

MEMO# 5700

March 21, 1994

MAJOR IRA BILL TO BE INTRODUCED

March 21, 1994 TO: FEDERAL LEGISLATION COMMITTEE NO. 8-94 MEMBERS - ONE PER
COMPLEX NO. 18-94 PENSION COMMITTEE NO. 12-94 TAX COMMITTEE NO. 11-94
GOVERNMENT AFFAIRS IRA ISSUE GROUP RE: MAJOR IRA BILL TO BE INTRODUCED

Senate Finance Committee
members John Breaux (D-LA) and William Roth (R-DE) will soon introduce a bill restoring the universal availability of a fully tax deductible Individual Retirement Account. The bill will allow a choice between tax-deductible contributions to a traditional IRA, or contributions to a new type of IRA under which contributions are not deductible but earnings will not be taxed when withdrawn. The bill will also allow non-working spouses to make the same \$2,000 contribution to either kind of IRA. The bill will provide for penalty-free withdrawals from IRAs (as well as from 401(k) salary reduction plans and 403(b) government plans) for college education expenses, first-time home purchases, financially devastating medical expenses, and during periods of long and unusual unemployment. Senators Breaux and Roth have sent a letter to the other members of the Senate asking them to cosponsor the proposal. We are requesting that you write your Senators and ask them in your own words to cosponsor the Breaux-Roth IRA bill. We believe that this bill represents the first valid opportunity in this session of Congress to influence the eventual full restoration of the IRA. For this reason, a strong showing in the Senate is important. Enclosed is a list of Senators, a copy of the letter sent by Senators Breaux and Roth to the other Senators, and a copy of the Institute's letter to the entire Senate requesting cosponsorship of the Breaux-Roth IRA bill. -2- Please send a blind copy of your correspondence to Michael Stern of the Legislative Affairs Department, and advise him of any response to your communication. Should you wish to discuss this further or require additional information, please contact the Legislative Affairs Department (202) 326-5890. We very much appreciate your assistance in connection with our efforts to expand IRA coverage. Matthew Fink President Attachments