

From The Corner Office

Welcome to our first release of 2026,

We're pleased to begin the year by sharing insights that reflect the evolving realities of modernization across Financial Services. As regulatory complexity increases and legacy systems age, modernization has become more than a technology initiative, it is an enterprise-wide transformation spanning platforms, operations, compliance, data governance, and client experience.

In this issue, Jennifer Linskey explores this shift in *More Than Technology: Modernizing Platforms, Operations & Compliance*, highlighting how Enterprise Iron partners with institutions to modernize not just systems, but operating models and regulatory execution. True modernization requires alignment across the enterprise.

We also feature a comparative whitepaper from Robert Holman examining structural differences between U.S. Social Security and Australia's Superannuation system, offering perspective on long-term solvency, demographic pressures, and the potential evolution of retirement security in the United States.

Additionally, we provide timely guidance on SECURE, SECURE 2.0, and CARES Act amendment deadlines, along with key pre-approved plan restatement timelines, because maintaining compliance while preparing for future change remains essential.

As we move into 2026, our focus remains clear: helping organizations operate with greater precision at the intersection of technology, regulation, data, and operations. If you find value in these insights, we encourage you to share this newsletter with a colleague or industry peer.

Thank you for being part of the EI community. We look forward to continuing the dialogue throughout the year.

Warm regards,

John Crocker

Co-Founder & EVP

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WHITEPAPER:

Modernizing U.S. Retirement Security: A Comparative Analysis of Social Security and Australian Superannuation

By **Robert Holman**, *Principal Consultant*

Executive Summary

The United States Social Security system and the Australian Superannuation system represent fundamentally different approaches to providing national retirement income security. Social Security operates as a pay-as-you-go social-insurance program in which payroll taxes collected from current workers finance benefits for current retirees. By contrast, Australia's Superannuation system is a compulsory, defined-contribution framework in which retirement assets are accumulated in individually owned and invested accounts.

The U.S. Social Security system is under increasing long-term financial strain, driven primarily by demographic trends, most notably declining birth rates and rising life expectancy. According to the 2024 Social Security Trustees Report, the Old-Age and Survivors Insurance Trust Fund is projected to exhaust its reserves by 2033. Upon depletion, incoming payroll tax revenues would be sufficient to cover only approximately 75–79 percent of scheduled benefits, resulting in an automatic benefit reduction of roughly 21–25 percent in the absence of legislative intervention.

Australia's Superannuation model, while structurally more sustainable due to its asset-backed design, exposes participants to investment, market, and economic-cycle risks that are largely absent from traditional defined-benefit social insurance systems. Any serious consideration of transitioning the United States from a pay-as-you-go model toward a Superannuation-style system must therefore address significant challenges related to transition financing, sequencing, risk allocation, and intergenerational equity.

The below table summarizes the core structural differences between the U.S. Social Security system and the Australian Superannuation system.

Dimension	U.S. Social Security (US)	Australian Superannuation (AUS)
System Type	Pay-as-you-go social insurance	Mandatory defined contribution
Funding Source	Payroll taxes (FICA)	Employer contributions (11% → 12%)
Account Ownership	None (no individual accounts)	Individually owned retirement accounts
Use of Contributions	Immediately paid to current beneficiaries	Accumulated and invested for each participant
Benefit Determination	Statutory formula	Account balance at retirement
Primary Risk Exposure	Demographic and fiscal risk	Market and investment risk
Intergenerational Dependency	High	Low
Government Role	Defines benefits; guarantees payments	Regulates funds; provides safety net
Long-Term Sustainability	Demographically constrained	Structurally sustainable, market-dependent

This paper examines the structural differences between the two systems, evaluates their respective strengths and vulnerabilities, and outlines a phased transition framework intended to enhance long-term solvency while protecting current and future retirees.

System Overview and Structural Differences in Practice

While the above table provides a high-level structural comparison of the U.S. Social Security system and the Australian Superannuation system, a closer examination of each system’s operational mechanics highlights how these structural differences translate into materially different financial outcomes, risk exposures, and long-term sustainability profiles. This section explains how each system functions in practice and how its design choices shape long-term performance.

The U.S. Social Security System

The U.S. Social Security system is a statutory, pay-as-you-go social-insurance program funded primarily through payroll taxes collected under the Federal Insurance Contributions Act (FICA). Contributions made by today’s workers are not accumulated or invested in individual accounts. Instead, they are used primarily to finance benefit payments to current retirees and other beneficiaries.

Any temporary excess of payroll tax revenues over benefit payments is credited to the Social Security Trust Funds and invested exclusively in special-issue U.S. Treasury securities. These securities represent claims on future general revenues rather than independently managed, market-traded financial assets. As a result, the Trust Funds do not function as a traditional investment portfolio capable of generating market-based returns.

