



NEWS RELEASE

Congressman Walter B. Jones

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FOR IMMEDIATE RELEASE
August 5, 2005

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JONES INTRODUCES BILL TO EXPAND OPTIONS FOR FAMILIES RECEIVING DEATH GRATUITY

H.R. 3478 would amend the Internal Revenue Code of 1986 to permit the military death gratuity to be contributed to certain tax-preferred accounts.

WASHINGTON, D.C. – Third District Congressman Walter B. Jones has introduced H.R. 3478, a bill to amend the Internal Revenue Code of 1986 to permit military death gratuities to be contributed to certain tax-preferred accounts. A death gratuity is a lump sum payment paid to survivors of service members whose death resulted from combat-related circumstances including armed conflict, hazardous service, performance of duty under conditions simulating war, or incurred in a combat operation or zone as designated by the Secretary of Defense. Current tax law limits the amount that recipients of the death gratuity can place in tax-preferred accounts such as a Roth IRA, Health Savings, Archer Medical Savings or Coverdell Education Savings Account. Congressman Jones' bill would change that to allow recipients to contribute up to the full amount of the gratuity payment to any one of those accounts.

“Our men and women in uniform serve this nation with great honor and distinction. Many give their lives for this country defending our freedom and bringing freedom to others,” Jones said. “As a sign of appreciation, though never a replacement for that loved one lost, family members receive what is commonly known as the ‘death gratuity.’”

“As the families of our fallen heroes try to put their lives back together, they need all the help they can get. They shouldn't have to worry about saving the death gratuity to pay for health care, college or other expenses and then have the government come in and tax the interest on that savings. This bill would help ensure that doesn't happen.”

Specifically, H.R. 3478 would do the following when applied to the military death gratuity:

- Waive the annual cap of \$4,000 for annual contribution to a Roth IRA;
- Waive the annual cap of \$5,250 for annual contribution to a Health Savings Account;
- Waive the annual cap of 75% of the deductible for contribution into an Archer MSA; and
- Waive the annual cap of \$2,000 for annual contribution for Coverdell Education Accounts.

Jones was approached with the general idea by Captain Michael Ceres, a constituent stationed at Marine Corps Air Station New River. Capt. Ceres, who just returned from Operation Iraqi Freedom, contacted Jones' office and suggested that Congress institute this change to ease the burden on grieving military families.

For additional information or to schedule an interview with Congressman Walter B. Jones please contact Kathleen Joyce at (202) 225-3415.