

114TH CONGRESS
1ST SESSION

H. R. 1377

To amend the Internal Revenue Code of 1986 to provide for tax preferred savings accounts for dependent youth, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 16, 2015

Mr. HINOJOSA (for himself and Mr. STIVERS) 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 dependent youth, 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 “Roth Accounts for
5 Youth Savings Act of 2015” or the “RAYS Act”.

6 **SEC. 2. ROTH ACCOUNT FOR YOUTH.**

7 (a) IN GENERAL.—Section 408A of the Internal Rev-
8 enue Code of 1986 (relating to Roth IRAs) is amended
9 by adding at the end the following:

10 “(g) ROTH ACCOUNT FOR YOUTH.—

1 “(1) IN GENERAL.—In the case of a dependent
2 of a taxpayer to whom this paragraph applies for the
3 taxable year and with respect to whom an election
4 for the taxable year is in effect under paragraph
5 (3)(B), the limitation of subsection (c)(2) shall be
6 equal to the sum of—

7 “(A) the contribution limit determined
8 under this section (before the application of this
9 subsection) with respect to the dependent, plus

10 “(B)(i) the dollar amount determined (be-
11 fore the application of this subsection) under
12 subsection (c)(2) for the taxable year with re-
13 spect to such taxpayer, without regard to sec-
14 tion 219(b)(5)(B), reduced by

15 “(ii) the sum of—

16 “(I) all prior contributions to all other
17 Roth IRAs maintained on behalf of all
18 other dependents of such taxpayer for the
19 taxable year, determined by taking into ac-
20 count the order elected by the taxpayer
21 under paragraph (3)(B), plus

22 “(II) the aggregate amount of con-
23 tributions to all individual retirement plans
24 and Roth IRAs maintained on behalf of
25 the taxpayer for the taxable year.

1 “(2) MAXIMUM CONTRIBUTION.—In no case
2 shall the aggregate amount of contributions to all in-
3 dividual retirement plans and Roth IRAs maintained
4 on behalf of a dependent in a taxable year exceed
5 the deductible amount determined under section
6 219(b)(5)(A).

7 “(3) ORDERING RULES.—

8 “(A) TAXPAYER’S OWN IRAS.—Subsection
9 (c)(2) shall apply with respect to all individual
10 retirement plans maintained for the benefit of
11 the taxpayer before paragraph (1) applies with
12 respect to a dependent of the taxpayer.

13 “(B) ELECTION OF ORDER IN THE CASE
14 OF MORE THAN 1 DEPENDENT.—For purposes
15 of determining the contribution limit under
16 paragraph (1) for more than 1 dependent, para-
17 graph (1)(B)(ii) shall apply with respect to de-
18 pendents of the taxpayer in the order elected by
19 the taxpayer.

20 “(4) DEPENDENT TO WHOM PARAGRAPH (1) AP-
21 PLIES.—Paragraph (1) shall apply to any dependent
22 of a taxpayer if—

23 “(A) the taxpayer is allowed a deduction
24 under section 151 for the dependent for the
25 taxable year,

1 “(B) in the case of a taxpayer who is mar-
 2 ried, the taxpayer files a joint return for the
 3 taxable year, and

4 “(C) the amount of compensation (if any)
 5 includible in the dependent’s gross income for
 6 the taxable year is less than the compensation
 7 includible in the gross income of the taxpayer
 8 for the taxable year.

9 “(5) SPECIAL RULE FOR DIVORCED PARENTS,
 10 ETC.—For purposes of paragraph (3), rules similar
 11 to the rules of section 152(e) shall apply.

12 “(6) COMPENSATION.—For purposes of this
 13 subsection, the term ‘compensation’ has the meaning
 14 given such term by section 219(f)(1).”.

15 (b) CONFORMING AMENDMENT.—Section
 16 408A(d)(2)(B) of the Internal Revenue Code of 1986 is
 17 amended by striking “Roth IRA)” and by inserting “Roth
 18 IRA or a contribution is made to a dependent’s Roth IRA
 19 under subsection (g))” after “such individual’s spouse”.

20 (c) INCOME DISREGARD UNDER FEDERAL MEANS-
 21 TESTED BENEFIT PROGRAMS.—The amount in a Roth
 22 Account for Youth established pursuant to section
 23 408A(g) of the Internal Revenue Code of 1986 shall be
 24 disregarded as income or resources for purposes of deter-
 25 mining eligibility for benefits or assistance, or the amount

1 or extent of benefits or assistance, under any Federal ben-
2 efit program that is means-tested.

3 (d) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 2015.

○