

114TH CONGRESS
2D SESSION

S. 2492

To amend the Internal Revenue Code of 1986 to provide matching payments for retirement savings contributions by certain individuals.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 3, 2016

Mr. WYDEN (for himself, Ms. CANTWELL, Mr. CARDIN, Mr. BROWN, and Mr. CASEY) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide matching payments for retirement savings contributions by certain individuals.

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 “Encouraging Ameri-
5 cans to Save Act”.

1 **SEC. 2. MATCHING PAYMENTS FOR ELECTIVE DEFERRAL**
 2 **AND IRA CONTRIBUTIONS BY CERTAIN INDIVIDUALS.**
 3

4 (a) IN GENERAL.—Subchapter B of chapter 65 of the
 5 Internal Revenue Code of 1986 is amended by adding at
 6 the end the following new section:

7 **“SEC. 6433. MATCHING PAYMENTS FOR ELECTIVE DEFER-**
 8 **RAL AND IRA CONTRIBUTIONS BY CERTAIN**
 9 **INDIVIDUALS.**

10 “(a) IN GENERAL.—

11 “(1) ALLOWANCE OF CREDIT.—Any eligible in-
 12 dividual who makes qualified retirement savings con-
 13 tributions for the taxable year shall be allowed a
 14 credit for such taxable year in an amount equal to
 15 the applicable percentage of so much of the qualified
 16 retirement savings contributions made by such eligi-
 17 ble individual for the taxable year as does not exceed
 18 \$1,000.

19 “(2) PAYMENT OF CREDIT.—The credit under
 20 this section shall be paid by the Secretary as a con-
 21 tribution (as soon as practicable after the eligible in-
 22 dividual has filed a tax return for the taxable year)
 23 to the applicable retirement vehicle of an eligible in-
 24 dividual.

25 “(b) APPLICABLE PERCENTAGE.—For purposes of
 26 this section—

1 “(1) IN GENERAL.—Except as provided in para-
2 graph (2), the applicable percentage is 50 percent.

3 “(2) PHASEOUT.—The percentage under para-
4 graph (1) shall be reduced (but not below zero) by
5 the number of percentage points which bears the
6 same ratio to 50 percentage points as—

7 “(A) the excess of—

8 “(i) the taxpayer’s modified adjusted
9 gross income for such taxable year, over

10 “(ii) the applicable dollar amount,
11 bears to

12 “(B) the phaseout range.

13 If any reduction determined under this paragraph is
14 not a whole percentage point, such reduction shall be
15 rounded to the next lowest whole percentage point.

16 “(3) APPLICABLE DOLLAR AMOUNT; PHASEOUT
17 RANGE.—

18 “(A) JOINT RETURNS.—Except as pro-
19 vided in subparagraph (B)—

20 “(i) the applicable dollar amount is
21 \$65,000, and

22 “(ii) the phaseout range is \$20,000.

23 “(B) OTHER RETURNS.—In the case of—

24 “(i) a head of a household (as defined
25 in section 2(b)), the applicable dollar

1 amount and the phaseout range shall be $\frac{3}{4}$
 2 of the amounts applicable under subpara-
 3 graph (A) (as adjusted under subsection
 4 (g)), and

5 “(ii) any taxpayer who is not filing a
 6 joint return and who is not a head of a
 7 household (as so defined), the applicable
 8 dollar amount and the phaseout range
 9 shall be $\frac{1}{2}$ of the amounts applicable
 10 under subparagraph (A) (as so adjusted).

11 “(c) ELIGIBLE INDIVIDUAL.—For purposes of this
 12 section—

13 “(1) IN GENERAL.—The term ‘eligible indi-
 14 vidual’ means any individual if such individual has
 15 attained the age of 18 as of the close of the taxable
 16 year.

17 “(2) DEPENDENTS AND FULL-TIME STUDENTS
 18 NOT ELIGIBLE.—The term ‘eligible individual’ shall
 19 not include—

20 “(A) any individual with respect to whom
 21 a deduction under section 151 is allowed to an-
 22 other taxpayer for a taxable year beginning in
 23 the calendar year in which such individual’s
 24 taxable year begins, and

1 “(B) any individual who is a student (as
2 defined in section 152(f)(2)).

