

109TH CONGRESS
1ST SESSION

H. R. 51

To amend the Internal Revenue Code of 1986 to increase the dollar limitation on employer-provided group term life insurance that can be excluded from the gross income of the employee.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 2005

Mr. BURGESS 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 increase the dollar limitation on employer-provided group term life insurance that can be excluded from the gross income of the employee.

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. FINDINGS.**

4 Congress finds the following:

5 (1) The primary purpose of group term life in-
6 surance is to provide families with protection against
7 the economic loss arising from the death of the prin-
8 cipal family income producer.

1 (2) The Revenue Act of 1964 (Public Law 88–
2 272) required individuals to pay an imputed income
3 tax on the current value of employer-provided group
4 term life insurance policies of more than \$50,000.

5 (3) The value of the \$50,000 limitation has
6 steadily decreased since 1964 because the limitation
7 was not indexed for inflation.

8 (4) The number of individuals affected by the
9 \$50,000 limitation in 1964 was estimated to be
10 somewhere between 0.5 percent and 1 percent of the
11 total number of individuals who received employer
12 sponsored group term life insurance.

13 (5) The Department of the Treasury estimated
14 that in 1999, 18.1 percent of employees receiving
15 group term life insurance were affected by the
16 \$50,000 limitation (13.6 million of the 75 million
17 total recipients of employer sponsored group term
18 life insurance).

19 (6) If the \$50,000 limitation had been indexed
20 for inflation in 1964, the limitation would have been
21 approximately \$300,000 by 2004.

1 **SEC. 2. INCREASE IN LIMITATION ON EXCLUSION FOR EM-**
2 **LOYER-PROVIDED GROUP TERM LIFE IN-**
3 **SURANCE PURCHASED FOR EMPLOYEES.**

4 (a) IN GENERAL.—Paragraph (1) of section 79(a) of
5 the Internal Revenue Code of 1986 is amended by striking
6 “\$50,000” and inserting “\$300,000”.

7 (b) INFLATION ADJUSTMENT.—Section 79 of such
8 Code (relating to group-term life insurance purchased for
9 employees) is amended by adding at the end the following
10 new subsection:

11 “(f) INFLATION ADJUSTMENT.—

12 “(1) IN GENERAL.—In the case of a taxable
13 year beginning after 2005, the \$300,000 amount
14 under subsection (a)(1) shall be increased by an
15 amount equal to—

16 “(A) such dollar amount, multiplied by

17 “(B) the cost-of-living adjustment deter-
18 mined under section 1(f)(3) for the calendar
19 year in which the taxable year begins, deter-
20 mined by substituting ‘2004’ for ‘1992’ in sub-
21 paragraph (B) thereof.

22 “(2) ROUNDING.—If any amount as adjusted
23 under paragraph (1) is not a multiple of \$10,000,
24 such amount shall be rounded to the nearest mul-
25 tiple of \$10,000.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2004.

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