

DOL Publishes Final Rule on Association Retirement Plans

The Labor Department today published a final rule giving small businesses a way to band together to offer retirement savings plans for workers.

The rule establishes a system through which small employers could offer workers 401Ks sponsored by a larger association, such as a local Chamber of Commerce. In theory, it will enable businesses to offer retirement plans comparable to larger corporations.

As of last year, 85 percent of businesses with 100 or more employees offered retirement plans for workers, compared to barely half of small businesses, according to DOL.

The rule is similar in structure to DOL's 2018 rule on association health plans, which sought to expand the availability of cheaper, skinnier plans for small businesses that don't meet Affordable Care Act coverage requirements.

The new rule comes as Congress debates a bill by House Ways and Means Chairman Richard Neal (D-Mass.) that would attempt to spur greater contributions to retirement savings accounts.

The measure, H.R. 1994 (116), would offer small businesses tax credits for offering automatic-enrollment retirement plans, allow students to use stipends and fellowships toward their IRA contributions, take away the age limit on contribution to traditional IRAs and offer pension-funding relief for community newspapers, among other things.

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