

FOR IMMEDIATE RELEASE: Jan. 29, 2014

Contact: Stephen Blakely, EBRI: 202/775-6341, blakely@ebri.org

Statement from EBRI in Reaction to President Obama's Retirement Proposals in his State of the Union Speech Jan. 28:

EBRI has no comment on the president's most recent retirement proposals because there is not yet enough detail about them to conduct an informed analysis. Without more specifics, EBRI will not speculate about possible effects of the plan.

In his speech, the president did refer to "an upside-down tax code that gives big tax breaks to help the wealthy save, but does little to nothing for middle-class Americans." EBRI has conducted analysis of the tax preferences for 401(k) plans, and concluded that, after controlling for age and tenure, "actual 401(k) account balances are found to be, in large part, proportionate with compensation levels."

A *FastFact* from EBRI on this topic is available online here: <http://bit.ly/1gqAY89>

The full analysis by EBRI, focusing on the Obama administration's earlier proposal for a "tax cap" on tax-favored retirement savings, was published in the August 2013 *EBRI Issue Brief* online here: <http://bit.ly/LorNam>

The "upside-down" tax benefit discussion begins on pg. 14 under the "Policy Considerations" heading.

Other relevant EBRI research bearing on the president's speech:

1. EBRI's Small Employer Retirement Surveys (SERS) have in the past indicated that there was support for providing payroll deduction for retirement savings if it required only sending employee contributions to a designated account, with no employer responsibility beyond that. These surveys were conducted from 1998 to 2003 and are available online here: <http://bit.ly/1a1zbUm>
2. Past Retirement Confidence Surveys have asked workers about their ability to save small amounts, and many say they could. Payroll deduction could provide the vehicle to do so. See pg. 2, RCS Fact Sheet: <http://bit.ly/1e7z6PP>

The Employee Benefit Research Institute is a private, nonpartisan, nonprofit research institute based in Washington, DC, that focuses on health, savings, retirement, and economic security issues. EBRI does not lobby and does not take policy positions. The work of EBRI is made possible by funding from its members and sponsors, which include a broad range of public, private, for-profit and nonprofit organizations. For more information go to www.ebri.org or www.asec.org

###

PR1060

EBRI on Twitter: @EBRI or <http://twitter.com/EBRI> Blog: <https://ebriorg.wordpress.com/> EBRI RSS: <http://feeds.feedburner.com/EBRI-RSS>