

MEMO# 8113

August 5, 1996

CONGRESS APPROVES IRA EXPANSION, PENSION SIMPLIFICATION, AND COMMON TRUST FUND CONVERSION

August 6, 1996 TO: BOARD OF GOVERNORS No. 47-96 FEDERAL LEGISLATION MEMBERS No. 14-96 PUBLIC INFORMATION COMMITTEE No. 32-96 RE: CONGRESS APPROVES IRA EXPANSION, PENSION SIMPLIFICATION, AND COMMON TRUST FUND CONVERSION

I am pleased to report that before it adjourned for the August recess, the Congress approved H.R. 3448, the "Small Business Job Protection Act of 1996," and sent it to the President. H.R. 3448 includes the following provisions supported by the Institute: an increase from \$2,250 to \$4,000 in the maximum annual contribution by a couple with a nonworking spouse to Individual Retirement Accounts (IRAs); 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; allowing tax-free conversions of bank common trust funds to mutual funds. The President is expected to sign the bill (which also includes an increase in the Federal minimum wage).
Matthew P. Fink President

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