

NEWS RELEASE

April 10, 2013

ICI Issues Statement on President's Budget Proposal

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Leaders Must Address Taxes, Spending Without Harming Retirement Security

Washington, DC, April 10, 2013 - ICI President and CEO Paul Schott Stevens issued the following statement in response to the Administration's budget proposal for fiscal year 2014:

"The President's budget, coupled with those passed by the House and Senate, sets the stage for a debate on national priorities. Investors, markets, the economy—indeed, all Americans—are best served if the Administration and Congress focus in their deliberations on developing a clear path toward reforms of both the tax code and major spending programs. These actions are vital to setting our nation's fiscal house in order and our economy on a course toward stronger growth. We urge our political leaders to work together toward this goal.

"Unfortunately, the Administration's tax proposals contain two provisions that would undermine a key national priority—helping Americans prepare for a secure retirement.

"The Administration's proposal to limit the value of tax-deferred retirement contributions to 28 percent would harm savings and retirement preparedness. Unlike the other items that the budget would subject to the 28 percent limit, retirement plan contributions are neither tax deductions nor tax exclusions; retirement plan contributions are tax deferrals. While workers defer taxes on their retirement savings today, they will pay taxes on their income in retirement. "Capping" tax deferral at 28 percent would reduce or even reverse the powerful incentives that have helped Americans amass \$10.5 trillion in defined contribution plans and IRAs—savings to help ensure retirement security.

"Similarly, the proposal to place a dollar cap on individual retirement saving accounts would add complexity and confusion to our nation's system for retirement savings. This unworkable proposal to cap individuals' savings in 401(k)s, other defined contribution plans, and individual retirement accounts (IRAs) would discourage employers from creating retirement plans and workers from contributing.

"We urge policymakers to fix our budget and debt problems without weakening savings and

retirement security.”

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