

Lifelong Learning Accounts legislation introduced

Posted 05/19/2008 - 11:31am by [David Bank](#)

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Rep. Rahm Emanuel, D.-Ill.

Individuals and employers would get tax credits and other incentives to save money for the training and education needed to launch their encore careers under the [Lifelong Learning Accounts Act of 2008](#), introduced by Reps. Rahm Emanuel and Jim Ramstad.

The bill, based on the ["learning accounts"](#) established last year by IBM to help its employees transition to their encores, differs from other federal education-financing programs in that it is specifically targeted to adults up to age 70.

"Between the ages of 18 and 65, you are effectively on your own when it comes to saving for additional education and training," said Emanuel, a Democrat from Illinois. "401(k)s have clearly revolutionized the way that workers save for their retirement. Lifelong Learning Accounts will hopefully revolutionize the way workers invest in their education and training."

Among the bill's provisions:

- Individuals and employers may contribute a total of \$2,500 per year into a Lifelong Learning Account.
- As much as \$750 of that could be refunded through a tax credit (50% of the first \$500 contribution and 25% of the next \$2,000).
- Principal and earnings in the accounts can grow tax-free, and will be taxed as ordinary income when they are withdrawn. (A 10% penalty for unqualified expenses would be waived at age 71.)
- Employers would receive a tax credit for 25% of their contribution to the accounts.
- Small employers could get a tax credit of up to \$500 per year to cover administrative start-up costs.

The Council on Adult and Experiential Learning, which has piloted Lifelong Learning Accounts (or LiLA's) in several cities and states, [says the legislation](#) fills gaps in other government programs such as Coverdell Education Savings Accounts, 529 college accounts, Hope scholarships and other programs.

"These innovative accounts will empower workers to save for the education and training they need to succeed and thrive in our economy," said Ramstad, Republican of Minnesota.

Emanuel cited as a model IBM's learning accounts, part of the company's Global Citizen's Portfolio. Starting in July, workers can contribute \$1,000 a year; IBM will contribute 50 cents for every dollar put in by the employees. Stan Litow, IBM's vice president of corporate citizenship and corporate affairs, applauded the new legislation, which for the first time provides incentives to employers.

"Any individual today – like any company, community or country – must continuously adapt, acquiring the skills and abilities to take full advantage of the globally integrated economy," Litow said.

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