

**MEMO# 14652**

April 19, 2002

## **HOUSE PASSES BILL TO MAKE PERMANENT THE PROVISIONS OF LAST YEAR'S TAX RELIEF LAW**

[14652] April 19, 2002 TO: BOARD OF GOVERNORS No. 17-02 FEDERAL LEGISLATION MEMBERS No. 6-02 PRIMARY CONTACTS - MEMBER COMPLEX No. 35-02 PUBLIC INFORMATION COMMITTEE No. 13-02 RE: HOUSE PASSES BILL TO MAKE PERMANENT THE PROVISIONS OF LAST YEAR'S TAX RELIEF LAW On April 18, the House of Representatives passed the "Tax Relief Guarantee Act of 2002" (H.R. 586) to make permanent the provisions of last year's tax relief law, the "Economic Growth and Tax Relief Reconciliation Act of 2001" (EGTRRA). H.R. 586 was approved by a 229- 198 vote. Of special interest to the Institute are those provisions which increased the annual limit on IRA contributions to \$5,000 by 2008, increased the annual limit on 401(k), 403(b), and 457 plan contributions to \$15,000 by 2006, increased the annual limit on education savings account contributions to \$2,000 beginning in 2002, and made distributions from 529 programs that are used for qualified higher education expenses tax-free beginning in 2002.<sup>1</sup> Unless legislation to make these provisions permanent is enacted, the changes made by EGTRRA will expire on December 31, 2010. The Institute urged Congress to make the retirement and education savings provisions of EGTRRA permanent in written testimony submitted to the House Ways and Means Committee in connection with a hearing held on February 26. We will inform you of further developments. Matthew P. Fink President 1 See Memorandum to Board of Governors No. 27-01, Federal Legislation Members No. 9-01, Primary Contacts - Member Complex No. 39-01, and Public Information Committee No. 17-01.

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