

MEMO# 9888

April 30, 1998

SENATE PASSES INCREASE IN EDUCATION IRA

[9888] April 30, 1998 TO: BOARD OF GOVERNORS No. 24-98 FEDERAL LEGISLATION
MEMBERS No. 5-98 PRIMARY CONTACTS - MEMBER COMPLEX No. 31-98 PUBLIC
INFORMATION COMMITTEE No. 13-98 RE: SENATE PASSES INCREASE IN EDUCATION IRA

On April 23, the Senate approved H.R. 2646, the "Education Savings Act for Public and Private Schools." The Senate bill would increase from \$500 to \$2,000 the maximum annual contribution to a child's Education IRA and would permit withdrawals for elementary and secondary education expenses. (Present law withdrawals are limited to higher education expenses.) The bill contains other education provisions unrelated to Education IRAs. The House version of the bill, which passed the House last October, would increase to \$2,500 the maximum annual contribution to an Education IRA. Like the Senate bill, it would permit withdrawals for elementary and secondary education expenses. This latter provision is controversial and strongly opposed by the Administration; President Clinton has said he would veto the legislation in its present form. Should the bill be vetoed, it seems unlikely that the Congress could override the veto, considering the number of votes in opposition to the bill in both the House and Senate. A conference committee is expected to be appointed shortly to resolve the differences between the House and Senate versions of the legislation. We will inform you of further developments. Matthew P. Fink President

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