



CONGRESS OF THE UNITED STATES

# JOINT ECONOMIC COMMITTEE

JIM SAXTON

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## PRESS RELEASE

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### SWEEPING EXPANSION OF IRAs PROPOSED

— Individual Saving Incentives Raise Prospect of Bipartisan Support —

**WASHINGTON, D.C.** – Legislation to raise the \$2,000 ceiling for deductible Individual Retirement Account (IRA) contributions and to broaden their availability to middle class taxpayers was introduced today by **Congressman Jim Saxton**, who will serve as **Vice Chairman of the Joint Economic Committee** in the 106<sup>th</sup> Congress.

“This bill would correct much of the bias in the tax code against personal saving,” Saxton said. “With personal savings rates at historically low levels, now is the time to lessen the tax burden on middle class saving. Furthermore, as the baby boomers approach retirement in coming years and younger Americans look to an uncertain future, it is essential that their efforts to save are not undercut by federal tax policy.

“While it is common in Washington to bemoan the low personal savings rate and its implications for the future, action to address the problem is needed in the 106<sup>th</sup> Congress. Why should we be surprised at the low personal savings rate, if we continue to maintain a tax structure that imposes multiple layers of taxation on personal saving?

“IRAs have enjoyed bipartisan support in the past. It should be possible to arrive at a bipartisan package to enhance IRAs and provide other incentives for personal saving. Any proposal or set of proposals that would increase personal saving should be carefully considered by Congress in framing tax legislation.”

The bill would expand IRAs and strip away much of the multiple taxation of personal saving and investment in the United States. The bill provides that the current \$2,000 IRA deduction ceiling would be increased by \$500 annually over 10 years. At the end of this period, the deduction cap would be \$7,000 annually, plus an annual adjustment for inflation. The bill also would increase income eligibility limits for full IRA deductions by \$10,000 annually for six years for joint filers, and by \$5,000 annually for single filers. Liberalized withdrawals are provided for medical expenses, such as long-term care and unemployment.

Original cosponsors include Majority Leader Dick Armey, Democratic Caucus Chairman Martin Frost, and Representatives Bob Stump, Dan Miller, Chris Smith, Richard Baker, Spencer Bachus, and Steve Chabot.

For more information on IRAs and other saving incentives, please visit the JEC website at <http://www.house.gov/jec/>.

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