

111TH CONGRESS
2D SESSION

H. R. 4682

To encourage savings, promote financial literacy, and expand opportunities for young adults by establishing Lifetime Savings Accounts.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 24, 2010

Mr. KENNEDY (for himself, Mr. PETRI, and Mr. COOPER) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To encourage savings, promote financial literacy, and expand opportunities for young adults by establishing Lifetime Savings Accounts.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “America Saving for Personal Investment, Retirement,
6 and Education Act of 2010” or the “ASPIRE Act of
7 2010”.

8 (b) TABLE OF CONTENTS.—The table of contents for
9 this Act is as follows:

Sec. 1. Short title; table of contents.

- Sec. 2. ASPIRE Fund.
- Sec. 3. Lifetime Savings Accounts.
- Sec. 4. Certifications related to Government contributions.
- Sec. 5. Rules governing Lifetime Savings Accounts relating to investment, accounting, and reporting.
- Sec. 6. Tax treatment of Lifetime Savings Accounts.
- Sec. 7. Private management of Lifetime Savings Accounts.
- Sec. 8. ASPIRE Fund Board.
- Sec. 9. Fiduciary responsibilities.
- Sec. 10. Assignment, alienation, and treatment of deceased individuals.
- Sec. 11. Accounts disregarded in determining eligibility for Federal benefits.
- Sec. 12. Reports.
- Sec. 13. Programs for promoting financial literacy.

1 **SEC. 2. ASPIRE FUND.**

2 (a) ESTABLISHMENT.—There is established in the
3 Treasury of the United States an ASPIRE Fund.

4 (b) AMOUNTS HELD BY FUND.—The ASPIRE Fund
5 consists of the sum of all amounts paid into the Fund
6 under subsections (d) and (e), increased by the total net
7 earnings from investments of sums held in the Fund or
8 reduced by the total net losses from investments of sums
9 held in the Fund, and reduced by the total amount of pay-
10 ments made from the Fund (including payments for ad-
11 ministrative expenses).

12 (c) USE OF FUND.—

13 (1) IN GENERAL.—The sums in the ASPIRE
14 Fund are appropriated and shall remain available
15 without fiscal year limitation—

16 (A) to invest under section 5,

17 (B) to make distributions as provided pur-
18 suant to section 6,

1 (C) to pay the administrative expenses of
2 carrying out this Act, and

3 (D) to purchase insurance as provided in
4 section 9(c)(2).

5 (2) EXCLUSIVE PURPOSES.—The sums in the
6 ASPIRE Fund shall not be appropriated for any
7 purpose other than the purposes specified in this
8 section and may not be used for any other purpose.

9 (d) GOVERNMENT CONTRIBUTIONS.—

10 (1) IN GENERAL.—The Secretary of the Treas-
11 ury shall make transfers from the general fund of
12 the Treasury to the ASPIRE Fund as follows:

13 (A) AUTOMATIC CONTRIBUTIONS.—Upon
14 receipt of each certification under section 3(b),
15 the Secretary of the Treasury shall transfer
16 \$500.

17 (B) SUPPLEMENTAL CONTRIBUTIONS.—
18 Upon receipt of each certification under section
19 4(a), the Secretary of the Treasury shall trans-
20 fer the supplemental amount.

21 (C) MATCHING CONTRIBUTIONS.—Upon
22 receipt of each certification under section 4(b),
23 the Secretary of the Treasury shall transfer the
24 matching amount.

25 (2) ADJUSTMENT FOR INFLATION.—

1 (A) IN GENERAL.—For each fifth calendar
2 year beginning after 2010, the \$500 amount in
3 paragraph (1)(A) shall be increased by such
4 dollar amount multiplied by the cost-of-living
5 adjustment determined under section 1(f)(3) of
6 the Internal Revenue Code of 1986 determined
7 by substituting “calendar year 2009” for “cal-
8 endar year 1992” in subparagraph (B) thereof.

9 (B) ROUNDING.—If any amount adjusted
10 under subparagraph (A) is not a multiple of
11 \$50, such amount shall be rounded to the next
12 lowest multiple of \$50.

13 (e) PRIVATE CONTRIBUTIONS.—The Executive Di-
14 rector shall pay into the ASPIRE Fund such amounts as
15 are contributed under section 3(f).

