

## **Pension Provisions in the Administration's FY 2015 Budget**

The Administration released its FY 2015 budget on March 4, 2014. Below are the provisions that appear to be of interest to CIEBA plan sponsors.

1. **PBGC** – Although the Administration is still asking Congress to give PBGC authority to set premiums, there is no specific call for additional single employer premiums. In fact, the budget explanation picks up one of CIEBA's talking points – additional premiums could be counterproductive by driving healthy sponsors out of the system.
2. **Cap on Retirement Savings** – Like last year, the budget proposes to prevent additional tax-preferred saving by individuals who have already accumulated tax-preferred retirement savings sufficient to finance an annuity of over \$200,000 per year in retirement (about \$3 million today).
3. **Limit on Tax-Deferred Retirement Contributions** – The Budget would limit the tax rate at which high-income taxpayers can reduce their tax liability to a maximum of 28 percent. This limit would apply to all itemized deductions, as well as other tax benefits such as tax-exempt interest and tax exclusions for retirement contributions and employer sponsored health insurance.
4. **MyRA** – As announced in the President's recent State of the Union address, the Budget creates a new simple "starter" retirement savings account—the MyRA—that will be available through employers.
5. **Auto-IRAs** – As in prior years, the Budget also continues to propose automatic enrollment in Individual Retirement Accounts (auto-IRAs) for employees without access to a workplace savings plan.
6. **Deferring Social Security Benefits** – The Budget proposes to eliminate strategies which allow retirees to "manipulate" the time of starting Social Security in order to maximize delayed retirement benefits. This is a strategy that was discussed in today's CIEBA webinar, "Efficient Retirement Design: Combining Private Assets and Social Security to Maximize Retirement Resources." The webinar and materials will be available on CIEBA's website on Friday.