

109TH CONGRESS
1ST SESSION

H. R. 3574

To amend the Internal Revenue Code of 1986 to expand incentives for saving.

IN THE HOUSE OF REPRESENTATIVES

JULY 28, 2005

Mr. MACK (for himself, Mr. FEENEY, Mr. MILLER of Florida, Mrs. BONO, and Mr. FOLEY) 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 expand incentives for saving.

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 “Lifetime Prosperity
5 Act of 2005”.

6 **SEC. 2. EXPANSION OF SAVERS CREDIT.**

7 (a) CREDIT EXTENDED AND MADE PERMANENT.—

8 (1) PERMANENT EXTENSION OF CREDIT.—Sec-
9 tion 25B of the Internal Revenue Code of 1986 (re-
10 lating to elective deferrals and IRA contributions by

1 certain individuals) is amended by striking sub-
2 section (h).

3 (2) SUNSET MADE INAPPLICABLE.—Title IX of
4 the Economic Growth and Tax Relief Reconciliation
5 Act of 2001 shall not apply to the amendments
6 made by section 618 of such Act (relating to non-
7 refundable credit to certain individuals for elective
8 deferrals and IRA contributions).

9 (b) EXPANSION OF CREDIT.—Subsections (a) and (b)
10 of section 25B of such Code are amended to read as fol-
11 lows:

12 “(a) ALLOWANCE OF CREDIT.—In the case of an eli-
13 gible individual, there shall be allowed as a credit against
14 the tax imposed by this subtitle for the taxable year an
15 amount equal to 50 percent of the qualified retirement
16 savings contributions of the eligible individual for the tax-
17 able year.

18 “(b) LIMITATION.—

19 “(1) IN GENERAL.—The amount allowed as a
20 credit under subsection (a) for a taxable year shall
21 not exceed the applicable dollar limit.

22 “(2) APPLICABLE DOLLAR LIMIT.—For pur-
23 poses of paragraph (1)—

1 “(A) IN GENERAL.—Except as provided in
2 subparagraph (B), the applicable dollar limit
3 is—

4 “(i) in the case of a joint return,
5 \$3,000, and

6 “(ii) in the case of any other return,
7 50 percent of the dollar amount applicable
8 for the taxable year under clause (i).

9 “(B) LIMITATION BASED ON ADJUSTED
10 GROSS INCOME.—The applicable dollar limit
11 shall be zero in the case of a taxpayer whose
12 adjusted gross income for the taxable year ex-
13 ceeds—

14 “(i) \$150,000 in the case of a joint
15 return, and

16 “(ii) \$95,000 in any other case.

17 “(3) INFLATION ADJUSTMENT.—In the case of
18 any taxable year beginning after 2006, the amounts
19 contained in subparagraph (A)(i) and clauses (i) and
20 (ii) of subparagraph (B) of paragraph (2) shall each
21 be increased by an amount equal to—

22 “(A) such dollar amount, multiplied by

23 “(B) the cost-of-living adjustment deter-
24 mined under section 1(f)(3) for such calendar
25 year by substituting ‘calendar year 2005’ for

1 ‘calendar year 1992’ in subparagraph (B)
2 thereof.

3 If any amount as adjusted under the preceding sentence
4 is not a multiple of \$100, such amount shall be rounded
5 to the nearest multiple of \$100.”.

6 (c) CREDIT ALLOWED FOR CONTRIBUTIONS TO
7 ROTH IRAS FOR CHILDREN.—

8 (1) IN GENERAL.—Paragraph (1) of section
9 25B(d) of such Code (defining qualified retirement
10 savings contributions) is amended by striking “and”
11 at the end of subparagraph (B), by striking the pe-
12 riod at the end of subparagraph (C) and inserting
13 “, and”, and by inserting after subparagraph (C)
14 the following new subparagraph:

15 “(D) the amount of contributions made by
16 the eligible individual to all Roth IRAs for chil-
17 dren under section 408A(g).”.

18 (2) LIMITATION.—Paragraph (1) of section
19 25B(d) of such Code (defining qualified retirement
20 savings contributions) is amended by adding at the
21 end the following flush sentence: “The amount taken
22 into account under subparagraph (D) shall not ex-
23 ceed the aggregate amount of contributions allowed
24 to all Roth IRAs of such eligible individual under
25 section 408A(g).”.

1 (d) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to taxable years beginning after
 3 December 31, 2005.

4 **SEC. 3. ROTH IRAS FOR CHILDREN.**

5 (a) IN GENERAL.—Section 408A of the Internal Rev-
 6 enue Code of 1986 (relating to Roth IRAs) is amended
 7 by adding at the end the following new subsection:

8 “(g) SPECIAL RULES FOR ROTH IRAS FOR CHIL-
 9 DREN.—

10 “(1) GENERAL RULE.—A Roth IRA maintained
 11 for the benefit of an individual who has not attained
 12 age 25 before the close of the taxable year shall be
 13 maintained under this section, as modified by this
 14 subsection.

15 “(2) CONTRIBUTION LIMITS.—

16 “(A) IN GENERAL.—For so long as a Roth
 17 IRA is subject to this subsection, contributions
 18 to such Roth IRA shall be subject to this para-
 19 graph and not to subsection (c)(2), and sub-
 20 section (c)(3) shall not apply.

21 “(B) LIMIT.—The aggregate amount of
 22 contributions for any taxable year to all child
 23 Roth IRAs maintained for the benefit of an in-
 24 dividual under this subsection shall not exceed
 25 the maximum amount allowable as a deduction

1 under subsection (b)(1) of section 219 for such
2 taxable year (computed without regard to sub-
3 sections (b)(1)(B), (d)(1), and (g) of such sec-
4 tion).”.

5 (b) ENFORCEMENT OF CONTRIBUTION LIMITS.—
6 Paragraphs (1)(B) and (2)(B) of section 4973(f) of such
7 Code are each amended by striking “and (c)(3)” and in-
8 serting “, (c)(3), and (f)(2)”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 2005.

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