

**Table T05-0307**  
**Effect of Not Extending the Pension and IRA Provisions of EGTRRA**  
**Distribution of Federal Tax Change by Cash Income Class, 2011<sup>1</sup>**

Cash Income Class (thousands of 2005 dollars) <sup>2</sup>	Tax Units <sup>3</sup>			Percent Change in After-Tax Income <sup>4</sup>	Percent of Total Tax Change	Average Tax Change (\$)	Average Federal Tax Rate <sup>5</sup>	
	Number (thousands)	Percent of Total	Percent with Tax Increase				Current Law	Proposal
<b>Less than 10</b>	17,076	10.9	0.0	0.0	0.0	0	4.2	4.2
<b>10-20</b>	24,604	15.8	0.5	0.0	0.3	1	4.8	4.8
<b>20-30</b>	22,025	14.1	1.4	0.0	1.3	5	10.0	10.0
<b>30-40</b>	16,710	10.7	2.4	0.0	2.1	11	14.2	14.2
<b>40-50</b>	13,167	8.4	3.5	0.0	2.1	14	16.8	16.9
<b>50-75</b>	22,575	14.5	5.9	-0.1	9.7	37	19.3	19.4
<b>75-100</b>	14,102	9.0	7.8	-0.1	10.1	62	21.2	21.2
<b>100-200</b>	18,722	12.0	14.4	-0.1	33.8	157	24.0	24.1
<b>200-500</b>	5,166	3.3	35.8	-0.2	29.6	498	26.5	26.6
<b>500-1,000</b>	824	0.5	41.8	-0.1	6.6	697	25.9	26.0
<b>More than 1,000</b>	418	0.3	45.5	0.0	4.4	911	28.9	28.9
<b>All</b>	155,978	100.0	5.6	-0.1	100.0	56	21.6	21.7

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0305-3A).

(1) Calendar year. Baseline is current law plus Savers' Credit extended plus the Administration's FY2005 Budget Proposal to extend provisions in the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) and the Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA) affecting the following: marginal tax rates; the 10-percent bracket; the child tax credit; the child and dependent care credit; the limitation on itemized deductions (Pease); the personal exemption phaseout (PEP); the standard deduction, 15-percent bracket, and EITC for married couples; the AMT; pension and IRA provisions; estate tax repeal; 15 percent tax rate on qualified dividends and capital gains (0 percent for lower-income taxpayers). Proposal: Lower the limit on traditional and Roth IRA contributions from \$5,000 to \$2,000 plus disallow the additional \$1,000 catch-up contribution; lower the annual addition limitation for DC plans from \$40,000 to \$30,000, disallow the additional \$5,000 catch-up contribution, and lower compensation limitation from 100% to 25% of compensation; lower the limitation on exclusion for elective deferrals from \$15,000 to \$10,500.

The changes in pension and IRA provisions of EGTRRA from current law to extended law include: raising the limit on traditional and Roth IRA contributions from \$2,000 to \$5,000 plus allowing an additional \$1,000 catch-up contribution; raising the annual addition limitation for DC plans from \$30,000 to \$40,000, allowing an additional \$5,000 catch-up contribution, and raising compensation limitation from 25% to 100% of compensation; raising the limitation on exclusion for elective deferrals from \$10,500 to \$15,000.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis.

(4) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(5) Average federal tax (individual income tax, net of refundable credits, plus direct AMT liability; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax) as a percentage of average cash income.