

The Women's Retirement Protection Act of 2019

FACT SHEET

A secure retirement is one of the hallmarks of a strong middle class and an economy that works for all Americans, not just the wealthiest few. However, after decades of stagnant wages and barriers to saving adequately, far too few people are financially prepared for retirement. This retirement crisis especially affects women. Women lag significantly behind their male counterparts in retirement savings—the typical retirement income for women age 65 and older is 25 percent lower than that for men. Because of these financial challenges, women, age 65 and older, are nearly twice as likely to live in poverty, compared to men in the same age group. This is partly because women face systemic barriers, like unequal pay and time out of the workforce for caregiving duties, which make it more difficult to adequately save for retirement.

The **Women's Retirement Protection Act of 2019** (WRPA) would address some of these challenges by extending critical protections to women's retirement security and providing enhanced tools to ensure women can better prepare for retirement.

Strengthen consumer protections to safeguard retirement savings. For many working families, their 401(k) plan is often their largest asset aside from their home. Under current law, one spouse could take a distribution or a loan from the plan without the other spouse's knowledge or consent. This could have a devastating effect on the unknowing spouse and the family. WRPA would extend the spousal protections that are currently available for defined benefit plans to defined contribution (DC) plans like a 401(k).

Expand access to retirement savings plans. Women make up the majority of low-wage and part-time workers. In many cases, employers do not offer retirement plans to these groups of workers. As a result, many women lack access and do not participate in any retirement savings plan. However, a recent GAO report found that 68 percent of the lowest income workers and 81 percent of part-time workers would participate in a plan if they had access. WRPA would expand coverage to these workers by amending the minimum participation standards for long-term part-time workers. The new standards would require employers to allow employees to participate in a plan once they have reached the earlier of the current minimum participation standards (age 21 or the completion of one year of service (generally 1,000 hours of service during a 12-month period) or once they have completed at least 500 hours of service for two consecutive years.

Increase access to information about retirement and savings tools. One of the most promising ways to ensure people gain important financial and economic skills is through education. WRPA would increase access to information about retirement and savings through two methods. First, financial providers would be required to provide a link to the Consumer Financial Protection Bureau in any offer for the sale of a retirement financial product or service. This link would provide information and resources regarding retirement planning and/or retirement security. WRPA would also provide for grants through the Department of Labor to established community-based organizations to help provide information about financial tools to women who are of working or retirement age.

Provide assistance to help certain women obtain qualified domestic relations orders.

According to a 2016 survey from the American Academy of Matrimonial Lawyers, retirement accounts and pensions are one of the top three most contentious items in a divorce as they are often one of the largest assets of a divorcing couple. The process by which retirement accounts and pensions are divided is called a qualified domestic relations order (QDRO). QDROs are separate from a divorce agreement and despite the fact that fees and expenses associated with retirement plans have been in decline, fees related to QDROs are increasing. The additional legal fees and other fees associated with QDROs are not typically contemplated in divorce proceedings. Low-income women and survivors of domestic violence are more prone to leave money on the table because of the added expenses and hassle of obtaining a QDRO. WRPA would provide grants to community-based organizations to assist these groups of women in obtaining the benefits to which they are entitled through QDROs.