PROPOSED NEW BUSH ADMINISTRATION SAVINGS VEHICLES

	Lifetime Savings Accounts (LSAs)	Retirement Savings Accounts (RSAs)	Employer Retirement Savings Accounts (ERSAs)
In General	Starting in 2003, a new tax-favored individual savings vehicle would be created that could be used at any time, for any purpose (including education or medical savings).	Starting in 2003, a new tax-favored individual retirement savings vehicle that would be created that would replace all types of IRAs (deductible IRAs, Roth IRAs, and non-deductible IRAs).	Starting in 2004, a new tax-favored employment-based retirement plan would replace 401(k), 403(b), and governmental 457, and certain small business plans (SIMPLEs and SARSEPs).
Annual Contribution Limit	$7,500 in 2003 (indexed for inflation thereafter). The maximum contribution would apply to each individual account holder, e.g., contributors could make contributions to the accounts of other individuals (e.g. children or grandchildren).	$7,500 in 2003 (indexed for inflation thereafter) or earned income, if less. [Compare with IRA contribution limit of $3,000 in 2003 (increasing to $5,000 in 2008), plus $500 catchup contribution for those age 50 or older (increasing to $1,000 in 2006).]	Generally, the current limits remain in effect. Maximum contributions would be $13,000 in 2004 (increasing to $15,000 in 2006), plus catch-up contributions for those over age 50 of up to $3,000 in 2004 (increasing to $5,000 in 2006). Total employer and employee contributions could not exceed $40,000 (indexed in future years).
Eligibility to Contribute	Universal availability, i.e., generally no income or age limits.	Universal availability, i.e., generally no income or age limits. [Compare with complex income eligibility limits on most IRAs and a prohibition on deductible IRA contributions after age 70½].	Employer must establish an ERSA covering particular employee. Compared with current plans, nondiscrimination rules would be modified and streamlined for ERSAs.
Tax Treatment	Contributions would not be deductible. Earnings and distributions would be tax-free.	Contributions would not be deductible. Earnings and distributions after age 58 (or upon death or disability) would be tax-free. Non-qualified distributions in excess of contributions would be taxable (and subject to a penalty tax).	Participants could choose to make either pre-tax or after-tax contributions. Amounts attributable to pre-tax contributions and employer matching contributions would be taxed as today (i.e., no tax on contribution, but all distributions taxed). Amounts attributable to after-tax contributions would be distributed tax-free at retirement.
Minimum Required Distributions	No minimum required distribution (MRD) rules would apply during the owner's life.	No MRD rules would apply during the owner's life.	Current MRD rules (generally requiring that distributions begin at age 70½) would continue to apply, except that amounts attributable to after-tax contributions would be exempt from MRD rules.
Transition	Individuals would have a one-time opportunity to convert balances from Archer Medical Savings Accounts (MSAs), Coverdell Education Savings Accounts (formerly Educations IRAs), or section 529 college savings plans, prior to January 1, 2004. These health and education savings accounts would generally remain in place and could accept future contributions.	Existing Roth IRAs would be unaffected (except for being re-named RSAs). Traditional IRAs could be converted into RSAs with all amounts converted being taxable, but all future earnings being tax-free. For conversions during 2003, a special 4-year income spreading rule would apply. No new contributions could be made existing IRAs (except rollovers from employment-based plans)	Section 401(k) plans automatically would be converted to ERSAs. Certain small business plans (SIMPLEs and SARSEPs), 403(b) arrangements, and governmental section 457 plans could be converted into ERSAs or frozen. No new contributions to non-converted plans would be accepted after 2004.