



INITIATIVE
ON
FINANCIAL
SECURITY

THE ASPEN INSTITUTE

Smart solutions
for a savings society

Why Not a “Super Simple” Saving Plan for the United States?

**Should the U.S. Mandate Private Pension Saving?
*Lessons from Australia's Pension System***

New America Foundation, Washington, DC
July 9, 2008

Pamela Perun, Policy Director
Initiative on Financial Security, The Aspen Institute
pamela.perun@aspennst.org (510) 299-0050

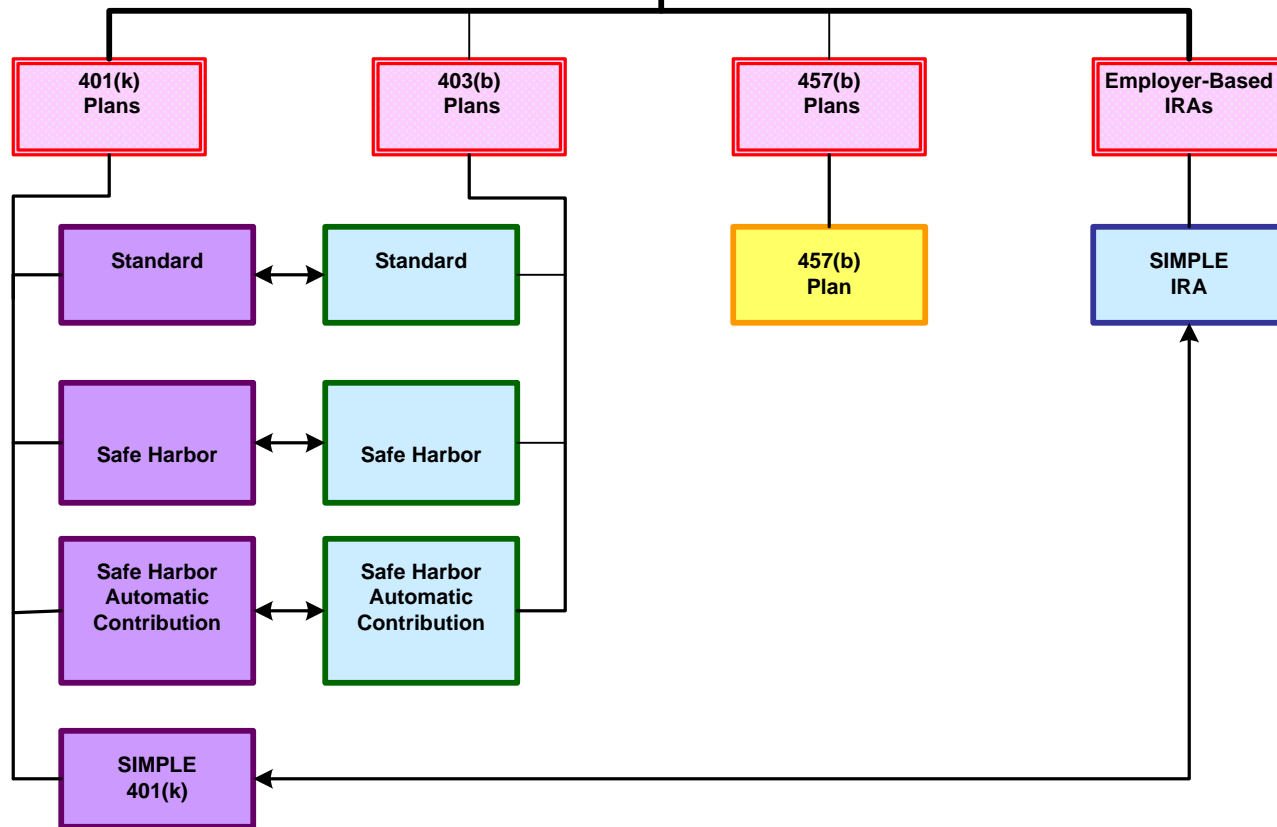


Proposed U.K. Saving System

- Employers will be required to enroll workers automatically into a workplace plan or, if no equivalent plan is available, a personal savings account.
- Workers are allowed to opt out.
- Employers must contribute at least 3 percent of pay on earnings between (roughly) \$10,000 and \$65,000.
- Employers can keep their current plans (defined benefit or contribution) instead if they provide equivalent benefits.
- Workers must contribute at least 4 percent of pay.
- Government contributes 1 percent through tax relief.

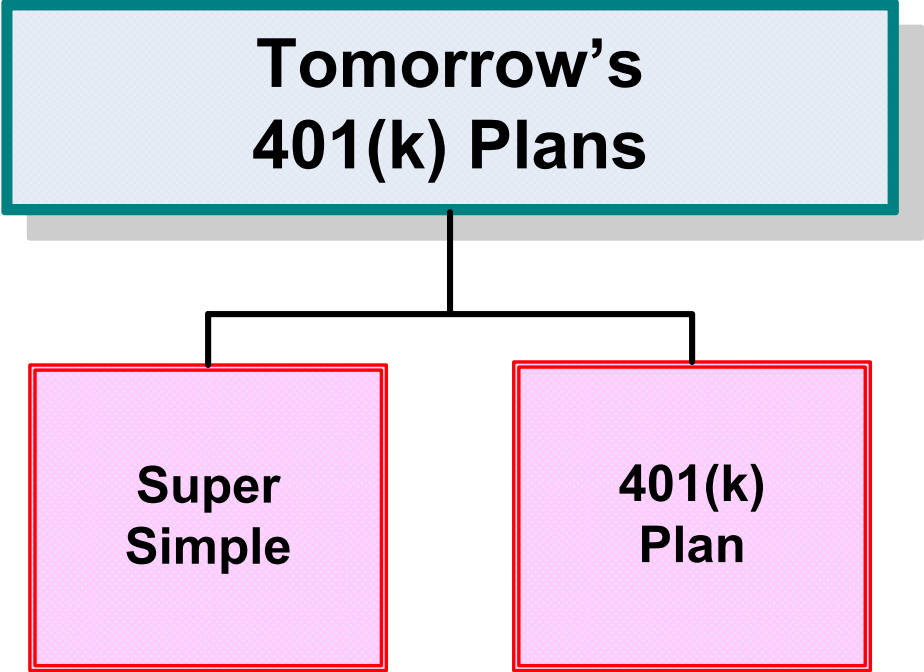


Today's 401(k)-Type Plans





**INITIATIVE
ON
FINANCIAL
SECURITY**
THE ASPEN INSTITUTE
Smart solutions
for a savings society





The 'Super Simple' Design

- **Plan Design:**
 - Simple, low cost
 - No annual testing or reporting
 - Designed to replace all other 401(k)-type plans except the standard 401(k), which, through simple amendment, can adopt the Super Simple structure and take advantage of its simpler and more generous provisions

- **Availability**
 - Available to all employers
 - Covers all but very short-term workers
 - Automatic enrollment with opt-out for workers



The 'Super Simple' Design

■ Contributions

- Higher individual contributions than standard 401(k) plans; Employee contributions permitted up to an annual limit minus employer contributions
- Like existing SIMPLE plans: required minimum contribution (match or across-the-board) by employers; higher contributions permitted if a uniform percentage of pay for all employees
- Government matching contribution for low-income savers deposited into accounts through the tax system
- Reconfigured government match for most savers
- Employer and government matching contributions restricted for retirement; employee contributions available for distribution with limitations



THE SAVINGS FOR LIFE MODEL

An Integrated Life Cycle Approach to Saving