3 “(d) QUALIFIED RETIREMENT SAVINGS CONTRIBU-
4 TIONS.—For purposes of this section—

5 “(1) IN GENERAL.—The term ‘qualified retire-
6 ment savings contributions’ means, with respect to
7 any taxable year, the sum of—

8 “(A) the amount of the qualified retire-
9 ment contributions (as defined in section
10 219(e)) made by the eligible individual,

11 “(B) the amount of—

12 “(i) any elective deferrals (as defined
13 in section 402(g)(3)) of such individual,
14 and

15 “(ii) any elective deferral of com-
16 pensation by such individual under an eli-
17 gible deferred compensation plan (as de-
18 fined in section 457(b)) of an eligible em-
19 ployer described in section 457(e)(1)(A),
20 and

21 “(C) the amount of voluntary employee
22 contributions by such individual to any qualified
23 retirement plan (as defined in section 4974(c)).

24 Such term shall not include any amount attributable
25 to a payment under subsection (a).

1 “(2) REDUCTION FOR CERTAIN DISTRIBUTIONS.—

2

3 “(A) IN GENERAL.—The qualified retire-

4 ment savings contributions determined under

5 paragraph (1) for a taxable year shall be re-

6 duced (but not below zero) by the aggregate

7 distributions received by the individual during

8 the testing period from any entity of a type to

9 which contributions under paragraph (1) may

10 be made.

11 “(B) TESTING PERIOD.—For purposes of

12 subparagraph (A), the testing period, with re-

13 spect to a taxable year, is the period which in-

14 cludes—

15 “(i) such taxable year,

16 “(ii) the 2 preceding taxable years,

17 and

18 “(iii) the period after such taxable

19 year and before the due date (including ex-

20 tensions) for filing the return of tax for

21 such taxable year.

22 “(C) EXCEPTED DISTRIBUTIONS.—There

23 shall not be taken into account under subpara-

24 graph (A)—

1 “(i) any distribution referred to in
 2 section 72(p), 401(k)(8), 401(m)(6),
 3 402(g)(2), 404(k), or 408(d)(4),

4 “(ii) any distribution to which section
 5 408(d)(3) or 408A(d)(3) applies, and

6 “(iii) any portion of a distribution if
 7 such portion is transferred or paid in a
 8 rollover contribution (as defined in section
 9 402(c), 403(a)(4), 403(b)(8), 408A(e), or
 10 457(e)(16)) to an account or plan to which
 11 qualified retirement contributions can be
 12 made.

13 “(D) TREATMENT OF DISTRIBUTIONS RE-
 14 CEIVED BY SPOUSE OF INDIVIDUAL.—For pur-
 15 poses of determining distributions received by
 16 an individual under subparagraph (A) for any
 17 taxable year, any distribution received by the
 18 spouse of such individual shall be treated as re-
 19 ceived by such individual if such individual and
 20 spouse file a joint return for such taxable year
 21 and for the taxable year during which the
 22 spouse receives the distribution.

23 “(e) APPLICABLE RETIREMENT SAVINGS VEHI-
 24 CLE.—

1 “(1) IN GENERAL.—The term ‘applicable retire-
2 ment savings vehicle’ means—

3 “(A) an account or plan elected by the eli-
4 gible individual under paragraph (2), or

5 “(B) if no such election is made, a myRA
6 established for the benefit of the eligible indi-
7 vidual.

8 For purposes of subparagraph (B), if no myRA has
9 previously been established for the benefit of the in-
10 dividual, the Secretary shall establish such an ac-
11 count for such individual for purposes of contribu-
12 tions under this section.

13 “(2) OTHER RETIREMENT VEHICLES.—An eligi-
14 ble individual may elect to have the amount deter-
15 mined under subsection (a) contributed to an ac-
16 count or plan which—

17 “(A) is a Roth IRA or a designated Roth
18 account (within the meaning of section 402A)
19 of an applicable retirement plan (as defined in
20 section 402A(e)(1)),

21 “(B) is for the benefit of the eligible indi-
22 vidual,

23 “(C) accepts contributions made under this
24 section, and

1 “(D) is designated by such individual (in
 2 such form and manner as the Secretary may
 3 provide) on the return of tax for the taxable
 4 year.

