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S. 287 - Homemaker IRA [Individual Retirement Account] Deduction Legislation (1996)

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S	50	7	3	3

OFFICE OF SENATOR BARBARA A. MIKULSKI
UNITED STATES SENATE
709 HART SENATE OFFICE BUILDING
WASHINGTON, D.C. 20510-2003

FAX TRANSMITTAL FORM

DATE: June 17, 1996

THE FOLLOWING ~~3~~ 4 PAGE(S) (INCLUDING THIS FORM)

IS/ARE FOR: Jennifer Sink

FROM: John Sciamanna

IF TRANSMITTAL IS INCOMPLETE, PLEASE CALL 202-224-4654

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(ADDITIONAL INFORMATION): IRA Equity info you requested. If you need more info call me at 224-8875

II

104TH CONGRESS
1ST SESSION

S. 287

To amend the Internal Revenue Code of 1986 to allow homemakers to get a full IRA deduction.

IN THE SENATE OF THE UNITED STATES

JANUARY 26 (legislative day, JANUARY 10), 1995

Mrs. HUTCHISON (for herself, Ms. MIKULSKI, Mr. ABRAHAM, Mr. ASHCROFT, Mr. BENNETT, Mr. BOND, Mr. BROWN, Mr. BURNS, Mr. COATS, Mr. COCHRAN, Mr. COHEN, Mr. COVERDELL, Mr. CRAIG, Mr. D'AMATO, Mr. DEWINE, Mr. DOLE, Mr. DOMENICI, Mr. FAIRCLOTH, Mr. FRIST, Mr. GORTON, Mr. GRAMM, Mr. GRAMS, Mr. GRASSLEY, Mr. GREGG, Mr. HATCH, Mr. HATFIELD, Mr. HELMS, Mr. INHOFE, Mrs. KASSEBAUM, Mr. KEMPTHORNE, Mr. KYL, Mr. JEFFORDS, Mr. LOTT, Mr. MACK, Mr. MCCAIN, Mr. MCCONNELL, Mr. MURKOWSKI, Mr. NICKLES, Mr. PRESSLER, Mr. ROTH, Mr. SANTORUM, Mr. SHELBY, Mr. SIMPSON, Mr. SMITH, Ms. SNOWE, Mr. STEVENS, Mr. THOMAS, Mr. THOMPSON, Mr. THURMOND, Mr. WARNER, Mr. BREAUX, Mrs. FEINSTEIN, Mr. JOHNSTON, Mr. MOYNIHAN, Mrs. MURRAY, Mr. REID, Ms. MOSELEY-BRAUN, and Mr. SIMON) introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To amend the Internal Revenue Code of 1986 to allow homemakers to get a full IRA deduction.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. HOMEMAKERS ELIGIBLE FOR FULL IRA DEDUCTION.

(a) SPOUSAL IRA COMPUTED ON BASIS OF COMPENSATION OF BOTH SPOUSES.—Subsection (c) of section 219 of the Internal Revenue Code of 1986 (relating to special rules for certain married individuals) is amended to read as follows:

"(c) SPECIAL RULES FOR CERTAIN MARRIED INDIVIDUALS.—

"(1) IN GENERAL.—In the case of an individual to whom this paragraph applies for the taxable year, the limitation of paragraph (1) of subsection (b) shall be equal to the lesser of—

"(A) $2,000, or

"(B) the sum of—

"(i) the compensation includible in such individual's gross income for the taxable year, plus

"(ii) the compensation includible in the gross income of such individual's spouse for the taxable year reduced by the amount allowable as a deduction under subsection (a) to such spouse for such taxable year.

"(2) INDIVIDUALS TO WHOM PARAGRAPH (1) APPLIES.—Paragraph (1) shall apply to any individual if—

"(A) such individual files a joint return for the taxable year, and

"(B) the amount of compensation (if any) includible in such individual's gross income for the taxable year is less than the compensation includible in the gross income of such individual's spouse for the taxable year."

