

106TH CONGRESS
1ST SESSION

H. R. 1322

To amend the Internal Revenue Code of 1986 to increase the limits on the amount of nondeductible contributions to individual retirement plans and to adjust the amount of deductible contributions to individual retirement accounts for inflation.

IN THE HOUSE OF REPRESENTATIVES

MARCH 25, 1999

Mr. GALLEGLY (for himself, Mrs. EMERSEON, Mr. FROST, Mr. SHOWS, and Mr. WEYGAND) 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 increase the limits on the amount of nondeductible contributions to individual retirement plans and to adjust the amount of deductible contributions to individual retirement accounts for inflation.

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 “Small Savers Retire-
5 ment Enhancement Act”.

1 **SEC. 2. INCREASE IN CONTRIBUTION LIMITS FOR INDIVIDUAL RETIREMENT ACCOUNTS.**

3 (a) IN GENERAL.—Section 408 of the Internal Revenue Code of 1986 (relating to individual retirement accounts) is amended—

6 (1) in subsection (a)(1) by striking “\$2,000” and inserting “\$5,000”, and

8 (2) in subsection (b) by striking “\$2,000” both places it appears and inserting “\$5,000”.

10 (b) DESIGNATED NONDEDUCTIBLE CONTRIBUTIONS.—Clause (i) of section 408(o)(2)(B) of such Code (relating to limitation on nondeductible contributions) is amended in the matter preceding subclause (I) by striking “excess of—” and inserting “excess of \$5,000, over”.

15 (c) CONTRIBUTIONS TO ROTH IRA’S.—Subparagraph (A) of section 408A(c)(2) (relating to contribution limit) is amended to read as follows:

18 “(A) \$5,000, over”.

19 (d) INFLATION ADJUSTMENT IN AMOUNTS ALLOWABLE AS DEDUCTIBLE IRA CONTRIBUTIONS.—Subsection (f) of section 219 of such Code (relating to other definitions and special rules) is amended by redesignating paragraph (7) as paragraph (8) and by inserting after paragraph (6) the following new paragraph:

25 “(7) INFLATION ADJUSTMENT.—In the case of
26 a taxable year beginning in a calendar year after

1 1999, the \$2,000 amount set forth in subsection
 2 (b)(1)(A) shall be increased by an amount equal
 3 to—

4 “(A) such dollar amount, multiplied by

5 “(B) the cost-of-living adjustment deter-
 6 mined under section 1(f)(3) for such calendar
 7 year by substituting ‘calendar year 1998’ for
 8 ‘calendar year 1992’ in subparagraph (B)
 9 thereof.

10 If any increase determined under the preceding sen-
 11 tence is not a multiple of \$50, such increase shall
 12 be rounded to the nearest multiple of \$50.”.

13 (e) TECHNICAL AND CONFORMING AMENDMENTS.—

14 (1) Subsection (j) of section 408 of such Code
 15 is amended by striking “the \$2,000 amounts con-
 16 tained” and inserting “the dollar limitations referred
 17 to”.

18 (2) Paragraph (8) of section 408(p) of such
 19 Code is amended by striking “\$2,000” and inserting
 20 “the dollar limitation in effect under section
 21 219(b)(1)(A)”.

22 (3) Subsection (b) of section 4973 of such Code
 23 is amended—

24 (A) in paragraph (1) by amending sub-
 25 paragraph (B) to read as follows:

1 “(B) the sum of—

2 “(i) in the case of contributions for
3 which a deduction is allowed under section
4 219, the amount allowable as a deduction
5 under section 219 for such contributions,
6 and

7 “(ii) in the case of nondeductible con-
8 tributions, the amount allowable as a con-
9 tribution under section 408(o), and”, and
10 (B) in paragraph (2) by amending sub-
11 paragraph (C) to read as follows:

12 “(C) the excess (if any) of—

13 “(i) the sum of—

14 “(I) in the case of contributions
15 for which a deduction is allowed under
16 section 219, the maximum amount al-
17 lowable as a deduction under section
18 219 for the taxable year, and

19 “(II) in the case of nondeductible
20 contributions, the amount allowable as
21 a contribution under section 408(o),
22 over

23 “(ii) the amount contributed (deter-
24 mined without regard to section 219(f)(6))
25 to the accounts or for the annuities (in-

1 cluding the amount contributed to a Roth
2 IRA) for the taxable year.”.

3 (f) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 1998.

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