

WASHINGTON – Spearheaded by Congressman Spencer Bachus (AL-6) and Congressman Rodney Frelinghuysen (NJ-11), 61 Members of Congress today urged President Bush to help senior citizens whose retirement accounts have been hit by market losses this year.

The President will reportedly sign a pension bill suspending the minimum distribution requirement for retirement accounts for 2009. Bachus and Frelinghuysen coordinated a bipartisan letter asking the President to direct the Secretary of the Treasury to waive the rule for retirement accounts for 2008 and allow those who have been forced to remove funds to recontribute in order to give their savings time to recover from the down market.

“While the Internal Revenue Code requires retired individuals to begin taking withdrawals the later of the year after they retire or the year after they turn 70 ½, it is our understanding that Treasury regulations set the specific intervals and penalties, and therefore the distribution requirements could be adjusted for 2008 without Congressional action,” the letter stated.

On November 19, Bachus and Frelinghuysen proposed relief for seniors by introducing “The Temporary IRA Distribution Act” (H.R. 7277) which would waive the mandate for both 2008 and 2009. Without such help, seniors who fail to take money from their declining retirement accounts are subject to a tax penalty of as high as 50 percent.

The provision affecting withdrawals made in 2009 was included in an overall pension bill passed by Congress this month. A spokesman for the House Education and Labor Committee said the bill was passed with the understanding that the Treasury Department was actively working on a tax solution for this year. To date, the Department has not approved administrative relief.

Congressman Bachus said, “Federal tax regulations should not force seniors to take money from their retirement accounts at a time when the value of their investments has plummeted. The bill pending before the President is a good step going forward, but seniors have already suffered significant losses and administrative action is needed to protect their savings this year as well.”

Congressman Frelinghuysen said, “The government should not

mandate financial losses on retirees by forcing them to sell their stocks when the market is low. The President should step in and help older Americans by suspending mandatory minimum withdrawal rules for 2008.”

The text of the letter follows.

December 19, 2008

Via Facsimile (202-456-3501)

The Honorable George W. Bush

President of the United States of America

The White House

1600 Pennsylvania Avenue, N.W.

Washington, DC 20500-0001

Dear Mr. President,

It is our understanding that you are on schedule to sign H.R. 7327, the Worker, Retiree, and Employer Recovery Act of 2008, in the next few days. This legislation contains an important provision temporarily waiving the required minimum distribution rules for IRAs, 401(k)s, and 403(b)s for the 2009 tax year.

We respectfully request that you use your executive authority to direct the Secretary of the Treasury to use the flexibility provided by statute to immediately waive the same rules for the

2008 tax year. Furthermore, we ask that you use the same authority to allow retirees who have already withdrawn in 2008 to make recontributions to their accounts. By doing this, you will allow retirees to protect some of their savings during these rough economic times.

While the Internal Revenue Code requires retired individuals to begin taking withdrawals the later of the year after they retire or the year after they turn 70 ½, it is our understanding that Treasury regulations set the specific intervals and penalties, and therefore the distribution requirements could be adjusted for 2008 without Congressional action.

We thank you in advance for your prompt consideration of this request.

Respectfully,

Spencer
Bachus
Frelinghuysen

Rodney

Member of
Congress
Congress

Member of

Cathy McMorris

Rodgers
Sessions

Pete

Member of
Congress
Member of Congress

Jo
Bonner
Mike Rogers (AL)

Member of
Congress
Member of Congress