

110TH CONGRESS  
2D SESSION

# H. R. 5497

To amend the Internal Revenue Code of 1986 to provide for tax preferred savings accounts for individuals under age 26, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 26, 2008

Mr. MURTHA 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 for tax preferred savings accounts for individuals under age 26, and for other purposes.

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 “Kids IRA Act of 2008  
5       (K-IRA)”.

6       **SEC. 2. YOUNG SAVERS ACCOUNT.**

7       (a) ESTABLISHMENT OF ACCOUNTS.—

8               (1) IN GENERAL.—Section 408A of the Internal  
9       Revenue Code of 1986 (relating to Roth IRAs) is

1 amended by adding at the end the following new  
2 subsection:

3 “(g) YOUNG SAVERS ACCOUNT.—

4 “(1) IN GENERAL.—Except as provided in this  
5 subsection, a young savers account shall be treated  
6 in the same manner as a Roth IRA.

7 “(2) YOUNG SAVERS ACCOUNT.—For purposes  
8 of this subsection, the term ‘young savers account’  
9 means, with respect to any taxable year, a Roth IRA  
10 which is established and maintained on behalf of an  
11 individual who has not attained age 26 before the  
12 close of the taxable year.

13 “(3) CONTRIBUTION LIMITS.—In the case of  
14 any contributions for any taxable year to 1 or more  
15 young savers accounts established and maintained  
16 on behalf of an individual, each of the following con-  
17 tribution limits for the taxable year shall be in-  
18 creased as follows:

19 “(A) The contribution limit applicable to  
20 the individual under subsection (c)(2) shall be  
21 increased by the aggregate amount of qualified  
22 young saver contributions to such accounts for  
23 the taxable year.

24 “(B) The contribution limits applicable to  
25 the young savers accounts under subsection

1 (a)(1) or (b)(2)(B) of section 408, whichever is  
2 applicable, shall be increased by the deductible  
3 amount in effect under section 219(b)(5) for  
4 such taxable year (determined without regard to  
5 subparagraph (B) thereof).

6 “(4) QUALIFIED CONTRIBUTIONS.—For pur-  
7 poses of this subsection—

8 “(A) IN GENERAL.—The term ‘qualified  
9 young saver contribution’ means a contribution  
10 by an individual (with respect to whom a young  
11 savers account is not established and main-  
12 tained during the taxable year) to a young sav-  
13 ers account established and maintained on be-  
14 half of another individual.

15 “(B) LIMITATIONS.—

16 “(i) LIMIT ON ACCOUNTS WITH RE-  
17 SPECT TO INDIVIDUAL.—The aggregate  
18 amount of contributions which may be  
19 made for any taxable year to all young sav-  
20 ers accounts established and maintained on  
21 behalf of an individual shall not exceed the  
22 deductible amount in effect for the taxable  
23 year under section 219(b)(5) (determined  
24 without regard to subparagraph (B) there-  
25 of).

1                   “(ii) LIMIT ON CONTRIBUTORS.—The  
 2                   aggregate amount of qualified contribu-  
 3                   tions an individual may make for any tax-  
 4                   able year to all young savers accounts shall  
 5                   not exceed the deductible amount in effect  
 6                   for the taxable year under section  
 7                   219(b)(5) (determined without regard to  
 8                   subparagraph (B) thereof).”.

9           (b) PARTIAL DEDUCTIBILITY OF QUALIFIED YOUNG  
 10 SAVER CONTRIBUTIONS.—Section 219 of such Code (re-  
 11 lating to retirement savings) is amended by adding at the  
 12 end the following new subsection:

13           “(f) QUALIFIED YOUNG SAVER CONTRIBUTIONS.—  
 14                   “(1) IN GENERAL.—The amount allowable as a  
 15                   deduction under this section (determined without re-  
 16                   gard to this subsection) to any individual for any  
 17                   taxable year shall be increased by an amount equal  
 18                   to 20 percent of so much of the qualified young  
 19                   saver contributions (as defined in section 408A(g))  
 20                   made by such individual for such taxable year as  
 21                   does not exceed \$5,000.

22                   “(2) LIMIT BASED ON MODIFIED ADJUSTED  
 23                   GROSS INCOME.—The amount determined under  
 24                   paragraph (1) shall be reduced in the same manner

1 as under section 408A(c)(3)(A), except that the ap-  
2 plicable dollar amount shall be—

3 “(A) in the case of a taxpayer filing a joint  
4 return, \$315,000,

5 “(B) in the case of any other taxpayer  
6 (other than a married individual filing a sepa-  
7 rate return), \$200,000, and

8 “(C) in the case of a married individual fil-  
9 ing a separate return, zero.

10 “(3) INFLATION ADJUSTMENT.—In the case of  
11 any taxable year beginning in a calendar year after  
12 2009, the dollar amounts in subparagraphs (A) and  
13 (B) of paragraph (2) shall each be increased by an  
14 amount equal to—

15 “(A) such dollar amount, multiplied by

16 “(B) the cost-of-living adjustment deter-  
17 mined under section 1(f)(3) for the calendar  
18 year in which the taxable year begins, deter-  
19 mined by substituting ‘calendar year 2008’ for  
20 ‘calendar year 1992’ in subparagraph (B)  
21 thereof.

22 Any increase determined under the preceding sen-  
23 tence shall be rounded to the nearest multiple of  
24 \$1,000.”.

1       (c) CONFORMING AMENDMENT.—Paragraph (1) of  
2 section 408A(c) of such Code (relating to no deduction  
3 allowed) is amended by striking “No deduction” and in-  
4 serting “Except as provided in section 219(f), no deduc-  
5 tion”.

6       (d) EFFECTIVE DATE.—The amendments made by  
7 this section shall apply to taxable years beginning after  
8 December 31, 2008.

○