

111TH CONGRESS  
2D SESSION

# S. 3577

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

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IN THE SENATE OF THE UNITED STATES

JULY 14, 2010

Mr. SCHUMER (for himself and Mr. DODD) introduced the following bill; which was read twice and referred to the Committee on Finance

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## 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 2011, 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 2010” 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 2011, 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 2010” 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 (4) TAX TREATMENT OF PRIVATE CONTRIBU-  
 13 TIONS FROM EMPLOYERS.—

14 (A) EXCLUSION FROM INCOME.—

15 (i) IN GENERAL.—Part III of sub-  
 16 chapter B of chapter 1 of the Internal  
 17 Revenue Code of 1986 is amended by in-  
 18 serting before section 140 the following  
 19 new section:

20 **“SEC. 139F. EMPLOYER LIFETIME SAVINGS ACCOUNT CON-  
 21 TRIBUTIONS.**

22 “Gross income does not include any amount paid by  
 23 an employer to the Lifetime Savings Account of an em-  
 24 ployee or any person treated as an employee under the  
 25 rules of section 132(h).”.



1 (ii) CLERICAL AMENDMENT.—The  
 2 table of sections for part III of subchapter  
 3 B of chapter 1 of such Code is amended by  
 4 inserting before the item relating to section  
 5 140 the following new item:

“Sec. 139F. Employer Lifetime Savings Account contributions.”.

6 (B) EXCLUSION FROM EMPLOYMENT  
 7 TAXES.—

8 (i) FICA WAGES.—

9 (I) INTERNAL REVENUE CODE.—  
 10 Section 3121(a)(20) of the Internal  
 11 Revenue Code of 1986 is amended by  
 12 striking “or 132” and inserting “132,  
 13 or 139F”.

14 (II) SOCIAL SECURITY ACT.—  
 15 Section 209(a)(17) of the Social Secu-  
 16 rity Act (42 U.S.C. 409(a)(17)) is  
 17 amended by striking “or 132” and in-  
 18 serting “132, or 139F”.

19 (ii) RAILROAD RETIREMENT COM-  
 20 PENSATION.—Section 3231(a)(5) of the  
 21 Internal Revenue Code of 1986 is amended  
 22 by striking “or 132” and inserting “132,  
 23 or 139F”.

24 (iii) FUTA WAGES.—Section  
 25 3306(b)(16) of such Code is amended by

1 striking “or 132” and inserting “132, or  
2 139D”.

3 (iv) WITHHOLDING.—Section  
4 3401(a)(19) of such Code is amended by  
5 striking “or 132” and inserting “132, or  
6 139F”.

7 (g) ELIGIBLE INDIVIDUAL.—For purposes of this  
8 Act, the term “eligible individual” means any individual  
9 who is—

10 (1) a United States citizen or a person de-  
11 scribed in paragraph (1) of section 431(b) of the  
12 Personal Responsibility and Work Opportunity Rec-  
13 onciliation Act of 1996,

14 (2) born after December 31, 2010, and

15 (3) less than 18 years of age.

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

21 **SEC. 4. CERTIFICATIONS RELATED TO GOVERNMENT CON-**  
22 **TRIBUTIONS.**

23 (a) SUPPLEMENTAL GOVERNMENT CONTRIBU-  
24 TIONS.—

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 eligible account holder, certify to the  
5           Secretary of the Treasury the supplemental amount  
6           with respect to such account holder.

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

15          (3) SUPPLEMENTAL AMOUNT.—

16                (A) IN GENERAL.—For purposes of this  
17                Act, the term “supplemental amount” means  
18                \$500.

