

**Senior Housing Improvement and Retirement Accounts (IRA) Act**

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July 24, 2017

A retirement savings crisis looms as many Americans, including an imminent wave of baby boomer retirees, have struggled to save adequately. The Center for Retirement Research at Boston College estimates that 52 percent of American households may not be able to maintain their living standards in retirement. The Government Accountability Office reports that about half of households age 55 and older have no retirement savings.

Seniors in New Jersey have it particularly hard: a recent economic study by Rutgers found that the Garden State is the 9th worst state to retire in and the 5th most expensive state to live in.

Currently, Americans are blocked from tapping one of the largest savings devices — equity in their homes – to save for retirement. Homes have incurred significant growth in value; the IRS reports that approximately 96,000 households realized capital gains on their homes in 2012. As such, while homes can be an important source of resources for retired Americans, too many seniors are burdened by taxes at a time when they can least afford this expense.

**The Senior Housing Improvement and Retirement Accounts (IRA) Act would help Americans save for retirement and encourage increased savings by:**

* **Reducing the taxes paid from the sale of a home and**
* **Allowing seniors who sell their principal residence to avoid paying the capital gains tax on the proceeds from that sale if the proceeds are saved in a Roth IRA.**

Individual Retirement Accounts (IRAs) are tax-advantaged accounts designed to accumulate funds for retirement. With a Roth IRA, contributions are taxed but funds are tax free when withdrawn in retirement.

Homeowners who have owned their homes for 20 or more years and who are age 55 or older would qualify to take advantage of this one-time savings offered by the Senior Housing IRA Act.

The legislation would eliminate the current Roth IRA contribution limits of $6500 to allow for greater savings from these home sales.