16 **SEC. 3. LIFETIME SAVINGS ACCOUNTS.**

17 (a) ESTABLISHMENT.—The Executive Director shall
18 establish in the ASPIRE Fund a Lifetime Savings Ac-
19 count for each eligible individual certified under subsection
20 (b). Each such account shall be identified to its account
21 holder by means of the account holder’s social security ac-
22 count number.

23 (b) CERTIFICATION OF ACCOUNT HOLDERS.—On the
24 date on which an eligible individual is issued a social secu-
25 rity account number under section 203(c)(2) of the Social

1 Security Act, the Commissioner of Social Security shall
2 certify to the Executive Director and the Secretary of the
3 Treasury the name of, and social security number issued
4 to, such eligible individual.

5 (c) ACCOUNT BALANCE.—The balance in an account
6 holder’s Lifetime Savings Account at any time is the ex-
7 cess of—

8 (1) the sum of—

9 (A) all deposits made into the ASPIRE
10 Fund and credited to the account under sub-
11 section (d), and

12 (B) the total amount of allocations made
13 to and reductions made in the account pursuant
14 to subsection (e), over

15 (2) the amounts paid out of the account with
16 respect to such individual under section 6.

17 (d) CREDITING OF CONTRIBUTIONS.—Pursuant to
18 regulations which shall be prescribed by the Executive Di-
19 rector, the Executive Director shall credit to each Lifetime
20 Savings Account the amounts paid into the ASPIRE Fund
21 under subsections (d) and (e) of section 2 which are attrib-
22 utable to the account holder of such account.

23 (e) ALLOCATION OF EARNINGS AND LOSSES.—The
24 Executive Director shall allocate to each Lifetime Savings
25 Account an amount equal to the net earnings and net

1 losses from each investment of sums in the ASPIRE Fund
2 which are attributable, on a pro rata basis, to sums cred-
3 ited to such account, reduced by an appropriate share of
4 the administrative expenses paid out of the net earnings,
5 as determined by the Executive Director.

6 (f) PRIVATE CONTRIBUTIONS.—

7 (1) IN GENERAL.—The Executive Director shall
8 accept cash contributions for payment into the AS-
9 PIRE Fund if such contribution is identified (in
10 such manner as the Executive Director may require)
11 with the account holder of a Lifetime Savings Ac-
12 count to whom it is to be credited at the time the
13 contribution is made.

14 (2) ALTERNATIVE METHODS OF CONTRIBU-
15 TION.—

16 (A) PAYROLL DEDUCTION.—Under regula-
17 tions prescribed by the Executive Director and
18 at the election of the employer, contributions
19 under paragraph (1) may be made through pay-
20 roll deductions.

21 (B) TAX REFUNDS.—Under regulations
22 prescribed by the Secretary of the Treasury,
23 contributions under paragraph (1) may be made
24 by an election to contribute all or a portion of
25 the tax refund of the contributor.

1 (3) ANNUAL LIMITATION.—

2 (A) ACCOUNT HOLDERS UNDER AGE 18.—

3 In the case of an account holder who has not
4 attained age 18 at the end of a calendar year—

5 (i) the limitation under section
6 219(b)(1) of the Internal Revenue Code of
7 1986 shall not apply, and

8 (ii) the Executive Director shall not
9 accept any contribution identified with
10 such account holder if such contribution,
11 when added to all other contributions made
12 under this subsection during such calendar
13 year with respect to such account holder,
14 exceeds \$2,000.

15 (B) ACCOUNT HOLDERS AGE 18 OR
16 OLDER.—In the case of an account holder who
17 is age 18 or older at the end of a calendar year,
18 any contribution identified with such account
19 holder shall be taken into account under section
20 219(b)(1) of the Internal Revenue Code of
21 1986 for such year.

22 (C) ADJUSTMENT FOR INFLATION.—

23 (i) IN GENERAL.—For each fifth cal-
24 endar year beginning after 2010, the
25 \$2,000 amount under subparagraph (A)(ii)

1 shall be increased by such dollar amount
2 multiplied by the cost-of-living adjustment
3 determined under section 1(f)(3) of the In-
4 ternal Revenue Code of 1986 determined
5 by substituting “calendar year 2009” for
6 “calendar year 1992” in subparagraph (B)
7 thereof.

8 (ii) ROUNDING.—If any amount ad-
9 justed under clause (i) is not a multiple of
10 \$50, such amount shall be rounded to the
11 next lowest multiple of \$50.

