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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

DATE: 3/30/83

TO: Becky Norton Dunlop

FROM: Barbara Selfridge

Per your request.

*Nancy
Risque*

*ask Mike re
Pension equity
Tuesday!
paper-tomorrow*

OMB FORM 38
REV AUG 73

IN THE SENATE OF THE UNITED STATES

Mr. Armstrong introduced the following bill; which was read twice
and referred to the Committee on _____

A BILL

To assist women in making career choices in the home or in the
labor force, and for other purposes..

1 Be it enacted by the Senate and House of Representatives
2 of the United States of America in Congress assembled.

3 SHORT TITLE

4 Section 1. This Act may be cited as the "Women's Career
5 Choice Act of 1983".

6 FINDINGS AND PURPOSE

7 Sec. 2. (a) The Congress finds that--

8 (1) women should have an equal opportunity and access
9 to all careers and occupations, including that of career
10 homemaker (sometimes called dependent wife);

11 (2) equal career opportunity for women depends on
12 having an economically realistic choice between being a
13 career homemaker and being in the paid labor force; and

14 (3) women should have the freedom to make career
15 choices without government compulsion and Federal law and
16 programs should not include incentives or disincentives
17 to induce women to make particular career choices or to
18 discourage them from choosing others.

19 (b) It is the purpose of this Act to help make it
20 economically feasible for each woman to make her own career
21 choices, whether they be in the home or in the labor force,

1 or any combination thereof, without direct or indirect
2 economic incentives or disincentives built into the Federal
3 law or programs to favor a particular choice or type of
4 choice.

5 INDIVIDUAL RETIREMENT ACCOUNTS

6 Sec. 3. Subsection (c) of section 219 of the Internal
7 Revenue Code of 1954 is amended to read as follows:

8 "(1) In general.--In case of any individual with
9 respect to whom a deduction is otherwise allowable under
10 subsection (a) who files a joint return under section
11 6013 for a taxable year, there shall be allowed as a
12 deduction any amount paid in cash for the taxable year by
13 or on behalf of the individual to an individual
14 retirement plan established for the benefit of his
15 spouse.

16 "(2) Limitation.--The amount allowable as a deduction
17 under paragraph (1) shall not exceed the excess of--

18 "(A) the lesser of--

19 "(i) \$4,000, or

20 "(ii) an amount equal to the sum of the
21 compensation includible in the individual's and
22 the spouse's gross income for the taxable year,
23 over

24 "(B) the amount allowable as a deduction under
25 subsection (a) to the individual and the spouse for
26 the taxable year (determined without regard to so
27 much of the employer contributions to a simplified
28 employee pension as is allowable by reason of
29 paragraph (2) of subsection (b)).

30 In no event shall the amount allowable as a deduction
31 under paragraph (1) exceed \$2,000."

32 FUNDS TO ENCOURAGE HOME MAKING

33 Sec. 4. Part C of the General Education Provisions Act is
34 amended by adding after section 439 the following new

1 section:

2 "PROTECTION OF ROLE OF HOMEMAKER

3 "Sec. 439A. Funds made available under any applicable
4 program shall be used to the greatest extent possible for
5 materials which enhance the role of the dependent wife, or
6 which encourage the pursuit of full-time homemaking as a
7 career."

8 PENSION VESTING REQUIREMENTS *Subsection 1/2*

9 Sec. 5. (a) (1) Subparagraphs (B) and (C) of section 203
10 (a) (2) of the Employee Retirement Income Security Act of
11 1974 (29 U.S.C. 1053 (a) (2) (B) and (C)) are amended to read
12 as follows:

13 "(B) A plan satisfies the requirements of this
14 subparagraph if an employee who has completed at least 2 1/2
15 years of service has a nonforfeitable right to a percentage
16 of his accrued benefit derived from employer contributions
17 which percentage is not less than the percentage determined
18 under the following table:

Years of service:	Nonforfeitable percentage
2 1/2	25
3	30
3 1/2	35
4	40
4 1/2	45
5	50
5 1/2	60
6	70
6 1/2	80
7	90
7 1/2 or more	100

19 "(C) (i) A plan satisfies the requirements of this
20 subparagraph if a participant who is not separated from the
21 service, who has completed at least 2 1/2 years of service,
22 and with respect to whom the sum of his age and years of
23 service equals or exceeds 40, has a nonforfeitable right to a
24 percentage of his accrued benefit derived from employer
25 contributions determined under the following table:

If years of service equal or exceed--	and sum of age and service equals or exceeds--	then the nonforfeitable percentage is--
2 1/2	40	50
3	41	60

3 1/2	42	70
4	43	80
4 1/2	44	90
5	45	100

1 “(ii) Notwithstanding clause (i), a plan shall not be
2 treated as satisfying the requirements of this subparagraph
3 unless any participant who has completed at least 5 years of
4 service has a nonforfeitable right to not less than 50
5 percent of his accrued benefit derived from employer
6 contributions and to not less than an additional 10 percent
7 for each additional half-year of service thereafter.”.

