

**MEMO# 4547**

March 2, 1993

# **CLINTON ADMINISTRATION PROPOSES TO REDUCE COMPENSATION TAKEN INTO ACCOUNT FOR RETIREMENT PLAN PURPOSES**

March 2, 1993 TO: PENSION COMMITTEE NO. 7-93 RE: CLINTON ADMINISTRATION PROPOSES TO REDUCE COMPENSATION TAKEN INTO ACCOUNT FOR RETIREMENT PLAN PURPOSES \_\_\_\_\_ Section 401(a)(17) of the Internal Revenue Code currently limits to \$235,840 the annual amount of compensation that retirement plans may take into account for any year in determining benefits and contributions. The Clinton Administration's economic plan includes a proposal to reduce the section 401(a)(17) limit to \$150,000, for plan years beginning after December 31, 1993. The attached explanation indicates that the limit would continue to be indexed for cost-of-living adjustments on an annual basis, and benefits accrued prior to the effective date would be grandfathered. We will keep you informed of developments. Kathy D. Ireland Associate Counsel - Pension Attachment

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