12 (g) ELIGIBLE INDIVIDUAL.—For purposes of this
13 Act, the term “eligible individual” means any individual
14 who is—

15 (1) a United States citizen or a person de-
16 scribed in paragraph (1) of section 431(b) of the
17 Personal Responsibility and Work Opportunity Rec-
18 onciliation Act of 1996,

19 (2) born after December 31, 2009, and

20 (3) less than 18 years of age.

21 (h) RIGHTS OF LEGAL GUARDIAN.—Until the ac-
22 count holder of a Lifetime Savings Account attains age
23 18, any rights or duties of the account holder under this
24 Act with respect to such account shall be exercised or per-
25 formed by the legal guardian of such account holder.

1 **SEC. 4. CERTIFICATIONS RELATED TO GOVERNMENT CON-**
2 **TRIBUTIONS.**

3 (a) SUPPLEMENTAL GOVERNMENT CONTRIBU-
4 TIONS.—

5 (1) IN GENERAL.—Upon such showing as the
6 Executive Director may require to establish the basis
7 for certification, the Executive Director shall, with
8 respect to each eligible account holder, certify to the
9 Secretary of the Treasury the supplemental amount
10 with respect to such account holder.

11 (2) ELIGIBLE ACCOUNT HOLDER.—For pur-
12 poses of this subsection, the term “eligible account
13 holder” means an account holder of a Lifetime Sav-
14 ings Account who, for the last taxable year ending
15 before such account holder’s certification under sec-
16 tion 3(b), has a modified adjusted gross income
17 which is below the applicable national median ad-
18 justed gross income amount.

19 (3) SUPPLEMENTAL AMOUNT.—

20 (A) IN GENERAL.—For purposes of this
21 Act, the term “supplemental amount” means
22 \$500.

23 (B) INCOME PHASE-OUT.—With respect to
24 any account holder who has a modified adjusted
25 gross income for the last taxable year ending
26 before such account holder’s certification under

1 section 3(b) which is in excess of 75 percent of
2 the applicable national median adjusted gross
3 income amount, the \$500 amount in subpara-
4 graph (A) shall be reduced (but not below zero)
5 by an amount which bears the same ratio to
6 \$500 as such excess bears to 25 percent of the
7 applicable national median adjusted gross in-
8 come amount.

9 (C) ADJUSTMENT FOR INFLATION.—

10 (i) IN GENERAL.—For each fifth cal-
11 endar year beginning after 2010, each of
12 the \$500 amounts under subparagraphs
13 (A) and (B) shall be increased by such dol-
14 lar amount multiplied by the cost-of-living
15 adjustment determined under section
16 1(f)(3) of the Internal Revenue Code of
17 1986 determined by substituting “calendar
18 year 2009” for “calendar year 1992” in
19 subparagraph (B) thereof.

20 (ii) ROUNDING.—If any amount ad-
21 justed under clause (i) is not a multiple of
22 \$50, such amount shall be rounded to the
23 next lowest multiple of \$50.

24 (b) GOVERNMENT MATCHING CONTRIBUTION.—

1 (1) IN GENERAL.—Upon such showing as the
2 Executive Director may require to establish the basis
3 for certification, the Executive Director shall, with
4 respect to each private contribution to the account
5 of an account holder which is made before such ac-
6 count holder attains age 18, certify to the Secretary
7 of the Treasury the matching amount with respect
8 to such contribution.

9 (2) MATCHING AMOUNT.—

10 (A) IN GENERAL.—For purposes of this
11 subsection, the term “matching amount”
12 means, with respect to the first \$500 of private
13 contributions to an account during any calendar
14 year, an amount equal to 100 percent of such
15 contribution.

16 (B) INCOME PHASE-OUT.—With respect to
17 any account holder who has a modified adjusted
18 gross income for the last taxable year ending
19 before such contribution which is in excess of
20 75 percent of the applicable national median
21 adjusted gross income amount, the \$500
22 amount in subparagraph (A) shall be reduced
23 (but not below zero) by an amount which bears
24 the same ratio to \$500 as—

25 (i) such excess, bears to

1 (ii) 25 percent of the applicable na-
2 tional median adjusted gross income
3 amount.

4 (C) ADJUSTMENT FOR INFLATION.—

5 (i) IN GENERAL.—For each fifth cal-
6 endar year beginning after 2010, each of
7 the \$500 amounts under subparagraphs
8 (A) and (B) shall be increased by such dol-
9 lar amount multiplied by the cost-of-living
10 adjustment determined under section
11 1(f)(3) of the Internal Revenue Code of
12 1986 determined by substituting “calendar
13 year 2009” for “calendar year 1992” in
14 subparagraph (B) thereof.

