

MEMO# 12274

July 18, 2000

HOUSE PASSES BILL EXPANDING IRAS AND EMPLOYER PENSIONS

[12274] July 20, 2000 TO: BOARD OF GOVERNORS No. 43-00 FEDERAL LEGISLATION MEMBERS No. 10-00 PRIMARY CONTACTS - MEMBER COMPLEX No. 49-00 PUBLIC INFORMATION COMMITTEE No. 30-00 RE: HOUSE PASSES BILL EXPANDING IRAS AND EMPLOYER PENSIONS Yesterday afternoon, the House by a vote of 401 to 25 passed H.R. 1102, the "Comprehensive Retirement Security and Pension Reform Act." The bill includes provisions supported by the Institute, which would: • increase the annual limit on IRA contributions from \$2,000 to \$5,000 for persons 50 and older beginning in 2001; • increase the annual limit on IRA contributions for persons under 50 to \$3,000 in 2001, to \$4,000 in 2002, and to \$5,000 thereafter; • index the IRA limit for inflation (in \$500 increments) in 2004 and thereafter; • increase contribution limits for 401(k), 403(b) and 457 plans in stages to \$15,000; • increase contribution limits for SIMPLE plans in stages to \$10,000; • eliminate the 25% of compensation requirements for plans; • increase pension portability; • allow additional pension contributions up to \$5,000 more than the plan's contribution limit for persons 50 and older; • narrow the definition of a top-heavy plan; • reduce regulatory burdens; and • permit 401(k) and 403(b) plans to allow participants to make after-tax contributions whose eventual distribution would be taxed similar to Roth IRA contributions. The Senate is expected to consider this legislation after the August recess. We will keep you informed on further developments. Matthew P. Fink President

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.