



## BARACK OBAMA'S PLAN TO RECLAIM THE AMERICAN DREAM

The American dream is increasingly out of reach for many people. At a time when costs are rising and Americans are working harder just to keep up, Obama's comprehensive plan will provide relief for the middle class and support for working people.

**Tax Relief for Middle Class Families:** The Obama plan will give working families immediate and direct relief: every middle-class working American, including 1.7 million Iowans, will receive a \$500 "Making Work Pay" tax credit, or \$1,000 per working family. Ten million working Americans, including 175,000 Iowans, will no longer have to pay any income taxes as a result of this plan. Millions of small business owners, including 200,000 self-employed small business owners in Iowa, who have to pay both the employer and employee portions of the payroll tax, will benefit from this reduction of the self-employment tax. For those low and middle-income seniors who are retired, the Obama plan will provide direct relief by eliminating all income taxes for seniors who make under \$50,000 per year, including 100,000 seniors in Iowa.

**Strengthen the Work-Family Balance:** Today, working hours are longer and more families have two parents working. Barack Obama will ensure that our government's policies match the reality of our working lives. His work-family agenda will:

- **Expand the Child and Dependent Care Tax Credit:** Obama will reform the Child and Dependent Care Tax Credit by making it refundable and allowing low-income families to receive up to a 50 percent credit for their child care expenses.
- **Expand the Family and Medical Leave Act (FMLA):** The FMLA covers only certain employees of employers with 50 or more employees. Obama will expand the FMLA to cover businesses with 25 or more employees, and he will expand the FMLA to cover more purposes, including elder care and children's academic activities. Obama will also initiate a 50-state strategy to encourage all of the states to adopt paid-leave systems.
- **Paid Sick Days:** Forty percent of working women do not have a single paid sick day. Obama will require that employers provide seven paid sick days per year.

**Combat Subprime Loans and Help Families with their Mortgages:** Owning a home is the cornerstone of the American Dream, yet today too many working families are finding it just out of reach. As a result of the subprime crisis and slowdown in the housing market, Iowa's foreclosure rate has risen 21 percent in the last year, giving the state the ninth-highest rate of home foreclosures in the country.

- **Mandate Accurate Loan Disclosure:** As president, Obama will create a Homeowner Obligation Made Explicit (HOME) score, which will provide potential borrowers with a simplified, standardized borrower metric for home mortgages, so individuals can understand the full cost of the loan.
- **Create Fund to Help Homeowners Avoid Foreclosures:** Obama will create a fund to help people refinance their mortgages and provide comprehensive supports to innocent homeowners.
- **Combat Mortgage Fraud and Subprime Loans:** Obama introduced comprehensive legislation over a year ago to fight mortgage fraud and protect consumers against abusive lending practices. Obama's STOP FRAUD Act provides the first federal definition of mortgage fraud, increases funding for law

enforcement programs and requires industry insiders to report suspicious activity.

- **Provide a New Mortgage Interest Tax Credit:** Obama will create a 10 percent universal mortgage credit that gives tax relief to Americans who have a home mortgage and do not itemize on their taxes. The Obama proposal will provide 10 million homeowners, most of whom earn under \$50,000 per year, including 110,000 Iowans, with an average of \$500 in savings.

**Reform Bankruptcy and Payday Loans:** Obama will update our bankruptcy and lending laws to ensure that the interests of middle class families, not corporate special interests, are protected.

- **Corporate Bankruptcy:** Obama has supported efforts to force firms to put more money into their pension funds so workers aren't left with a bunch of worthless IOU's after decades of service. As president, Obama will protect workers and retirees by making it harder for corporations to cut jobs, wages and benefits in bankruptcy court.
- **Protect Families Facing a Medical Crisis:** If an individual can demonstrate that the reason they filed for bankruptcy was a result of medical expenses, then Obama believes they should be relieved of that debt through a process that lets them get back on their feet.
- **Regulate Payday Loans:** Barack Obama will extend the 36 percent interest rate cap on payday loans that applies to U.S. service members to all Americans because predatory lending continues to affect too many families.

**Create a Credit Card Bill of Rights and Accurate Rating System:** Credit cards could turn into the next subprime market crisis. To protect borrowers' rights, Obama will create a Credit Card Bill of Rights to ban some of the most egregious credit card practices, including unilateral changes, interest charged on simple transaction fees, and "universal defaults" that leave borrowers with a near-impossible burden to pay back debt. Obama will also create a credit card rating system, modeled on five-star systems used for other consumer products, to provide consumers an easily identifiable ranking of credit cards.

**Strengthen Retirement Savings:** Obama will reform our retirement system to ensure that middle class families have the resources they need to plan and save for a secure retirement.

- **Create Automatic Workplace Pensions:** Currently, 75 million working Americans – roughly half the workforce – lack employer-based retirement plans. In Iowa, only 46 percent of workers participate in employer-sponsored pension plans. Obama's automatic workplace pension plan will require employers to automatically enroll their employees in a direct-deposit IRA account. Employees may opt-out by signing a written waiver. Experts estimate that this program will increase the participation rate for low and middle income workers from its current 15 percent level to around 80 percent.
- **Expand Retirement Savings Incentives:** Obama will expand the existing Savers Credit to match 50 percent of the first \$1,000 of savings for families that earn under \$75,000, and he will make the tax credit refundable. 75 percent of people who are expected to participate in this program do not currently save.
- **Require Full Disclosure of Company Pension Investments:** Obama believes we must ensure private companies properly fund their pension plans. In Iowa, 432,000 workers and retirees depend upon defined-benefit pension plans. Obama will ensure that all employees who have company pensions receive annual disclosures detailing their pension fund's investments. This measure will provide employees and retirees important resources to make their pension fund more secure.

**Make College Affordable and Strengthen Our Community Colleges:** Barack Obama will create the American Opportunity Tax Credit to provide a \$4,000 fully-refundable college tax credit to all middle class Americans. He will also create a Community College Partnership Program to help prepare community college students for high-demand industries and help transition community college students to four-year institutions.