

Obama wants 'automatic' IRAs for all workers

By **Sara Hansard**
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President Obama is seeking to establish automatic retirement accounts for all workers under his fiscal-2010 budget proposal submitted to Congress yesterday.

Under the plan, all employers that didn't offer retirement plans would be forced to enroll employees in direct-deposit individual retirement accounts unless workers chose not to participate. The provision is intended "to make our savings more effective and more progressive," a senior official with the Department of the Treasury said Thursday at a press briefing. He asked not to be identified.

The administration is still working out details of the proposal. "The main idea, as the president talked about often during the campaign, is to have more of an automatic savings in IRA and 401(k)," the official said.

Under automatic retirement savings plans, a portion of an employee paychecks are automatically deposited into retirement savings accounts. Such plans have contributed to large increases in worker savings in 401(k) plans.

In addition, the administration will propose "a more refundable, progressive form of a savers' credit," the Treasury official said. Refundable credits are government money given to lower-income workers for retirement savings that are larger than what the employees themselves contribute.

The idea of setting up automatic retirement savings plans through payroll deductions has been championed by The Retirement Security Project, sponsored by The Pew Charitable Trusts in Philadelphia, and Georgetown University and The Brookings Institution, both of Washington.

An automatic-IRA proposal was introduced with bipartisan support in the last Congress.

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