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The Resurgence of the Automatic Individual Retirement Account (IRA) Act

The reintroduced Automatic Individual Retirement Act (IRA) Act of 2024¹ requires companies with more than ten workers to automatically enroll their employees in IRAs or other comparable automatic contribution plans (i.e., 401(k) plans and 403(b) plans) if they do not currently offer a retirement plan. After adopting a plan, small firms may be eligible for either the current startup tax credit or a recently



proposed \$500 tax credit for three years, applicable only to automatic IRA accounts.

Exemptions for employers include those with:

- Ten or fewer employees
- Newly developed businesses (less than two years old)
- Organizations with a current retirement plan offering
- Governmental or religious organization plans

The bill aims to build upon, expand, and improve the private pension system, explicitly protecting and complementing employer-sponsored plans. It's essential to note that this proposal is distinct from the Retirement Savings for Americans Act, which aims to establish "The American Worker Retirement Plan," providing access to federally sponsored, portable, tax-advantaged savings accounts.

The summary includes key details of the Automatic IRA Act, such as:

- Contribution caps
- Lifetime income requirements
- Investment options
- Credits for small companies

If approved, the bill will take effect for plan years beginning after 2026 and apply the small new employer automatic IRA credit to tax years starting after 2024.

¹ [Automatic IRA Bill](#)



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Sources :

<https://democrats-waysandmeans.house.gov/media-center/press-releases/what-theyre-saying-neals-automatic-ira-act-2024>

<https://www.napa-net.org/news-info/daily-news/federal-auto-ira-bill-uncovered-workers-introduced-house>

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