



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 21, 2002
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 4931- Retirement Savings Security Act of 2002

(Reps. Portman (R) OH and Cardin (D) MD)

The Administration strongly supports House passage of H.R. 4931. The Administration is pleased that the House is acting now to make permanent the important retirement savings incentives passed into law as part of the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA").

EGTRRA included a number of key retirement savings incentives for the American people, including increased contribution and benefit limits, shortened vesting periods, improved disclosure requirements for cash balance plan conversions and easier rollovers between retirement plans. However, those incentives expire December 31, 2010.

Retirement savings are inhibited by uncertainty about whether these reforms will be permanent. This uncertainty adversely affects the pension coverage and benefits of millions of workers. These incentives must be made permanent now to promote the expansion of private pension coverage.

Pay-As-You-Go-Scoring

Any law that would reduce receipts or increase direct spending is subject to the Pay-As-You-Go (PAYGO) requirements of the Balanced Budget and Emergency Deficit Control Act (BEA) and could cause a sequester of mandatory programs in any fiscal year through 2006. The requirement to score PAYGO costs expires on September 30, 2002, and there are no discretionary caps beyond 2002. The Administration will work with Congress to ensure fiscal discipline consistent with the President's budget and a quick return to a balanced budget. The Administration will also work with Congress to ensure that any unintended sequester of spending does not occur.

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