

FOR IMMEDIATE RELEASE

WHY A QUALIFIED PLAN COLA FREEZE IN THE STIMULUS BILL WOULD HAVE BEEN A BAD IDEA.

Clive, Iowa – The nearly \$2 trillion American Rescue Plan Act of 2021, just signed into law by President Biden, originally included a provision to freeze annual cost-of-living adjustments (COLAs) for overall contributions to defined contribution plans *and* for maximum annual benefits under a defined benefit plan. The freeze would become effective for calendar years beginning after 2030. It would also apply to limits on annual compensation that could be considered in the plan.

According to the American Retirement Association (ARA), the COLA freeze could have significantly undermined retirement saving plans by reducing the incentive for employers to offer qualified retirement plans and creating the potential for some employers to eliminate their plans. The ARA successfully lobbied against the provision, which was ultimately pulled from the bill.

Keith Gredys, Kidder Chairman & CEO, serves on the Leadership Council of the National Association of Plan Advisors, an ARA affiliate. “ARA members are strong advocates in supporting the retirement industry and participants,” noted Mr. Gredys. “The success of the lobbying effort is very satisfying, since the COLA freeze would have been difficult to unwind if it had passed.”

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Founded in 1996, The Kidder Company is a full-service, independent, retirement and financial consulting firm headquartered in Clive, Iowa – with regional offices in Omaha, Nebraska, Gainesville, Florida, and Mason City, Iowa.