

April 18, 2012

House Ways & Means Hearing: Retirement Savings

Timed to coincide with the annual tax filing deadline, yesterday the House Ways and Means Committee held a hearing to examine “the current menu of options for retirement savings...and to explore whether, as part of comprehensive tax reform, various reform options could achieve the three goals of simplification, efficiency, and increasing retirement and financial security for American families.” It marked the first time the Committee had squarely addressed the issue of existing retirement savings incentives in the context of the need for deficit reduction and the broad push for tax reform. Witnesses included the following (testimony linked):

- [Jack VanDerhei](#) of EBRI
- [Judy Miller](#) of ASPPA
- [William Sweetham](#) of Groom Law Group
- [David John](#) of Heritage Foundation
- [Randy Hardock](#) for American Benefits Council

Over the past year, the New England Council has strongly advocated the preservation of existing tax code provisions that encourage retirement savings, in direct [letters to the New England delegation](#) and in other activities. Witness testimony Tuesday echoed the key points made by the Council over recent months, including the importance of encouraging behavior that promote individual financial self-sufficiency through private savings alternatives; the trend toward dramatically lower American savings rates over time and the formidable shift in demographics with the nation’s baby-boomers reaching retirement age.

Encouraging News on Retirement Savings Incentives

While House Ways and Means Committee Chair David Camp indicated that he had yet to form a final opinion on the treatment of retirement savings incentives for the upcoming congressional tax reform debate, he did urge simplification of existing incentives and support for those ideas which would encourage greater participation by low and middle income taxpayers. Chairman Camp distinguished between tax expenditures in general and those which promote retirement savings. In comments after the hearing, Camp said “You do not have to eliminate all expenditures to get to that [25% top rate] level — not at al.” Committee Ranking Member Sander Levin also cautioned against wholesale changes to the existing retirement savings systems, simply to achieve lower tax rates.