5 “(3) MYRA.—For purposes of paragraph (1),
 6 the term ‘MyRA’ means a Roth IRA which is estab-
 7 lished—

8 “(A) under the myRA program established
 9 under regulations promulgated by the Sec-
 10 retary, and

11 “(B) by the individual for whose benefit
 12 the Roth IRA was created or by the Secretary
 13 on behalf of such individual.

14 “(f) OTHER DEFINITIONS AND SPECIAL RULES.—

15 “(1) MODIFIED ADJUSTED GROSS INCOME.—
 16 For purposes of this section, the term ‘modified ad-
 17 justed gross income’ means adjusted gross income—

18 “(A) determined without regard to sections
 19 911, 931, and 933, and

20 “(B) determined without regard to any ex-
 21 clusion or deduction allowed for any qualified
 22 retirement savings contribution made during
 23 the taxable year.

24 “(2) TREATMENT OF CONTRIBUTIONS.—In the
 25 case of any contribution under subsection (a)(2)—

1 “(A) except as otherwise provided in this
 2 section or by the Secretary under regulations,
 3 such contribution shall be treated in the same
 4 manner as a contribution made by the indi-
 5 vidual on whose behalf such contribution was
 6 made,

7 “(B) such contribution shall not be treated
 8 as income to the taxpayer, and

9 “(C) such contribution shall not be taken
 10 into account with respect to any applicable limi-
 11 tation under sections 402(g)(1), 403(b),
 12 408(a)(1), 408(b)(2)(B), 408A(c)(2), 414(v)(2),
 13 415(c), or 457(b)(2).

14 “(3) TREATMENT OF QUALIFIED PLANS, ETC.—
 15 A plan or arrangement to which a contribution is
 16 made under this section shall not be treated as vio-
 17 lating any requirement under section 401, 403, 408,
 18 or 457 solely by reason of accepting such contribu-
 19 tion.

20 “(4) ERRONEOUS CREDITS.—If any contribu-
 21 tion is erroneously paid under subsection (a)(2), the
 22 amount of such erroneous payment shall be treated
 23 as an underpayment of tax.

24 “(g) INFLATION ADJUSTMENTS.—

1 “(1) IN GENERAL.—In the case of any taxable
 2 year beginning in a calendar year after 2017, each
 3 of the dollar amounts in subsections (a)(2) and
 4 (b)(3)(A)(i) shall be increased by an amount equal
 5 to—

6 “(A) such dollar amount, multiplied by

7 “(B) the cost-of-living adjustment deter-
 8 mined under section 1(f)(3) for the calendar
 9 year in which the taxable year begins, deter-
 10 mined by substituting ‘calendar year 2016’ for
 11 ‘calendar year 1992’ in subparagraph (B)
 12 thereof.

13 “(2) ROUNDING.—Any increase determined
 14 under paragraph (1) shall be rounded to the nearest
 15 multiple of—

16 “(A) \$100 in the case of an adjustment of
 17 the amount in subsection (a)(2), and

18 “(B) \$1,000 in the case of an adjustment
 19 of the amount in subsection (b)(3)(A)(i).”.

20 (b) PROMOTION AND GUIDANCE.—

21 (1) PROMOTION.—The Secretary of the Treas-
 22 ury (or the Secretary’s delegate) shall educate tax-
 23 payers on the benefits provided under section 6433
 24 of the Internal Revenue Code of 1986.

9 (d) DEFICIENCIES.—Section 6211(b)(4) is amended
10 by striking “and 6431” and inserting “6431, and 6433”.

(1) Section 25B of the Internal Revenue Code of 1986 is amended by striking subsections (a) through (f) and inserting the following:

(2) The table of sections for subchapter B of chapter 65 of such Code is amended by adding at the end the following new item:

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2016.

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