Benefits under Social Security are determined by statutory formulas based on lifetime earnings, wage indexing, and claiming age. Benefit levels are defined by law rather than by contribution performance or investment returns. While this structure provides predictability and insulation from market volatility at the individual level, it creates a direct dependency on demographic conditions and workforce growth at the system level.

As fertility rates decline and life expectancy continues to increase, the ratio of workers to beneficiaries continues to fall. This demographic shift places increasing strain on a system that relies on current payroll taxes rather than asset accumulation to finance future obligations.

The Australian Superannuation System

Australia's Superannuation system operates as a mandatory, employer-funded defined-contribution retirement framework. Employers are required to contribute a legislated percentage of employee earnings, currently 11 percent, scheduled to rise to 12 percent by 2025, into Superannuation accounts owned by individual workers.

Contributions are deposited into individually owned accounts and invested on behalf of participants by licensed Superannuation funds operating under a regulated fiduciary framework. Account balances grow over time through a combination of employer contributions and investment returns, with retirement outcomes directly linked to accumulated assets at retirement. Unlike Social Security, the Superannuation system is fully funded at the individual level and does not rely on intergenerational transfers to pay benefits. This design significantly reduces exposure to demographic risk and improves long-term fiscal sustainability. However, it shifts a greater share of risk to individuals in the form of market volatility, investment performance variability, and timing risk associated with retiring during adverse market conditions.

The Australian government plays a supervisory role by regulating contribution requirements, fund governance, and disclosure standards, while also providing a separate, means-tested public pension as a safety net. Superannuation therefore functions as the primary retirement savings mechanism rather than a guaranteed, government provided income program.

Social Security Solvency Challenges and Driving Factors

The long-term financial outlook for the U.S. Social Security system reflects structural pressures that are unlikely to self-correct under current policy. Unlike funded retirement systems, Social Security's pay-as-you-go design makes it highly sensitive to demographic and labor-force trends. As these trends shift unfavorably, the system's ability to meet scheduled benefit obligations deteriorates.

Projected Trust Fund Depletion

According to the 2024 Social Security Trustees Report, the Old-Age and Survivors Insurance Trust Fund is projected to exhaust its reserves by 2033.

Once depleted, Social Security would no longer be able to pay full scheduled benefits using accumulated reserves. At that point, benefit payments would be limited to incoming payroll tax revenues.

Under current law, Trust Fund depletion would trigger an immediate reduction in payable benefits. Current projections indicate that post-depletion revenues would be sufficient to cover only approximately 75 to 79 percent of scheduled benefits. In the absence of legislative intervention, this shortfall would result in an automatic, across-the-board benefit reduction of roughly 21 to 25 percent for all beneficiaries, regardless of income level or retirement timing.

Structural Drivers of Insolvency

The projected depletion of Social Security's Trust Fund is driven by several reinforcing structural factors:

- Declining birth rates, which reduce the number of future workers contributing payroll taxes
- Increased life expectancy, extending the duration of benefit payments
- A shrinking worker-to-beneficiary ratio, weakening the revenue base relative to obligations
- A funding model reliant on payroll taxation, with limited capacity to generate investment returns

Together, these dynamics place increasing strain on a system designed for a demographic environment that no longer exists. Without reform, the gap between scheduled benefits and available financing is projected to widen over time

Strengths and Vulnerabilities of the Australian Superannuation Model

Australia's Superannuation system offers several structural advantages relative to pay-as-you-go social insurance models. It is largely insulated from demographic pressures, relies on asset-backed funding, and provides individually owned, portable accounts. Participants benefit from exposure to long-term market growth, enhancing the system's sustainability at a macro level.

However, the model introduces market-related risks, including:

- Potential declines in account value during recessions
- Sequence-of-returns risk near retirement

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- Fund mismanagement or concentration of assets
- Inflation risk affecting real purchasing power
- System-level stress during prolonged economic downturns

Balancing these strengths and risks is critical for understanding how such a model could complement or replace Social Security in the U.S.

Challenges in Transitioning from Social Security to Superannuation in the United States

Transitioning from a pay-as-you-go system to a funded defined-contribution framework presents significant economic and political challenges.