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 219(f) of the Internal Revenue Code of 1986 (relating to other definitions and special rules) is amended by striking "subsections (b) and (c)" and inserting "subsection (b)".

(2) Section 408(d)(5) of such Code is amended by striking "$2,250" and inserting "$2,000".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1994.

○

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(ADDITIONAL INFORMATION): IRA Equity info you requested. If you need more info call me at 224-8875

S.287

IRA EQUITY FACTS

BY SENATOR KAY BAILEY HUTCHISON AND SENATOR BARBARA MIKULSKI

---

* The tax code prevents married couples with only one income from saving for their retirement security at the same level that it permits two-income couples.

If both spouses in a household earn a paycheck, each is permitted a deductible IRA contribution of up to $2,000 annually, $4,000 in total.

If only one spouse works outside the home, a couple is limited to a deductible IRA contribution of no more than $2,250 annually, $2,000 for the wage-earning spouse and $250 for the non-wage-earning spouse

* If the wage earner of a single-income couple participates in an employee pension plan, there are further limits on the couple's deductible IRA contributions.

* To end this unequal treatment, and promote retirement savings, this bill will permit deductible IRA contributions of up to $2,000 by the non-wage-earning spouse.

Under the bill, both the husband and wife of a single-income couple could make a deductible IRA contribution of up to $2,000, for a total of $4,000 annually.

* The retirements needs of couples are the same regardless of whether one or both individuals work outside the home. This bill provides the opportunity for retirement savings by single-income couples, and in doing so ends discrimination by the tax code against women and men who work inside the home.

* As of January 25, 1995 this measure had 57 co-sponsors in the U.S. Senate. Identical legislation is being sponsored in the U.S. House by Representative Nancy Johnson, D-Connecticut, Representative Jennifer Dunn, R-Washington and Representative Barbara Kennelly, D-Connecticut.

* For further information, call Angela de Rocha at (202) 224-9783.

(OVER)

*** CO-SPONSORS OF THE HOMEMAKERS IRA EQUITY BILL ***

Senators Spencer Abraham, John Ashcroft, Bob Bennett, Kit Bond, Hank Brown, Conrad Burns, Mike DeWine, Dan Coats, Thad Cochran, William Cohen, Paul Coverdell, Larry Craig, Alfonse D'Amato, Bill Frist, Rod Grams, James Inhofe, Bob Dole, Pete Domenici, Lauch Faircloth, John Kyl, Slade Gorton, Phil Gramm, Charles Grassley, Judd Gregg, Orrin Hatch, Mark Hatfield, Jesse Helms, James Jeffords, Nancy Landon Kassebaum, Dirk Kempthorne, Trent Lott, Connie Mack, John McCain, Mitch McConnell, Frank Murkowski, Don Nickles, Larry Pressler, Bill Roth, Alan Simpson, Bob Smith, Ted Stevens, Strom Thurmond, John Warner, Richard Shelby, Rick Santorum, Olympia Snowe, Craig Thomas, Fred Thompson, John Breaux, Dianne Feinstein, Bennett Johnston, Daniel Patrick Moynihan, Patty Murray, Harry Reid, Paul Simon.

*** ENDORSING ORGANIZATIONS ***

American Association of University Women
Business and Professional Women/USA
Christian Coalition
Concerned Women for America
Eagle Forum
Family Research Council
Mothers at Home
National Institute of Womanhood
National Women's Law Center
National Women's Political Caucus
Older Women's League
Traditional Values Coalition

IRA EQUITY HEARING - POTENTIAL QUESTIONS

January 31, 1995

1. How many people will this benefit?

   Joint Tax estimates:

   16,000,000 single-income married couples are eligible for IRAs

   9,152,000 are eligible for IRAs (within pension limitation)

   914,000 participate in IRAs

   135,000 are expected to increase their contributions because of this bill

2. How much does this cost? How would you offset the cost?

   Joint Tax has estimated it would cost $267 million over five years -- 1995 through 1999.

   I believe that there are many potential spending cuts available to save the necessary $267 million over five years.

