

MEMO# 6121

August 11, 1994

BIPARTISAN COMMISSION SAYS NATIONAL SAVINGS MUST BE RAISED

August 11, 1994 TO: BOARD OF GOVERNORS NO. 75-94 FEDERAL LEGISLATION COMMITTEE
NO. 20-94 FEDERAL LEGISLATION MEMBERS NO. 17-94 IRA ISSUES GROUP RE: BIPARTISAN
COMMISSION SAYS NATIONAL SAVINGS MUST BE RAISED

The Bipartisan Commission on Entitlement and Tax Reform on August 8 approved a series of interim findings. The second finding states: "To ensure the level of private investment necessary for long-term economic growth and prosperity, national savings must be raised substantially." Other findings point up the need for bringing social security and Medicare costs and revenues into long-term balance. The Commission was established in November 1993 to recommend alternative tax reform proposals and revisions in federal entitlement programs. It is chaired by Senator Robert Kerrey (D- NE), and has 32 members, including 12 Senators and 10 Members of Congress. In July, the Institute submitted written testimony to the Commission. This testimony supports changes in the tax law designed to stimulate increased savings (such as expanded availability of Individual Retirement Accounts and reduction of barriers to the use of simplified employee pensions and 401(k) plans), and suggests that broader approaches to restructuring the tax system to encourage savings also merit attention (See Memorandum to Federal Legislation Committee Members No. 18-94 dated July 29, 1994). Attached is a copy of the Commission's findings as approved. If you wish additional information, please contact the Legislative Affairs Department at 202/326-5890. This memo can be found on FUNDS, the Institute's Fund User Network and Delivery System, under "Legislative Affairs; Washington Update." Michael Stern Legislative Representative for Taxation Attachment