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OBAMA ADMINISTRATION PUBLISHES RETIREMENT SECURITY INITIATIVES

President Obama's Task Force on the Middle Class+(Task Force) recently unveiled its recommendations on how the federal government can help middle class Americans, which included recommendations on how to improve retirement income security. There has been no legislation drafted on these initiatives so they may not ever become law, but they are informative in understanding the ideas President Obama's administration is interested in pursuing.

Establishment of Automatic IRAs: Employers with more than 10 employees and who have been in business at least two years and do not sponsor a retirement plan would be required to set up direct deposit IRAs and automatically enroll employees in the IRA unless the employee opts out. Deposits would be invested in a default investment prescribed by law. For eligible families, contributions would be matched by the Saver's Credit (see following).

Saver's Credit Expanded: The Saver's Credit, which is a tax benefit available to certain employees based on adjusted gross income levels and the amount of salary deferral contributions employees make, would be changed to match the first \$1,000 for families earning up to \$65,000, with a partial credit available to families earning up to \$85,000.

Improving Transparency and Access to Unbiased Advice: The Task Force recommended updating 401(k) regulations to improve fee transparency, encourage the availability of unbiased investment advice to participants, and require clear disclosure regarding target date funds. The Department of Labor (DOL) has regulatory projects scheduled for 2010 on fee disclosure and investment advice and is also expected to publish informal guidance on target date funds.

Creating Access to Investment Products that Guarantee Income for Life: The Task Force also recommended promoting the availability of annuities or guaranteed lifetime income products in defined contribution plans to reduce the risk that retirees will outlive their savings or have their living standards eroded due to investment losses. The DOL and the Treasury Department recently published a Request for Information (RFI) in an effort to better understand how those agencies can facilitate access to, and use of, annuities or guaranteed lifetime income products in defined contribution plans. Anyone interested in responding can access the RFI at <http://www.dol.gov/federalregister/PdfDisplay.aspx?DocId=23512>

