

MEMO# 14822

June 26, 2002

HOUSE PASSES BILL TO MAKE THE IRA AND PENSION PROVISIONS OF EGTRRA PERMANENT

[14822] June 26, 2002 TO: BOARD OF GOVERNORS No. 21-02 FEDERAL LEGISLATION MEMBERS No. 7-02 PRIMARY CONTACTS - MEMBER COMPLEX No. 47-02 PUBLIC INFORMATION COMMITTEE No. 19-02 RE: HOUSE PASSES BILL TO MAKE THE IRA AND PENSION PROVISIONS OF EGTRRA PERMANENT On June 21, the House of Representatives passed the "Retirement Savings Security Act of 2002" (H.R. 4931) to make permanent the important enhancements to our nation's IRA and pension laws that were enacted as part of last year's tax relief law, the "Economic Growth and Tax Relief Reconciliation Act of 2001" (EGTRRA). H.R. 4931, which was introduced by Representatives Rob Portman (R-OH) and Benjamin Cardin (D-MD), was approved by a 308-70 vote. The Institute strongly advocated in favor of this legislation. Among EGTRRA's important changes to our pension laws that will expire on December 31, 2010 unless they are made permanent are: • an increase in the annual limit on IRA contributions to \$5,000 by 2008; • an increase in the annual limit on 401(k), 403(b), and 457 plan contributions to \$15,000 by 2006; • the ability of individuals age 50 and over to make additional "catch-up" contributions to their IRAs and employer-sponsored retirement plans; and • significant enhancements to the "portability" of individuals' retirement assets, so that individuals changing jobs can more readily move their assets to different types of retirement plans. It does not appear likely that the Senate will take up this legislation this year. We will inform you of further developments. Matthew P. Fink President

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