
ASPPA criticizes two Obama budget proposals

By Kerry Pechter *Fri, Mar 7, 2014*

As if he relishes poking Brian Graff in the eye, President Obama included two elements in his 2015 budget proposal that especially irk the CEO and executive director of the American Society of Pension Professionals and Actuaries.

President Obama released his 2015 budget proposal this week. In the [“Opportunity for All”](#) section of the budget, he reiterated two previous proposals relevant to the retirement income industry. But they are items that industry advocacy groups like the American Society of Pension Professionals and Actuaries (ASPPA) strongly oppose. The proposals are:

Reduce tax benefits for multi-million dollar retirement accounts (p 16). “Tax-preferred savings accounts were intended to help middle class families save for retirement. However, under current rules, some wealthy individuals are able to accumulate millions of dollars in these accounts, substantially more than is needed to ensure a secure retirement. The Congress could pay for the remaining half of the Opportunity, Growth, and Security Initiative by enacting the President’s proposal to prevent additional tax-preferred saving by individuals who have already accumulated tax-preferred retirement savings sufficient to finance an annual income of over \$200,000 per year in retirement—more than \$3 million per person.”

Cap deduction rate at 28 percent (page 34). “Currently, a millionaire who contributes to charity or deducts a dollar of mortgage interest enjoys a deduction that is more than twice as generous as that for a middle class family. The Budget would limit the tax rate at which high income taxpayers can reduce their tax liability to a maximum of 28 percent, a limitation that would affect only the top three percent of families in 2014. 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. The proposed limitation would restore the deduction rate to the level it was at the end of the Reagan Administration.”

In a prepared response to these proposals, Brian Graff, ASPPA CEO and executive director, said, “Unfortunately, this year’s budget proposal includes the same wrong-headed attacks on employer-sponsored retirement plans as last year. The double tax on contributions to 401(k) plans and the misguided \$3 million cap on the value of retirement benefits do not close any loopholes or curb any abuse. They punish small business owners who sponsor retirement plans for themselves and their employees. It is disappointing that an administration that claims to be concerned about giving more American workers access to retirement savings would discourage small business owners from maintaining the 401(k) plans they have now.”