15 (ii) ROUNDING.—If any amount ad-
16 justed under clause (i) is not a multiple of
17 \$50, such amount shall be rounded to the
18 next lowest multiple of \$50.

19 (3) PRIVATE CONTRIBUTION.—For purposes of
20 this subsection, the term “private contribution”
21 means a contribution accepted under section 3(f).

22 (c) DEFINITIONS AND RULES RELATING TO MODI-
23 FIED ADJUSTED GROSS INCOME.—For purposes of this
24 section—

1 (1) SPECIAL RULE FOR ACCOUNT HOLDERS
2 WHO CAN BE CLAIMED AS DEPENDENTS.—In the
3 case of an account holder of a Lifetime Savings Ac-
4 count for whom a deduction is allowable under sec-
5 tion 151 of the Internal Revenue Code of 1986 to
6 another taxpayer, any reference in this section to the
7 modified adjusted gross income of the account hold-
8 er for any taxable year shall be treated as a ref-
9 erence to the modified adjusted gross income of such
10 other taxpayer.

11 (2) MODIFIED ADJUSTED GROSS INCOME.—The
12 term “modified adjusted gross income” has the
13 meaning given such term in section 221(b) of the In-
14 ternal Revenue Code of 1986.

15 (3) APPLICABLE NATIONAL MEDIAN ADJUSTED
16 GROSS INCOME.—

17 (A) IN GENERAL.—The term “applicable
18 national median adjusted gross income” means,
19 with respect to any calendar year, the median
20 amount of adjusted gross income (as defined in
21 section 62 of the Internal Revenue Code of
22 1986) for individual taxpayers for taxable years
23 ending in the prior calendar year as determined
24 by the Secretary of the Treasury.

1 (B) JOINT RETURNS.—The applicable na-
2 tional median adjusted gross income shall be
3 calculated and applied separately with respect
4 to joint returns and all other returns.

5 **SEC. 5. RULES GOVERNING LIFETIME SAVINGS ACCOUNTS**
6 **RELATING TO INVESTMENT, ACCOUNTING,**
7 **AND REPORTING.**

8 (a) DEFAULT INVESTMENT PROGRAM.—The AS-
9 PIRE Fund Board shall establish a default investment
10 program under which, in a manner similar to a lifecycle
11 investment program, sums in each Lifetime Savings Ac-
12 count are allocated to investment funds in the ASPIRE
13 Fund based on the amount of time before the account
14 holder attains the age of 18. Each account holder of a
15 Lifetime Savings Account shall be enrolled in such pro-
16 gram unless such account holder, in such form and man-
17 ner as prescribed by the Executive Director, elects other-
18 wise.

19 (b) OTHER RULES.—Under regulations which shall
20 be prescribed by the Executive Director, and subject to
21 the provisions of this Act, the provisions of—

22 (1) section 8438 of title 5, United States Code
23 (relating to investment of the Thrift Savings Fund),

1 (2) section 8439(b) of such title (relating to en-
2 gagement of independent qualified public account-
3 ant),

4 (3) section 8439(c) of such title (relating to
5 periodic statements and summary descriptions of in-
6 vestment options), and

7 (4) section 8439(d) of such title (relating to as-
8 sumption of risk),

9 shall apply with respect to the ASPIRE Fund and ac-
10 counts maintained in such Fund in the same manner and
11 to the same extent as such provisions relate to the Thrift
12 Savings Fund and the accounts maintained in the Thrift
13 Savings Fund. For purposes of this subsection, references
14 in such sections 8438 and 8439 to an employee, Member,
15 former employee, or former Member shall be deemed ref-
16 erences to an account holder of a Lifetime Savings Ac-
17 count in the ASPIRE Fund.

18 **SEC. 6. TAX TREATMENT OF LIFETIME SAVINGS ACCOUNTS.**

19 (a) IN GENERAL.—Except as otherwise provided in
20 this Act, for purposes of the Internal Revenue Code of
21 1986—

22 (1) each Lifetime Savings Account shall be
23 treated in the same manner as a Roth IRA (within
24 the meaning of section 408A of such Code), except

1 that section 408A of such Code shall be applied sep-
2 arately to Lifetime Savings Accounts, and

3 (2) any distribution from such account shall be
4 treated in the same manner as a distribution from
5 a Roth IRA.

