

THE RETIREMENT SAVINGS FOR AMERICANS ACT

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The Problem: The American economy has been the global leader in wealth creation, yet a large portion of Americans have not directly benefited from our nation's prosperity. **In 2024, the bottom 50 percent of households owned only 2.5 percent of total U.S. wealth.** This is, in part, because millions of low and middle-income Americans have little or nothing saved for retirement. **More than 40% of Americans working full time and nearly 80% of those working part time do not have access to a retirement plan.** Workers in rural areas, those in the gig economy, and those working for small businesses are even less likely to have retirement savings or access to a plan.

The Solution: Reward work, build wealth, and boost economic security for millions of American workers by enabling them to save for retirement. The *Retirement Savings for American Act* does just that by helping the millions of working-class Americans who don't have access to a workplace retirement plan set up a retirement plan modeled after the highly successful retirement plan for members of the military and federal workers. This bill uses market forces to help Americans build wealth and secure their futures. Once enacted, it will provide millions of Americans with a direct stake in the growth and prosperity of our economy.

KEY PROVISIONS OF THE BILL

- **Eligibility and Auto Enrollment:** Full- and part-time workers who lack access to an employer-sponsored retirement plan would be eligible for an account, and they would be automatically enrolled, contributing 3% of their income. They could choose to increase or decrease their withholding, or opt out entirely at any time. Independent workers (including gig workers) would also be eligible.
 - Individuals who earn above IRS' annual highly compensated employee level would need to roll over their funds to a privately-sponsored retirement account. IRS' 2025 Highly Compensated Employee level starts at \$160,000.
- **Federal Contribution:** A worker earning the median income, which was 42,220 in 2023, would be eligible for up to a 5% matching contribution via a refundable federal tax credit.
- **Portability:** Accounts would remain attached to workers throughout their lifetimes, and workers would be able to stop and start contributions at will.
- **Private Assets:** The accounts would be the property of the worker and the assets could be passed down to future generations to help them build wealth and financial security.



- **Investment Options:** Participants would be given a menu of simple, low-fee investment options to choose from, including lifecycle funds tied to a worker's estimated retirement date, or index funds made of stocks and bonds.
 - Includes clarifying language to ensure that in the case of independent contractors (ICs), businesses enrolling ICs will not have that factored into the employee-employer test.

Cost: Awaiting a JCT score but we project the legislation will cost roughly \$40 billion a year. A [2025 report](#) from the RAND Corporation also projects that the program could generate significant savings from delayed eligibility for certain federal benefit programs, and could become budget positive over several decades.

Key changes from last year: This year's bill clarifies that RSAA account balances would be excluded from means testing for federal benefits programs until a saver reaches age 65. At that point, the account balances would factor into their eligibility for certain federal benefits programs. The anticipated increase in wealth accumulation during their working years would delay participants' need for these benefits in retirement.

SUPPORTERS: International Franchise Association,, the Flex Association, the Bipartisan Policy Center, Third Way, AARP, the US Conference of Mayors, and the Economic Innovation Group.

BACKGROUND INFORMATION:

- According to the Federal Reserve's Survey of Consumer Finances, families in the top 10 percent of the income distribution held retirement accounts with an average value of \$790,000, while those in the bottom half of the distribution had accounts with an average value of \$57,400.
- The U.S. has consistently received a [C+ rating](#) on retirement security mainly because the current system works well for white collar workers but fails gig workers and blue collar workers.
- This legislation provides proven methods to build wealth and reduce income inequality:
 - Auto-enrollment, tax credits for middle income savers, low fee investment options and financial advice to make sure savers are well-informed about their savings and investments..
 - Automatic enrollment increases participation [by 13%](#).
 - Matching contributions increase uptake [by 22%](#).
- After 40 years of matched contributions and a solid rate of return, someone earning \$30,000 annually could retire with around \$600,000 in savings.
- Estimates suggest that roughly half of workers do not participate in an employer sponsored retirement plan. Only a third of workers in leisure and hospitality have access to a workplace retirement plan, and more than 80% of those workers don't receive an employer match. This has consequences: in 2022, the bottom 25 percent of Americans had a median net worth of just \$3,500 .
- Lack of retirement savings occurs across all age groups:
 - 42% of those 18-29, 26% of those 30-44, 17% of those 45-59, and 13% of those over 60 have nothing saved for retirement.

