



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

PRESS RELEASE

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NEW FIGURES SHOW NEED FOR BIPARTISAN PERSONAL SAVING INCENTIVES

– Expanded IRA Deductions Needed to Lessen Anti-Saving Bias in Tax Code –

WASHINGTON, D.C. – The release of new data showing low levels of personal saving add to the reasons for bipartisan approaches to address the anti-saving bias in the tax code, Vice Chairman Jim Saxton of the Joint Economic Committee (JEC) said today. Saxton's comments were a reaction to new official releases of data on quarterly and monthly personal saving rates showing both under one percent.

"The latest figures confirm the fact that personal saving rates remain at historically low levels," Saxton said. "Given the pervasive bias against personal saving in the tax code, these results should be no surprise. Action on bipartisan legislation to raise the tax deduction for Individual Retirement Arrangements (IRAs) is urgently needed.

"Lowering the tax bias against saving through a higher IRA deduction would increase incentives for more personal saving. This would better enable families to prepare for their own needs such as retirement, education, serious medical, or certain other expenses. We should act to encourage middle class Americans to accumulate significant nest eggs to provide for their retirement and economic security.

"In addition, a significant increase in saving would also provide a better foundation for national and international economic growth. The large U.S. trade deficits have prompted international concern about imbalances in the economy. However, we can also address the current account deficit by increasing incentives for domestic saving instead of reducing investment, including investment from abroad.

"In sum, the balance sheets of both families and the U.S. economy as a whole can be significantly improved by higher personal saving. The current tax policy penalizing personal saving is shortsighted and counterproductive, and should be changed by increasing tax deductions for IRAs and for enhancing 401(k) plans. As one who has worked on this issue for several years, and as a sponsor of bipartisan legislation in this area, I am confident that Congress will act to provide these incentives in the near future," Saxton concluded.

For more information on IRAs and saving incentives, please visit our website at www.house.gov/jec.

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