Response to Questions for the Record
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Re: January 7, 2026 Hearing of the House Health, Education, Labor and Pensions Subcommittee, "Modernizing Retirement Policy for Today's Workforce" (Questions for the Record from Chairman Rick W. Allen)

1. The witnesses spoke to the anxiety workers face about outliving the savings they accumulated during their careers. But, there are so many workers who are never able to accumulate meaningful savings in the first place.

a. To what extent is the current retirement system leaving workers behind?

The current retirement system is leaving most workers behind in terms of retirement plan coverage and retirement savings shortfalls.

First, nearly half of wage and salary employees in the U.S.—including 79% of workers in the bottom 20% of the earnings distribution and 64% of those in the next 20%—are not covered by a workplace retirement plan.[1] Low-wage workers are least likely to be offered a plan, and also least likely to participate when they do have access.

Second, the median household retirement account among working-age households (25-64) is just $12,000, and two out of five working-age households have no 401(k) or IRA assets. And according to a new analysis from the National Institute on Retirement Security, the typical worker aged 30-64 has only 41% of the savings they need to maintain their standard of living in retirement, counting their entire net worth.[2]

b. If Congress was serious about improving retirement security for those workers, what would we be prioritizing instead?

The first and most important step is to strengthen Social Security's finances to protect benefits for workers and retirees, which I will address in my response to question 2a below.

In addition, we need federal policy to attain universal retirement plan coverage for workers (beyond Social Security). There are large gaps in the current system of employer-sponsored retirement plans because it relies primarily on voluntary decisions on the part of employers—coaxed by tax incentives and workforce recruitment/retention motives—to sponsor a plan. This means small business owners who lack the resources to navigate the risks, costs, and complexities of qualified plans are less likely to opt in. It also means that workers in the lower rungs of the labor market are often excluded, either because their employers do not carry a plan, or because they are not included under plan rules, despite incremental reforms in the SECURE Act and SECURE 2.0.

Twelve states have taken action to address this issue by mandating certain employers that do not offer a qualified plan auto-enroll their employees into a state-sponsored IRA program.[3] These state auto-IRA programs are making a difference. However, they are constrained by ERISA, which disallows the programs from accepting employer contributions, as well as enforcement challenges. Due to legal risks related to ERISA preemption, they also do not cover employees of large firms who are not eligible to participate due to part-time status or job tenure.

The U.K. and Australia have achieved high rates of workplace retirement plan coverage, through two different models. In the U.K., auto-enrollment in the National Employment Savings Trust is mandated for employees not covered by an employer pension. Currently, 4 out of 5 workers in the U.K. participate in a retirement plan.[4] In Australia, all employers must enroll all their employees, including many independent contractors, in a workplace retirement plan (called a Superannuation fund), and contribute on their behalf.[5]

Finally, we cannot improve retirement security for the majority of workers without increasing their wages and income. While the richest families amass astounding wealth, 41% of U.S. working families do not earn enough to support basic costs of living.[6] Increasing the minimum wage and strengthening collective bargaining rights are two key pathways to improving the financial security of workers and their families.

2. In your testimony, you said that Social Security is the most important program for keeping retirees out of poverty.

a. What investments do you think Congress should be making to strengthen Social Security and protect its benefits for current and future retirees?

Thank you for this important question. Without Social Security, 22 million adults and children would fall below the poverty line, and the senior poverty rate would quadruple, increasing from 10% to 37%.[7] There is broad popular support across party lines for protecting the program and the people it is designed to serve. Indeed, *85% of Americans strongly favor protecting benefits, even if it requires raising taxes*.[8]

A 2025 survey sponsored by the National Academy of Social Insurance, AARP, the National Institute on Retirement Security, and U.S. Chamber of Commerce found that each of the following measures had broad public support across party lines:[9]

- **Increase Social Security taxes on earnings**
  - Tax earnings above $400,000 (but exempt earnings between current cap and $400,000).
  - Gradually increase the contribution rate to OASDI from 6.2 percent to 7.2 percent for both employees and employers
- **Targeted benefit enhancements**
  - Caregiver credit - for parents who take time taken out of workforce to care for children under 6 years of age.
  - Increase COLA for retirees based on expenditure patterns.
  - Bridge benefit for workers in physically demanding occupations who claim Social Security benefits early.
- **Preservation of benefit structure**
  - Keep the Full Retirement Age at 67
  - No change in primary benefit formula

