

116TH CONGRESS
2D SESSION

H. R. 7418

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

IN THE HOUSE OF REPRESENTATIVES

JUNE 30, 2020

Ms. JUDY CHU of California (for herself, Mr. PANETTA, and Ms. SEWELL of Alabama) 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 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 INDI-**
3 **VIDUALS.**

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. SAVER’S MATCH.**

8 “(a) IN GENERAL.—

9 “(1) ALLOWANCE OF CREDIT.—Any eligible in-
10 dividual who makes qualified retirement savings con-
11 tributions for the taxable year shall be allowed a
12 credit for such taxable year in an amount equal to
13 the applicable percentage of so much of the qualified
14 retirement savings contributions made by such eligi-
15 ble individual for the taxable year as does not exceed
16 \$3,000.

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

23 “(b) APPLICABLE PERCENTAGE.—For purposes of
24 this section—

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

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

5 “(A) the excess of—

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

8 “(ii) the applicable dollar amount,
9 bears to

10 “(B) the phaseout range.

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

14 “(3) APPLICABLE DOLLAR AMOUNT; PHASEOUT
15 RANGE.—

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

18 “(i) the applicable dollar amount is
19 \$80,000, and

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

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

22 “(i) a head of a household (as defined
23 in section 2(b)), the applicable dollar
24 amount and the phaseout range shall be $\frac{3}{4}$
25 of the amounts applicable under subpara-

1 graph (A) (as adjusted under subsection
2 (g)), and

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

9 “(c) ELIGIBLE INDIVIDUAL.—For purposes of this
10 section—

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

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

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

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

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

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

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

9 “(B) the amount of—

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

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

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

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

24 “(2) REDUCTION FOR CERTAIN DISTRIBUTI-
25 TIONS.—

1 “(A) IN GENERAL.—The qualified retire-
2 ment savings contributions determined under
3 paragraph (1) for a taxable year shall be re-
4 duced (but not below zero) by the aggregate
5 distributions received by the individual during
6 the testing period from any entity of a type to
7 which contributions under paragraph (1) may
8 be made.

9 “(B) TESTING PERIOD.—For purposes of
10 subparagraph (A), the testing period, with re-
11 spect to a taxable year, is the period which in-
12 cludes—

13 “(i) such taxable year,

14 “(ii) the 2 preceding taxable years,

15 and

16 “(iii) the period after such taxable
17 year and before the due date (including ex-
18 tensions) for filing the return of tax for
19 such taxable year.

20 “(C) EXCEPTED DISTRIBUTIONS.—There
21 shall not be taken into account under subpara-
22 graph (A)—

23 “(i) any distribution referred to in
24 section 72(p), 401(k)(8), 401(m)(6),
25 402(g)(2), 404(k), or 408(d)(4),

1 “(ii) any distribution to which section
2 408(d)(3) or 408A(d)(3) applies, and

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

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

20 “(e) APPLICABLE RETIREMENT SAVINGS VEHI-
21 CLE.—

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

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

1 “(B) if no such election is made or the
2 Secretary is not able to make a contribution
3 into the account or plan selected by the eligible
4 individual, a MyRA established for the benefit
5 of the eligible individual.

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

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

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

19 “(B) is for the benefit of the eligible indi-
20 vidual,

21 “(C) accepts contributions made under this
22 section, and

23 “(D) is designated by such individual (in
24 such form and manner as the Secretary may

1 provide) on the return of tax for the taxable
2 year.

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

6 “(A) under the MyRA program established
7 under section 3 of the Encouraging Americans
8 to Save Act, and

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

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

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

16 “(A) determined without regard to sections
17 911, 931, and 933, and

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

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

24 “(A) except as otherwise provided in this
25 section or by the Secretary under regulations,

1 such contribution shall be treated in the same
2 manner as a contribution made by the indi-
3 vidual on whose behalf such contribution was
4 made,

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

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

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

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

22 “(g) INFLATION ADJUSTMENTS.—

23 “(1) IN GENERAL.—In the case of any taxable
24 year beginning in a calendar year after 2021, each
25 of the dollar amounts in subsections (a)(2) and

1 (b)(3)(A)(i) shall be increased by an amount equal
2 to—

3 “(A) such dollar amount, multiplied by

4 “(B) the cost-of-living adjustment deter-
5 mined under section 1(f)(3) for the calendar
6 year in which the taxable year begins, deter-
7 mined by substituting ‘calendar year 2020’ for
8 ‘calendar year 2016’ in subparagraph (A)(ii)
9 thereof.

