

## **EBRI-ERF POLICY FORUM #77**

20 F Street, NW Conference Center

20 F Street, NW Suite 1000 Washington, DC 20001

Thursday, December 10, 2015

8:30 a.m. – 12:00 p.m. (registration and refreshments at 8:00 a.m.)

### *Agenda*

#### **What Moves the Retirement Readiness Needle During the Accumulation Period: Quantification of Risks and Evaluation of New Proposals**

Several recent studies have evaluated the impact of the major post-retirement risks on retirement readiness (viz., longevity risk, long-term care risk and post-retirement investment risk) as well as new proposals to deal with these risks (e.g., QLACs). The primary purpose of this panel will be to focus on the pre-retirement risks and the likely impact of new proposals to mitigate their impact. The topics to be discussed include, inter alia, the impact of: a one-time shock in the equity markets similar to what was experienced in August, a permanent reduction in expected equity rates of return, leakages from the defined contribution system and suggested proposals to “plug” them (as well as sensitivity analysis with respect to likely reaction from eligible employees in terms of participation and contribution behavior), increasing the number of employees offered some type of retirement plan (including the potential impact of auto-IRAs), and modifying the employer incentives to increase employee contributions to higher levels (e.g., various stretch match proposals). The panel will include a summary of the latest results from the EBRI Retirement Security Projection Model.<sup>®</sup>

*Moderator:* Craig Copeland, Senior Research Associate, Employee Benefit Research Institute

- [Jack VanDerhei, Research Director, Employee Benefit Research Institute](#)
- [Lori Lucas, Executive Vice President, Callan Associates, Inc.](#)
- [Charlie Clark, Director, Employee Benefits Research Group, Milliman, Inc.](#)
- [Jeff Eng, Director, Retirement Income Solutions, Russell Investments](#)

#### **The Cadillac Tax and the Future of Employment-Based Health Benefits**

The excise tax on high cost health plans (aka Cadillac Tax) is a provision in the Affordable Care Act (ACA) that imposes a nondeductible 40 percent excise tax on the portion of health coverage costs that exceed \$10,200 for single coverage and \$27,500 for family coverage starting in 2018. The goal of the tax is twofold: to reduce the comprehensiveness of employment-based health benefits, which is expected to lower use of health care services and overall spending on health care; and to generate federal tax revenue. The CBO has estimated that the tax will generate \$87 billion from 2016 to 2025. The tax is controversial. There is bipartisan support for repealing the Cadillac Tax, though the tax also has its supporters. The tax has implications not only for workers health benefits, but also for worker wages, out-of-pocket spending, and other sources of nonwage compensation. This panel will explore stakeholder views and practices.

*Moderator:* [Paul Fronstin, Director, Health Research & Education Program, Employee Benefit Research Institute](#)

- [Katy Spangler, Senior Vice President, Health Policy, American Benefits Council](#)
- [Kimberly Young, Head of Employee Benefits, Booz Allen Hamilton Inc.](#)
- [Richard Stover, Principal, Buck Consultants – A Xerox Company.](#)

## **The Impact of Likelihood of Retirement Success on DC Participant Behavior**

Much attention has been given to providing DC participants with information regarding their likelihood of having adequate retirement income. We know, however, that it is very difficult for participants to understand the meaning of that information and translate it into changes in employee behavior.

The research question is whether or not this information causes a behavioral change regarding deferral rate. In this study we give one set of DC participants their projected replacement rate based on their actual circumstances and a second set the probability of NOT running short of money in retirement. In each case we will also provide information on the impact of changing their contribution rate. Armed with this information, participants are asked to describe their intent to alter their savings behavior.

*Moderator:* Jack VanDerhei, Research Director, Employee Benefit Research Institute

- [Warren Cormier, CEO, Boston Research Technologies](#)