

111TH CONGRESS
1ST SESSION

H. R. 153

To amend the Internal Revenue Code of 1986 to provide for tax-favored unemployment savings accounts, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 6, 2009

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 for tax-favored unemployment savings accounts, 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 “Worker Savings Ac-
5 count Act of 2009”.

6 **SEC. 2. WORKER SAVINGS ACCOUNTS.**

7 (a) IN GENERAL.—Subpart A of part I of subchapter
8 D of chapter 1 of the Internal Revenue Code of 1986 (re-
9 lating to pension, profit-sharing, stock bonus plans, etc.)

1 is amended by inserting after section 408A the following
2 new section:

3 **“SEC. 408B. WORKER SAVINGS ACCOUNTS.**

4 “(a) IN GENERAL.—

5 “(1) TREATED IN SAME MANNER AS IRA.—Ex-
6 cept as provided in this section, a worker savings ac-
7 count shall be treated for purposes of this title in
8 the same manner as an individual retirement plan.

9 “(2) SEPARATE APPLICATION OF RULES.—

10 Rules made applicable by reason of this paragraph
11 shall be applied separately with respect to worker
12 savings accounts and individual retirement plans of
13 the individual.

14 “(b) WORKER SAVINGS ACCOUNT.—For purposes of
15 this title, the term ‘worker savings account’ means an indi-
16 vidual retirement plan (as defined in section 7701(a)(37))
17 which is designated (in such manner as the Secretary may
18 prescribe) at the time of establishment of the plan as a
19 worker savings account.

20 “(c) CONTRIBUTIONS.—

21 “(1) EMPLOYER CONTRIBUTIONS.—For pur-
22 poses of this section, the amount in effect under sec-
23 tion 219(b)(5)(A), with respect to an individual for
24 a taxable year, shall be increased by the lesser of—

25 “(A) \$5,000, or

1 “(B) the amounts contributed for the tax-
2 able year to the individual’s worker savings ac-
3 count by all employers of the individual.

4 “(2) WORKER SAVINGS ACCOUNT REFUND PAY-
5 MENT.—Section 408(a)(1) shall not apply with re-
6 spect to a payment under section 6431.

7 “(3) CONTRIBUTIONS AFTER RECEIPT OF SO-
8 CIAL SECURITY BENEFITS.—Except in the case of a
9 rollover contribution described in subsection (e)(1),
10 no contributions may be made to an individual’s
11 worker savings account during calendar years begin-
12 ning after the first month such individual begins re-
13 ceiving amounts by reason of entitlement to a
14 monthly benefit under title II of the Social Security
15 Act.

16 “(d) TREATMENT OF DISTRIBUTIONS.—

17 “(1) IN GENERAL.—Any amounts distributed
18 from a worker savings account shall be included in
19 gross income, unless such amount is a qualified un-
20 employment distribution.

21 “(2) QUALIFIED UNEMPLOYMENT DISTRIBUTION.—For purposes of this section—

23 “(A) IN GENERAL.—The term ‘qualified
24 unemployment distribution’ means any amount
25 distributed—

1 “(i) during a period of unemployment
2 of the account beneficiary which is by rea-
3 son of termination of employment (other
4 than for gross misconduct of the account
5 beneficiary), or

6 “(ii) not earlier than the first month
7 the account beneficiary receives an amount
8 by reason of entitlement to a monthly ben-
9 efit under title II of the Social Security
10 Act.

11 “(3) DISABILITY DISTRIBUTION.—Paragraph
12 (1) shall not apply to any amount paid or distrib-
13 uted on or after disability (within the meaning of
14 section 72(m)(7)) of the account beneficiary.

15 “(4) OTHER DISTRIBUTION RULES.—

16 “(A) EXCESS CONTRIBUTIONS; TRANSFER
17 OF ACCOUNT INCIDENT TO DIVORCE.—Rules
18 similar to the rules of paragraphs (4) through
19 (6) of section 408(d) shall apply for purposes of
20 this section.

21 “(B) NO MINIMUM DISTRIBUTION RE-
22 QUIREMENT PRIOR TO DEATH.—Notwith-
23 standing subsections (a)(6) and (b)(6), section
24 401(a)(9) and the incidental death benefit re-

1 requirement of section 401(a) shall not apply for
2 purposes of this subsection.

3 “(C) TREATMENT AFTER DEATH OF AC-
4 COUNT BENEFICIARY.—Rules similar to the
5 rules of paragraph (8) of section 223(f) shall
6 apply for purposes of this section.

7 “(e) DEFINITIONS AND SPECIAL RULES.—For pur-
8 poses of this section—

9 “(1) ROLLOVER CONTRIBUTIONS.—An amount
10 is described in this paragraph as a rollover contribu-
11 tion if it meets the requirements of clauses (i) and
12 (ii).

13 “(A) IN GENERAL.—Paragraph (1) shall
14 not apply to any amount paid or distributed
15 from a worker savings account to the account
16 holder to the extent—

17 “(i) the entire amount received is paid
18 into a worker savings account for the ben-
19 efit of such holder not later than the 60th
20 day after the day on which the holder re-
21 ceives the payment or distribution, or

22 “(ii) the entire amount received is
23 paid into an eligible retirement plan (as
24 defined in section 408(d)(3)) for the ben-
25 efit of such holder not later than the 60th

1 day after the day on which the holder re-
 2 ceives the payment or distribution, except
 3 that the maximum amount which may be
 4 paid into such plan may not exceed the
 5 portion of the amount received which is in-
 6 cludible in gross income (determined with-
 7 out regard to this paragraph).

