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Dear \_\_\_\_\_

I am writing you to urge your support for making permanent the lower 15 percent tax rate on dividends and capital gains. I am retired and I rely on regular dividends.

Enacted in 2003, the reduced taxation of dividends and long-term capital gains has been very successful. More companies are offering larger dividends, meaning there is more income distributed to shareholders. For the year 2004, the Treasury Department estimated that the lower rates saved 24 million investors an average of \$947 on their taxes. For 7 million seniors, the average savings exceeded \$1,200.

Americans who have invested indirectly in the stock market through IRAs and 401(k) plans have also benefited because of greater flow of dividends. Also as a result of these lower rates, there is greater pressure on corporations to pay dividends, thereby improving corporate governance.

However, the benefits of the 15 percent rates are limited by the law's 2010 sunset clause. As the year 2010 approaches, individual investors will become increasingly uncertain about the tax treatment of both their current holdings and those they are thinking of buying. Extending the lower rates this year would remove that uncertainty and the market volatility that would otherwise result.

Congress should address the unfair, double taxation of dividends. They are taxed at the corporate rate of 35 percent, then again at the individual tax rate. Even with the lower 15 percent tax on individuals, the total tax rate can reach 50 percent.

Because the economy needs certainty and stability, I strongly urge you to support any upcoming legislation to make permanent the lower tax rate on dividends and long-term capital gains.

Sincerely,