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Wednesday, October 24, 2012

Legal Eagle Wagner Predicts an Auto-IRA Push if Obama Wins

By Neil Anderson

"If there is a second Obama administration, you will see a strong push for auto-IRAs." ERISA legal eagle **Marcia Wagner** shared that prediction this morning to conferees at the final session of **CFDD** at the Swissotel in downtown Chicago.

Boston-based Wagner offered her predictions about what's coming next from Washington, D.C., with particularly dire warnings related to the retirement plan deferral limits in the tax code.

"These limits can, and have been, and will be, increased or decreased in accordance with societal needs, wants or desires, as determined by Congress," Wagner said, pointing to the deferral limit drop from \$30,000 to \$7,000 in 1986. "It took the 401(k) industry a solid decade to recover from that."

Wagner outlined various tax reform proposals from the Obama administration, the **Brookings Institute**, U.S. Senator **Tom Harkin** (D-Iowa), and even the **National Conference of Public Employee Retirement Systems**. Wagner predicted that the **National Commission on Fiscal Responsibility's** proposal -- to cap all contributions, employer and employee, to plans to the lesser of \$20,000 or 20 percent of pay -- has a good chance of becoming law.

"Tax reform is the real elephant in the room," Wagner said, noting that retirement plan tax deferrals amount to \$70 billion annually. "Even by Washington standards, this is real money."

On the auto-IRA front, Wagner said that Republicans and Democrats might compromise by making the plans voluntary with tax incentives, instead of mandatory.

"You're going to see much more of a push for using inertia to increase retirement savings," Wagner said.

Wagner also prognosticated on the DoL's proposed and then withdrawn regulations for the redefinition of fiduciary under ERISA.



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"I believe that they will be repropsoed in harmony with Dodd-Frank," Wagner said. ■

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