

AmeriSave: A Democratic Plan for Retirement Security

On July 26, Democratic members of Congress introduced a retirement security plan that promises to foster savings among middle- and working-class individuals. The plan has no proposals regarding Social Security, or its solvency. Here are the plan details:

Build Retirement Security: Democrats will provide nearly 100 million Americans with the opportunity to create a retirement nest egg and will empower AmeriSavers with information on investing in the stock market.

- **AmeriSave Match:** Help middle and working-class families achieve retirement security by matching dollar-for-dollar the first \$1,000 contributed to an IRA, 401(k), or similar plan. The AmeriSave Match will not involve creating a new type of account; instead, it builds on a successful model of 401(k)s and IRAs by increasing incentives to participate. Individuals would receive their AmeriSave Match after they filed a tax return, at which time the funds would be directed to their 401(k) or other plan.
- **AmeriSave Financial Counseling:** Empower AmeriSavers with information on retirement saving options by providing a tax credit to employers who encourage access to independent, certified financial counselors for employees who are eligible for the new AmeriSave Match.

Expand Opportunities to Save: Democrats will establish tax credits to give small businesses the resources they need to set up retirement accounts for their employees and will simplify and strengthen existing opportunities to help Americans save more for their retirement.

- **Spur Savings for Small Business Employees:** Help small businesses offer 401(k), IRA, and other similar plans to their employees by providing them with a tax credit to help cover the administrative costs of offering employees the opportunity to save.
- **Automatic 401(k) Participation:** Dramatically increase the number of people investing in 401(k) accounts by encouraging employers to automatically enroll eligible employees into these types of retirement plans unless the employee chooses not to participate. Also, lower-income working families would no longer be disadvantaged by saving for retirement.
- **Faster 401(k) Vesting:** Increase 401(k) benefits by triggering the employer-match for 401(k) accounts sooner.
- **Tax-Refund IRA:** Make it easier for all Americans to save by allowing them to directly deposit part of their tax refund into an IRA or other retirement savings plan.
- **Increased Options for Retirement Income:** Encourage employers to offer their employees the option to convert their retirement plan into an annuity when they retire. Employers would receive a tax credit to help offset their administrative costs. The annuity would guarantee that retirees receive a specified amount of monthly income for the rest of their lives.

Ensure Pension Fairness: Democrats will reform bankruptcy and pension laws to prevent companies from unfairly dumping pension plans and will make certain that employees receive the benefits they have been promised after a lifetime of hard work.

- **Stop Unfair Dumping of Pensions:** Remove incentives for corporations to use the bankruptcy process to dump their pension plans when there are sufficient assets to sustain these plans. Require companies to consider workable alternatives to the termination of pension plans and give employees and retirees a stronger voice in the process. These safeguards will also protect viable companies from the risk of liquidation and the loss of jobs.
- **Greater Transparency:** Give employees and investors accurate and timely financial information on significantly under-funded pension plans by requiring companies to release this information.
- **Fairness:** Treat corporate CEOs and employees fairly under pension and tax laws; if employee benefits are cut, executives should face similar restrictions.
- **Equity for Older Workers:** Protect longtime employees when a company moves from a traditional pension to a cash balance plan by allowing employees to choose the plan that works best for their retirement needs.