ASPPA

WORKING FOR AMERICA'S RETIREMENT

Letter of support to the Lifetime Pension Annuity for You Act of 2005

June 15, 2005

The Honorable Earl Pomeroy
U.S. House of Representatives
1501 Longworth House Office Building
Washington , DC 20515

Dear Representative Pomeroy:

On behalf of the American Society of Pension Professionals & Actuaries (ASPPA), we hereby express our support for your annuity legislation.

ASPPA is a national society of retirement plan professionals. ASPPA's mission is to educate pension professionals and to preserve and enhance the private pension system. Its membership consists of approximately 5,500 actuaries, plan administrators, attorneys, CPAs, and other retirement plan experts who design, implement and maintain qualified retirement plans, especially for small to mid-size employers.

As Americans age, the issue of financial security during retirement takes on increasing importance. Americans are enjoying more golden years than ever before and consequently, the need to plan for adequate retirement income has never been more acute.

ASPPA believes your proposal, which would allow a retiree to exclude from taxable income up to $5,000 in annual payments from a post-retirement annuity income stream, will encourage individuals to annuitize a healthy portion of their retirement income, thus allowing them a floor of retirement income that cannot be outlived. This is crucial for a worry-free retirement.

ASPPA particularly supports your proposal's treatment of lifetime annuity payments derived from annuities purchased with pension funds. An annuity acquired with funds received from a qualified plan can exclude from gross income 25 percent of an annual lifetime annuity payment. By comparison, a taxpayer can exclude from gross income 50 percent of lifetime annuity payments from a nonqualified annuity. In both cases, the amounts excluded may not exceed $5,000.

ASPPA believes the comparable tax treatment provided to both qualified and nonqualified lifetime payment streams will make annuities purchased with qualified funds just as attractive as nonqualified annuities to the small business owner, who is the one deciding whether his or her workers will be offered a pension plan. Hence, with such comparable treatment, there will be no incentive to forego the qualified pension plan in order to invest in a more favorably treated nonqualified annuity. This is good news for the millions of workers employed by America's small businesses.

Again, ASPPA applauds your proposal, enthusiastically supports it, and stands ready to assist you in your effort to enact it.

Sincerely,

B H Graff

Brian H. Graff, Esq., APM
Executive Director/CEO