



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

CONGRESSMAN JIM SAXTON

PRESS RELEASE

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TAX RELIEF FOR SENIOR INVESTORS INTRODUCED

WASHINGTON, D.C. – Legislation repealing the requirement that mandatory withdrawals by retirees from traditional Individual Retirement Arrangements (IRA)s must begin at age 70 ½ was introduced as H.R. 315 on January 8, 2003, Congressman Jim Saxton announced today. A prohibitive 50 percent federal excise tax is levied on retirement plan assets not withdrawn according to the federally mandated schedule.

"I have long believed that mandating withdrawals from IRAs at age 70 ½ is counterproductive and biased against saving and investment," Saxton said. "After all, the age threshold is arbitrary, and seniors should be allowed to continue holding their assets in retirement plans until they need them for medical and living expenses, as well as emergencies. I also believe that the current age threshold is discriminatory and unfair to seniors. Congress should remedy this situation as it considers other tax legislation later this year.

"Why force seniors to reduce their retirement plan assets at an age when they may need them most? The only answer is that the mandatory withdrawals are designed to trigger federal income tax payments. These tax payments erode the retirement funds of seniors when they are most vulnerable. Furthermore, an outrageous 50 percent federal excise tax is imposed on assets not withdrawn on schedule. I have previously proposed legislation to address this counterproductive and discriminatory tax by repealing mandatory withdrawals on IRAs and rolled over 401(k)s, and have been encouraged by the number of cosponsors attracted by this and similar proposals," Saxton concluded.

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

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