The same NASI survey found that a large majority of Americans are opposed to increasing the retirement age or cutting benefits, including a reduced COLA. It is also important to understand that — due to growing inequality in life expectancy by income, education, and race — raising the Full Retirement Age (FRA) would have regressive impacts. The Social Security Administration estimates that raising the FRA from 67 to 68 would reduce Social Security benefits for a disproportionate number of poor, Black, Latino, or non college educated people.[10]

b. Would investments in Social Security help more retirees than expanding access to under-regulated annuities in 401(k) plans?

Yes - investments in Social Security will help significantly more retirees than expanding access to under-regulated annuities in 401(k) plans. While lifetime income is an important question for people with significant 401(k) and IRA balances, roughly 20% of workers have sufficient balances to consider annuitization based on having an account balance approaching $100,000 or more. Addressing this need should not come at the cost of exposing all workers to the heightened risks and costs that come with an under-regulated annuity market.

In comparison, investments in Social Security will safeguard benefits for 180 million workers and 62 million retirees currently drawing benefits.[11] Social Security is still the most important retirement asset for American workers. Federal Reserve economists estimate that for the bottom 50% of families by wealth, the value of their present and future Social Security benefits is greater than the value of all other household wealth combined, including retirement savings and pensions.[12]

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[1] Testimony of Nari Rhee, *Modernizing Retirement Policy for Today's Workforce: Hearing before the Subcommittee on Health, Employment, Labor, and Pensions*, U.S. House of Representatives (2026), https://republicans-edlabor.house.gov/UploadedFiles/Rhee_Testimony.pdf.

[2] Joelle Lessler and Tyler Bond, *Retirement in America: An Analysis of Retirement Preparedness Among Working-Age Americans* (National Institute on Retirement Security, 2026), https://www.nirsonline.org/research/closingthegap/.

[3] For a list of states with auto-IRAs, see https://cri.georgetown.edu/states/state-data/current-year/.

[4] *Employee Workplace Pensions in the UK: 2021 Provisional and 2020 Final Results* (Office for National Statistics, 2022), https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/workplacepensions/bulletins/annualsurveyofhoursandearningspensiontables/2021provisionaland2020finalresults.

[5] "Superannuation Basics and History," SMC Australia, accessed February 24, 2026, https://smcaustralia.com/superannuation-basics-and-history/.

[6] Pamela Joshi et al., "Families' Job Characteristics and Economic Self-Sufficiency: Differences by Income, Race-Ethnicity, and Nativity," I. Implications for Family and Public Policy, *RSF: The Russell Sage Foundation Journal of the Social Sciences* 8, no. 5 (2022): 67–95, https://doi.org/10.7758/RSF.2022.8.5.04.

[7] Kathleen Romid, *Social Security Lifts More People Above the Poverty Line Than Any Other Program | Center on Budget and Policy Priorities* (Center on Budget and Policy Priorities, 2025), https://www.cbpp.org/research/social-security/social-security-lifts-more-people-above-the-poverty-line-than-any-other.

[8] *Social Security at 90: A Bipartisan Roadmap for the Program's Future - A Survey with Trade-Off Analysis* (National Academy of Social Insurance, AARP, NIRS, and U.S. Chamber of Commerce, 2025), https://www.nasi.org/2025/01/29/new-public-survey-lays-out-a-bipartisan-roadmap-for-social-securitys-future/.

[9] *Social Security at 90: A Bipartisan Roadmap for the Program's Future - A Survey with Trade-Off Analysis*.

[10] *Policy Option Projections* (Social Security Administration, 2024), https://www.ssa.gov/policy/docs/projections/policy-options/index.html.

[11] *Fast Facts & Figures About Social Security, 2025*, SSA Publication nos. 13–11785 (Social Security Administration, 2025), https://www.ssa.gov/policy/docs/chartbooks/fast_facts/2025/index.html.

[12] John Sabelhaus and Alice Henriques Volz, "Social Security Wealth, Inequality, and Life- Cycle Saving," in *Measuring Distribution and Mobility of Income and Wealth* (University of Chicago Press, 2022).