19                (B) INCOME PHASE-OUT.—With respect to  
20                any account holder who has a modified adjusted  
21                gross income for the last taxable year ending  
22                before such account holder’s certification under  
23                section 3(b) which is in excess of 75 percent of  
24                the applicable national median adjusted gross  
25                income amount, the \$500 amount in subpara-

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

6 (C) ADJUSTMENT FOR INFLATION.—

7 (i) IN GENERAL.—For each fifth cal-  
8 endar year beginning after 2011, each of  
9 the \$500 amounts under subparagraphs  
10 (A) and (B) shall be increased by such dol-  
11 lar amount multiplied by the cost-of-living  
12 adjustment determined under section  
13 1(f)(3) of the Internal Revenue Code of  
14 1986 determined by substituting “calendar  
15 year 2010” for “calendar year 1992” in  
16 subparagraph (B) thereof.

17 (ii) ROUNDING.—If any amount ad-  
18 justed under clause (i) is not a multiple of  
19 \$50, such amount shall be rounded to the  
20 next lowest multiple of \$50.

21 (b) GOVERNMENT MATCHING CONTRIBUTION.—

22 (1) IN GENERAL.—Upon such showing as the  
23 Executive Director may require to establish the basis  
24 for certification, the Executive Director shall, with  
25 respect to each private contribution to the account

1 of an account holder which is made before such ac-  
2 count holder attains age 18, certify to the Secretary  
3 of the Treasury the matching amount with respect  
4 to such contribution.

5 (2) MATCHING AMOUNT.—

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

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

21 (i) such excess, bears to

22 (ii) 25 percent of the applicable na-  
23 tional median adjusted gross income  
24 amount.

25 (C) ADJUSTMENT FOR INFLATION.—

1 (i) IN GENERAL.—For each fifth cal-  
2 endar year beginning after 2011, each of  
3 the \$500 amounts under subparagraphs  
4 (A) and (B) shall be increased by such dol-  
5 lar amount multiplied by the cost-of-living  
6 adjustment determined under section  
7 1(f)(3) of the Internal Revenue Code of  
8 1986 determined by substituting “calendar  
9 year 2010” for “calendar year 1992” in  
10 subparagraph (B) thereof.

11 (ii) ROUNDING.—If any amount ad-  
12 justed under clause (i) is not a multiple of  
13 \$50, such amount shall be rounded to the  
14 next lowest multiple of \$50.

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

18 (c) DEFINITIONS AND RULES RELATING TO MODI-  
19 FIED ADJUSTED GROSS INCOME.—For purposes of this  
20 section—

21 (1) SPECIAL RULE FOR ACCOUNT HOLDERS  
22 WHO CAN BE CLAIMED AS DEPENDENTS.—In the  
23 case of an account holder of a Lifetime Savings Ac-  
24 count for whom a deduction is allowable under sec-  
25 tion 151 of the Internal Revenue Code of 1986 to

1 another taxpayer, any reference in this section to the  
2 modified adjusted gross income of the account hold-  
3 er for any taxable year shall be treated as a ref-  
4 erence to the modified adjusted gross income of such  
5 other taxpayer.

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

10 (3) APPLICABLE NATIONAL MEDIAN ADJUSTED  
11 GROSS INCOME.—

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

20 (B) JOINT RETURNS.—The applicable na-  
21 tional median adjusted gross income shall be  
22 calculated and applied separately with respect  
23 to joint returns and all other returns.

1 **SEC. 5. RULES GOVERNING LIFETIME SAVINGS ACCOUNTS**  
2 **RELATING TO INVESTMENT, ACCOUNTING,**  
3 **AND REPORTING.**

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

15 (b) **OTHER RULES.**—Under regulations which shall  
16 be prescribed by the Executive Director, and subject to  
17 the provisions of this Act, the provisions of—

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

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

23 (3) section 8439(c) of such title (relating to  
24 periodic statements and summary descriptions of in-  
25 vestment options), and



1           (4) section 8439(d) of such title (relating to as-  
2           sumption of risk),  
3 shall apply with respect to the ASPIRE Fund and ac-  
4 counts maintained in such Fund in the same manner and  
5 to the same extent as such provisions relate to the Thrift  
6 Savings Fund and the accounts maintained in the Thrift  
7 Savings Fund. For purposes of this subsection, references  
8 in such sections 8438 and 8439 to an employee, Member,  
9 former employee, or former Member shall be deemed ref-  
10 erences to an account holder of a Lifetime Savings Ac-  
11 count in the ASPIRE Fund.

