

Publications

DOL Finalizes Regulation on State Automatic IRAs and Proposes Extension to Cities and Other Political Subdivisions

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On August 25, the Department of Labor (the “DOL”) issued a final regulation to clarify when an automatic IRA established through state law and administered by a state would not be covered by the Employee Retirement Income Act of 1974, as amended (“ERISA”), making it less likely that a court would find the state law to be preempted by ERISA. Also, in response to comments, the DOL has issued a proposed regulation that would allow certain political subdivisions to create and administer automatic IRAs. The DOL’s regulatory effort in this area – spearheaded by President Obama and summarized below – has already sown the seeds for major shifts in the retirement system as a whole.

We summarize these important developments below.

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