



The Honorable Joseph R. Biden, Jr.
Office of the Vice President
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20501

February 24, 2010

Dear Vice President Biden:

CFED writes to applaud the Middle Class Task Force's endorsement of Saver's Credit reform and automatic enrollment in retirement savings plans. These are critical savings and wealth-building proposals that will enable millions of low- and moderate-income Americans to build up long-term savings and attain financial security. President Obama and you recognize that income alone is not adequate to achieve financial self-reliance: a financial cushion or nest egg enables families to plan for the future and manage financial shocks.

To meet our goal to expand economic opportunity, we support these legislative initiatives:

- The Saver's Credit, originally designed to provide a saving incentive for low- and moderate-income households, is drastically underutilized. CFED supports the President's reform proposal that would extend the Saver's Credit to approximately 50 million households! CFED leads the effort to build private and public sector support for Saver's Credit expansion with the recent launch of the Saver's Credit Alliance, a group of forward-thinking national organizations supporting an expanded Credit.
- Extending automatic payroll-based retirement saving opportunities to a majority of the 78 million employees currently without access to a retirement plan at work builds an infrastructure for savings and investment. Only fifty-two percent of households now own a retirement savings plan: low-income workers are much less likely to save for retirement than their higher-income counterparts. The majority of low-income workers — more than 92% — do not participate in a 401(k) type plan because many of them are not offered a retirement plan by their employer. Only 37% of those earning under \$30,000 annually have access to a retirement account at work.

Automatic enrollment, complemented by an expanded Saver's Credit, will enable lower-income families to participate in, contribute to and benefit from the nation's savings structure. We appreciate your leadership.

Sincerely,

Andrea Levere
President