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Congress of the United States
House of Representatives
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October 23, 2017

The Honorable Kevin Brady
Chairman
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Richard Neal
Ranking Member
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Brady and Ranking Member Neal:

Recent media reports have suggested that the House would consider a plan to cap employee's 401(k) contributions in the context of Comprehensive Tax Reform. I write to urge you, in the strongest possible terms, to reject this notion. This cap would place a crippling and unnecessary burden on working families in every Congressional district by making it harder for everyday Americans to save for their retirement. In fact, Majority Leader Kevin McCarthy (R-CA) characterized this plan in a September interview as "punish[ing] people when they're actually saving for their own retirement and they're not looking to government."

Currently, workers are allowed to contribute up to \$18,000, per year, pre-tax, in selected retirement plans. Over 55 million Americans participate in 401(k) plans and collectively hold over \$5 trillion in savings. The widespread adoption of 401(k)s has given millions of Americans a financial stake in their future financial planning, and has allowed countless families the peace of mind that comes with a secure retirement fund. Every senior that is able to retire in comfort is one fewer person dependent on Medicaid or other social safety net programs.

If reports are to be believed, Congress is considering reducing the contribution limit to \$2,400 per year. Employers would then be forced to contribute anything over that limit to a Roth IRA. Under current law, employers are allowed to choose between offering a traditional 401(k) or a Roth IRA. The fact that so many working families choose the 401(k) is a testament to the strength of the program and the importance of maintaining and even expanding the current cap.

An 87% reduction of the 401(k) contribution limit may increase government revenues in the short term, but it's hard to see how this policy would result in anything other than increasing the deficit in the long run.

I respectfully urge you to reject this plan and heed Majority Leader McCarthy's warning: "Don't punish people who actually save their own money."

Sincerely,

Raja Krishnamoorthi
Member of Congress