



January 29, 2014

MEMORANDUM FOR THE SECRETARY OF THE TREASURY

SUBJECT: Retirement Savings Security

All Americans deserve the ability to save for retirement. Since taking office, my Administration has committed to strengthening retirement security for all Americans, including by helping workers find ways to save for retirement and to protect those hard earned savings. Unfortunately, too few Americans have enough savings to maintain their standard of living in retirement.

But we know there are proven strategies that can help the average family save. Workplace-based retirement savings that allow workers to automatically take a portion of their pay and put it into a retirement account can increase retirement savings dramatically. Approximately 9 out of 10 workers automatically enrolled in a 401(k) plan continue to make contributions to that account compared to the less than 1 out of 10 eligible workers who voluntarily contribute to Individual Retirement Accounts. The positive effect of automatic contributions is especially pronounced among lower-income households and others with traditionally low savings rates.

Unfortunately, only about half of all American workers have access to employer-sponsored retirement savings accounts. It is clear that we cannot continue on this course.

The Department of the Treasury has worked diligently to develop a new tool that can make long-term savings a reality for more working Americans. A new kind of retirement savings tool could help American families as they start to build for their retirement. In order to make this tool available to working Americans, I hereby direct as follows:

Section 1. Retirement Savings Security. (a) By December 31, 2014, you shall finalize the development of a new retirement savings security that can be made available through employers to their employees. This security shall be focused on reaching new and small-dollar savers and shall have low barriers to entry, including a low minimum opening amount. In developing this security, you shall ensure that it:

(i) protects the principal contributed while earning interest at a rate based on yields on outstanding Treasury securities;

(ii) offers savers the flexibility to take money out if they have an emergency and keep the same Treasury security if they change jobs; and

(iii) is designed to help savers start on a path to long-term saving and serve as a stepping stone to the broader array of retirement products available in today's marketplace.

(b) Within 90 days of the date of this memorandum, you shall begin work with employers, stakeholders, and, as appropriate, other Federal agencies to develop a pilot project to make the security developed pursuant to subsection (a) of this section available through payroll deduction to facilitate easy and automatic contributions.

Sec. 2. General Provisions. (a) Nothing in this memorandum shall be construed to impair or otherwise affect:

(i) the authority granted by law to a department or agency, or the head thereof; or

(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This memorandum shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This memorandum is not intended to, and does not, create any right or benefit, substantive or procedural,

enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

(d) You are authorized and directed to publish this memorandum in the *Federal Register*.

[FR Doc. 2014-02423 Filed 02/03/2014 at 8:45 am; Publication Date: 02/04/2014]