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## Your Next Retirement Plan Could Be Run by City Hall.

***The Obama administration says some municipalities can help you build a nest egg.***

More than a third of full-time private-sector workers in the U.S. don't have a way to save for retirement on the job. On Tuesday, the Department of Labor offered a new way to fill that gap: Let cities and counties get involved.

A [new rule](#) would clear regulatory barriers that might otherwise stop large municipalities such as New York from setting up plans for all workers—not just those who work for local government. Officials in the Big Apple, as well as in Seattle and Philadelphia, have already expressed interest.

The outgoing Democratic administration of President Barack Obama had wanted to create automatic individual retirement accounts that would follow workers through their careers. That went nowhere in the Republican controlled Congress, but then states started exploring the idea of launching their own, so-called auto-IRA programs.

The Labor Department gave its final blessing to these state plans in August. The U.S. government made clear that state auto-IRAs were legal and wouldn't be subject to the very complicated federal rules that govern other retirement plans.

Now officials are amending that rule to let local and municipal governments get in on the act.

Not every city or county could set up an auto-IRA, however. Out of almost 90,000 local governments in the U.S., the Labor Department estimates that only about 88 would be eligible. First, jurisdictions would need authority under state law to set up the program. They also couldn't overlap with an existing statewide retirement plan, so Los Angeles and San Francisco couldn't set up their own plans.

Finally, they'd need to have a population greater than the least-populous state. (That's Wyoming, population 586,000.)

With 8.6 million people, New York City is larger than all but 11 states. In October, Comptroller Scott Stringer proposed that the city create a "NYC Roth IRA" to cover the three in five workers who, he estimated, don't already have a retirement plan.

Philadelphia Controller Alan Butkovitz and a member of Seattle's City Council have signaled that their cities may move in that direction as well. Seattle, with 684,000 people, and Philadelphia, with a population of 1.6 million, would both be eligible under the new rule.

In Philadelphia, 54 percent of employees, or about 334,000 people, don't have access to a workplace retirement plan, Butkovitz estimates. "By including local governments, local policymakers will gain a tool that may be able to help them to address the serious issue of retirement security that is facing our communities," he wrote in a September letter to the Labor Department.

It's not clear yet how the change of presidential administrations will affect retirement plan rules.

The Department of Labor's final rule on local government auto-IRAs goes into effect in 30 days. That's Jan. 19, the day before Republican President-elect Donald Trump takes office.

## **Bloomberg**

by Ben Steverman

December 20, 2016, 10:21 AM PST

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