

FRIDAY ALERT



Alliance for Retired Americans

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Retirement Security Bills Introduced, but Pension Protection is Still Badly Needed

The U.S. House has proposed [several bills](#) so far this year to address retirement security. Earlier this month the House Ways and Means Committee marked up the SECURE ACT -- H.R. 1994, the "Setting Every Community Up for Retirement Enhancement Act of 2019." Rep. **Richard Neal** (MA), chair of the House Ways and Means Committee, introduced the legislation on March 29. The bill is designed to help simplify retirement plan filing for small businesses.

Among its provisions, the bill would:

- increase the cap on automatic deductions from employees' paychecks after the first year they participate in the plan from 10% to 15%;
- allow certain home health care workers to contribute to defined contribution plans or individual retirement accounts (IRAs); and
- create new tax credits for small businesses that add automatic enrollment in 401(k) plans.

Other provisions in H.R. 1994 include allowing long time part-time workers to participate in 401(k) plans; creating a fix to the non-discrimination rule for older workers; and raising the required minimum distribution age from 70 and 1/2 to 72.

"The SECURE Act is an enhancement because it would increase the cap on the level of automatic deductions that are permitted to go into IRAs," said **Robert Roach, Jr.**, President of the Alliance. "That helps increase savings for those who are able to save, but we still need to expand Social Security, which is a key part of the [three-legged stool](#) of retirement."

"Furthermore, this legislation does not change the need to enhance and protect defined benefit pension plans," President Roach continued. "Please urge your Member of Congress to take appropriate action to protect pension participants."

Approximately 100 multiemployer pension plans, covering an estimated 1 million - 1.5 million workers nationwide, are projected to run out of money in the next 20 years. Although the Pension Benefit Guaranty Corporation (PBGC) provides some security in the event of a company's bankruptcy, workers usually end up being paid less than they expected and must then figure out how to fill in the unexpected gap. Moreover, the PBGC multiemployer trust fund is underfunded and facing insolvency. If Congress fails to act, the hard-earned pensions of retirees under the multiemployer system will disintegrate.

Recently, several workers described their fear of losing their pensions in [Workday Minnesota](#). **John Sismondi**, a member of United Mine Workers Local 2300 in Waynesburg, Pennsylvania, said that if the UMWA multi-employer plan went belly-up, “We’d have nothing. My wife is working now, but she has medical problems.”

Vote for a Higher Minimum Wage is Expected in the U.S. House

Since President **Franklin D. Roosevelt** signed America’s first federal [minimum wage](#) into law in 1938, it has been raised 22 times -- from \$0.25 to \$7.25. Congress has not raised the wage since 2009, and the wage lost 15% of its [purchasing power](#) in the meantime. The data show that the current wage is not enough to live on, forcing thousands of workers to take on second and third jobs to make ends meet. Getting by is even tougher for those who have families to support.

Recently activists, including the AFL-CIO, have made some progress. Cities around the United States are independently raising their local wages -- San Francisco and Seattle both raised their base pays to \$15 per hour. McDonalds announced it would no longer [lobby](#) against a federal minimum wage increase. Bank of America independently raised its own minimum wage to \$20 per hour, and Amazon agreed to meet demands for a \$15 per hour wage.



Rep. Scott

Members of the U.S. House of Representatives are trying to pass a bill to bring the momentum to the next level. Rep. **Bobby Scott** (VA) introduced [H.R. 582, the Raise the Wage Act](#), earlier this year. The bill would increase the federal minimum wage to \$15 per hour by 2024, while significantly increasing the minimum wage for tip earners. The bill has over 200 cosponsors, and the House is expected to bring the Raise the Wage Act to the House floor for a vote in the coming weeks.

“Studies have shown time and time again that Americans can’t live off the current minimum wage. No one should have to work 50, 60, 70 hours a week just to make ends meet,” said **Joseph Peters, Jr.**, Secretary-Treasurer of the Alliance. “Higher wages would also strengthen the Social Security Trust Fund for future generations, since those who earn more pay more in Social Security taxes, up to the annual cap of \$132,900.”

Hospitals Closures Hurt Rural Communities and Also Retirees

Hospitals closures are currently an [epidemic](#) in the United States, and the epidemic is hitting rural communities hard. One hundred and two rural hospitals closed in 27 states between 2010 and 2019, most of them in the rural south in places like Texas, Tennessee, and Georgia. Not only does it scare off employers and industry, but it also scares off an important population for those communities -- retirees.

Many rural communities rely on seniors and their Social Security to support their economies. Many specifically try to attract retirees with beautiful scenery and a low cost of living. When the local hospitals close, however, seniors are wary to move there, citing concerns about where they would receive treatment in a health crisis.

“Most seniors want to know that they can immediately access health care services in an emergency and have stability in their day-to-day health management. Hospital closures severely increase their stress,” said **Richard Fiesta**, Executive Director of the Alliance.

In some states like Tennessee, activists and legislators alike blame [reluctance](#) to expand Medicaid under the Affordable Care Act as the primary driver of hospital closures.

“The closings are further evidence that Congress needs to expand Medicare and Medicaid and protect the Affordable Care Act,” added Executive Director Fiesta. “Retirees deserve accessible health care no matter where they live.”

Alliance Charters its 38th State: Kentucky

On Tuesday in Lexington, the Kentucky Alliance for Retired Americans became the 38th state chapter. Elected to the board were: **Phinis Hundley** (UAW), President; **Steve Barger** (Carpenters), Treasurer; and **Larry Totten** (Kentucky Public Retirees), Secretary. Alliance Director of Field Mobilization **Brendan Kelly** and Executive Director Fiesta represented the national Alliance at the founding convention.

