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## Obama Praises Annuities, In Principle

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By Editor Test     *Wed, Jan 27, 2010*

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*His endorsement thrilled the Insured Retirement Institute, but a conservative talk radio host said the President wants to nationalize Americans' savings.*

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The administration sent a ripple through the annuity world and beyond on Monday when President Obama, Vice-president Biden and their Middle Class Task Force released a fact sheet claiming that, among other things, they are:

“Promoting the availability of annuities and other forms of guaranteed lifetime income, which transform savings into guaranteed future income, reducing the risks that retirees will outlive their savings or that their retirees’ living standards will be eroded by investment losses or inflation.”

His endorsement triggered a celebratory press release from the Insured Retirement Institute (formerly NAVA). San Diego conservative talk radio host Roger Hedgecock warned, however, that the Obama administration wants to nationalize Americans’ savings.

Most of the fact sheet was a reiteration of previously announced administration initiatives, including:

**Automatic IRAs.** The administration hopes to require employers who do not currently offer a retirement plan to enroll their employees in a direct-deposit IRA unless the employee opts out. Auto-IRA contributions will be voluntary and matched by the Savers Tax Credit for eligible families.

The administration is also helping 401(k) plans sponsors adopt auto-enrollment programs. New tax credits would help pay employer administrative costs. The smallest firms would be exempt.

**Saver’s Credit.** The administration’s proposed Saver’s Credit would match 50% of the first \$1,000 of contributions by families earning up to \$65,000 and provide a partial credit to families earning up to \$85,000. The tax credit will be refundable, so that even families that pay no income tax will benefit.

**Updating 401(k) Regulations.** The administration said it would make 401(k) fees more visible, encourage plan sponsors to offer unbiased investment advice to participants, help workers avoid common financial errors and strengthen protections against conflicts of interest.

It also plans to require more disclosure of the risks of target-date fund to ensure that 401(k) plan sponsors and participants can better evaluate their suitability.

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