

**MEMO# 2968**

July 31, 1991

## **457 PLAN LEGISLATION INTRODUCED**

July 31, 1991 TO: PENSION COMMITTEE NO. 21-91 RE: 457 PLAN LEGISLATION INTRODUCED

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Attached is a copy of H.R. 2906, a bill to amend the provisions of Internal Revenue Code section 457, together with the accompanying Record statement. Under current law, employees of state and local governments and certain employees of tax-exempt organizations may defer up to \$7,500 annually to a 457 plan. The bill would apply cost of living adjustments to 457 plans to align them more with 401(k) plans and 403(b) arrangements. The bill would also permit de minimus pre-retirement distributions up to \$3,500 from a 457 plan for inactive participants. The bill may be considered with pension simplification legislation introduced this year. We will keep you informed of developments. W. Richard Mason Assistant Counsel - Pension Attachment

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