Core transition challenge: Redirecting payroll taxes into individual accounts reduces revenues available to pay existing Social Security beneficiaries while obligations remain unchanged. This creates a large funding gap, potentially reaching trillions of dollars over several decades

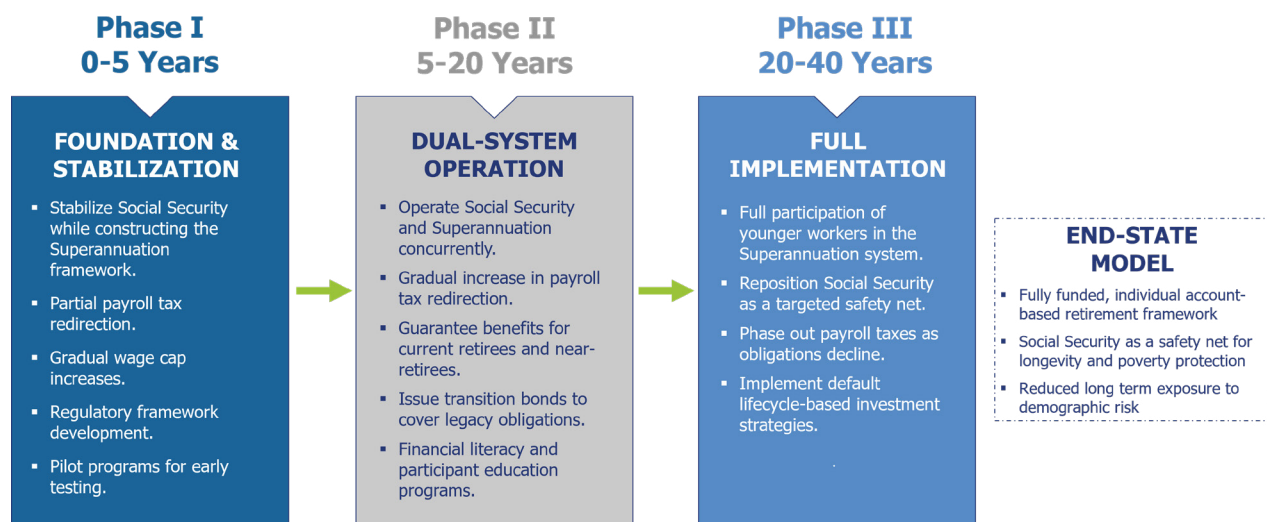
Additional Challenges:

- Intergenerational equity concerns
- Tax policy and revenue implications
- Administrative overhaul requirements
- Participant education and financial literacy needs
- Political polarization and reform resistance

Phased Transition Framework from Social Security to Superannuation

Transitioning from a pay-as-you-go retirement system to a funded, defined contribution framework cannot occur abruptly without imposing significant economic disruption and intergenerational inequities. Existing Social Security beneficiaries depend on uninterrupted benefit payments, while current workers would be unable to simultaneously finance legacy obligations and fully fund individual retirement accounts without transitional support mechanisms. As a result, any viable reform must balance system stability, fiscal responsibility, and participant protection over an extended time horizon.

The graphic below presents a phased transition framework designed to gradually introduce a Superannuation-style retirement system while preserving Social Security's ability to meet existing obligations. The framework emphasizes sequencing rather



The phased approach outlined above reduces transition risk by maintaining Social Security as the primary benefit mechanism during the early stages while progressively expanding asset-based retirement savings for younger cohorts. By overlapping the two systems for an extended period, the model allows payroll tax redirection, regulatory development, and financial literacy efforts to scale in tandem with declining legacy obligations. Over time, this structure enables Social Security to evolve into a targeted safety net, while a fully funded Superannuation framework becomes the primary source of retirement income, reducing long-term exposure to demographic pressures without abrupt benefit disruptions.

Conclusion

The U.S. Social Security system faces structural challenges unlikely to resolve without reform. Australia’s Superannuation system demonstrates how a funded, asset-based approach can enhance long-term sustainability, albeit with greater exposure to market risk at the individual level.

A carefully designed, phased transition offers a path to modernizing U.S. retirement security while balancing solvency, intergenerational equity, and participant protection. By combining the strengths of both systems, policymakers may construct a more resilient and sustainable retirement framework for future generations.

About Enterprise Iron

Enterprise Iron is a consulting firm with more than 20 years of deep expertise in operations, compliance, and technology transformation across the financial services and government sectors. While widely recognized for our leadership in the retirement industry, our team of seasoned subject-matter experts partners with public and private sector organizations of all sizes to navigate modernization initiatives, complex integrations, and evolving regulatory requirements. We deliver independent, practical guidance tailored to each client’s unique operational and strategic challenges.

Explore case studies highlighting our real-world impact at enterpriseiron.com/case-studies. To learn how our expertise can help strengthen your organization, contact us at info@enterpriseiron.com or connect with us on LinkedIn to start the conversation.



