

The Agenda for America's Entrepreneurs: Retirement and other portable benefits



Small Business Majority has created a comprehensive national and state policy agenda to ensure entrepreneurship is at the center of a thriving and inclusive economy. Portable benefits is one of our seven topics of focus.

The way Americans work and start a business is changing—people switch jobs more frequently throughout their careers and they are more likely than ever to work as a contractor or freelancer than as a W-2 employee. While flexible work arrangements can be positive, they can leave individuals without important benefits traditionally tied to one's employer. No one's financial security, ability to afford benefits like healthcare or capacity to take time off of work to care for a new child or sick family member should depend on their employment status. Today's entrepreneurs and small business employees need a modernized benefits infrastructure that promotes quality jobs for those who do not work for large organizations.

In order to support our evolving entrepreneurial community, we recommend the following policies:

- Support federal and state efforts to establish publicly-administered retirement savings programs ("Secure Choice") programs, such as CalSavers in California and similar programs in Connecticut, Illinois, Maryland and Oregon, to help more small businesses and their employees access retirement plans.
- Allow independent entrepreneurs to access Secure Choice programs, understanding many freelancers and self-employed individuals are unable to access traditional retirement benefits.
- Support similar measures at the federal level. Numerous bills were introduced last Congress, such as the Automatic IRA Act, which proposed an auto-IRA arrangement for eligible employees and provide employers with fewer than 100 employees with a tax credit for the costs associated with establishing such an arrangement. Moving forward, legislative proposals should include the following provisions:
 - Enroll employees automatically, but allow them to opt out.
 - Ensure employee contributions are portable between jobs.
 - Make participation open to the self-employed.
- Expand eligibility for multiemployer retirement plans with appropriate fiduciary standards—for example, by passing legislation like the bipartisan Retirement Enhancement and Savings Act (RESA) that stalled in Congress last year. In August 2018, the president issued an executive order to remove legal hurdles that made it harder for small businesses to band together to form multiple employer retirement savings plans (MEPs). However, it did not address concerns regarding fiduciary responsibility for small employers participating in these plans. If lawmakers want to encourage more small businesses to join MEPs, they must also protect small firms by passing RESA, which creates a safe harbor for plan sponsors selecting an annuity provider.

- Pass the FAMILY Act to establish a national program that would provide partial wage replacement for small business employees and the self-employed to access parental leave or to handle serious health conditions for themselves and family members.
- Promote government and other programs to educate small businesses about paid family and medical leave insurance programs in California, New Jersey, Rhode Island, Washington state and Washington, D.C.
- Support continued legislative efforts in other states such as Colorado and Connecticut to establish paid family and medical leave insurance programs.
- Adopt policies to make workers compensation and unemployment insurance available to non-traditional workers and reform requirements that penalize non-traditional work. For example, New York state has established a "Black Car Fund" to provide benefits to car service drivers. Other states such as New Jersey and Washington are considering even broader benefits solutions for independent workers.
- Encourage the U.S. Department of Labor to institute a Benefits Innovation Fund to stimulate more investment in portable benefits models.