

Setting Every Community Up for Retirement Enhancement (SECURE) Act



New Law Expands Access to Lifetime Income

What employers need to know

The Setting Every Community Up for Retirement Enhancement (SECURE) Act, which was recently passed by Congress and signed into law, is designed to enhance workplace defined contribution (DC) retirement plans (e.g., 401(k) plans) by removing regulatory obstacles and expanding access to savings and lifetime income. While there are many provisions included in the new law, there are two specific provisions that MetLife thinks are particularly important to employers and their employees.



The safe harbor for annuity carrier selection

This new safe harbor provides employers protection when they select an insurer to provide an annuity as a distribution option in their 401(k) plan. It replaces the current rules, which require an employer to look at the capital requirements, liquidity and solvency of an insurer for the duration of an annuity contract. This previous guidance was not sufficient to enable — much less encourage — employers to enhance their plans to offer a guaranteed lifetime income option. This new law allows employers to simply rely on state insurance regulation and a written representation from the insurer confirming an insurer's solvency at the time of carrier selection. **According to MetLife's research, eight in ten employers (82%) that had been awaiting clarification on the annuity safe harbor said they were likely to offer a guaranteed income option within the next five years once the clarification was issued.**¹



The lifetime income disclosure requirement

The Lifetime Income Disclosure provision requires annual plan statements to include the monthly income equivalent of an employee's savings. Under the new law, an individual's current retirement plan balance must be illustrated as if they were receiving a monthly paycheck for life, based on assumptions specified in rules that will be prescribed by the Secretary of Labor. Seeing the lifetime income equivalent will enable employees to be better informed about how much they need to save to meet their retirement goals and how to make their savings last. This type of illustration is already in place for defined benefit pension plan and Social Security statements. In addition, **96% of employers surveyed² agreed that it would be helpful for employees if they could see how long their 401(k) account balances would last.**

Why is this important to you and your employees?

Today, employees need to figure out how much to save for retirement, how much they can draw down from their savings in retirement, and how long they are likely to live. MetLife research found that many individuals who take lump sums from their retirement plans deplete their money too quickly relative to their life expectancy,

with one in five individuals running through all of their money in an average of five and a half years.³

Running out of retirement savings can potentially leave individuals to fund a significant portion of their retirement years with no income other than Social Security.

A guaranteed stream of income makes planning and budgeting easier, and helps avoid the risk of overspending or underspending in retirement.

The good news is that nearly all workers and retirees (95%) say it's important for retirees to have a source of guaranteed income they cannot outlive.¹

What can you do next?

As you seek to strengthen and enhance your company's 401(k), or other type of DC plan, MetLife is uniquely qualified to partner with you and serve as your annuity provider. Please contact your MetLife representative below to learn about our commitment and experience in helping Americans achieve successful retirement outcomes.

Joe Tolan, CEBS

Eastern Sales Director
Life & Income Funding Solutions
314-930-8550
jtolan1@metlife.com

Patrick Goessling

Western Sales Director
Life & Income Funding Solutions
314-930-8564
patrick.goessling@metlife.com

1. MetLife's Evolving Retirement Model Study, 2020.
2. MetLife, 2016 Lifetime Income Poll.
3. MetLife, 2017 Paycheck or Pot of Gold Study.

[metlife.com/retirementincome](https://www.metlife.com/retirementincome)

Group annuity contracts are issued through Metropolitan Life Insurance Company or Metropolitan Tower Life Insurance Company. Like most group annuity contracts, Metropolitan Life Insurance Company and Metropolitan Tower Life Insurance Company group annuities contain certain limitations, exclusions and terms for keeping them in force. All guarantees are based on the financial strength and claims-paying ability of Metropolitan Life Insurance Company or Metropolitan Tower Life Insurance Company. Income payments and withdrawals are subject to ordinary income taxes. Ask a Metropolitan Life Insurance Company or Metropolitan Tower Life Insurance Company representative for cost and complete details.

