

105TH CONGRESS
2D SESSION

S. 2184

To amend the Social Security Act to provide each American child with a KidSave Account.

IN THE SENATE OF THE UNITED STATES

JUNE 17, 1998

Mr. KERREY (for himself, Mr. MOYNIHAN, Mr. BREAUX, and Mr. LIEBERMAN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Social Security Act to provide each American child with a KidSave Account.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Social Security
5 KidSave Accounts Act”.

6 **SEC. 2. SOCIAL SECURITY KIDSAVE ACCOUNTS.**

7 Title II of the Social Security Act (42 U.S.C. 401
8 et seq.) is amended—

9 (1) by inserting before section 201 the follow-
10 ing:

1 “PART A—INSURANCE BENEFITS”;

2 and

3 (2) by adding at the end the following:

4 “PART B—KIDSAVE ACCOUNTS

5 “KIDSAVE ACCOUNTS

6 “SEC. 251. (a) ESTABLISHMENT.—The Commis-
7 sioner of Social Security shall establish in the name of
8 each individual born on or after January 1, 1997, a
9 KidSave Account described in subparagraph (A) of section
10 252(1), upon the later of—

11 “(1) the date of enactment of this part, or

12 “(2) the date of the issuance of a Social Secu-
13 rity account number under section 205(c)(2) to such
14 individual.

15 The KidSave Account shall be identified to the account
16 holder by means of the account holder’s Social Security
17 account number.

18 “(b) CONTRIBUTIONS.—

19 “(1) IN GENERAL.—The Secretary of the
20 Treasury shall transfer from the Federal Old-Age
21 and Survivors Insurance Trust Fund for crediting
22 by the Commissioner to each account holder’s
23 KidSave Account under subsection (a), an amount
24 equal to the sum of—

1 “(A) in the case of any individual born on
2 or after January 1, 1999, \$1000.00, on the
3 date of the establishment of such individual’s
4 KidSave Account, and

5 “(B) in the case of any individual born on
6 or after January 1, 1997, \$500.00, on the 1st,
7 2nd, 3rd, 4th, and 5th birthdays of such indi-
8 vidual occurring on or after January 1, 2002.

9 “(2) ADJUSTMENT FOR INFLATION.—For any
10 calendar year after 2008, each of the dollar amounts
11 under paragraph (1) shall be increased by the cost-
12 of-living adjustment determined under section 215(i)
13 for the calendar year.

14 “(c) DESIGNATIONS REGARDING KIDSAVE AC-
15 COUNTS.—

16 “(1) INITIAL DESIGNATIONS OF INVESTMENT
17 VEHICLE.—A person described in subsection (d)
18 shall, on behalf of the individual described in sub-
19 section (a), designate the investment vehicle for the
20 KidSave Account to which contributions on behalf of
21 such individual are to be deposited. Such designation
22 shall be made on the application for such individ-
23 ual’s Social Security account number.

24 “(2) CHANGES IN INVESTMENT VEHICLES OR
25 TYPES OF KIDSAVE ACCOUNTS.—The Commissioner

1 shall by regulation provide the time and manner by
2 which—

3 “(A) an individual or a person described in
4 subsection (d) on behalf of such individual may
5 change 1 or more investment vehicles for a
6 KidSave Account described in subparagraph (A)
7 of section 252(1), and

8 “(B) an individual who has attained age
9 18, may designate a KidSave Account described
10 in subparagraph (B) of section 252(1) to which
11 all or a portion of the amounts in an existing
12 KidSave Account described in subparagraph (A)
13 of such section are to be transferred.

14 “(d) TREATMENT OF MINORS AND INCOMPETENT IN-
15 DIVIDUALS.—Any designation under subsection (c) to be
16 made by a minor, or an individual mentally incompetent
17 or under other legal disability, may be made by the person
18 who is constituted guardian or other fiduciary by the law
19 of the State of residence of the individual or is otherwise
20 legally vested with the care of the individual or his estate.
21 Payment under this part due a minor, or an individual
22 mentally incompetent or under other legal disability, may
23 be made to the person who is constituted guardian or
24 other fiduciary by the law of the State of residence of the
25 claimant or is otherwise legally vested with the care of the

1 claimant or his estate. In any case in which a guardian
2 or other fiduciary of the individual under legal disability
3 has not been appointed under the law of the State of resi-
4 dence of the individual, if any other person, in the judg-
5 ment of the Commissioner, is responsible for the care of
6 such individual, any designation under subsection (c)
7 which may otherwise be made by such individual may be
8 made by such person, any payment under this part which
9 is otherwise payable to such individual may be made to
10 such person, and the payment of an annuity payment
11 under this part to such person bars recovery by any other
12 person.

