

May 15, 2001

The Honorable Charles E. Grassley
United States Senate
Washington, D.C. 20510

Dear Chairman Grassley:

On behalf of America's 80 million credit union members, I am writing to thank you for working so hard to include in the Senate tax bill measures designed to help our working citizens be financially prepared for retirement. I strongly encourage your support in making sure that the provisions of S. 742, the *Retirement Security and Savings Act*, remain part of a final tax bill.

Given that the national savings rate is at an all-time low, passage of this bill would be an important step in ensuring overall financial self-sufficiency for all Americans, as well as a greater degree of economic independence for those of retirement age. CUNA strongly supported similar efforts in the 106th Congress, and continues to believe that increasing IRA, 401(k), 403(b), and 457 contribution limits, along with the simplification of complex pension laws, will ensure that more Americans have the tools necessary to save for retirement. Additionally, CUNA applauds efforts to provide savings opportunities for lower-income workers.

The current annual contribution limits are not indexed for inflation, and have remained at \$2,000 since 1981. If contribution levels had simply been adjusted for twenty years of inflation and cost of living increases, the IRA contribution level would be more than \$5,000 today. This legislation would remedy this oversight by raising the annual contribution limit from \$2,000 to \$5,000. Also, the bill's increase of the annual limit of 401(k) contributions from \$10,500 to \$15,000 would greatly enhance the retirement security of all working Americans.

We strongly support this farsighted approach to the complicated retirement issues facing American consumers, and look forward to working with you to gain passage of this important legislation.

Sincerely,

Daniel A. Mica
President & CEO