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

13           (a) IN GENERAL.—Except as otherwise provided in  
14 this Act, for purposes of the Internal Revenue Code of  
15 1986—

16           (1) each Lifetime Savings Account shall be  
17           treated in the same manner as a Roth IRA (within  
18           the meaning of section 408A of such Code), except  
19           that section 408A of such Code shall be applied sep-  
20           arately to Lifetime Savings Accounts, and

21           (2) any distribution from such account shall be  
22           treated in the same manner as a distribution from  
23           a Roth IRA.

24           (b) SEPARATE APPLICATION OF TAXATION RULES.—

25 For purposes of this Act, section 408A, other than sub-

1 section (c) thereof (relating to treatment of contributions),  
2 of the Internal Revenue Code of 1986 shall be applied sep-  
3 arately to Lifetime Savings Accounts.

4 (c) MINIMUM BALANCE.—No amount shall be dis-  
5 tributed pursuant to subsection (a)(2) to the extent such  
6 distribution would cause the balance of such account to  
7 be less than the amount transferred to such account under  
8 section 2(d)(1)(A) before the account holder—

9 (1) attains age 59½,

10 (2) dies, or

11 (3) becomes disabled (within the meaning of  
12 section 72(m)(7)).

13 (d) DISTRIBUTIONS FOR HIGHER EDUCATION.—In  
14 the case of higher education expenses of an account holder  
15 incurred during the period beginning on the date the ac-  
16 count holder attains 18 and ending before the account  
17 holder attains 25, no amount shall be treated as a quali-  
18 fied distribution pursuant to subsection (a)(2) unless such  
19 amount is paid directly to the institution of higher edu-  
20 cation (as defined in section 101 of the Higher Education  
21 Act of 1965 (20 U.S.C. 1001)) through which the higher  
22 education is provided.

23 (e) AGE LIMITATION.—Except as otherwise provided  
24 by this Act, no distribution shall be made under subsection

1 (a) with respect to any account holder of a Lifetime Sav-  
2 ings Account before such account holder attains age 18.

3 (f) QUALIFIED ROLLOVERS CONTRIBUTIONS.—

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

12 (2) LIMITATION.—No rollover contribution may  
13 be made under this paragraph to the extent that  
14 such rollover contribution would cause the balance of  
15 such account holder's account to be less than the  
16 minimum balance specified in subsection (c).

17 (g) 100 PERCENT TAX ON GOVERNMENT CONTRIBU-  
18 TIONS.—

19 (1) LIFETIME SAVINGS ACCOUNTS.—

20 (A) IN GENERAL.—In the case of any  
21 amount distributed from a Lifetime Savings Ac-  
22 count which is attributable to contributions  
23 made under section 2(d) and which would be in-  
24 cludible in gross income (but for this para-  
25 graph)—

1 (i) such amount shall not be includible  
2 in gross income, and

3 (ii) the tax imposed under chapter 1  
4 of the Internal Revenue Code of 1986 on  
5 the distributee for the taxable year in  
6 which such amount is distributed shall be  
7 increased by 100 percent of such amount.

8 (B) ORDERING RULES.—For purposes of  
9 this paragraph, distributions from Lifetime  
10 Savings Accounts shall be treated as made from  
11 amounts attributable to contributions made  
12 under section 3(f) and from earnings before  
13 made from amounts attributable to contribu-  
14 tions made under section 2(d).

