

MEMO# 9914

May 11, 1998

MAJOR PENSION LEGISLATION INTRODUCED

[9914] May 11, 1998 TO: BOARD OF GOVERNORS No. 25-98 FEDERAL LEGISLATION
MEMBERS No. 6-98 PRIMARY CONTACTS - MEMBER COMPLEX No. 33-98 PUBLIC
INFORMATION COMMITTEE No. 15-98 RE: MAJOR PENSION LEGISLATION INTRODUCED

On May 4, 1998, Representatives Rob Portman (R-OH) and Benjamin Cardin (D-MD) introduced H.R. 3788, the "Retirement Security for the 21st Century Act," a wide-reaching and significant bill. The Institute will testify in support of this legislation, including provisions to: ` increase portability among defined contribution pension plans; ` increase the dollar limitations on contributions to 401(k), 403(b), 457 and SIMPLE plans; ` repeal the 25%-of-compensation limitation on contributions to defined contribution plans; ` allow persons age 50 and older to increase by \$5,000 their contributions to salary reduction plans; ` modify top-heavy rules to make establishment of pension plans more attractive to small businesses; ` raise from 70½ to 75 the age at which minimum distributions must be made; ` exempt the first \$300,000 of defined contribution plan assets and IRA assets from the minimum distribution requirements; and ` reduce from 50 percent to 10 percent the excise tax on failure to make minimum distributions. Attached is a summary that describes these and other provisions of the bill. We will keep you informed of further developments. Matthew P. Fink President
Attachment

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