

News from Senator

BOB DOLE



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DOLE TO INTRODUCE BILL TO ESTABLISH HOUSING, EDUCATION SAVINGS ACCOUNTS

WASHINGTON-- Saying that the average person can no longer be assured of buying a home or sending his or her children to college, Senator Bob Dole (R-Kansas) says he plans to introduce legislation establishing savings accounts for housing and higher education.

"The cost of a house and the higher education for young people are the major financial undertakings of an individual during his or her lifetime," said Dole. "A home of one's own and a better chance for one's children for the basis for the American Dream. But inflation and a decline in real income have turned that dream into a nightmare. That is why I intend to introduce legislation providing tax incentives to help people save for these purposes," said Dole.

Tax Deductions

The housing and education savings account bill would provide a tax incentive for families to help them accumulate funds to purchase a first home and to provide for their children's higher education. An individual would be allowed a tax deduction annually of up to \$1,500 (\$3,000 for a married couple filing jointly) set aside in a special account, similar to an Individual Retirement Account (IRA), which would allow for the accumulation of a down payment on a first house. Contributions could be made for up to 10 years.

Interest on the account would be tax free as long as the money was applied to the purchase of a first home.

Education Account

An annual deduction of up to \$1,000 per child would be allowed for contributions to similar accounts for the purpose of paying the costs of higher education. The amounts used for the qualified purpose will be taxed ratably over 10 years to the child for whose benefit the amounts were expended.

/ Any amounts in either type of account which are not used for the qualified purpose will be taxed to the contributor in the year of distribution and will also be subject to an additional 10 percent penalty tax.