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DOLE BILL WOULD ALLOW COST-OF-LIVING ADJUSTMENTS FOR I.R.A. ACCOUNT DEDUCTIONS

WASHINGTON, D.C. -- Senator Bob Dole today introduced a bill that would make annual cost-of-living adjustments in the amounts deductible for Individual Retirement Accounts. Dole's bill would direct the Commissioner of the Internal Revenue Service to annually adjust the deductible limit to the nearest multiple of \$50. Individual retirement bonds are sold in multiples of \$50.

Following is the full text of Dole's introductory statement:

Mr. President, I send to the desk a bill to protect the retirement benefits of millions of Americans.

Under the Employee Retirement Security Act of 1974, a taxpayer who is not an active participant in a qualified pension plan may establish an Individual Retirement Account. The participant can contribute a maximum of \$1,500 per year for him or herself and in some instances \$250 for a non-working spouse. This fund is available to the individual at retirement.

EFFECTS OF INFLATION

Since the enactment of ERISA in October of 1974, the Consumer Price Index has increased 21.5 percent. Unfortunately, it appears that we will continue to experience a rise in prices, probably for the remainder of the decade. Although the taxpayer gets a tax deferred build-up of earnings from an IRA, the principal is constantly being eroded by inflation. My bill would make annual cost-of-living adjustments in the amount eligible for contributions. This would enable a taxpayer to keep up with inflation and preserve the purchasing power of the fund.

TAX REFORM ACT

Mr. President, the Tax Reform Act of 1976 expanded IRA rules to include a non-working spouse. Consequently a spouse who does not have income from employment or self-employment has some access to a tax deferred retirement program.

While the change is well received, the Senator from Kansas believes we need to take further steps to provide and protect retirement benefits.

MILLIONS DEPEND ON IRA

Mr. President, it is of utmost importance that the Congress assure individuals who have spent their careers in useful and productive work will have adequate incomes to meet their needs when they retire. The purpose of the cost-of-living adjustment is to prevent the erosion of the value of an employee's retirement due to inflation. Millions of Americans are depending on Individual Retirement Accounts to provide security at retirement. Unless we can nullify the effects of inflation, retirement benefits will continue to decline.