

MEMO# 13297

March 22, 2001

LEGISLATION TO ENHANCE IRAS AND PENSION PLANS INTRODUCED IN THE HOUSE

[13297] March 22, 2001 TO: BOARD OF GOVERNORS No. 14-01 FEDERAL LEGISLATION MEMBERS No. 3-01 PRIMARY CONTACTS - MEMBER COMPLEX No. 23-01 PUBLIC INFORMATION COMMITTEE No. 7-01 RE: LEGISLATION TO ENHANCE IRAS AND PENSION PLANS INTRODUCED IN THE HOUSE Bipartisan legislation to encourage retirement savings was introduced on March 14, 2001, by Representatives Rob Portman (R-OH) and Benjamin Cardin (D-MD). The "Comprehensive Retirement Security and Pension Reform Act of 2001," (H.R. 10) would, among other things: • increase the annual limit on IRA contributions in stages from \$2,000 to \$5,000; • increase contribution limits for 401(k), 403(b), and 457 plans in stages from \$10,500 to \$15,000; • permit persons 50 and older to make "catch-up" contributions to their employer-sponsored retirement plans; • and enhance the portability of retirement benefits. The Portman-Cardin bill is virtually identical to legislation that passed the House of Representatives overwhelmingly last July. Senator Charles Grassley (R-IA), Chairman of the Senate Finance Committee, and Senator Max Baucus (D-MT) are expected to introduce pension legislation in the near future that is similar to the bill that was unanimously approved by the Finance Committee last year. This bill, unlike the Portman-Cardin bill, will include a nonrefundable tax credit to subsidize contributions of lower- and middle-income persons to IRAs and employer-sponsored retirement plans. We will inform you of further developments. Matthew P. Fink President

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