3. Do you think the American Dream Savings Account ("ADSA") also offers an acceptable way of allowing homemakers to establish an IRA? Why?

   I firmly support expanding IRAs, but we need to make existing IRAs fair before expanding other savings and investment opportunities.

   It is my understanding that the back-ended ADSA proposal, which is similar to the Roth-Breaux bill in the Senate, does not discriminate against homemakers.

   (The Contract with America's "American Dream Savings Account" is a "back-ended" IRA; it does not permit $2,000 deductions for contributions, but it does permit tax-free withdrawals for retirement income, first-home purchases, education expenses, and medical expenses. They claim it does not reduce revenue because it does not provide a current deduction for contributions.)

4. Do you have any studies or information showing how much increased savings would be generated by your proposal?

Single-income homemakers saving $2,250 each year for thirty years will have $188,554 for retirement, at six percent interest. If a single-income couple is permitted to save $4,000 a year, after 30 years they will have $335,207 -- an increase in savings of almost $150,000. (Our chart is attached.)

(We don't have aggregate numbers for total savings -- that is, how it will affect the economy. Joint Tax estimates that the bill will cause individual contributions to increase $135 per couple. This will make the average total contribution for both spouses (after the bill is passed) $2,000.)

5. Will this proposal really help? Won't married couples just shift their assets to tax-deferred accounts?

I believe that if we increase the incentives for saving, new money will be put aside. Deferring tax on savings increases the return without increasing the risk, so investment should increase.

I know that the shifting of investment debate continues, but I'm happy to leave it to the academics. For me it's enough to know that people are providing for their future by setting aside independent retirement savings within the restrictions of an IRA account.

6. Is this proposal really necessary? Single-income married couples making less than $40,000 need all their money to live; they can't set aside money for retirement.

I know that savings opportunities are limited for many Americans, but it is a matter of principle that we provide them with equal opportunity to save, and on an equal basis with other working Americans.

7. Doesn't this proposal give an added benefit to the rich?

No. The change is made within the existing limits on the deductibility of contributions by single-income married taxpayers that actively participate in a retirement plan. Higher-income taxpayers could benefit only if they don't have any other pension plan, and there's nothing wrong with that -- all taxpayers should have at least one tax-deferred retirement savings plan.

TRANSCRIBED REMARKS OF SENATOR MIKULSKI

INTRODUCTION OF IRA EQUITY LEGISLATION

FEBRUARY 2, 1994

I am delighted to work with Sen. Hutchinson on a bi-partisan basis to support spousal IRA legislation.

I like this legislation because it reflects our values, it gives help to those who practice self-help. It acknowledges the values of motherhood and it acknowledges that work that is done in the home is important to American society.

Not all work is done in the marketplace. A substantial part of the most important work of America goes on in the home in every way. This legislation will provide the same IRA tax deduction to stay-at-home moms as is available now to those who earn an income outside the home.

I believe that what we explicitly state as our values we should implicitly reflect in our public policy.

We are now seeing that motherhood is absolutely important. We've known that all along - from the ten commandments that say honor thy father and other - now to those who see that the breakdown in the family, that the whole role of a mother and a father is perhaps far more important - what they do as a mom and dad - than what anyone does in the marketplace.

Our current tax law provides a full IRA deduction only to mothers who work outside the home. But work is work, whether it is done inside the home or outside of the home, and when we are talking about productivity, how about someone who views their work as a full-time mom, not only as an occupation but a pre-occupation.

I believe when we say honor your mother and your father it should not be only a commandment, but a public policy, and it should be in our law books so that in the future when people retire it is also in their checkbooks. We should not penalize those who care for their families as their full-time occupation.

Often in our society we don't count what counts. When we look at the Gross Domestic Product, we look at what is done in the marketplace, but what is not counted is what is done in the home or what is done as volunteer work. I happen to believe that one of the most important areas of productivity is what goes on in the home.

