
**Financial Institutions &
Insurance Committee**

SJM 8052

Brief Description: Requesting that the congressional delegation of the state of Washington work to pass lifetime and retirement savings accounts.

Sponsors: Senators Benton and Roach.

Brief Summary of Bill

- Requests Washington's congressional delegation to support and vote to enact Lifetime and Retirement Savings Accounts.

Hearing Date: 2/24/04

Staff: Carrie Tellefson (786-7127).

Background:

President Bush's 2005 budget includes the following savings initiatives: retirement savings accounts, lifetime savings accounts, employer retirement savings accounts, and individual development accounts. Retirement savings accounts (RSAs) and lifetime savings accounts (LSAs) allow individuals to contribute up to \$5,000 per year, with no limitations based on age or income status. The contribution limit was modified from last year's 2004 budget proposal, which had a limit of \$7,500 per year. Contributions are not deductible. Earnings accumulate tax-free and all distributions (for LSAs) or qualified distributions (for RSAs) are excluded from gross income. Individuals may convert existing tax-preferred savings into these new accounts in order to consolidate and simplify their savings arrangements. Roth IRAs would be renamed "RSAs" and fall under the new rules for RSAs. Existing traditional and nondeductible IRAs could be converted into an RSA by taking the conversion amount into gross income, similar to a current-law Roth conversion. Existing traditional and nondeductible IRAs that are not converted to RSAs could not accept any new contributions after 2004.

Summary of Bill:

The Legislature requests that Washington's elected Senators and Representatives in the United States Congress support and vote to enact Lifetime and Retirement Savings Accounts and requests that copies of this memorial be transmitted to each member of Congress from the State of Washington.

Appropriation: None.

Fiscal Note: Not requested.