8 (2) Section 203 (a) of such Act is amended by striking
9 out “10” in paragraph (2) (A) and inserting in lieu thereof
10 “5”.

11 (3) Section 203 (c) of such Act is amended--

12 (A) by striking out “5” in paragraph (1) (P) and
13 inserting in lieu thereof “2 1/2”; and

14 (B) by striking out “the 5th plan year” in the
15 first sentence of paragraph (3) and inserting in lieu
16 thereof “2 1/2 plan years”.

17 (4) The amendments made by this subsection shall not
18 apply to a pension plan with respect to employees who are
19 under such plan on or before the date of enactment of this
20 Act.

21 (b) (1) Subparagraphs (B) and (C) of section 411 (a) (2)
22 of the Internal Revenue Code of 1954 (relating to vesting
23 requirements for employer contributions) are amended to read
24 as follows:

25 “(B) 2 1/2- to 7 1/2-year vesting.--A plan satisfies the
26 requirements of this subparagraph if an employee who has
27 completed at least 2 1/2 years of service has a
28 nonforfeitable right to a percentage of his accrued benefit
29 derived from employer contributions which percentage is not
30 less than the percentage determined under the following
31 table:

Years of service:	Nonforfeitable percentage
-------------------	---------------------------

2 1/2	25
3	30
3 1/2	35
4	40
4 1/2	45
5	50
5 1/2	60
6	70
6 1/2	80
7	90
7 1/2 or more	100

1 "(C) Rule of 40.--

2 "(i) A plan satisfies the requirements of this
3 subparagraph if a participant who is not separated from
4 the service, who has completed at least 2 1/2 years of
5 service, and with respect to whom the sum of his age and
6 years of service equals or exceeds 40, has a
7 nonforfeitable right to a percentage of his accrued
8 benefit derived from employer contributions determined
9 under the following table:

If years of service equal or exceed--	and sum of age and service equals or exceeds--	then the nonforfeitable percentage is--
2 1/2	40	50
3	41	60
3 1/2	42	70
4	43	80
4 1/2	44	90
5	45	100

10 "(ii) Notwithstanding clause (i), a plan shall not
11 be treated as satisfying the requirements of this
12 subparagraph unless any participant who has completed at
13 least 5 years of service has a nonforfeitable right to
14 not less than 50 percent of his accrued benefit derived
15 from employer contributions and to not less than an
16 additional 10 percent for each additional half-year of
17 service thereafter."

18 (2) Subparagraph (A) of section 411 (a) (2) of such Code
19 is amended by striking out "10" in the text and heading
20 thereof and inserting in lieu thereof "5".

21 (3) Paragraph (10) (B) of section 411 (a) of such Code is
22 amended by striking out "5" and inserting in lieu thereof
23 "2 1/2".

1 (4) The amendments made by this subsection shall apply to
2 years ending on or after the date of the enactment of this
3 Act but only with respect to individuals who become employees
4 on or after such date.

ARMSTRONG

ANALYSIS OF PROVISIONS

~~SECTION 3~~ would amend Section 219(c) of the Internal Revenue Code of 1954 to allow married individuals to establish Individual Retirement Accounts (IRAs) and contribute up to \$2,000 per year, either out of their own compensation income or out of their spouse's compensation income.

This amendment would allow a career homemaker whose compensation is less than \$2,000 per year to contribute the full \$2,000 from the spouse's earnings in an individual IRA, or joint IRA. A married couple could then have two IRAs and contribute a total of \$4,000 per year even though only one spouse had compensation income.

This amendment would remedy the present \$1,750 per year discrimination in the IRA section of the Internal Revenue Code under which couples where both husband and wife are in the work force can put \$4,000 per year into IRAs, but couples where one spouse is a career homemaker are allowed to put only \$2,250 into IRAs.

This amendment is a matter of simple equity. It should be obvious that career homemakers will someday grow old and need retirement income just as much as men and women in the work force. Our tax code should not discriminate against an individual's choice to be a career homemaker.

