

Retirement legislation could be hot topic in 2019, conference attendees told



Rep. Richard Neal, D-Mass., has introduced measures requiring employers to sponsor automatic defined contribution plans. Bloomberg BY [MEAGHAN KILROY](#) · JULY 2, 2018 6:00 AM · UPDATED 7:10 AM

Next year could be a very active year for national retirement legislation, said speakers at the Kohler Retirement Plan Advisor Conference in Wisconsin on June 24-26.

Staff members for Rep. Richard Neal, D-Mass., have indicated retirement reform will likely be Mr. Neal's No. 1 priority, should Democrats take the House of Representatives in the November election, said Robert A. Holcomb, vice president of legislative and regulatory affairs for Empower Retirement, in a June 25 address on retirement legislation and regulation.

Late last year, Mr. Neal — ranking Democrat on the House Ways and Means Committee — introduced a couple of measures that would require most employers to sponsor automatic defined contribution plans and simplify some retirement savings rules.

Kevin Brady, R-Texas, is the current chairman of the Ways and Means Committee.

"Rothification" — shifting retirement savings to after-tax Roth 401(k)s from pretax 401(k)s — could also rear its head in 2019 as a potential revenue source.

Rothification "is not dead," Mr. Holcomb said. "Don't think just because it didn't show up in the Tax Cuts and Job Act in 2017 that it went away."

Another issue percolating on Capitol Hill: helping gig-economy workers save for retirement through open multiple employer retirement plans.

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"There is a lot of support around open MEPs in Washington," Empower President Edmund F. Murphy III said in a separate address on the state of the U.S. retirement system. A section of the pending Retirement Enhancement and Savings Act would make it easier to form open multiple employer plans. The latest version of RESA was introduced March 8 in the Senate and is currently in the Finance Committee; the House counterpart, introduced May 14, is now before the Ways and Means Committee and the Education and Workforce Committee.

Mr. Murphy's address focused primarily on the trends shaping the adviser, record-keeper, participant and plan sponsor communities.

Providing a personalized digital experience is one trend Empower and other record keepers are very focused on, Mr. Murphy said.

"The way we engage (participants), the messaging, the methods of communication, the channels, they have to be different," Mr. Murphy said. "In general as an industry, we are light years behind where most consumer businesses have been and are today." Mr. Murphy said he spends about 25% of his time thinking about emerging technologies and that the firm has a major artificial intelligence project it's working on. An Empower spokesman declined to provide additional information.

Another trend Mr. Murphy believes will continue to accelerate is consolidation among providers and among advisers.

One area where it pays to have scale is dealing with issues like cybersecurity, Mr. Murphy said.

Over the past three to five years, cybersecurity costs for Empower and the industry have "gone up dramatically," Mr. Murphy said.

This comes at a time when the retirement "industry itself has seen a massive uptick in fraud," added Doug Peterson, [Great-West Financial's](#) chief information security officer, in a separate discussion on cybersecurity.

Empower is the retirement business of Great-West Financial.

Mr. Peterson said it's not uncommon for the firm to receive questionnaires from plan sponsors that include more than 1,000 questions on security, adding Empower came out with a cybersecurity guarantee in the first quarter of this year.

"If through no fault of their own, a participant loses money out of their account, we will make them whole," he said.

Mr. Peterson — who is also chairman of the SPARK Institute's data security oversight board — stressed that tackling fraud is something the retirement industry needs to work on together. "The last thing I want from a security perspective is for one of my competitors to have a breach," he said. "Everyone of you who does business with us is going to want to know why are we OK if they weren't?"

The data security oversight board, a group of record keepers and consultants, was formed in 2016 to develop best practices for data security standards among record keepers.

At the end of April, SPARK and the Financial Services Information Sharing and Analysis Center formed the Retirement Industry Council to help educate members of the retirement industry on how to address security challenges.

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