

## **SOCIAL SECURITY**

CPRS held its annual meeting in Washington in early March. Senator Portman made a video presentation concerning the mandatory coverage issue. With the debt ceiling issue resolved, there are no immediate fiscal issues in the near future in which the revenue needs of the federal government could cause mandatory coverage to be considered. However, the Congress has become increasingly interested in the broad issue of retirement security. Given the constant attacks about the funding status of public funds by the Arnold Foundation and others, the recent Rockefeller Report and other such reports that focus on the supposed threat to taxpayers caused by public plans in Illinois, Rhode Island, Kentucky and California, the Detroit City bankruptcy, and potential fallout from the GASB reporting requirements, public pension plans will remain very much in the eye of the storm. As a consequence, depending on which way the debate goes, the retirement security of public employees will likely be in the mix, and Social Security becoming a safety net for non-covered public employees could once again become a part of the debate.

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## **RETIREMENT SECURITY AND PENSION TRANSPARENCY**

While H.R. 1628, the legislation that would implement a number of unwanted changes for public pension plans remains stalled in both the House and Senate, the entire debate over the status of both public and private pension plans has taken on an entirely different and more sweeping direction, that being the broader question of retirement security for all Americans.

In his State of the Union address, the President announced that he has directed the Treasury Department to create a new savings vehicle called a "myIRA." A myIRA would be a type of savings bond that would encourage people to build a nest egg for retirement. Treasury Secretary Lew says that he hopes to have the plan available yet this year. Lew says there will be no fees and that all contributions, which will be made via payroll deductions, will be invested in a Treasury security. He has also said the accounts would be portable with an annual cap of \$5,500. Employers would not be required to offer the plan. There are many issues to be worked out in drafting the proposal, but discussions about the plan will be sure to elevate the overall debate over retirement security, as will the recently introduced Harkin bill.

The Harkin proposal, the "Universal, Secure, and Adaptable (USA) Retirement Funds Act," would create an optional retirement plan that combines aspects of traditional pensions and 401(k)-type plans. The bill is intended to serve what Harkin identifies as the 75 million Americans without a retirement plan at the workplace the opportunity to earn a safe, portable, and secure pension benefit for life. The plan would be run by the private sector, and would be professionally managed. The proposal would create portable accounts with pooled investments. At retirement, participants would receive a defined monthly benefit for life that would be based on the total amount of contributions and investment performance.

The good news is that both proposals represent a significant step forward toward addressing the needs of millions of Americans to either have a retirement plan for the first time, or supplement an existing plan.