

Bachus, Frelinghuysen Announce 61 Members of Congress Ask President for Senior Retirement Savings Relief

December 19, 2008

Spearheaded by Congressman Spencer Bachus, Ranking Member of the Financial Services Committee, and Congressman Rodney Frelinghuysen, 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.”

[Click here for a copy of the letter to the President.](#)

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