

MEMO# 7974

June 14, 1996

SENATE FINANCE COMMITTEE REPORTS LEGISLATION WITH PENSION SIMPLIFICATION AND OTHER PROVISIONS

June 14, 1996 TO: BOARD OF GOVERNORS No. 29-96 FEDERAL LEGISLATION MEMBERS No. 8-96 PUBLIC INFORMATION COMMITTEE No. 24-96 RE: SENATE FINANCE COMMITTEE REPORTS LEGISLATION WITH PENSION SIMPLIFICATION AND OTHER PROVISIONS

I am pleased to report that on June 12, 1996, the Senate Finance Committee has ordered reported the House-passed bill, H.R. 3448, the "Small Business Job Protection Act of 1996." The bill includes the following provisions supported by the Institute: Small employer pension and pension simplification provisions also in the House-passed bill A new simplified retirement plan (called a SIMPLE plan) for small businesses with 100 or fewer employees. Simplified nondiscrimination rules for 401(k) plans. Expanding 401(k) plan availability to tax-exempt organizations, except state and local governments. Provisions not in the House-passed bill An increase from \$2,250 to \$4,000 in the maximum annual contribution to a spousal Individual Retirement Account. Allowing tax-free conversions of bank common trust funds to mutual funds. H.R. 3448 also includes a controversial provision increasing the Federal minimum wage. Because of the minimum wage provision, it is not clear when H.R. 3448 will be considered in the Senate. We will keep you informed of further legislative developments. For those members with access privileges, this memo can be found on ICINet. For additional information, please contact as follows: Legislative Affairs 202-326-8319 Media Relations 202-326-5860 ICINET 202-326-5933 Matthew P. Fink President

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