

plans should be taxed according to the present law, and that future contributions and earnings should be subject to any new legislation that may be enacted.

There appear to be two ways in which this could be achieved: (1) to give the sections 35 and 36 treatment to amounts already in plans, when they are withdrawn at a later date; or (2) to devise a transitional method by which tax on such amounts could be calculated under the present provisions. The general proposals would apply to contributions after the implementation date.

We consider the first method excessively cumbersome, since "payouts" may not be made for many years, and this would involve retention of records by funds for an unduly long time. **We recommend the second approach.**

**5. and 6. Approved.**