The current rules of government however do not really support this. We see this in our pension plans. We see this in the way government policy works in other areas. We fought very hard to get the Family and Medical Leave Law. I believe this is the next step in very important pro-family legislation, along with health insurance reform.

I support this legislation because it truly acknowledges the value of the family. It gives help to those who practice self-help. It builds strong communities and honors our values.

It also acknowledges the pattern of women as they work in and out of the marketplace. Many women do not have linear careers, with glittering resumes, tickets being punched and revolving rolodexes that take them on to the path to glory.

Most women do the ordinary with enthusiasm, whether it is raising their family or raising the productivity of the private sector in the marketplace.

But because they work, and then have their children and return to the marketplace, and then back out, often their pension plans are spotty, erratic, and most often skimpy.

So I support this legislation because I believe we should take our values and put them into pragmatic public policy and I am pleased to join with my colleagues on a bipartisan basis as a co-sponsor of this legislation.

# # #

IRA EQUITY

A BILL TO PROVIDE EQUITABLE RETIREMENT SAVINGS FOR WOMEN WHO WORK INSIDE THE HOME

By Senator Hutchison and Senator Mikulski

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- The tax code prevents married couples that rely on one income from equitably saving for their retirement:

  If both spouses in a household bring home a paycheck, each is permitted a deductible IRA contribution of up to $2,000 annually -- $4,000 in total.

  If only one spouse works outside the home, a married couple is limited to a deductible IRA contribution of up to $2,000 annually, **plus only $250 for the homemaker's retirement needs -- $2,250 in total.**

- To end this unequal treatment of women (and men) that work inside the home, and to promote retirement savings, IRA Equity will permit deductible IRA contributions of up to $2,000 by spouses that work inside the home. If enacted, single-income couples would have the opportunity to save $4,000 a year towards retirement.

- Under current law, a single-income married couple saving $2,250 each year for thirty years will have $188,554* for retirement. With the bill's $4,000 annual contribution limit, after 30 years they will have $335,207 -- **an increase in savings of $146,653.**

* assumes a 6% return on investment

IRA EQUITY

A BILL TO PROVIDE EQUITABLE RETIREMENT SAVINGS FOR WOMEN WHO WORK INSIDE THE HOME

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Endorsing Organizations

American National Cattlewomen
American Association of University Women
Business and Professional Women/USA
Christian Coalition
Concerned Women for America
Eagle Forum
Family Research Council
Mothers At Home
National Institute of Womanhood
National Women's Law Center
National Women's Political Caucus
Older Women's League
Traditional Values Coalition

HUTCHISON-MIKULSKI IRA EQUITY -- INCREASE IN RETIREMENT SAVINGS*

BEFORE - WITH $2,250 CONTRIBUTION CAP FOR SINGLE INCOME MARRIED COUPLES

Total Savings After

20 Years	30 Years	40 Years
$87,734	$188,554	$369,107

AFTER - WITH $4,000 CONTRIBUTION CAP FOR SINGLE INCOME MARRIED COUPLES

Total Savings After

20 Years	30 Years	40 Years
$155,971	$335,207	$656,191

Increase In Savings Under IRA Equity

$68,237	**$146,653**	**$287,084**

* assumes a 6% return on investment

WASHINGTON FEMINIST FAXNET

The Center for Advancement of Public Policy
Martha Burk, President
1735 "S" Street N.W. Washington, D.C. 20009
Fax (202) 265-6245 Voice (202) 797-0606

June 14, 1996

HELP FOR HOMEMAKERS

Help is on the way for one of the most overworked, underpaid, and underappreciated groups of women. Senators Kay Bailey Hutchison (R-TX) and Barbara Mikulski (D-MD) have teamed up to author the Homemaker IRA Bill, which has cleared committee and may be sent to the Senate floor very soon. As things stand now, in two-earner families spouses can put away $2000 each per year for individual retirement accounts, while those with a homemaker are allowed to save $2000 for the outside earner and only $250 for the homemaker. That says homemaking is worth only 10% of outside work. *Present law was obviously written by people who never changed a dirty diaper, ironed a shirt, scrubbed a john, mopped a floor or cooked a meal . . . who in the world could that have been?* The Hutchison-Mikulski Homemaker IRA Bill will put an equal value on homemaker's work. Call your Senator today (202-225-3121), to tell them if they really care about home and hearth, they'll support women by supporting this bill.