Mr. ARMSTRONG. Mr. President, since the introduction of the suffrage amendment by the 66th Congress in 1919, much progress has been made to eliminate discrimination against women. In recent years, legislation such as the Career Education Incentive Act (1977), the Women's Educational Equity Act (1978), legislation to eliminate prohibition of women in mines (1978), legislation allowing women to enter the U.S. military academies (1975) and the Federal Employees Flexible and Compressed Work Schedules Act (1978), have been enacted to promote and support women's full participation in the career of their choice. Many other examples exist which eliminate barriers to equal economic benefits for women and which intend to adequately award women for their accomplishments. Americans can be proud for such progress in the promotion of equal opportunities for women. But inequalities still exist.

The legislation I am submitting today seeks to eliminate some of the specific economic inequalities which still exist. Various groups concerned with correcting these inequalities and in promoting women's and family issues, have submitted some of the ideas which are contained in this bill. I support the concept of this legislation but recognize that these proposals need to be subjected to the full legislative process of hearings and committee review to make certain that the essential goals of economic equality are achieved. I therefore seek the advise and comment of my colleagues and interested persons and groups about these proposals.

I realize that much legislation has already been introduced in this session that is intended, in some way, to benefit women. I am submitting these proposals with the intent of achieving solid economic progress and equity for women. I am not interested in "window dressing" legislation. Symbolic victories do not pay grocery bills or give real recognition to the contribution of women to our society. The women of this country will be best served if Congress and the state legislatures systematically work to eliminate inequities resulting from the attitudes and practices of an earlier age.

~~SECTION~~ 102(a) would amend the Walsh Healey Act and the Contract Work Hours and Safety Standards Act to remove the daily overtime restrictions placed on federal contractors in the private sector. Private sector employees of contractors providing goods and services to the federal government are still subject to outdated and counterproductive laws that restrict their working habits to an eight-hour day. This section would bring these laws governing federal contractors into conformance with the Fair Labor Standards Act and maintain the 40-hour workweek overtime standard.

Both the federal and private sectors have effectively used compressed and flexible work schedules. Such schedules have been proven to increase productivity, reduce energy requirements, and to be more responsive to the desires of employees. Equally important is that the cost-savings which are realized by those government contractors electing to use compressed workweeks would result in reductions in the cost of federal procurements.

This change would allow women who fall within this category more flexibility in their work schedules to allow for family and child care commitments.

When Social Security was created, the growth of marriages where both husband and wife work was not anticipated. Today both spouses work in most marriages, but the Social Security benefit structure penalizes those who leave the workforce to care for children at home. This amendment, now part of the Social Security Reform Bill, compensates by providing two more "dropout years" for child care in addition to the five years available to any worker under current law.

IN THE SENATE OF THE UNITED STATES

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A BILL

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(Insert title of bill here)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

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4 Sec. 2. (a) The Congress finds that --

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6 and occupations, including that of career homemaker (sometimes called
7 dependent wife):

8 (2) equal career opportunity for women depends on having an econo-
9 nomically realistic choice between being a career homemaker and being in
10 the paid labor force; and

11 (3) women should have the freedom to make career choices without govern-
12 ment compulsion and federal law and programs should not include incentives
13 or disincentives to induce women to make particular career choices or to
14 discourage them from choosing others.

1 (b) It is the purpose of this Act to help make it economically feasible for
 2 each woman to make her own career choices, whether they be in the home or in
 3 the labor force, or any combination thereof, without direct or indirect eco-
 4 nomic incentives or disincentives built into the federal law or programs to
 5 favor a particular choice or type of choice.

6 INDIVIDUAL RETIREMENT ACCOUNTS

7 Sec. 3. Subsection (c) of section 210 of the Internal Revenue Code of 1954
 8 is amended to read as follows:

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 10 deduction is otherwise allowable under subsection (a) who files a joint
 11 return under section 6013 for a taxable year, there shall be allowed as a
 12 deduction any amount paid in cash for the taxable year by or on behalf of
 13 the individual to an individual retirement plan established for the benefit
 14 of his spouse.

15 "(2) Limitation. - The amount allowable as a deduction under paragraph
 16 (1) shall not exceed the excess of --

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 20 able in the individual's and the spouse's gross income for
 21 the taxable year, over

22 "(B) the amount allowable as a deduction under subsection (a) to
 23 the individual and the spouse for the taxable year (determined
 24 without regard to so much of the employer contributions to a
 25 simplified employee pension as is allowable by reason of paragraph
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27 In no event shall the amount allowable as a deduction under paragraph (1)
 28 exceed \$2,000."

29 FUNDS TO ENCOURAGE HOMEMAKING

30 Sec. 4. Part C of the General Education Provisions Act is amended by
 31 adding after section 439 the following new section:

32 "PROTECTION OF ROLE OF HOMEMAKER

33 "Sec. 439A. Funds made available under any applicable program shall not be
 34 used to discourage the pursuit of full-time homemaking as a career alter-
 35 native.

