

115TH CONGRESS
2D SESSION

S. 3636

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

NOVEMBER 15, 2018

Mr. WYDEN (for himself, Mr. BENNET, Mr. CASEY, Ms. KLOBUCHAR, and Mr. CARDIN) 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 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. 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 savings vehicle of an eli-
24 gible individual.

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.—

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3 “(A) IN GENERAL.—The qualified retirement savings contributions determined under paragraph (1) for a taxable year shall be reduced (but not below zero) by the aggregate distributions received by the individual during the testing period from any entity of a type to which contributions under paragraph (1) may be made.

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11 “(B) TESTING PERIOD.—For purposes of subparagraph (A), the testing period, with respect to a taxable year, is the period which includes—

12 “(i) such taxable year,

13 “(ii) the 2 preceding taxable years,

14 and

15 “(iii) the period after such taxable year and before the due date (including extensions) for filing the return of tax for such taxable year.

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18 “(C) EXCEPTED DISTRIBUTIONS.—There shall not be taken into account under subparagraph (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(e), 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 or the
6 Secretary is not able to make a contribution
7 into the account or plan selected by the eligible
8 individual, a myRA established for the benefit
9 of the eligible individual.

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

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

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

23 “(B) is for the benefit of the eligible indi-
24 vidual,

1 “(C) accepts contributions made under this
2 section, and

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

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

10 “(A) under the myRA program established
11 under section 3 of the Encouraging Americans
12 to Save Act, and

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

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

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

20 “(A) determined without regard to sections
21 911, 931, and 933, and

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

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

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

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

11 “(C) such contribution shall not be taken
12 into account with respect to any applicable limi-
13 tation under sections 402(g)(1), 403(b),
14 408(a)(1), 408(b)(2)(B), 408A(c)(2), 414(v)(2),
15 415(c), or 457(b)(2).

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

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

1 “(g) INFLATION ADJUSTMENTS.—

2 “(1) IN GENERAL.—In the case of any taxable
3 year beginning in a calendar year after 2020, each
4 of the dollar amounts in subsections (a)(2) and
5 (b)(3)(A)(i) shall be increased by an amount equal
6 to—

7 “(A) such dollar amount, multiplied by

8 “(B) the cost-of-living adjustment deter-
9 mined under section 1(f)(3) for the calendar
10 year in which the taxable year begins, deter-
11 mined by substituting ‘calendar year 2019’ for
12 ‘calendar year 2016’ in subparagraph (A)(ii)
13 thereof.

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

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

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

21 (b) PAYMENT AUTHORITY.—Section 1324(b)(2) of
22 title 31, United States Code, is amended by striking “or
23 6431” and inserting “6431, or 6433”.

24 (c) DEFICIENCIES.—Section 6211(b)(4) is amended
25 by striking “and 6431” and inserting “6431, and 6433”.

1 (d) CONFORMING AMENDMENTS.—

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

5 “For payment of credit related to qualified retirement sav-
6 ings contributions, see section 6433.”.

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

“Sec. 6433. Matching payments for elective deferral and IRA contributions by
certain individuals.”.

10 (e) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to taxable years beginning after
12 December 31, 2019.

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

14 (a) IN GENERAL.—The Secretary of the Treasury
15 shall, not later than December 31, 2019, establish a per-
16 manent program, to be known as the “MyRA Program”,
17 which meets the requirements of this section to establish
18 and maintain a Roth IRA on behalf of individuals.

19 (b) PROGRAM SPECIFICATIONS.—

20 (1) IN GENERAL.—

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

23 (i) permit an individual to establish a
24 Roth IRA which satisfies the requirements

1 of section 408A of the Internal Revenue
2 Code of 1986 on behalf of the individual;

3 (ii) permit an employer to establish
4 such a Roth IRA on behalf of 1 or more
5 employees of such employer;

6 (iii) require the assets of each Roth
7 IRA established under the program to be
8 held by the designated Roth IRA custo-
9 dian;

10 (iv) permit contributions to be made
11 periodically to such Roth IRAs by direct
12 deposit or other electronic means and by
13 methods that provide access for the
14 unbanked;

15 (v) permit distributions and rollovers
16 from such Roth IRAs upon request of the
17 account owner;

18 (vi) include procedures to consolidate
19 multiple accounts established for the same
20 individual; and

21 (vii) ensure that such Roth IRAs are
22 invested solely in retirement savings bonds
23 issued by the Department of the Treasury
24 for the purpose of the MyRA Program.

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

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

12 (3) LIMITATIONS.—

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

18 (B) ROLLOVER CONTRIBUTIONS NOT PER-
19 MITTED.—No rollover contribution shall be ac-
20 cepted to a Roth IRA under the MyRA pro-
21 gram.

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

1 (D) LIMITATION ON PARTICIPATION.—

2 Within a reasonable amount of time after the
3 earlier of—

4 (i) the date the account balance of a
5 Roth IRA under the MyRA Program
6 reaches \$15,000; or

7 (ii) the earlier of—

8 (I) the date that the participant
9 has been a participant in the MyRA
10 Program for 30 years; or

11 (II) the date that the participant
12 reaches age 59½;

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

21 (E) ADJUSTMENT FOR INFLATION.—

22 (i) IN GENERAL.—In the case of any
23 calendar year after 2020, the \$15,000
24 amount in subparagraphs (C) and (D) and

1 subsection (c)(3)(B) shall be increased by
2 an amount equal to—

3 (I) such dollar amount, multi-
4 plied by

5 (II) the cost-of-living adjustment
6 determined under section 1(f)(3) of
7 the Internal Revenue Code of 1986
8 for the calendar year, determined by
9 substituting “calendar year 2019” for
10 “calendar year 2016” in subpara-
11 graph (A)(ii) thereof.

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

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

22 (c) RETIREMENT SAVINGS BONDS.—For purposes of
23 this section—

24 (1) IN GENERAL.—The term “retirement sav-
25 ings bond” means an interest-bearing electronic

1 United States savings bond issued to the designated
2 Roth IRA custodian which is available only to par-
3 ticipants in the MyRA Program.

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

7 (A) the rate earned by the Government Se-
8 curities Investment Fund established under sec-
9 tion 8438(b)(1) of title 5, United States Code;
10 or

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

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

17 (4) REISSUE IN CASE OF CHANGE IN CUSTO-
18 DIAN.—If a successor designated Roth IRA custo-
19 dian is designated under subsection (b)(4), the re-
20 tirement savings bonds issued to the predecessor
21 designated Roth IRA custodian shall be reissued to
22 such successor.

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

1 **SEC. 4. PROMOTION AND GUIDANCE.**

2 (a) PROMOTION.—The Secretary of the Treasury (or
3 the Secretary’s delegate) shall educate taxpayers on the
4 benefits provided under section 6433 of the Internal Rev-
5 enue Code of 1986 and the myRA Program established
6 under section 3 of this Act.

7 (b) GUIDANCE.—Not later than December 31, 2020,
8 the Secretary of the Treasury (or the Secretary’s delegate)
9 shall issue guidance on the implementation and adminis-
10 tration of the amendments made by section 2 of this Act.

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