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JOINT ECONOMIC COMMITTEE

CHAIRMAN JIM SAXTON

PRESS RELEASE

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SAXTON WELCOMES SUPPORT FOR SENIOR INVESTOR RELIEF

WASHINGTON, D.C. - Chairman Jim Saxton of the Joint Economic Committee today welcomed improved prospects for legislation ending tax discrimination against senior investors. According to recent press reports, such legislation may be under consideration by the Congress later this year. Saxton is the sponsor of H.R. 1368, a bill that would end mandatory withdrawals from Individual Retirement Arrangements (IRAs) by seniors after age 70½, a provision of current tax law designed to force income tax payments on these withdrawals. Seniors could roll over 401(k) assets into IRAs to receive the same tax benefit.

“I’m encouraged by the support this concept is reportedly gaining in Congress,” Saxton said. “The law’s requirement forcing distributions from IRAs is anti-senior and anti-saving. If seniors choose to conserve their resources for emergencies or other purposes, why should the tax law force them to undermine their retirement security? The only reason is to force tax payments from seniors at a time when many of them are most vulnerable to unforeseeable problems. Moreover, under current market conditions, this would force seniors to sell part of their assets at greatly depressed prices.

“IRAs are a terrific savings vehicle for middle-class taxpayers. With an IRA, ordinary middle-class taxpayers can accumulate wealth much faster because the return on these investments compounds on a tax-deferred basis. Thus, an IRA can make a substantial contribution to retirement security.

“However, the mandatory withdrawals force tax payments that significantly erode the wealth of seniors. Moreover, with longer life expectancies and many seniors working later in life, the 70½-age trigger is unrealistically low. Many seniors have barely retired before being hit with stiff tax payments on withdrawals they do not want to make. This simply is age discrimination against senior savers.

“I’m pleased at the increasing support for this idea and for the growing awareness among the public of this problem facing seniors. Seniors have saved for retirement, not to trigger premature, heavy tax payments at an arbitrary age. Let’s retire age discrimination against senior savers,” Saxton concluded.

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