

110TH CONGRESS
1ST SESSION

H. R. 3517

To amend the Internal Revenue Code of 1986 to provide that distributions from an individual retirement plan, a section 401(k) plan, or a section 403(b) contract shall not be includable in gross income to the extent used to pay long-term care insurance premiums.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 10, 2007

Mr. MCHUGH 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 provide that distributions from an individual retirement plan, a section 401(k) plan, or a section 403(b) contract shall not be includable in gross income to the extent used to pay long-term care insurance premiums.

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 “Long-Term Care Tax
5 Reduction Act of 2007”.

1 **SEC. 2. EXCLUSION FROM GROSS INCOME FOR DISTRIBU-**
2 **TIONS FROM INDIVIDUAL RETIREMENT**
3 **PLANS, SECTION 401(k) PLANS, AND SECTION**
4 **403(b) CONTRACTS WHICH ARE USED TO PAY**
5 **LONG-TERM CARE INSURANCE PREMIUMS.**

6 (a) **IN GENERAL.**—Part III of subchapter B of chapter
7 1 of the Internal Revenue Code of 1986 (relating to
8 items specifically excluded from gross income) is amended
9 by inserting after section 139A the following new section:

10 **“SEC. 139B. DISTRIBUTIONS FROM INDIVIDUAL RETIRE-**
11 **MENT PLANS, SECTION 401(k) PLANS, AND**
12 **SECTION 403(b) CONTRACTS WHICH ARE**
13 **USED TO PAY LONG-TERM CARE INSURANCE**
14 **PREMIUMS.**

15 “(a) **IN GENERAL.**—Gross income shall not include
16 any distribution to an individual from—

17 “(1) an individual retirement plan, or
18 “(2) from amounts attributable to employer
19 contributions made pursuant to elective deferrals de-
20 scribed in subparagraph (A) or (C) of section
21 402(g)(3),

22 to the extent that such distributions do not exceed the
23 long-term care insurance premiums paid during the tax-
24 able year for insurance covering the individual or the indi-
25 vidual’s spouse.

1 “(b) DENIAL OF DOUBLE BENEFIT.—The limitation
2 in section 213(d)(10) shall be reduced by the amount
3 which would (but for subsection (a)) be includible in the
4 taxpayer’s gross income for the taxable year.

5 “(c) NO EFFECT ON QUALIFICATION.—An arrange-
6 ment shall not fail to be treated as a qualified cash or
7 deferred arrangement (as defined in section 401(k)) or a
8 contract described in section 403(b) by reason of permit-
9 ting distributions for the payment of long-term care insur-
10 ance premiums.”.

11 (b) CLERICAL AMENDMENT.—The table of sections
12 for such part III is amended by inserting after the item
13 relating to section 139A the following new item:

“See. 139B. Distributions from individual retirement plans, section 401(k)
plans, and section 403(b) contracts which are used to pay long-
term care insurance premiums.”.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to distributions after the date of
16 the enactment of this Act.

