

MEMO# 10813

March 19, 1999

REPRESENTATIVES PORTMAN AND CARDIN INTRODUCE MAJOR BIPARTISAN PENSION LEGISLATION

[10813] March 19, 1999 TO: BOARD OF GOVERNORS No. 18-99 FEDERAL LEGISLATION
MEMBERS No. 8-99 PRIMARY CONTACTS - MEMBER COMPLEX No. 28-99 PUBLIC
INFORMATION COMMITTEE No. 9-99 RE: REPRESENTATIVES PORTMAN AND CARDIN
INTRODUCE MAJOR BIPARTISAN PENSION LEGISLATION

On March 11, Representatives Rob Portman (R-OH) and Benjamin Cardin (D-MD) introduced H.R. 1102, the "Comprehensive Retirement Security and Pension Reform Act of 1999," a wide-reaching and significant bipartisan bill based on legislation the two introduced in the last Congress. The Institute is preparing to submit testimony supporting the bill to the House Ways and Means Committee. Attached is a letter supporting the legislation, co-signed by the Institute, and a summary of the bill. H.R. 1102 includes provisions that would: ! increase portability among defined contribution pension plans; ! increase the dollar limitations on contributions to 401(k), 403(b), 457 and SIMPLE plans and raise the limitation on contributions to deductible IRAs; ! repeal the 25%-of-compensation limitation on contributions to defined contribution plans and substantially increase the dollar limit for such contributions; ! allow persons age 50 and older to increase by \$5,000 their contributions to salary reduction plans; ! modify top-heavy rules to make establishment of pension plans more attractive to small businesses; ! allow a tax credit for small businesses to encourage them to establish retirement plans for their employees; ! create new Roth 401(k) and 403(b) plans; ! allow for a salary-reduction-only SIMPLE plan; ! eliminate the user fee for small employers requesting determination letters from the IRS; ! exempt the first \$100,000 of defined contribution plan assets and IRA assets from the minimum distribution requirements; ! increase the deduction limit placed on employers contributing to stock bonus and profit-sharing plans, including 401(k) plans; and ! facilitate employer-provided education and counseling about retirement savings. We will keep you informed of further developments. Matthew P. Fink
President Attachments