6 (b) SEPARATE APPLICATION OF TAXATION RULES.—
7 For purposes of this Act, section 408A, other than sub-
8 section (c) thereof (relating to treatment of contributions),
9 of the Internal Revenue Code of 1986 shall be applied sep-
10 arately to Lifetime Savings Accounts.

11 (c) MINIMUM BALANCE.—No amount shall be dis-
12 tributed pursuant to subsection (a)(2) to the extent such
13 distribution would cause the balance of such account to
14 be less than the amount transferred to such account under
15 section 2(d)(1)(A) before the account holder—

16 (1) attains age 59½,

17 (2) dies, or

18 (3) becomes disabled (within the meaning of
19 section 72(m)(7)).

20 (d) DISTRIBUTIONS FOR HIGHER EDUCATION.—In
21 the case of higher education expenses of an account holder
22 incurred during the period beginning on the date the ac-
23 count holder attains 18 and ending before the account
24 holder attains 25, no amount shall be treated as a quali-
25 fied distribution pursuant to subsection (a)(2) unless such

1 amount is paid directly to the institution of higher edu-
2 cation (as defined in section 101 of the Higher Education
3 Act of 1065 (20 U.S.C. 1001) through which the higher
4 education is provided.

5 (e) AGE LIMITATION.—Except as otherwise provided
6 by this Act, no distribution shall be made under subsection
7 (a) with respect to any account holder of a Lifetime Sav-
8 ings Account before such account holder attains age 18.

9 (f) QUALIFIED ROLLOVERS CONTRIBUTIONS.—

10 (1) IN GENERAL.—Under regulations prescribed
11 by the Secretary of the Treasury in consultation
12 with the Executive Director, any account holder of
13 a Lifetime Savings Account may elect to make a
14 rollover contribution from such account holder's ac-
15 count to a privately managed Lifetime Savings Ac-
16 count (as defined in section 408B of the Internal
17 Revenue Code of 1986).

18 (2) LIMITATION.—No rollover contribution may
19 be made under this paragraph to the extent that
20 such rollover contribution would cause the balance of
21 such account holder's account to be less than the
22 minimum balance specified in subsection (c).

23 (g) 100 PERCENT TAX ON GOVERNMENT CONTRIBU-
24 TIONS.—

25 (1) LIFETIME SAVINGS ACCOUNTS.—

1 (A) IN GENERAL.—In the case of any
2 amount distributed from a Lifetime Savings Ac-
3 count which is attributable to contributions
4 made under section 2(d) and which would be in-
5 cludible in gross income (but for this para-
6 graph)—

7 (i) such amount shall not be includible
8 in gross income, and

9 (ii) the tax imposed under chapter 1
10 of the Internal Revenue Code of 1986 on
11 the distributee for the taxable year in
12 which such amount is distributed shall be
13 increased by 100 percent of such amount.

14 (B) ORDERING RULES.—For purposes of
15 this paragraph, distributions from Lifetime
16 Savings Accounts shall be treated as made from
17 amounts attributable to contributions made
18 under section 3(f) and from earnings before
19 made from amounts attributable to contribu-
20 tions made under section 2(d).

21 **SEC. 7. PRIVATE MANAGEMENT OF LIFETIME SAVINGS AC-**
22 **COUNTS.**

23 (a) IN GENERAL.—Part I of subchapter D of chapter
24 1 of the Internal Revenue Code of 1986 is amended by
25 inserting after section 408A the following new section:

1 **“SEC. 408B. PRIVATELY MANAGED LIFETIME SAVINGS AC-**
2 **COUNTS.**

3 “(a) IN GENERAL.—Except as provided in this sec-
4 tion, a privately managed Lifetime Savings Account shall
5 be treated in the same manner as a Roth IRA, except that:

6 “(1) QUALIFIED SPECIAL PURPOSE DISTRIBUTI-
7 TIONS.—Qualified special distributions (as defined in
8 section 408A(d)(5)) shall include—

9 “(A) distributions to the extent that such
10 distributions do not exceed qualified higher edu-
11 cation expenses (as defined in section
12 529(e)(3)) of the beneficiary of a privately man-
13 aged Lifetime Savings Account, reduced by the
14 sum of—

15 “(i) the amount excluded from gross
16 income under section 127, 135, 529, or
17 530 by reason of such expenses,

