

**MEMO# 2981**

August 13, 1991

## **INSTITUTE TESTIFIES IN SUPPORT OF BENTSEN-ROTH IRA PLAN**

August 13, 1991 TO: BOARD OF GOVERNORS NO. 58-91 FEDERAL LEGISLATION MEMBERS  
NO. 16-91 FEDERAL LEGISLATION COMMITTEE NO. 17-91 RE: INSTITUTE TESTIFIES IN  
SUPPORT OF BENTSEN-ROTH IRA PLAN

On July 31, the Institute testified before the Senate Finance Committee on S. 612, the "Savings and Investment Incentive Act of 1991," also known as the Bentsen-Roth IRA bill. In its testimony, the Institute reaffirmed its enthusiastic support for the bill, which would increase long-term saving by allowing individuals to choose between tax deductible contributions to traditional IRAs or contributions to new "back-loaded" IRAs from which earnings would not be taxed when they are withdrawn. The Institute noted that the Bentsen-Roth plan has the characteristics needed to be a successful savings program: universal coverage and simple, easy to understand rules. Once adopted, a simple, permanent savings program can create a recurring pattern of saving which encourages Americans to accumulate increased retirement savings and which is essential to capital formation and economic growth. A successful legislative resolution may not be possible until next session. The issue of "how to pay for" the restoration of the IRA remains the central challenge. A copy of the Institute's testimony is attached. Please call if you wish further information. We will keep you informed of further developments. This memo can also be found on FUNDS, the Institute's Fund User Network and Delivery System, under Legislative Affairs, Washington Update. Julie Domenick Vice President Legislative Affairs

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