

MEMO# 3237

November 1, 1991

SENATOR ROTH ADDS CONVERSION FEATURE TO IRA PROPOSAL

November 1, 1991 TO: PENSION COMMITTEE NO. 34-91 RE: SENATOR ROTH ADDS
CONVERSION FEATURE TO IRA PROPOSAL

Attached is a copy of S. 1865, the Defense Tax Rebate Act, which was recently introduced by Senator Roth. Title II of S. 1865 includes the IRA provisions of S. 612, which was previously introduced by Senators Roth and Bentsen. (See Institute Memorandum to Pension Members No. 10-91 and Members-One Per Complex No. 12-91, dated March 13, 1991.) S. 1865 differs from S. 612, however, in that it contains a provision allowing individuals to convert their existing IRAs into "back-end" IRAs if they pay income tax on the earnings and previously deducted contributions. The penalty tax under section 72(t) of the Code would not apply. S. 1865 also would delay the effective date of the IRA provisions until taxable years beginning after December 31, 1991. We will keep you informed of further developments. Kathy D. Ireland Associate Counsel - Pension Attachment

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