



AMERICAN BENEFITS COUNCIL

May 19, 2022

The Honorable Cory Booker
717 Hart Senate Office Building
Washington, DC 20510

The Honorable Todd Young
185 Dirksen Senate Office Building
Washington, DC 20510

Dear Senators Booker and Young:

We are writing on behalf of the American Benefits Council to thank you for your leadership with respect to emergency savings and the introduction of the Emergency Savings Act of 2022. This bill reflects your commitment to good bipartisan retirement policy and responds to a critical need for financial protection in cases of unexpected expenses that often present real challenges for many American workers and their families.

The American Benefits Council is a Washington D.C.-based employee benefits public policy organization. The Council advocates for employers dedicated to the achievement of best-in-class solutions that protect and encourage the health and financial well-being of their workers, retirees and their families. Council members include over 220 of the world's largest corporations and collectively either directly sponsor or support sponsors of health and retirement benefits for virtually all Americans covered by employer-provided plans.

The bill allows a defined contribution plan, such as a 401(k) plan, to establish an emergency savings account within the plan that can be accessed for a small amount in the case of emergency without any penalty. Even relatively small, unexpected expenses, such as a car repair or a modest medical bill, can be a hardship for many workers and fear of those expenses can keep them from saving. As a result of knowing they have access to a modest amount in this case, individuals will be more likely to contribute to the plan, and often will end up not having to make emergency withdrawals, thus enhancing their overall retirement security while improving their financial resilience.

There are a number of ways to improve emergency savings that the Council supports, including programs outside of the retirement plan, as well as other bills that propose other means of permitting emergency access to savings within a retirement

plan. We believe that, just as employers have a choice regarding which type of retirement plan to establish, employers should have choices regarding emergency savings programs. So, we are supportive of multiple bills in this space. The litmus test for us is whether a bill promotes both retirement savings and emergency savings, which we believe your bill would do.

We look forward to a continued dialogue about how best to further improve emergency savings and strengthen personal financial security. This bill is a significant step towards addressing the critical problem faced by many Americans by offering a solution that harnesses the successful 401(k) or similar plan structure that utilizes payroll deduction and strengthens, rather than undermines, retirement savings.

Sincerely,

A handwritten signature in cursive script that reads "Lynn Dudley". The signature is written in black ink and is positioned below the word "Sincerely,".

Lynn Dudley

Senior Vice President, Global Retirement and Compensation Policy