8 “(B) LIMITATION.—This paragraph shall
 9 not apply to any amount described in para-
 10 graph (A) received by an individual from a
 11 worker savings account if, at any time during
 12 the 1-year period ending on the day of such re-
 13 ceipt, such individual received any other amount
 14 described in subparagraph (A) from a worker
 15 savings account which was not includible in the
 16 individual’s gross income because of the appli-
 17 cation of this paragraph.

18 “(2) ACCOUNT BENEFICIARY.—The term ‘ac-
 19 count beneficiary’ means the individual on whose be-
 20 half the worker savings account is established.

21 “(f) INFLATION ADJUSTMENT.—In the case of any
 22 taxable year beginning in a calendar year after 2010, the
 23 dollar amount contained in subsection (c)(1) shall be in-
 24 creased by an amount equal to—

25 “(1) such dollar amount, multiplied by

1 “(2) the cost-of-living adjustment determined
 2 under section 1(f)(3) for the calendar year in which
 3 the taxable year begins, determined by substituting
 4 ‘calendar year 2009’ for ‘calendar year 1992’ in sub-
 5 paragraph (B) thereof.

6 Any increase determined under the preceding sentence
 7 shall be rounded to the nearest multiple of \$100.”.

8 (b) CLERICAL AMENDMENT.—The table of sections
 9 for subpart A of part I of subchapter D of chapter 1 of
 10 such Code is amended by inserting after the item relating
 11 to section 408A the following new item:

“Sec. 408B. Worker savings accounts.”.

12 (c) EFFECTIVE DATE.—The amendments made by
 13 this section shall apply to taxable years beginning after
 14 December 31, 2009.

15 **SEC. 3. PORTION OF SAVER’S CREDIT REFUNDABLE.**

16 (a) IN GENERAL.—Section 25B of such Code (relat-
 17 ing to elective deferrals and IRA contributions by certain
 18 individuals) is amended by adding at the end the following
 19 new subsection:

20 “(h) PORTION OF CREDIT REFUNDABLE.—

21 “(1) IN GENERAL.—The aggregate credits al-
 22 lowed to a taxpayer under subpart C shall be in-
 23 creased by the lesser of—

24 “(A) \$1,000, or

1 “(B) the amount of the credit attributable
 2 to qualified retirement savings contributions
 3 made by the individual to worker savings ac-
 4 counts which would be allowed under this sec-
 5 tion (without regard to this subsection and the
 6 limitation under section 26(a)(2) or subsection
 7 (g), as the case may be).

8 The amount of the credit allowed under this subsection
 9 shall not be treated as a credit allowed under this subpart
 10 and shall reduce the amount of credit otherwise allowable
 11 under subsection (a) without regard to section 26(a)(2)
 12 or subsection (g), as the case may be.

13 “(2) LIMITATION.—The amount of the credit
 14 allowed under this section for any taxable year shall
 15 not exceed an amount equal to the excess (if any)
 16 of—

17 “(A) \$5,000, over

18 “(B) the aggregate amount of credits al-
 19 lowed under this subsection for all prior taxable
 20 years.

21 “(3) INFLATION ADJUSTMENT.—In the case of
 22 any taxable year beginning in a calendar year after
 23 2010, each of the dollar amounts contained in para-
 24 graphs (1) and (2) shall be increased by an amount
 25 equal to—

1 “(A) such dollar amount, multiplied by

2 “(B) the cost-of-living adjustment deter-
 3 mined under section 1(f)(3) for the calendar
 4 year in which the taxable year begins, deter-
 5 mined by substituting ‘calendar year 2009’ for
 6 ‘calendar year 1992’ in subparagraph (B)
 7 thereof.

8 Any increase determined under the preceding sen-
 9 tence shall be rounded to the nearest multiple of
 10 \$100.”.

11 (b) REFUND PAYABLE TO WORKER SAVINGS AC-
 12 COUNT.—

13 (1) IN GENERAL.—Subchapter B of chapter 65
 14 of the Internal Revenue Code of 1986 is amended by
 15 adding at the end the following new section:

16 **“SEC. 6431. WORKER SAVINGS ACCOUNT REFUND PAY-**
 17 **MENT.**

18 “(a) IN GENERAL.—In the case of a credit allowed
 19 to an individual which is attributable to an increase under
 20 section 25B(h), the Secretary shall pay the amount of
 21 such credit into the designated retirement account of the
 22 individual.

23 “(b) DESIGNATED RETIREMENT ACCOUNT.—The
 24 term ‘designated retirement account’ means any worker
 25 savings account of the individual—

1 “(1) which is designated (in such form and
 2 manner as the Secretary may provide) on the indi-
 3 vidual’s return of tax for the taxable year to receive
 4 the payment under subsection (a), and

5 “(2) which, under the terms of the account, ac-
 6 cepts the payment described in paragraph (1).”.

7 (2) CLERICAL AMENDMENT.—The table of sec-
 8 tions for subchapter B of chapter 65 of such Code
 9 is amended by adding at the end the following new
 10 item:

“Sec. 6431. Worker savings account refund payment.”.

11 (c) EFFECTIVE DATE.—The amendments made by
 12 this section shall apply to taxable years beginning after
 13 December 31, 2009.

14 **SEC. 4. NO INFERENCE AS TO STATE AND FEDERAL UNEM-**
 15 **PLOYMENT COMPENSATION.**

16 No provision of this Act (including the amendments
 17 made thereby) shall be construed to—

18 (1) diminish an employer’s obligation to pay
 19 any applicable State and Federal unemployment
 20 taxes (or any other amount required under State or
 21 Federal law to be paid into an unemployment fund),
 22 or

23 (2) reduce the amount of unemployment com-
 24 pensation (as defined in section 85(b) of the Internal

- 1 Revenue Code of 1986) to which an individual is en-
- 2 titled.

