



CONGRESS OF THE UNITED STATES

# *JOINT ECONOMIC COMMITTEE*

CHAIRMAN JIM SAXTON

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## PRESS RELEASE

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## PROPOSALS TO HELP SENIOR INVESTORS MAKE ADVANCES

WASHINGTON, D.C. – Recent regulatory and legislative actions to help senior investors by relaxing rigid retirement plan rules are urgently needed, Chairman Jim Saxton said today. Saxton’s comments were directed at a recent Treasury Revenue Ruling (2002-62) permitting more flexibility for seniors receiving fixed payments from IRA and retirement plans, and consideration by the House Ways and Means Committee of legislation to relax mandatory distribution rules. This legislation would raise the 70 ½ age trigger requiring mandatory distributions from IRAs and retirement plans to retirees. Saxton recently released a JEC study, *The Taxation of Individual Retirement Plans: Increasing Choices for Seniors*, examining a range of potential policy options to relax the rules on mandatory distributions from retirement accounts.

“My ultimate goal is the total repeal of mandatory distributions on IRAs and rolled over 401(k)s, as proposed in H.R. 1368,” Saxton said. “Any policy changes that would move us in that direction are very desirable. These distributions embody just one form of discrimination against saving and investment, and thus are economically counterproductive. We should shield as many retirees from this shortsighted feature of current tax policy as possible. Federal tax policy should not erode the retirement assets of seniors when they may need these assets for emergencies, health care, or other purposes.

“As I have pointed out many times before, under current market conditions, the mandatory distribution requirements are especially damaging. As one Treasury official recently said of its new approach, ‘This change will help many taxpayers to preserve their retirement savings by allowing those individuals to slow their distributions down in the event of unexpected market downturns.’ However, despite the recent Treasury action, many millions of other seniors will still face this exact problem until the tax law is changed.

“The policy changes included in the Way and Means Committee legislation would delay mandatory distributions for many retirees. I hope it is passed speedily by the House and sent to the Senate for action to protect seniors facing onerous distributions and resulting taxes under current market conditions,” Saxton concluded.

For a copy of the JEC study, *The Taxation of Individual Retirement Plans: Increasing Choices for Seniors*, please visit the JEC website at [www.house.gov/jec](http://www.house.gov/jec).

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