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National Council of Insurance Legislators (NCOIL)

Resolution in Favor of Encouraging a Redesign and the Use of Lifetime Income Investment Solutions in Defined Contribution Plans

**Sponsored by Sen. George Lang (OH)*

**Co-sponsored by Rep. Brian Lampton (OH)*

**Adopted by the NCOIL Life Insurance & Financial Planning Committee meeting on April 25, 2025, and the NCOIL Executive Committee on April 27, 2025.*

Many American workers are facing a retirement savings and income challenge. Almost 57 million Americans don't have access to a workplace retirement plan to help them start saving (*1). Worker sentiment also reflects the challenges of retiring with dignity. Seventy-one percent of nonretired adults are at least moderately worried about being able to fund their retirement (*2). These challenges include a lack of guaranteed retirement income covering employees' essential expenses and insufficient overall savings to provide and generate enough retirement income.

If current trends continue, inadequate retirement savings will cost states \$334.3 billion in aggregate increased spending by 2040, and \$1.3 trillion in state and federal expenditures combined (*3).

State governments have an important role to play in promoting and helping workers achieve greater retirement security which contributes to sound state fiscal policy. States should understand how much, if any, lifetime income their respective retirement plans provide employees and consider whether their plan is providing enough retirement income. The goal should be to provide employees 80% of their pre-retirement income.

WHEREAS, there is a retirement crisis today for American workers, including state employees, and

WHEREAS, the retirement crisis is heightened due to a lack of or shortage of lifetime income in the retirement plans of millions of American workers, and

WHEREAS, there is an opportunity today for employers of all sizes in the private and public sector to include lifetime income investment solutions for their employees; and

WHEREAS, there is an opportunity today for employers to educate, encourage and facilitate utilization of lifetime income investment solutions by their employees; and

WHEREAS, to help mitigate our nation’s growing retirement crisis, state policymakers and retirement plan sponsors have tools at their disposal, including auto-enrolling eligible workers into their respective primary and/or supplemental retirement plans; and

WHEREAS, according to research institutions like the Center for Retirement Research at Boston College (*4), the Brookings Institute (*5) and financial services firms (*6), employees in a defined contribution plan and the plan sponsor, should contribute a shared amount of at least 10-15% of the employees’ salary to ensure an adequate amount to retire comfortably. If an employee is not enrolled in social security, an additional 6-12% contribution may ensure retirement income adequacy; and

NOW, THEREFORE, BE IT RESOLVED, to help workers gain access to an adequate amount of lifetime income, state policy makers should conduct a study to analyze and quantify the current amount of income the typical worker might receive in their respective retirement plans. This includes the income created by the defined benefit, defined contribution and/or deferred compensation plans; and

NOW, THEREFORE, BE IT FURTHER RESOLVED, for those employees in a defined benefit plan, the employer and employee should contribute the actuarial required contribution rate as prescribed by the retirement plan’s Board of Directors and/or their actuary; and

NOW, THEREFORE, BE IT FURTHER RESOLVED, to help employees ensure they are on track for a dignified and secure retirement, sponsors should provide advice and guidance services, tools and solutions to employees and encourage employees to utilize those services, tools and solutions; and

NOW, THEREFORE, BE IT FURTHER RESOLVED to provide additional lifetime income to supplement any pension benefits received by an employee, sponsors should include an in-plan lifetime income solution as part of the available investments in a defined contribution or deferred compensation plan; and

AND BE IT FINALLY RESOLVED, copies of this resolution should be provided to the members of state legislative insurance, retirement, and banking committees, and the chief financial services and insurance regulators.

*1: Wharton Pension Research Council. March 2022

*2: *Americans’ Outlook for Their Retirement Has Worsened*, Gallup, May 25, 2003

*3: State and Federal Impacts of Insufficient Retirement Savings, National Conference of State Legislatures, July 17, 2023.

*4: *How Much Should People Save*, Center for Retirement Research at Boston College, Alicia H. Munnell, Anthony Webb, and Wenliang Hou, July 2014.

*5: [The new math of saving for retirement may boil down to this one, absurdly simple rule \(brookings.edu\)](https://www.brookings.edu)

*6: [How much should I save for retirement? – Empower](#)