

Individual Retirement Accounts, 401(k)s and tax incentives designed to expand personal retirement savings. Such government-supported savings vehicles tend to eat into the insurance companies' private annuities business.

Such a deal would be controversial, one GOP lobbyist said, because converting 401(k) balances to privately managed annuities would eat into workers' savings balances.

But automatic enrollment in 401(k) plans would be popular. Employers like the idea because increasing enrollment in 401(k) plans means reducing the cost of administering them. Economists of all political stripes like it because it appears to work.

About 10 percent of companies with 401(k) plans already enroll new hires automatically, unless the employees opt out. A 2001 study by the University of Pennsylvania's Brigitte C. Madrian and United Health Group's Dennis F. Shea found that in one large corporation, 401(k) participation among new hires jumped to 85.9 percent from 37.4 percent when enrollment became automatic. For minorities and low-income workers, the change was even more dramatic.

Mandating automatic enrollment would easily create \$20 billion in new retirement savings a year, said Peter R. Orszag, director of the Retirement Security Project, run by Georgetown University and the Brookings Institution. If Congress pushed employers to slowly increase contribution rates over time, savings would increase well in excess of \$50 billion a year.

To expand automatic enrollment, Congress needs to preempt some state labor laws, which many companies interpret as preventing the practice, Orszag said. Lawmakers also need to shield companies from legal liability to protect them from workers potentially suing over investment losses.

Thomas hinted at his position at a Social Security hearing Thursday when he asked a bipartisan panel if any of them opposed "the idea of an automatic enrollment with an opt-out in whatever the program is."

After the panel responded, Thomas quipped, "The chair would indicate all of the members moved almost simultaneously with a motion to the left and right of the head, which denotes they would not be upset by that."

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