More Than Technology: Modernizing Platforms, Operations & Compliance

By **Jennifer Linskey**, Chief Marketing Officer & Head of Industry Solutions

Enterprise Iron (EI) is often associated with deep expertise in retirement technology. That foundation remains a core strength, but it does not fully reflect who we are today. EI operates as a full-spectrum Financial Services modernization partner, helping organizations modernize platforms, operating models, data environments, and regulatory execution simultaneously.

In highly regulated environments, modernization isn’t just a technical upgrade, it affects technology, operations, regulatory compliance, and participant experience. EI ensures all these elements work together seamlessly, reducing risk, improving efficiency, and enhancing outcomes for clients and participants alike.

We support modernization across every layer of the enterprise, from core systems and data architecture to business operations, compliance, and service delivery. This integrated approach allows organizations to tackle complex transformation programs confidently, knowing that technology, operations, and regulatory requirements are aligned from end to end.

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A Strong Foundation in Retirement Services and Beyond!

Retirement Services remains EI's most mature and differentiated capability. We support the full retirement lifecycle, from core recordkeeping platforms and conversions to regulatory compliance, operational transformation, and enterprise modernization.

Our work spans:

- Defined contribution and defined benefit plans.
- Participant services, fund and investment controls.
- Data migrations and large-scale program leadership.

EI stands out by working at multiple levels simultaneously:

- **Deep Platform Engineering:** Upgrades, remediation, performance optimization, legacy modernization
- **Operational & Regulatory Leadership:** Platforms aligned with ERISA, IRS, DOL requirements
- **Enterprise Transformation:** Cloud transition planning, data architecture redesign, multi-year modernization roadmaps

Expanding Across Financial Services Segments

EI's expertise goes beyond retirement services, helping other Financial Services segments navigate modernization pressures:

- **Banking and Trust/Custody:** Custodial operations, regulatory reporting modernization, SWIFT and non-SWIFT workflows, large-scale compliance initiatives.
- **Asset and Wealth Management:** Analytics, data platform support, advisory operations, wealth system modernization.
- **Capital Markets and Securities:** Clearing, settlement, custody reporting, market infrastructure modernization.
- **Insurance and Specialty Financial Services:** Applying retirement and wealth expertise to retirement-linked products and transfer agency operations.

Across all segments, EI delivers legacy modernization, data integrity, regulatory execution, operational excellence, and service delivery, including call center operations and participant support.

Modernization as a Core Capability

Modernization at EI is enterprise-wide, not a point solution. We upgrade decade-old platforms, migrate off mainframes, re-architect data environments, and redesign operating models to meet modern regulatory and customer expectations.

Key modernization themes include:

- Legacy system remediation and replacement.
- Mainframe-to-cloud transition planning.
- Data architecture and analytics modernization.
- Regulatory reporting and controls redesign.
- Digital experience and workflow enhancement.
- Enterprise governance and program execution.

EI operates comfortably at both strategic and tactical levels. We define modernization roadmaps at the enterprise level and execute hands-on engineering, data conversion, and operational transformation to make them real.

Why This Matters to Clients and Partners

Many large Financial Services institutions face a familiar challenge: modernization initiatives that are too complex for generalist consulting models, yet too strategic to be treated as isolated technical projects.

Delivering impactful Business, Technology, & Workforce Solutions since 2002

EI solves this by combining:

- **Domain specialization** in retirement, trust/custody, and regulated Financial Services.
- **Scarce technical skills** in legacy platforms, conversions, and modernization engineering.
- **Scalable consulting delivery**, including program leadership, business analysis, QA, operational readiness, call center operations, and compliance services.



We are a precision partner, not a subcontractor. This makes EI a natural partner for consulting integrators, platform vendors, recordkeepers, asset managers, and financial institutions undertaking multi-year transformation programs.

A Firm Defined by What Matters Most

EI is not just a retirement technology consultancy, nor only a modernization specialist. We are a Financial Services partner built to operate where technology, regulation, data, and operations intersect.

Our breadth, paired with deep hands-on expertise, enables us to support clients across industries, platforms, and the full lifecycle of transformation.

Expertise. Focus. Strength. These principles guide how we partner, deliver, and earn trust.

To see these capabilities in action, explore our **case studies**, or connect with a member of our team at: info@enterpriseiron.com.



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Key Deadlines for SECURE 2.0 and CARES Act Plan Updates!

Many retirement plans aren't ready for 2026 compliance deadlines. Our team supports restatements, amendments, and other compliance needs, no matter where you are. Get the help you need!

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UPCOMING CALENDAR OF EVENTS

NASRA Winter Meeting

February 28-March 2 | Washington, DC

SPARK Advisory Board Meeting

March 11-12 | Newport Beach, CA