10 “(2) ROUNDING.—Any increase determined
11 under paragraph (1) shall be rounded to the nearest
12 multiple of—

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

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

17 (b) PAYMENT AUTHORITY.—Section 1324(b)(2) of
18 title 31, United States Code, is amended by striking
19 “6431” and inserting “6433”.

20 (c) DEFICIENCIES.—Section 6211(b)(4) of the Inter-
21 nal Revenue Code of 1986 is amended by striking “and
22 6428” and inserting “6428, and 6433”.

23 (d) CONFORMING AMENDMENTS.—

24 (1) Section 25B of the Internal Revenue Code
25 of 1986 is amended to read as follows:

1 **“SEC. 25B. SAVER’S CREDIT.**

2 “For payment of credit related to qualified retire-
3 ment savings contributions, see section 6433.”.

4 (2) The table of sections for subchapter B of
5 chapter 65 of such Code is amended by adding after
6 the item relating to section 6430 the following new
7 item:

“Sec. 6433. Saver’s match.”.

8 (3) The table of sections for subpart A of part
9 IV of subchapter A of chapter 1 of such Code is
10 amended by striking the item relating to section 25B
11 and inserting the following new item:

“Sec. 25B. Saver’s credit.”

12 (e) **EFFECTIVE DATE.**—The amendments made by
13 this section shall apply to taxable years beginning after
14 December 31, 2020.

15 **SEC. 3. ESTABLISHMENT OF MYRA PROGRAM.**

16 (a) **IN GENERAL.**—The Secretary of the Treasury (or
17 the Secretary’s delegate) shall, not later than December
18 31, 2020, establish a permanent program, to be known
19 as the “MyRA Program”, which meets the requirements
20 of this section to establish and maintain a Roth IRA on
21 behalf of individuals.

22 (b) **PROGRAM SPECIFICATIONS.**—

23 (1) **IN GENERAL.**—

1 (A) ROTH IRAS.—The MyRA Program es-
2 tablished under this section shall—

3 (i) permit an individual to establish a
4 Roth IRA which satisfies the requirements
5 of section 408A of the Internal Revenue
6 Code of 1986 on behalf of the individual;

7 (ii) permit an employer to establish
8 such a Roth IRA on behalf of 1 or more
9 employees of such employer;

10 (iii) require the assets of each Roth
11 IRA established under the program to be
12 held by the designated Roth IRA custo-
13 dian;

14 (iv) permit contributions to be made
15 periodically to such Roth IRAs by direct
16 deposit or other electronic means and by
17 methods that provide access for the
18 unbanked;

19 (v) permit distributions and rollovers
20 from such Roth IRAs upon request of the
21 account owner;

22 (vi) include procedures to consolidate
23 multiple accounts established for the same
24 individual; and

1 (vii) ensure that such Roth IRAs are
2 invested solely in retirement savings bonds
3 issued by the Department of the Treasury
4 for the purpose of the MyRA Program.

5 (B) REGULATIONS, ETC.—The Secretary
6 of the Treasury shall have authority to promul-
7 gate such regulations, rules, and other guidance
8 as are necessary to implement the MyRA pro-
9 gram, and are consistent with this section, as
10 well as coordination rules permitting Roth IRAs
11 to be established under the MyRA program in
12 connection with State and local laws that enroll
13 residents in Roth IRAs.

14 (2) NO FEES.—No fees shall be assessed on
15 participants in the MyRA Program.

16 (3) LIMITATIONS.—

17 (A) CONTRIBUTION MINIMUM.—The Sec-
18 retary of the Treasury may establish minimum
19 amounts for initial and additional contributions
20 to a Roth IRA under the MyRA Program, not
21 to exceed \$5.

22 (B) ROLLOVER CONTRIBUTIONS NOT PER-
23 MITTED.—No rollover contribution shall be ac-
24 cepted to a Roth IRA under the MyRA pro-
25 gram.

1 (C) ACCOUNT MAXIMUM.—No contribu-
2 tions shall be credited to a Roth IRA under the
3 MyRA Program after the account balance of
4 such Roth IRA reaches \$15,000.