18 “(ii) the amount excluded from gross
19 income under section 221 by reason of
20 such expenses (determined without regard
21 to the last sentence of subsection (d)(2)
22 thereof),

23 “(iii) the amount of any scholarship,
24 allowance, or payment described in section
25 25A(g)(2), and

1 “(iv) the amount of such expenses
2 which were taken into account in deter-
3 mining the credit allowed to the taxpayer
4 or any other person under section 25A,
5 and

6 “(B) amounts which within 60 days of dis-
7 tribution are transferred to a qualified tuition
8 program under section 529 for the benefit of
9 the account holder of a privately managed Life-
10 time Savings Account or a member of the fam-
11 ily (within the meaning of section 529(e)(2)) of
12 such account holder.

13 “(2) NONEXCLUSION PERIOD DOES NOT
14 APPLY.—Section 408A(d)(2)(B) shall not apply.

15 “(3) QUALIFIED ROLLOVER.—In lieu of the def-
16 inition given the term ‘qualified rollover contribu-
17 tion’ under section 408A(e), such term shall mean a
18 rollover contribution to a privately managed Lifetime
19 Savings Account from another such account or from
20 a Lifetime Savings Account under section 7(b)(2)(A)
21 of the America Saving for Personal Investment, Re-
22 tirement, and Education Act of 2010, but only if
23 such rollover contribution meets the requirements of
24 section 408(d)(3).

1 “(4) AGE LIMITATION ON DISTRIBUTIONS.—Ex-
2 cept as otherwise provided in this section, no dis-
3 tribution may be made with respect to any account
4 holder of a privately managed Lifetime Savings Ac-
5 count before such account holder attains age 18.

6 “(5) TAXATION OF GOVERNMENT CONTRIBU-
7 TIONS.—In the case of any distribution which is at-
8 tributable to contributions made under section 2(d)
9 of the America Saving for Personal Investment, Re-
10 tirement, and Education Act of 2010 and which
11 would be includible in gross income (but for this
12 paragraph)—

13 “(A) such amount shall not be includible in
14 gross income, and

15 “(B) the tax imposed under chapter 1 on
16 the distributee for the taxable year in which
17 such amount is distributed shall be increased by
18 100 percent of such amount.

19 For purposes of this paragraph, distributions shall
20 be treated as made from amounts attributable to
21 other contributions and from earnings before made
22 from amounts attributable to contributions made
23 under section 2(d) of the America Saving for Per-
24 sonal Investment, Retirement, and Education Act of
25 2010.

1 “(6) ASSIGNMENT, ALIENATION, AND TREAT-
2 MENT OF DECEASED INDIVIDUALS.—Section 10 of
3 the America Saving for Personal Investment, Retirement,
4 and Education Act of 2010 shall apply in lieu
5 of treatment under this subsection as a Roth IRA.

6 “(b) PRIVATELY MANAGED LIFETIME SAVINGS AC-
7 COUNT.—For purposes of this title, the term ‘privately
8 managed Lifetime Savings Account’ means an individual
9 retirement plan (as defined in section 7701(a)(37)) which
10 is designated (in such manner as the Secretary may pre-
11 scribe) as a privately managed Lifetime Savings Account
12 and which meets the requirements of the America Saving
13 for Personal Investment, Retirement, and Education Act
14 of 2010.”.

15 (b) CONFORMING AMENDMENT.—The table of sec-
16 tions for part I of subchapter D of chapter 1 of the Inter-
17 nal Revenue Code of 1986 is amended by inserting after
18 the item related to section 408A the following new item:

 “Sec. 408B. Privately managed Lifetime Savings Accounts.”.

19 **SEC. 8. ASPIRE FUND BOARD.**

20 (a) IN GENERAL.—There is established in the execu-
21 tive branch of the Government a ASPIRE Fund Board.

22 (b) COMPOSITION, DUTIES, AND RESPONSIBIL-
23 ITIES.—Subject to the provisions of this Act, the provi-
24 sions of—

1 (1) section 8472 of title 5, United States Code
2 (relating to composition of Federal Retirement
3 Thrift Investment Board),

4 (2) section 8474 of such title (relating to Exec-
5 utive Director),

6 (3) section 8475 of such title (relating to in-
7 vestment policies), and

8 (4) section 8476 of such title (relating to ad-
9 ministrative provisions),

10 shall apply with respect to the ASPIRE Fund Board in
11 the same manner and to the same extent as such provi-
12 sions relate to the Federal Retirement Thrift Investment
13 Board.

