



PROMOTING FAMILY SAVINGS

TAX REFORM 2.0

Thanks to the *Tax Cuts and Jobs Act*, businesses and families now have more money in their pockets. **It is the perfect time to help our families save money for their future and have the retirement security necessary to be prepared for anything life throws their way.**

Far too many Americans have struggled to save for key life events such as retirement, emergencies, and education. For example, a recent study found that about 40 percent of Americans would not be able to cover an emergency expense of \$400 using cash or its equivalent. In addition, **nearly half of working-age adults say they do not expect to have enough savings to live comfortably in retirement.** Meanwhile, more than one-in-three workers do not have access to a retirement plan through their employer.

Tax Reform 2.0 will help families to save for all of these key life events by expanding access to new and existing savings vehicles.

Retirement Savings

Tax Reform 2.0 contains provisions to **help local businesses provide retirement plans** to their workers, including:

- **Allowing** small businesses to join together to create a 401(k) plan more affordably
- **Giving** employers more time to put new retirement plans in place
- **Simplifying** the rules for participation in employer plans

It also includes reforms to **help workers participate in retirement plans** so their retirement years are more secure, such as:

- **Exempting** small retirement accounts from mandatory payouts
- **Eliminating** the age limit on IRA contributions
- **Allowing** military reservists to maximize their retirement contributions

Family-Friendly Savings Plans

In addition, Tax Reform 2.0 includes provisions to **help families start saving earlier and save more** throughout their lives:

- **USA accounts.** Creating a new Universal Savings Account (USA) to offer a fully flexible savings tool that families can use any time that's right for them.
- **Expanded 529 Education accounts.** Building upon the improvements to education savings accounts in the *Tax Cuts and Jobs Act* by providing families with the flexibility to also use their education savings to pay for apprenticeship fees to learn a trade, cover the cost of home schooling, and help pay off student debt.
- **New Baby savings.** Allowing families to access their own retirement accounts on a penalty-free basis to use as they see fit when welcoming a new child into the family, whether by birth or adoption. And allowing families to replenish those retirement accounts in the future.

Savings help our families plan for the future while living comfortably today. **Our tax code should support financial stability for families**, and Tax Reform 2.0 will help achieve this.