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Bill Allows Savings Relief for Some Retirees in '09

By [TARA SIEGEL BERNARD](#)

Older Americans will not be required to take mandatory withdrawals from their retirement accounts next year, but the Treasury Department said on Thursday that it would not provide the same relief to retirees for 2008.

Last week, Congress passed a bill, which President Bush is expected to sign into law, that suspends rules that require people over the age of 70 1/2 to take mandatory distributions from retirement plans, including 401(k)'s and individual retirement accounts.

That means retirees will not be forced to sell depressed investments to satisfy their required minimum distributions. While there was hope that the Treasury Department would follow suit for 2008, it said it decided against taking any action because of the "broad and direct relief" enacted by Congress.

President-elect [Barack Obama](#) and groups like [AARP](#) have said they thought the rules mandating distributions were unfair because they based the size of the required withdrawals on the size of the retiree's accounts at the end of last year, before the markets collapsed.

The lack of relief for 2008 means that retirees over the age of 70 1/2 will be required to take their required minimum distributions by the end of the year or face a 50 percent penalty. But individuals who turned 70 1/2 this year have until April 1 to make their required withdrawals. Those who fit in that category might wait until April with the hope that their investments will recover some of their value, said Steve Podnos, a financial planner in Merritt Island, Fla.

In a letter to members of Congress, the Treasury Department said any steps it could take to address the issue would be "substantially more limited than the relief enacted by Congress and could not be made uniformly to all individuals subject to required minimum distributions." It also said carrying out the changes would be "complicated and confusing for individuals and plan sponsors."

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