

MEMO# 10062

June 25, 1998

CONGRESS ADOPTS EDUCATION IRA CONFERENCE REPORT; PRESIDENT CLINTON EXPECTED TO VETO

[10062] June 25, 1998 TO: BOARD OF GOVERNORS No. 43-98 FEDERAL LEGISLATION MEMBERS No. 14-98 PRIMARY CONTACTS - MEMBER COMPLEX No. 60-98 PUBLIC INFORMATION COMMITTEE No. 26-98 RE: CONGRESS ADOPTS EDUCATION IRA CONFERENCE REPORT; PRESIDENT CLINTON EXPECTED TO VETO

Shortly before Congress broke for the Independence Day recess, both the House and the Senate adopted the conference report on legislation that would increase the contribution limit to Education IRAs. On June 18, the House approved the conference report to H.R. 2646 by a vote of 225 to 197; on June 24, the Senate approved the measure on a 59 to 36 vote. The bill will now be sent to the President. The conference report a compromise between the differing versions of the bill that were approved earlier by the House and Senate raises the annual contribution limit to Education IRAs to \$2,000 from \$500. It would also permit withdrawals for elementary and secondary education expenses. This latter provision is strongly opposed by the President. Last fall, the House approved a version of H.R. 2646 that would have increased the limit on annual Education IRA contributions to \$2,500 from \$500. This spring, the Senate passed a different version of the bill, raising the annual contribution limit to \$2,000. Both bills would allow withdrawals for elementary and secondary education expenses. President Clinton has 10 days to act once he receives the bill, which he has indicated he plans to veto. Based on the margins of approval in both the House and Senate, it does not appear likely that Congress can override a veto. Matthew P. Fink President