

**MEMO# 1427**

October 3, 1989

## **S. 1564, EXCESSIVE CHURNING AND SPECULATION ACT OF 1989 [A[A989, INTRODUCED**

October 3, 1989 TO: PENSION COMMITTEE NO. 7-89 RE: S. 1564, EXCESSIVE CHURNING  
AND SPECULATION ACT OF 1989

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Attached for your information are copies of S. 1564, The Excessive Churning and Speculation Act of 1989, introduced by Senators Kassebaum and Dole, and the floor statement accompanying its introduction. The bill would amend the Internal Revenue Code to impose an excise tax on gains on the part of applicable employer pension plans from the sale of assets held for 180 days or less. The tax on gains from assets held for 30 days or less would be ten percent, while the tax on gains from assets held longer than 30 days but less than 180 days would be five percent. The provision would apply to qualified plans under section 401(a), annuity plans under section 403(a), and simplified employee pensions under section 408(k) with assets of at least one million dollars. We will keep you informed of further developments. Kathy D. Ireland Assistant General Counsel Attachment

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