February ..., 1954

Dear ...:

This will acknowledge your communication of recent date with reference to tax on income received by retired individuals.

On February 17 the House Ways and Means Committee announced the following agreement with respect to general tax revision.

"Added to the bill an exclusion for retirement income in the manner provided in H. R. 5180, introduced by Representative Mason, except that the exclusion was limited to $1,200 instead of $1,500. The exclusion is available to those over 65 receiving dividend, interest, pension, or annuity income and those under 65 who have retired under a public or private retirement plan. The $1,200 exclusion is to be reduced by certain tax-exempt income such as old-age and survivors insurance social-security benefits, railroad retirement benefits, and veterans' pensions. The $1,200 exclusion is also to be reduced for work income in accordance with a work test schedule presented in Representative Mason's proposal (H. R. 5180)."

I do appreciate your comments.

Sincerely,

Everett McKinley Dirksen
March ..., 1954

... ... ...

Dear ...:

This will acknowledge your communication of recent date with reference to tax on income received by retired individuals. On March 9, the Committee on Ways and Means reported the new tax bill (H. R. 8300) to the House of Representatives, where all revenue legislation must originate.

Under this bill, an individual who is 65 years of age is granted a tax credit on the amount of his retirement income up to $1,200. The bill defines retirement income to include pensions and annuities, interest, rents and dividends.

It also provides that the amount of retirement income up to $1,200 which individuals (such as teachers and persons who receive industrial pensions or those who provide independently for their old age) receive is to be reduced by any social security, railroad retirement, or other retirement pension which is excluded from gross income.

As the bill was reported, an individual would be permitted to earn up to $900 a year as an employee, or in self-employment, without affecting the amount of retirement credit. However, earnings in excess of $900 reduce dollar for dollar the amount of retirement income on which the credit is based.

You may be assured that this measure will receive the most studious attention when it does reach the Senate for action.

Sincerely,

Everett McKinley Dirksen