5 (D) LIMITATION ON PARTICIPATION.—
6 Within a reasonable amount of time after the
7 earlier of—

8 (i) the date the account balance of a
9 Roth IRA under the MyRA Program
10 reaches \$15,000; or

11 (ii) the earlier of—

12 (I) the date that the participant
13 has been a participant in the MyRA
14 Program for 30 years; or

15 (II) the date that the participant
16 reaches age 59½;

17 the designated Roth IRA custodian shall pro-
18 vide notice to the participant that no further
19 contributions will be accepted and that the par-
20 ticipant may elect to have the account balance
21 rolled over to another Roth IRA according to
22 the rules relating to rollovers and conversions of
23 Roth IRAs under the Internal Revenue Code of
24 1986.

25 (E) ADJUSTMENT FOR INFLATION.—

1 (i) IN GENERAL.—In the case of any
2 calendar year after 2020, the \$15,000
3 amount in subparagraphs (C) and (D) and
4 subsection (c)(3)(B) shall be increased by
5 an amount equal to—

6 (I) such dollar amount, multi-
7 plied by

8 (II) the cost-of-living adjustment
9 determined under section 1(f)(3) of
10 the Internal Revenue Code of 1986
11 for the calendar year, determined by
12 substituting “calendar year 2020” for
13 “calendar year 2016” in subpara-
14 graph (A)(ii) thereof.

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

19 (4) DESIGNATED ROTH IRA CUSTODIAN.—For
20 purposes of this section, the designated Roth IRA
21 custodian is the person designated by the Secretary
22 of the Treasury to act as custodian of the Roth
23 IRAs established on behalf of participants in the re-
24 tirement savings program of such Department.

1 (c) RETIREMENT SAVINGS BONDS.—For purposes of
2 this section—

3 (1) IN GENERAL.—The term “retirement sav-
4 ings bond” means an interest-bearing electronic
5 United States savings bond issued to the designated
6 Roth IRA custodian which is available only to par-
7 ticipants in the MyRA Program.

8 (2) INTEREST RATE.—Bonds issued under the
9 MyRA program shall earn interest at a rate equal to
10 the greater of (determined on the issue date)—

11 (A) the rate earned by the Government Se-
12 curities Investment Fund established under sec-
13 tion 8438(b)(1) of title 5, United States Code;
14 or

15 (B) a Series I United States savings bond.

16 (3) BONDS TO BE CREDITED TO SINGLE AC-
17 COUNT.—Each retirement savings bond issued to the
18 designated Roth IRA custodian shall be credited to
19 a single Roth IRA established through the MyRA
20 Program on behalf of a participant.

21 (4) REISSUE IN CASE OF CHANGE IN CUSTO-
22 DIAN.—If a successor designated Roth IRA custo-
23 dian is designated under subsection (b)(4), the re-
24 tirement savings bonds issued to the predecessor

1 designated Roth IRA custodian shall be reissued to
2 such successor.

3 (d) ROTH IRA.—For purposes of this section, the
4 term “Roth IRA” has the meaning given such term by
5 section 408A(b) of the Internal Revenue Code of 1986.

6 (e) SECRETARY.—For purposes of this section, the
7 term “Secretary” means the Secretary of the Treasury (or
8 the Secretary’s delegate).

9 **SEC. 4. PROMOTION AND GUIDANCE.**

10 (a) PROMOTION.—

11 (1) IN GENERAL.—The Secretary shall take
12 such steps as the Secretary determines are necessary
13 and appropriate to increase public awareness of the
14 benefits provided under section 6433 of the Internal
15 Revenue Code of 1986 and the MyRA Program es-
16 tablished under section 3 of this Act.

17 (2) REPORT TO CONGRESS.—

18 (A) IN GENERAL.—Not later than 90 days
19 after the date of the enactment of this Act, the
20 Secretary shall provide a report to Congress to
21 summarize the anticipated promotion efforts of
22 the Treasury with respect to paragraph (1).

23 (B) CONTENTS.—The report under sub-
24 paragraph (A) shall include—

25 (i) a description of plans for—

1 (I) the development and distribu-
2 tion of digital and print materials, in-
3 cluding the distribution of such mate-
4 rials to States for participants in
5 State-sponsored retirement savings
6 plans, and

7 (II) the translation of such mate-
8 rials into the five most commonly spo-
9 ken languages in the United States
10 after English (as determined by
11 American Community Survey data),
12 and

13 (ii) such other information as the Sec-
14 retary determines necessary.

15 (b) GUIDANCE.—Not later than December 31, 2020,
16 the Secretary shall issue guidance on the implementation
17 and administration of the amendments made by section
18 2 of this Act.

19 (c) SECRETARY.—For purposes of this section, the
20 term “Secretary” means the Secretary of the Treasury (or
21 the Secretary’s delegate).

○