

119TH CONGRESS
2D SESSION

H. R. 10039

To amend the Internal Revenue Code of 1986 to exempt individual account plans from certain prohibited transaction rules.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 3, 2026

Ms. TENNEY introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to exempt individual account plans from certain prohibited transaction rules.

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 “Simplifying Modern
5 Access to Retirement Tools for Savings Act of 2026” or
6 the “SMART Savings Act of 2026”.

1 **SEC. 2. EXEMPTION FROM PROHIBITED TRANSACTION**
 2 **RULES.**

3 (a) IN GENERAL.—Paragraph (1) of section 4975(e)
 4 of the Internal Revenue Code of 1986 is amended to read
 5 as follows:

6 “(1) PLAN.—For purposes of this section, the
 7 term ‘plan’ means a trust described in section
 8 401(a) which forms a part of a plan, or a plan de-
 9 scribed in section 403(a), which trust or plan is ex-
 10 empt from tax under section 501(a).”.

11 (b) CONFORMING AMENDMENTS.—

12 (1) Section 4975(c) of the Internal Revenue
 13 Code of 1986 is amended—

14 (A) by striking paragraphs (3), (4), (5),
 15 and (6), and

16 (B) by redesignating paragraph (7) as
 17 paragraph (3).

18 (2) Section 4975(f)(8)(E) of such Code is
 19 amended by striking clause (ii) and by redesignating
 20 clause (iii) as clause (ii).

21 (c) PRESERVATION OF SELF-DEALING PROHIBI-
 22 TIONS.—Section 408(e)(2)(A) of the Internal Revenue
 23 Code of 1986 is amended to read as follows:

24 “(A) IN GENERAL.—

25 “(i) SELF-DEALING.—If, during any
 26 taxable year of the individual for whose

1 benefit any individual retirement account
2 is established, that individual or the indi-
3 vidual's beneficiary deals with the income
4 or assets of a plan in the individual's own
5 interest or for the individual's own account
6 or receives consideration for the individ-
7 ual's own personal account from any party
8 dealing with the plan in connection with a
9 transaction involving the income or assets
10 of the plan, other than the receipt of any
11 relationship benefits, such account ceases
12 to be an individual retirement account as
13 of the first day of such taxable year. For
14 purposes of this paragraph—

15 “(I) the individual for whose ben-
16 efit any account was established is
17 treated as the creator of such account,

18 “(II) the separate account for
19 any individual within an individual re-
20 tirement account maintained by an
21 employer or association of employees
22 is treated as a separate individual re-
23 tirement account, and

1 “(III) each individual retirement
2 plan of the individual shall be treated
3 as a separate contract.

4 “(ii) RELATIONSHIP BENEFITS.—For
5 purposes of clause (i), the term ‘relation-
6 ship benefits’ means reduced cost or no-
7 cost products or services or enhanced or
8 improved products or services or other ben-
9 efits received by a person pursuant to an
10 arrangement in which the account value of,
11 or the fees incurred for services provided
12 to, an individual retirement account are
13 taken into account for purposes of deter-
14 mining eligibility to receive such benefit.”.

15 (d) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to transactions occurring after the
17 date of the enactment of this Act.

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