NAIFA

H.R. 6324 / S. 5156, Retirement Simplification and Clarity Act (RSCA)
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Retirement Savings Challenge

Workers across America are increasingly anxious about their financial futures.

Over 9 out of 10 workers say it is important for their retirement plan to include options for guaranteed lifetime income.

Understanding the Problem:

Retirement Savings Challenge

Workers can move 401(k) savings into an annuity without taxes or penalties only if their plan offers an in-plan annuity. Most plans do not. As a result, most workers must wait until age 59½ to access lifetime income options.

402(f) Notice Confusion

When workers leave an employer, they receive a 402(f) notice explaining distribution options and tax implications. However, the Government Accountability Office has found this notice to be overly complex, leading to confusion, poor decisions, and costly mistakes.

Key Provisions of RSCA

Expanded Rollover Options

Individuals aged 50+ may, if their plan permits, roll over some or all of their 401(k) assets into an individual retirement annuity.

- Lock in guaranteed lifetime income while still working
- Diversify retirement assets into income that lasts for life
- Spread annuity purchases across market conditions

Simplified 402(f) Notices

Provides a safe harbor for a new notice using clear, straightforward language.

- 30-day review period before action
- Clear explanation of all distribution options
- Plain-language explanation of tax consequences
- IRS contact guidance for additional

Clear and Structured Improvements

The RSCA improves access to lifetime income and simplifies retirement decision-making. By modernizing outdated processes and removing unnecessary complexity, the bill helps workers better understand and utilize their savings.

NAIFA Supports H.R. 6324 / S.5156

NAIFA strongly supports H.R. 6324 and S. 5156 as introduced by Reps. Panetta (D-CA) and LaHood (R-IL), and Sens. Marshall (R-KS) and Gillibrand (D-NY).

We support efforts to:

- Simplify retirement savings rules
- Expand access to lifetime income options
- Help ensure Americans do not outlive their savings

NAIFA is ready to work with legislators on both sides of the aisle to enact this important legislation.