

COMMENT LETTER

October 10, 2002

Letter Concerning Legislation Increasing Annual Retirement Plan Contribution Limits, October 2002

October 10, 2002

The Honorable J. Dennis Hastert
Speaker
2369 Rayburn House Office Building
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

On behalf of the millions of Americans currently saving for retirement through IRAs, qualified retirement plans, and 403(b) arrangements, the Investment Company Institute¹ urges your support for H.R. 5558, the Retirement Savings and Security Act of 2002, which will be considered by the House of Representatives this week.

H.R. 5558 simplifies the required minimum distribution rules, which currently require that retired individuals begin taking distributions from their retirement plans in the year following the year they attain age 70½. H.R. 5558 would gradually raise this age from 70½ to 75. In addition, H.R. 5558 would accelerate the scheduled increases in contribution limits applicable to IRAs, 401(k) plans, SIMPLE plans, and catch-up contributions.

H.R. 5558 would alleviate significant burdens faced by many older Americans who are currently retired or close to retirement and would offer important opportunities and incentives for all Americans, regardless of age, to save for retirement. This legislation greatly simplifies the IRA and defined contribution withdrawal rules for millions of retirees. H.R. 5558 is a thoughtful and timely proposal that gives retirees greater flexibility and control in managing their retirement assets and provides a simple, clear rule that taxpayers can understand.

We urge your support for this important legislation.

Sincerely,

Matthew P. Fink
President

ENDNOTES

¹The Investment Company Institute is the national association of the American investment company industry. Its membership includes 8,982 open-end investment companies (“mutual funds”), 513 closed-end investment companies, and six sponsors of unit investment trusts. Its mutual fund members have assets of about \$6.373 trillion, accounting for approximately 95 percent of total industry assets, and over 87.8 million individual shareholders.

As of year-end 2001, approximately 49 percent of the \$2.4 trillion IRA market was invested in mutual funds and 48 percent of the \$2.5 trillion defined contribution plan market was invested in mutual funds. In addition, the mutual fund industry provides a full range of administrative services to employer-sponsored plans, including trust, record keeping, and participant education services.

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