

PRESIDENT'S ADVISORY
PANEL
ON FEDERAL TAX REFORM

COVER SHEET

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The President's Advisory Panel on Federal Tax Reform
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Issue: How the tax code distorts personal decisions

Goal: Make the tax system more responsive to the needs of the citizen

Charles L. Ruffner
3/3/05

Charles L. Ruffner, Individual Taxpayer, Submitter

Required Minimum IRA Distributions beginning at age 70 ½:

Taxpayers are currently required to begin withdrawals from IRA's and other retirement accounts at age 70 ½ according to a fixed and inflexible schedule. This pace is too rapid to permit personal decisions geared to future inflation concerns and needs. Taxpayers should be permitted to adjust their required minimum distributions in accordance with their immediate retirement needs and with due regard to the fact that their needs may be greater in the future due to inflation and health situations that come with growing older. The present schedule does not allow for sound personal financial decisions on the part of retirees and thus distorts personal decisions that should be left more up to the individual. The tax system should permit more flexibility in the required minimum distribution rules to make it more responsive to the needs of the individual citizen.