

MEMO# 8940

May 29, 1997

FOR COMMENT: PROPOSED ""MAKE SAVINGS EASY"" ACCOUNTS

VIA FAX May 29, 1997 TO: PENSION COMMITTEE No. 15-97 RE: FOR COMMENT: PROPOSED "MAKE SAVINGS EASY" ACCOUNTS

_____ The Institute has been asked to comment on the viability of a new savings vehicle being considered by Congressional staff. The proposed "Make Savings Easy" Account (MSEA) would permit individuals to make contributions of up to \$1,000 annually to an account established for a beneficiary. There would be an up-front 10% excise tax on each contribution to the account, but no other taxes applied to the account. The account, therefore, would be exempt from income, gift or estate taxes. Although the details of the proposal have yet to be worked out, the idea may be attractive politically because it enhances savings opportunities and raises revenue by imposing taxes at the time of contribution to the account. Please review the attached description of the proposal and let us know your reaction in terms of likely industry interest, marketability, and any technical issues that may need to be addressed to make the account viable. Please contact the undersigned at (202) 326-5835 by 1 PM tomorrow, May 30, 1997. We apologize for the short time frame for review and response. Russell G. Galer Assistant Counsel - Pension Attachment

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