

## OPINIONS

June 15, 2000

# It's a Matter of Fairness

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Americans today are living longer, but they're not saving enough to ensure a secure retirement.

Personal savings are a core component of a financially secure retirement policy. In order to ensure that individuals have sufficient savings to support themselves in their retirement years, Americans must increase the portion of their retirement savings accumulated through individual savings vehicles and employer-sponsored plans. Individual Retirement Accounts (IRAs) have proven to be an effective vehicle for promoting personal savings.

As things stand today, the IRA contribution limit is not adequate to meet the growing retirement needs of Americans. Today's \$2,000 contribution maximum was established in 1981—almost 20 years ago. If the original limit had been adjusted for inflation, it would be about \$5,000 today.

IRAs no longer provide sufficient savings opportunities for many Americans. The failure of the value of the IRA to keep pace with inflation has hindered the efforts of many Americans, especially those with no employer-sponsored plan alternative, to accumulate the retirement savings that they will need to have a financially secure retirement.

Bipartisan legislation is being considered in the U.S. House of Representatives that would increase the annual IRA contribution to \$5,000. If passed, this initiative would make the nation's retirement plan system significantly more responsive to the retirement savings needs of Americans and encourage greater retirement savings.

The federal government's role is to make it easier – not harder – for people to save for retirement. Raising the IRA contribution limit provides Americans an opportunity to save for their future by setting aside a more significant amount for retirement. Increasing the limit would allow individuals to contribute more in years when they have the resources to do so. For example, those who left the paid workforce for a period of time to raise children or care for a relative could save more through an IRA in later years.

Financial security should be available to all Americans. Providing incentives to save by increasing contribution limits to retirement plans will provide more opportunities for

Americans to save effectively for retirement.

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