow catch-up contributions Page 2

House Democrats oppose DOL’s ESG rule Page 2

CRS issues report on retirement security Page 3

Senators introduce bill to help military families save for retirement Page 3

Senators reintroduce retirement account lost and found Page 3

Senators introduce e-sign modernization Page 4

References and source material used in this publication Page 5

Senate Republicans release opening offer in Phase 4 negotiations

On July 27, Senate Republicans unveiled the Health, Economic Assistance, Liability Protection and Schools (HEALS) Act, a collection of bills intended to be their opening bid in negotiations to pass another multi-trillion-dollar COVID package (Phase 4). The relevant retirement provisions are included in the [American Workers, Families, and Employers Assistance Act](#), [Continuing Small Business Recovery and Paycheck Protection Program Act](#) and [Time to Rescue United States’ Trusts \(TRUST\) Act of 2020](#). Notable provisions:

- Clarify CARES Act loan/withdrawal provisions regarding participant self-certification
- Clarify that employer-provided group insurance benefits are included in payroll costs for purposes of PPP loan forgiveness
- Allow Flexible Spending Account (FSA)/Dependent Care Flexible Spending Account (DCFSA) unused 2020 contribution amounts to be rolled over into the 2021 plan year
- Establish “rescue committees” that would craft legislation to secure the long-term solvency of federal trust funds, including Social Security

Other major provisions:

- Education funding
- Testing and vaccine funding
- PPP extension and reform

- Enhanced unemployment insurance (reduced from CARES Act \$600 per week)
- Additional direct individual stimulus checks
- Liability protections for businesses

While significant CARES Act relief expires by the end of July, Phase 4 is likely to pass in early August. The final Phase 4 bill still needs to be negotiated with Democrats and is expected to grow significantly during that process. Democrats are prioritizing state/local funding, housing assistance, worker protections and extended enhanced UI.

For reference, a section-by-section summary of the Democrat supported HEROES Act can be found [here](#).

Senators introduce bill to allow catch-up contributions

On July 23, Senators Ted Cruz (R-TX), Thom Tillis (R-NC), David Perdue (R-GA) and Kelly Loeffler (R-GA) introduced [S. 4297](#), the Addressing Missed-savings Opportunities for Retirement due to an Epidemic Act (AMORE Act).

The AMORE Act would allow individuals facing financial challenges and who are unable to make contributions to make catch-up contributions to plans and IRAs in 2021 and 2022 to the extent of their “unused limit” in 2020.

In other words, the catch-up contributions could be made up to an amount equal to the excess of the applicable limit in 2020 over the contributions made.

House Democrats oppose DOL’s ESG rule

On July 20, a group of 41 House Democrats wrote to the Department of Labor (DOL), strongly opposing the Department’s recent environmental, social and governance (ESG) proposed rule.

In the [letter](#), Democrats wrote that the DOL ESG proposal “drastically shifts the landscape of responsible, social investing and cuts at the freedom of private entities to invest based on their individualized priorities.” The signatories constitute a core group of Democrats on the House Ways and Means Committee, House Education and Labor Committee, and the House Financial Services Committee.

As evidenced by the similar earlier letter from a group of Senate Democrats and last week’s House Labor Committee briefing on the ESG proposal, the result of the DOL ESG proposal could well be to make ESG a higher priority for the Biden Administration if he is elected and likely more strongly in the pro-ESG direction.

CRS issues report on retirement security

On July 2, the Congressional Research Service issued a report titled, “[Saving for Retirement: Household Decisionmaking and Policy Options](#).” The report focuses on household decisions related to saving for retirement in DC plans and IRAs. It discusses household finances and retirement savings and summarizes relevant consumer decision-making research. Some of the policy issues discussed in the report include:

- Availability, automatic enrollment and automatic escalation in retirement savings accounts
- Matching of individuals’ contributions in retirement accounts
- Financial literacy of the working-age population
- Retirement account information disclosure and reporting
- Investment options and management of retirement accounts
- Fiduciary and investment advice related to retirement savings
- Maximum age allowed for contributions to retirement accounts
- Leakage and early withdrawal rules for retirement accounts
- Converting savings into retirement income using annuities

Senators introduce bill to help military families save for retirement

On July 2, Senators Susan Collins (R-ME) and Maggie Hassan (D-NH) introduced S. 4173, the [Military Spouses Retirement Security Act](#), to encourage military spouses to participate in workplace retirement plans. Under the bill, small employers (i.e., up to 100 employees) would be eligible for a tax credit if they:

- Make military spouses eligible to participate in a retirement plan within two months of hire
- Upon plan eligibility, make the military spouse eligible for any matching or nonelective contribution available to a non-highly compensated employee who has at least two years of service
- Make the military spouse 100% immediately vested in all employer-provided benefits

A similar though not identical bill is being considered on a bipartisan basis in the House.

Senators reintroduce retirement account lost and found

On July 2, Senators Elizabeth Warren (D-MA) and Steve Daines (R-MT) reintroduced S. 4192, the [“Retirement Savings Lost and Found Act of 2020,”](#) to increase portability of and access to retirement savings. The bill:

- Creates a national lost and found system for retirement accounts so any worker can locate all of their former employer-sponsored retirement accounts
- Makes it easier for plan sponsors to move small accounts into age-appropriate target-date funds so that workers can maximize their investment returns

- Requires plan sponsors to send lost, uncashed checks of less than \$1,000 to the Treasury so that individuals can locate this money and continue to save for their retirement

Senators introduce e-sign modernization

On July 2, U.S. Senators John Thune (R-S.D.), Jerry Moran (R-Kan.) and Todd Young (R-Ind.) introduced S. 4159, the “[E-SIGN Modernization Act](#) of 2020,” to streamline how consumers consent to receiving electronic documents like bank statements, account information and contracts.

The Electronic Signatures in Global and National Commerce Act (E-SIGN) became law in 2000 and provides a framework for how transactions involved in interstate or foreign commerce can be completed using electronic signatures and electronic documents.

[\(Back to the Table of Contents\)](#)

References and source material used in this publication

Page 1

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Page 2

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Page 3

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Text of S. 4192, the Retirement Savings Lost and Found Act of 2020
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Page 4

Text of S. 4159, the E-SIGN Modernization Act of 2020
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[\(Back to the Table of Contents\)](#)

Keeping watch

You can find the most recent information on issues affecting governmental defined contribution plans, plan sponsors and plan participants on the Employer page of our plan website, NRSforU.com/plansponsor.

About this report

BOB BEASLEY, CRC, Communications Consultant, edits this report. Beasley brings more than 30 years of financial services communications experience to your plan. He has contributed to past editions of the *Governmental 457(b) Guidebook*, edits countless newsletters and plan sponsor communications, and in 2001, authored “What you should know about the Economic Growth and Tax Relief Reconciliation Act of 2001.” He often voices Nationwide’s online presentations.

Beasley has served on the Education and Communication Committee for the Plan Sponsor Council of America and as a member of the National Association of Government Defined Contribution Administrators.

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