14 **SEC. 9. FIDUCIARY RESPONSIBILITIES.**

15 (a) IN GENERAL.—Under regulations of the Sec-
16 retary of Labor, the provisions of sections 8477 and 8478
17 of title 5, United States Code, shall apply in connection
18 with the ASPIRE Fund and the accounts maintained in
19 such Fund in the same manner and to the same extent
20 as such provisions apply in connection with the Thrift Sav-
21 ings Fund and the accounts maintained in the Thrift Sav-
22 ings Fund.

23 (b) INVESTIGATIVE AUTHORITY.—Any authority
24 available to the Secretary of Labor under section 504 of
25 the Employee Retirement Income Security Act of 1974

1 (29 U.S.C. 1134) is hereby made available to the Sec-
2 retary of Labor, and any officer designated by the Sec-
3 retary of Labor, to determine whether any person has vio-
4 lated, or is about to violate, any provision applicable under
5 subsection (a).

6 (c) EXCULPATORY PROVISIONS; INSURANCE.—

7 (1) IN GENERAL.—Any provision in an agree-
8 ment or instrument which purports to relieve a fidu-
9 ciary from responsibility or liability for any responsi-
10 bility, obligation, or duty under this Act shall be
11 void.

12 (2) INSURANCE.—Amounts in the ASPIRE
13 Fund available for administrative expenses shall be
14 available and may be used at the discretion of the
15 Executive Director to purchase insurance to cover
16 potential liability of persons who serve in a fiduciary
17 capacity with respect to the Fund and accounts
18 maintained therein, without regard to whether a pol-
19 icy of insurance permits recourse by the insurer
20 against the fiduciary in the case of a breach of a fi-
21 duciary obligation.

22 **SEC. 10. ASSIGNMENT, ALIENATION, AND TREATMENT OF**
23 **DECEASED INDIVIDUALS.**

24 (a) ASSIGNMENT AND ALIENATION.—Under regula-
25 tions which shall be prescribed by the Executive Director,

1 rules relating to assignment and alienation applicable
2 under chapter 84 of title 5, United States Code, with re-
3 spect to amounts held in accounts in the Thrift Savings
4 Fund shall apply with respect to amounts held in Lifetime
5 Savings Accounts in the ASPIRE Fund.

6 (b) TREATMENT OF ACCOUNTS OF DECEASED INDI-
7 VIDUALS.—In the case of a deceased account holder of a
8 Lifetime Savings Account which has an account balance
9 greater than zero, upon receipt of notification of such indi-
10 vidual's death, the Executive Director shall close the ac-
11 count and shall transfer the balance in such account to
12 the Lifetime Savings Account of such account holder's
13 surviving spouse or, if there is no such account of a sur-
14 viving spouse, to the duly appointed legal representative
15 of the estate of the deceased account holder, or if there
16 is no such representative, to the person or persons deter-
17 mined to be entitled thereto under the laws of the domicile
18 of the deceased account holder.

19 **SEC. 11. ACCOUNTS DISREGARDED IN DETERMINING ELIGI-**
20 **BILITY FOR FEDERAL BENEFITS.**

21 Amounts in any Lifetime Savings Account shall not
22 be taken into account in determining any individual's or
23 household's financial eligibility for, or amount of, any ben-
24 efit or service, paid for in whole or in part with Federal
25 funds, including student financial aid.

1 **SEC. 12. REPORTS.**

2 The Executive Director, in consultation with the Sec-
3 retary of the Treasury, shall annually transmit a written
4 report to the Congress. Such report shall include—

5 (1) a detailed description of the status and op-
6 eration of the ASPIRE Fund and the management
7 of the Lifetime Savings Accounts, and

8 (2) a detailed accounting of the administrative
9 expenses in carrying out this Act, including the ratio
10 of such administrative expenses to the balance of the
11 ASPIRE Fund and the methodology adopted by the
12 Executive Director for allocating such expenses
13 among the Lifetime Savings Accounts.

14 **SEC. 13. PROGRAMS FOR PROMOTING FINANCIAL LIT-**
15 **ERACY.**

16 The Secretary of the Treasury, in coordination with
17 the Financial Literacy and Education Commission, shall
18 develop programs to promote the financial literacy of ac-
19 count holders of Lifetime Savings Accounts and the legal
20 guardians of such account holders who have the rights
21 with respect to such accounts under section 3(h).

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