

Act authorizes registered retirement savings plans for individuals under which annual contributions of 20 percent of earnings, subject to a maximum of \$2,500 a year, may be made. Adjustments are made for contributions to employer-sponsored pension plans.

Support of the two foregoing recommendations as well as extension of the opportunity for deferred taxation of provisions for retirement for the self-employed, as enacted by SEITRA, was ably made in 1943 by an eminent legal scholar, Dean Erwin N. Griswold of the Harvard University Law School. Reference to Dean Griswold's views was made in a scholarly work published in 1949 by the Industrial Relations Counselors, Inc., entitled "Impact of Taxes on Industrial Pension Plans," written by Rainard B. Robbins. A paper by Dean Griswold entitled "The Tax Treatment of Employees' Contributions to Pension Plans," published in the Harvard Law Review of December 1943, was cited by Robbins and referred to as follows:

Dean Griswold presented a very thoughtful note on this subject in the *Harvard Law Review* in which he takes the broad point of view that it may be unwise "to tax the employee currently on what is actually so remote, though important, a benefit." He points out that from the employee's standpoint a pension is income when he receives it and that *his earnings during productive years must for practical purposes be spread over his whole remaining life*: "What he receives after his retirement is in reality his income then, for then is when it comes in to him. To tax him on it at the top bracket of the graduated rates of his earnings is an unfair failure to recognize the economic facts." Griswold contends that there is no substantial reason for distinguishing taxwise between employer and employee contributions and that "in both cases, the employee's current productive capacity is being utilized to make provision for his retirement." Suggesting safeguards to assure that such payments are dedicated to retirement income and cannot be used otherwise, Griswold states firmly his conviction that taxing statutes should be expressly aimed to give employee contributions the same tax treatment as employer contributions. He goes further and suggests inclusion of the self-employed. In part he writes:

"As long as the plan is really a pension plan, the reasons which have already led to the conclusion that the employer's payment in such case should not be taxable to the employee until the employee actually receives it, should lead to the same conclusion with respect to the similar payments which are withheld from the employee's wages, either under State or Federal law or under the terms of the employment contract. To achieve this result, the tax statutes should be expressly amended so as to provide that amounts paid by an employee to provide bona fide pension benefits after his retirement should be deductible from his current income * * * With such limitations, provision could also be made for deduction of pension payments made by the self-employed, or by employees whose employers do not provide a pension plan." [Emphasis added.]