13 “DEFINITIONS AND SPECIAL RULES

14 “SEC. 252. For purposes of this part—

15 “(1) KIDSAVE ACCOUNTS.—

16 “(A) A KidSave Account described in this
17 subparagraph is a KidSave Account in the
18 KidSave Investment Fund (established under
19 section 253) which is administered by the
20 KidSave Investment Fund Board.

21 “(B) A Kidsave Account described in this
22 subparagraph is any individual retirement plan
23 (as defined in section 7701(a)(37) of the Inter-
24 nal Revenue Code of 1986), other than a Roth
25 IRA (as defined in section 408A(b) of such
26 Code), which is designated by an individual as

1 a KidSave Account (in such manner as the Sec-
2 retary of the Treasury may prescribe) and
3 which is administered or issued by a bank or
4 other person referred to in section 408(a)(2) of
5 such Code.

6 “(2) TREATMENT OF ACCOUNTS.—

7 “(A) IN GENERAL.—Except as provided in
8 subparagraph (B)—

9 “(i) any KidSave Account described in
10 paragraph (1)(A) shall be treated in the
11 same manner as an account in the Thrift
12 Savings Fund under subchapter III of
13 chapter 84 of title 5, United States Code,
14 and

15 “(ii) any KidSave Account described
16 in paragraph (1)(B) shall be treated in the
17 same manner as an individual retirement
18 plan (as so defined).

19 “(B) EXCEPTIONS.—

20 “(i) CONTRIBUTION LIMIT.—The ag-
21 gregate amount of contributions for any
22 taxable year to all KidSave Accounts of an
23 individual shall not exceed the contribution
24 made pursuant to section 251(b) for such
25 year on behalf of such individual.

1 “(ii) ROLLOVER CONTRIBUTIONS.—

2 No rollover contribution may be made to a
3 KidSave Account unless it is from another
4 KidSave Account. A rollover described in
5 the preceding sentence shall not be taken
6 into account for purposes of clause (i).

7 “(iii) DISTRIBUTIONS.—Notwith-
8 standing any other provision of law, dis-
9 tributions may only be made from a
10 KidSave Account of an individual on or
11 after the earlier of—

12 “(I) the date on which the indi-
13 vidual begins receiving benefits under
14 this title, or

15 “(II) the date of the individual’s
16 death.

17 “KIDSAVE INVESTMENT FUND

18 “SEC. 253. (a) ESTABLISHMENT.—There is estab-
19 lished and maintained in the Treasury of the United
20 States a KidSave Investment Fund in the same manner
21 as the Thrift Savings Fund under sections 8437, 8438,
22 and 8439 of title 5, United States Code.

23 “(b) KIDSAVE INVESTMENT FUND BOARD.—

24 “(1) IN GENERAL.—There is established and
25 operated in the Social Security Administration a
26 Kidsave Investment Fund Board in the same man-

1 ner as the Federal Retirement Thrift Investment
2 Board under subchapter VII of chapter 84 of title
3 5, United States Code.

4 “(2) SPECIFIC INVESTMENT DUTIES.—The
5 Kidsave Investment Fund shall be managed by the
6 Kidsave Investment Fund Board in the same man-
7 ner as the Thrift Savings Fund is managed under
8 subchapter VIII of chapter 84 of title 5, United
9 States Code.

10 “APPROPRIATIONS TO THE FEDERAL OLD-AGE AND
11 SURVIVORS INSURANCE TRUST FUND

12 “SEC. 254. Out of any money in the Treasury of the
13 United States not otherwise appropriated, there are ap-
14 propriated to the Federal Old-Age and Survivors Insur-
15 ance Trust Fund such sums as are necessary to carry out
16 this part.”.

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