



For Immediate Release

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Friday, September 8, 2006

***ENZI SAYS NEW PENSION LAW GIVES 401(k) DAY
COMMEMORATION NEW MEANING IN 2006***

Washington, D.C. - U.S. Senator Mike Enzi (R-WY), Chairman of the Senate Health, Education, Labor and Pensions Committee (HELP Committee), on Friday said both workers and employers have new reason to mark today's commemoration of "National 401(k) Day" following passage of sweeping pension reform legislation approved by Congress and signed into law last month.

"Today, on the twelfth commemoration of National 401(K) Day, I congratulate the hundreds of thousands of employers that sponsor, and the millions of workers who participate in, these vital retirement savings programs. Under provisions of the new pension law, workers' retirement funds are more secure and employers have greater incentives to provide retirement benefits."

Enzi, who chaired the Conference Committee that hashed out the details of the landmark "Pension Protection Act," highlighted three improvements in the law that will have a significant impact on working families depending on their retirement savings. They include:

- **Expanded Participation through Automatic Enrollment:** "The Pension Protection Act," signed by President Bush on August 17, removes legal barriers to setting up retirement savings programs at work that automatically enroll employees in a company's 401(k) plan unless the worker chooses to opt out. According to the Profit Sharing/401(k) Council of America, 77 percent of employees participate in 401(k) plans when offered, and the typical employee contributes between 5 percent and 7 percent of their pay to their 401(k) plan. Congress acted because studies show that automatic enrollment programs dramatically increase employee savings, thereby improving their opportunities for safe and secure retirements.

- **EGTRRA made Permanent:** The improvements to retirement savings plans that were enacted in the "Economic Growth and Tax Relief Reconciliation Act of 2001" (EGTRRA) were made a permanent part of law. These improvements increased the limits on contributions to 401(k) and other defined contribution plans like the 401(k) plan

(i.e. 457 plans for governmental workers and 403(b) plans for workers in not-for-profit entities such as schools and hospitals) as well as creating the so-called “catch-up” contributions for workers aged 50 and over.

- **Savers Credit made Permanent:** A \$1,000 credit off of income taxes has been made permanent for low-income workers. Not only do workers with an adjusted gross income of between \$15,000 and \$25,000 get the tax deduction and the employer match when they put money into their 401(k), they also can get up to \$1,000 off of their income tax bill. By making this temporary credit permanent, employers are now encouraged to promote the Savers Credit when they explain the benefits of saving for retirement to their lower-income workers.

“From the outset of the pension conference, my colleagues and I dedicated ourselves to ensuring that pensions and other retirement savings vehicles are safe, affordable, and available to as many working people as possible,” Enzi said. “National 401(k) Day is a time to acknowledge the great gains we have made as a nation, and to redouble our efforts to expand savings opportunities.”

National 401(k) Day is an annual celebration that encourages employers to set aside time at the workplace to spotlight the importance of their employer-sponsored profit sharing and 401(k) plans

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