

**MEMO# 14663**

April 23, 2002

## **HOUSE PASSES BILL TO MAKE PERMANENT THE PROVISIONS OF TAX LEGISLATION ENACTED LAST YEAR**

[14663] April 23, 2002 TO: PENSION COMMITTEE No. 14-02 PENSION OPERATIONS ADVISORY COMMITTEE No. 27-02 529 PLAN ADVISORY COMMITTEE No. 19-02 RE: HOUSE PASSES BILL TO MAKE PERMANENT THE PROVISIONS OF TAX LEGISLATION ENACTED LAST YEAR The enhancements to long-term savings vehicles that were made last year by the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA")<sup>1</sup> would become permanent under legislation that passed the House of Representatives on April 18. H.R. 586, the "Tax Relief Guarantee Act of 2002," was approved by a vote of 229 to 198.<sup>2</sup> The Institute recently submitted written testimony to the House Ways and Means Committee in support of making permanent the retirement and education savings provisions of EGTRRA.<sup>3</sup> Among the most significant enhancements to long-term savings vehicles that would become permanent are: the increased annual limit on IRA contributions, the increased 401(k), 403(b), 457 and SIMPLE contribution limits, the ability to make "catch-up" contributions to IRAs and employer-sponsored plans by individuals age 50 and over, the increased annual limit on Coverdell education savings account contributions, and the tax-free treatment of distributions from section 529 qualified tuition programs used for qualified higher education expenses. We will inform you of further developments. Thomas T. Kim Associate Counsel Attachment (in .pdf format) 1 See Institute Memorandum to Pension Members No. 21-01 and Pension Operations Advisory Committee No. 35-01, dated May 31, 2001. 2 H.R. 586 would repeal Title IX of EGTRRA, which contains the "sunset" provision that will make the provisions of EGTRRA inapplicable after December 31, 2010. A copy of the relevant provision in H.R. 586 is attached. 3 See Institute Memorandum to Pension Committee No. 7-02, dated March 14, 2002.