15 **SEC. 7. PRIVATE MANAGEMENT OF LIFETIME SAVINGS AC-**  
16 **COUNTS.**

17 (a) IN GENERAL.—Part I of subchapter D of chapter  
18 1 of the Internal Revenue Code of 1986 is amended by  
19 inserting after section 408A the following new section:

20 **“SEC. 408B. PRIVATELY MANAGED LIFETIME SAVINGS AC-**  
21 **COUNTS.**

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

1           “(1) QUALIFIED SPECIAL PURPOSE DISTRIBUTIONS.—Qualified special distributions (as defined in  
2           section 408A(d)(5)) shall include—

3                   “(A) distributions to the extent that such  
4                   distributions do not exceed qualified higher edu-  
5                   cation expenses (as defined in section  
6                   529(e)(3)) of the beneficiary of a privately man-  
7                   aged Lifetime Savings Account, reduced by the  
8                   sum of—

9                           “(i) the amount excluded from gross  
10                           income under section 127, 135, 529, or  
11                           530 by reason of such expenses,  
12                           

13                           “(ii) the amount excluded from gross  
14                           income under section 221 by reason of  
15                           such expenses (determined without regard  
16                           to the last sentence of subsection (d)(2)  
17                           thereof),

18                           “(iii) the amount of any scholarship,  
19                           allowance, or payment described in section  
20                           25A(g)(2), and

21                           “(iv) the amount of such expenses  
22                           which were taken into account in deter-  
23                           mining the credit allowed to the taxpayer  
24                           or any other person under section 25A,  
25                           and

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

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

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

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

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

8                   “(A) such amount shall not be includible in  
9                   gross income, and

10                   “(B) the tax imposed under chapter 1 on  
11                   the distributee for the taxable year in which  
12                   such amount is distributed shall be increased by  
13                   100 percent of such amount.

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

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

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

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

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

14 **SEC. 8. ASPIRE FUND BOARD.**

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

17       (b) COMPOSITION, DUTIES, AND RESPONSIBIL-  
 18 ITIES.—Subject to the provisions of this Act, the provi-  
 19 sions of—

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

23           (2) section 8474 of such title (relating to Exec-  
 24           utive Director),



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

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

5 shall apply with respect to the ASPIRE Fund Board in  
6 the same manner and to the same extent as such provi-  
7 sions relate to the Federal Retirement Thrift Investment  
8 Board.

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

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

18       (b) INVESTIGATIVE AUTHORITY.—Any authority  
19 available to the Secretary of Labor under section 504 of  
20 the Employee Retirement Income Security Act of 1974  
21 (29 U.S.C. 1134) is hereby made available to the Sec-  
22 retary of Labor, and any officer designated by the Sec-  
23 retary of Labor, to determine whether any person has vio-  
24 lated, or is about to violate, any provision applicable under  
25 subsection (a).

1 (c) EXCULPATORY PROVISIONS; INSURANCE.—

2 (1) IN GENERAL.—Any provision in an agree-  
3 ment or instrument which purports to relieve a fidu-  
4 ciary from responsibility or liability for any responsi-  
5 bility, obligation, or duty under this Act shall be  
6 void.

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

17 **SEC. 10. ASSIGNMENT, ALIENATION, AND TREATMENT OF**  
18 **DECEASED INDIVIDUALS.**

19 (a) ASSIGNMENT AND ALIENATION.—Under regula-  
20 tions which shall be prescribed by the Executive Director,  
21 rules relating to assignment and alienation applicable  
22 under chapter 84 of title 5, United States Code, with re-  
23 spect to amounts held in accounts in the Thrift Savings  
24 Fund shall apply with respect to amounts held in Lifetime  
25 Savings Accounts in the ASPIRE Fund.

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

14 **SEC. 11. ACCOUNTS DISREGARDED IN DETERMINING ELIGI-**  
15 **BILITY FOR FEDERAL BENEFITS.**

16 Amounts in any Lifetime Savings Account shall not  
17 be taken into account in determining any individual's or  
18 household's financial eligibility for, or amount of, any ben-  
19 efit or service, paid for in whole or in part with Federal  
20 funds, including student financial aid.

21 **SEC. 12. REPORTS.**

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

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

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

10 **SEC. 13. PROGRAMS FOR PROMOTING FINANCIAL LIT-**  
11 **ERACY.**

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

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