TINA, THE SPERM CLEANER

Tina is the nickname of a woman in *Cocktales*, a rap song that describes the sexual attributes of several women. *Cocktales* is part of a pantheon of anti-woman, violent, and degrading lyrics currently on the rap music scene. Others include *Slap a Hoe*, which advertises an automatic woman-beater, and several death-metal songs -- one of which describes in graphic terms a bloody rape, and another the rapper's wish to use the severed head of a young girl to masturbate. These messages are being distributed by some of the largest corporations in the U.S. C. DeLores Tucker, President of the National Political Congress of Black Women, is demanding that CEOs of these companies take personal responsibility before the world for this filth. She joins Sen. Sam Nunn (D-GA) in shining the light on this woman-bashing "music" by releasing the lyrics of 21 albums so the public can bring pressure on corporations that profit from debasement of women. Contact Dr. Tucker's campaign at 800-332-2000; fax 202-625-0499.

CELEBRATE PRIDE MONTH WITH A DIFFERENT KIND OF RAPP

Sandy Rapp, the feminist lesbian songwriter and singer, retells the beginnings of the contemporary lesbian/gay movement with "Everyone Was at Stonewall," on her *We The People* album, now available toll-free from Ladyslipper Music, 800-634-6044.

STAMP OUT BREAST CANCER

The Breast Cancer Awareness 32-cent stamp goes on sale tomorrow. With an initial print run of 100 million stamps, the Postal Service is waiving licensing fees on the design to encourage non-profits to create fundraising merchandise. Early detection literature will be in post office lobbies too.

STAMP OUT BREAST SEXPLOITATION

Hooters, the food chain (*or is it the bottom of the food chain*) restaurants that push women's breasts as objects to ogle, is also pushing for a better public image. They're sponsoring the National Golf Association tour with events like last week's Hooter's Tour Bud Light Classic. Louisiana NOW is coordinating a campaign to pressure sports and community events not to accept Hooter's as a sponsor, or we could see this business that promotes women as sex objects work its way into Olympic sponsorship in the year 2000. NOW's Ellen Blanker asks the state of Kansas (with Hooters logo on freeway exit signs) "*Would the state of Kansas . . . advertise for a restaurant called Buns, Peckers or Pricks which features shirtless boys in tight biker shorts who entertained women customers?*" For a sample letter and copy of the Stop Hooters Resolution, contact Blanker at 504-568-7036.

HAVE HARDEES HAMBURGERS INSTEAD OF HOOTERS GARBAGE

In addition to donating proceeds from this year's U.S. Women's Open Golf Championship to promote awareneness and early detection of breast cancer, Hardee's is running full-page ads highlighting women in professional sports who've overcome the disease. Latest ads feature top golfer Shelley Hamlin and Kay Yow, NC State's Women's basketball coach. You know where to find them for a burger, but for a thumbs-up on these ads, reach them at 800-777-8000 (press option 1 and you'll get a live person).

RESOURCES

NOW Legal Defense and Education Fund has just published *Drawing the Line: A Handbook for Creating Community Residential Picketing and Buffer Zone Laws*. It details what can and can't be done about residential picketing of abortion providers, explains buffer zones around clinics, and gives guidelines for community ordinances. A good primer on the legal status of cases, too. $5 from 99 Hudson St., NY, NY 10013; 212-925-6635.

QUOTABLE

"*The military wants members of a unit to bond for morale. And too many young men worry that if they're around a gay person, and they bond, then gee, that means they're gay too. Maybe we should just teach men how to say 'no,' the way we teach young women. Most men never have to learn.*" -- Margarethe Cammermeyer on banning gays in the military