



Committee On Finance

Max Baucus, Ranking Member

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Contact: Carol Guthrie
(202) 224-4515

BAUCUS BILL WILL AID RETIREMENT SAVINGS, NATIONAL SAVINGS TO IMPROVE AMERICA'S ECONOMIC COMPETITIVENESS

*Senator will introduce third of seven bills on U.S. competitiveness tomorrow;
"Savings Competitiveness Act of 2006" will increase America's ability to invest, grow economy*

Washington, DC – Legislation to be introduced tomorrow by U.S. Senator Max Baucus (D-Mont.), Ranking Democrat on the Senate Finance Committee, will seek to boost America's economic competitiveness through personal and national savings. Baucus, a conferee on the pension reform bill currently under consideration, says that helping Americans increase their personal savings boosts investment that is essential to innovation and economic growth. Likewise, restoring fiscal responsibility to government spending can improve our country's ability to invest. The Savings Competitiveness Act will increase employee access to retirement savings, and restore fiscal responsibility to the Federal budget through strong pay-go rules. It will be the third in a series of Baucus bills to enhance American economic competitiveness.

"When American individuals and businesses put money in the bank, banks lend it out to invest in new factories, machines, and inventions that contribute to our innovation and economic growth. So increased savings in the private sector will rev the country's economic engine," said Baucus. **"On the government side, eliminating deficits and creating savings can increase investment as well, and provide economic security that's sorely lacking today."**

Full language of the Savings Competitiveness Act of 2006 will be available upon its Thursday introduction. The individual savings provisions will help workers save for retirement by expanding the availability of payroll-deduction retirement savings, and encouraging employers to automatically enroll workers in 401(k) plans and other payroll deduction retirement savings arrangements. The bill will also provide "secure" IRAs with limited investment options and fees to simplify investment decisions and educational efforts. It will offer a small employer tax credit for employer contributions to new retirement plans, a 50 percent matching contribution for lower income taxpayers, a \$50,000 exemption from minimum distribution requirements for retirees with modest savings, and simplified distribution rules for IRAs and 401(k) plans.

The government savings component of the bill will provide simple but strong rules that require Congress to "pay as it goes" for increases in entitlement spending and tax cuts. Weak "pay-go" provisions are in effect for the Senate at this time, but loopholes in the Senate rule still allow provisions that increase the federal deficit.

"Individuals, businesses and governments all have to live within their means to maintain financial health. Money in the bank affords opportunities to invest, and the ability to deal with unexpected crises," said Baucus. **"Savings can put America on firmer financial footing, and enhance our ability to compete worldwide."**

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