

111TH CONGRESS
2D SESSION

H. R. 5031

To amend the Internal Revenue Code of 1986 to allow a credit against tax for individuals age 18 through 30 for certain retirement contributions.

IN THE HOUSE OF REPRESENTATIVES

APRIL 15, 2010

Mrs. CAPITO 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 allow a credit against tax for individuals age 18 through 30 for certain retirement contributions.

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 “Young Savers’ Tax
5 Credit Act of 2010”.

6 **SEC. 2. YOUNG SAVER’S CREDIT.**

7 (a) IN GENERAL.—Section 25B of the Internal Rev-
8 enue Code of 1986 (relating to elective deferrals and IRA
9 contributions by certain individuals) is amended by adding
10 at the end the following new subsection:

1 “(h) YOUNG SAVER’S CREDIT.—

2 “(1) IN GENERAL.—In the case of a qualified
3 young saver, the credit determined under subsection
4 (a) shall be an amount equal to so much of the
5 qualified retirement savings contributions of such in-
6 dividual for the taxable year as does not exceed
7 \$500.

8 “(2) QUALIFIED YOUNG SAVER.—For purposes
9 of this subsection, the term ‘qualified young saver’
10 means any eligible individual—

11 “(A) who elects the application of this sub-
12 section for the taxable year,

13 “(B) who has not attained the age of 31
14 before the end of the taxable year, and

15 “(C) whose aggregate qualified retirement
16 savings contributions for the taxable year are
17 not less than an amount equal to 1 percent of
18 the compensation includible in the individual’s
19 gross income for such taxable year.

20 “(3) LIMITATION BASED ON MODIFIED AD-
21 JUSTED GROSS INCOME.—

22 “(A) IN GENERAL.—The credit which
23 would (but for this paragraph) be determined
24 under subsection (h) for the taxable year shall

be reduced (but not below zero) by the amount determined under subparagraph (B).

“(B) AMOUNT OF REDUCTION.—The amount determined under this paragraph is the amount which bears the same ratio to the amount which would be so taken into account as—

“(i) the excess of—

“(I) the taxpayer’s adjusted gross income for such taxable year, over

“(II) \$50,000 (\$100,000 in the case of a joint return), bears to

“(ii) \$20,000 (\$40,000 in the case of a joint return).

“(4) INFLATION ADJUSTMENT.—

“(A) IN GENERAL.—In the case of a taxable year beginning after 2010, each of the dollar amounts in paragraph (3) shall be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar

1 year 2009’ for ‘calendar year 1992’ in sub-
2 paragraph (B) thereof.

3 “(B) ROUNDING.—If any amount as ad-
4 justed under subparagraph (A) is not a multiple
5 of \$500, such amount shall be rounded to the
6 next lowest multiple of \$500.”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to taxable years beginning after
9 December 31, 2009.

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