

This covers 2 issues, your current request for information and a request for relief for retirees.

Concerning your request on general retirement, continue the Social Security (SS) deductions as currently in place but place both the individuals and company matching in a 401K. Same restrictions as now apply for Social Security for withdraws, no required minimum distribution once age limit is obtained. Employee can move 401K from certified company to certified company. The companies currently authorized for 401K's should continue as is. There should be no 'special' companies authorized. There should be no additional special government regulation. There could some restrictions on level of speculation allowed. A date should be set and as of that date, no more SS deductions would go to the SS fund. There may be a short period when deductions would be split between SS and the 401K. After that all deductions would go in the 401K. The government would be required to pay back all SS IOU's and no longer write them. The amounts that could be placed in the 401K's could be increased based on salary. A higher percentage for lower salaries and a lower percentage for higher salaries. A special tax rate should be allocated for withdraws after retirement age is attained (currently 66). A 5 year average or flat tax of 10% should be used for all withdraws. Taxes continue to go up and the concept of pay tax later because it will be lower is not reality.

The second item is for relief for current retirees. There has been relief for just about every group from unemployed to corporations to bail outs for those who caused the current situation and to the wealthy. And the government continues to supply all these groups additional relief.

The only relief that retirees have that is also available to everyone else is the upper limit removal for an IRA to Roth conversion. Initially it looks like a tremendous opportunity for the average retiree. The only problem is you need to be in the top 10% of the wealthy to afford it. Not only do you have to pay the highest tax and in most cases the AMT bumps up your tax bracket, you can not withdraw from the Roth for 5 years without paying taxes. If you do convert you have to be wealthy enough to both paid the tax with AMT and be able to live from other savings / investment for 5 years. Not much of anything in real terms for the average retiree.

What is needed is the following one time relief in 2010 for the 65 an older retiree.

- 1) A one time conversion from IRA to Roth as is now available.
- 2) Tax rate changed to 10 year averaging for the IRA dollars.
- 3) Waive the AMT tax for the IRA dollars.
- 4) Waive the 5 year Roth waiting period.

We, the retirees, lost 40 to 60 percent of our capital due to the greediness of a few. We have had to reduce our living style by 50% and still try to save to rebuild our retirement principal. We desperately need some true support from our government representatives.

You have given the financial industry 100's upon 100's of billions of dollars. They caused the problem but you have punished them by bail outs, tax breaks and bank charters so that you can give them almost 0% loans.

You have provided and continue to provide billons for other workers, businesses, corporations and organizations. What you have NOT done is provide anything for the 10's of millions upon millions of retirees.

The above would help all retirees to weather this financial recession we are in. We really do need help just as everyone else does. We are not asking for free hand outs, just some financial relief like you have provided everyone else.

Regards,
Dave Johnson