



# NEWS

## AMERICANS FOR TAX REFORM

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## Treasury Secretary Supports Abolishing the Double Taxation of Savings

*Secretary Snow outlines plan to simplify the tax code and boost the savings rate*

WASHINGTON – In a speech Thursday, Treasury Secretary John Snow endorsed Americans for Tax Reform’s (ATR) top tax cut priority in 2004, removing the double tax on savings. The proposal, “lifetime savings accounts” (LSAs) “retirement savings accounts” (RSAs), would operate like Roth individual retirement accounts (IRAs): contributions would not be tax deductible, but interest and investment income would accrue tax-free and would not be taxed on withdrawal.

The proposal drastically simplifies current retirement savings programs. In 1982, the IRS publication explaining individual retirement accounts was 12 pages long. Today, it is 104 pages long. The overly complex rules have reduced participation. Once the complexity of rules started to increase in 1987, contributions in IRAs declined from \$38 billion in 1986 to \$15 billion in 1987 to just \$8.4 billion in 1995.

**“Secretary Snow should be congratulated for advocating an innovative tax reform that will encourage and enable Americans to improve their quality of life both today and when they retire,”** said taxpayer advocate Grover Norquist, President of ATR in Washington D.C. **“Without question, reducing the complexity and inherent tax bias of the tax code will boost the savings potential for all Americans.”**

LSAs as proposed by Secretary Snow remove the double tax on savings and would make the tax code neutral between consumption and savings. Currently, after a worker’s income is taxed by the federal income tax, the consumer could either spend or save their earnings. If the worker chooses to spend the money, the federal government imposes no direct tax. If the worker decides to save the money, however, savings are hit with a double tax. This bias in the tax code has worked to reduce the savings of American families to dangerously low levels.

**“Boosting the savings of working Americans will provide the capital needed to finance new investment and create jobs, continued Norquist. “Congress should take this issue up immediately, while making all previous tax cuts permanent, allow for full business expensing, and finally killing the Death Tax.”**

Americans for Tax Reform (ATR) is a non-partisan coalition of taxpayers and taxpayer groups who oppose all federal, state and local tax increases.  
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