

107TH CONGRESS  
1ST SESSION

# H. R. 1026

To amend the Internal Revenue Code of 1986 to increase the annual limitation on deductible contributions to individual retirement accounts to \$5,000, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 14, 2001

Mr. MOORE (for himself, Mr. ABERCROMBIE, Mr. BAIRD, Mr. BALDACCI, Mrs. BONO, Mr. BOSWELL, Mr. CALVERT, Mr. CAPUANO, Mr. CLEMENT, Mr. CONDIT, Mr. CRAMER, Ms. DELAURO, Mr. DOOLEY of California, Mr. FROST, Mr. GREEN of Texas, Mr. HILL, Mr. HINCHEY, Mr. HOLT, Mr. HONDA, Ms. HOOLEY of Oregon, Mr. HYDE, Mr. ISRAEL, Ms. JACKSON-LEE of Texas, Mr. KILDEE, Mr. LARSEN of Washington, Mr. LARSON of Connecticut, Mr. LEWIS of Georgia, Mrs. LOWEY, Mr. LUCAS of Kentucky, Mrs. MCCARTHY of New York, Ms. MCKINNEY, Mr. MORAN of Virginia, Mrs. NAPOLITANO, Mr. PASCRELL, Mr. PETERSON of Minnesota, Mr. ROHRABACHER, Mr. RUSH, Mr. SANDLIN, Mr. SISISKY, Mr. SKELTON, Mr. TANCREDO, Mrs. TAUSCHER, Mr. THOMPSON of California, Mrs. JONES of Ohio, Mr. TURNER, Mr. WU, Mr. WYNN, and Mr. UDALL of New Mexico) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to increase the annual limitation on deductible contributions to individual retirement accounts to \$5,000, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Increased Individual  
3 Retirement Accounts for All Act of 2001”.

4 **SEC. 2. INCREASE IN AMOUNT OF MAXIMUM CONTRIBU-**  
5 **TIONS ALLOWABLE TO DEDUCTIBLE, TRADI-**  
6 **TIONAL, AND ROTH IRAS.**

7 (a) IN GENERAL.—Subparagraph (A) of section  
8 219(b)(1) of the Internal Revenue Code of 1986 (relating  
9 to maximum amount of deduction) is amended by striking  
10 “\$2,000” and inserting “\$5,000”.

11 (b) CATCH-UP CONTRIBUTIONS FOR INDIVIDUALS 50  
12 OR OLDER.—Subsection (b) of section 219 of such Code  
13 is amended by adding at the end the following new para-  
14 graph:

15 “(5) CATCH-UP CONTRIBUTIONS FOR INDIVID-  
16 UALS 50 OR OLDER.—In the case of an individual  
17 who has attained the age of 50 before the close of  
18 the taxable year, paragraph (1)(A) shall be applied  
19 by substituting ‘\$7,500’ for the dollar amount in ef-  
20 fect under such paragraph. This paragraph shall not  
21 apply for any taxable year in which the dollar  
22 amount in effect under paragraph (1)(A) is equal to  
23 or greater than \$7,500.”.

24 (c) COST-OF-LIVING ADJUSTMENT.—Subsection (b)  
25 of section 219 of such Code is amended by adding at the  
26 end the following new paragraph:

1           “(6) COST-OF-LIVING ADJUSTMENT.—

2                   “(A) IN GENERAL.—In the case of any  
3 taxable year beginning in a calendar year after  
4 2001, the \$5,000 amount under paragraph (1)  
5 shall be increased by an amount equal to—

6                           “(i) such dollar amount, multiplied by

7                           “(ii) the cost-of-living adjustment de-  
8 termined under section 1(f)(3) for the cal-  
9 endar year in which the taxable year be-  
10 gins, determined by substituting ‘calendar  
11 year 2000’ for ‘calendar year 1992’ in sub-  
12 paragraph (B) thereof.

13                           “(ii) ROUNDING RULES.—If any  
14 amount after adjustment under clause (i)  
15 is not a multiple of \$500, such amount  
16 shall be rounded to the next higher mul-  
17 tiple of \$500.”.

18           (d) CONFORMING AMENDMENTS.—

19                   (1) Section 408(a)(1) of such Code is amended  
20 by striking “in excess of \$2,000 on behalf of any in-  
21 dividual” and inserting “on behalf of any individual  
22 in excess of the amount in effect for such taxable  
23 year under section 219(b)(1)(A)”.

1           (2) Section 408(b)(2)(B) of such Code is  
2           amended by striking “\$2,000” and inserting “the  
3           dollar amount in effect under section 219(b)(1)(A)”.

4           (3) Section 408(b) of such Code is amended by  
5           striking “\$2,000” in the matter following paragraph

6           (4) and inserting “the dollar amount in effect under  
7           section 219(b)(1)(A)”.

8           (4) Section 408(j) of such Code is amended by  
9           striking “\$2,000”.

10           (5) Section 408(p)(8) of such Code is amended  
11           by striking “\$2,000” and inserting “the dollar  
12           amount in effect under section 219(b)(1)(A)”.

13           (e) EFFECTIVE DATE.—The amendments made by  
14           this section shall apply to taxable years beginning after  
15           December 31, 2000.

16   **SEC. 3. NONREFUNDABLE CREDIT TO CERTAIN INDIVID-**  
17                           **UALS FOR ELECTIVE DEFERRALS AND IRA**  
18                           **CONTRIBUTIONS.**

19           (a) IN GENERAL.—Subpart A of part IV of sub-  
20           chapter A of chapter 1 of the Internal Revenue Code of  
21           1986 (relating to nonrefundable credits) is amended by  
22           inserting after section 25A the following new section:

23   **“SEC. 25B. ELECTIVE DEFERRALS AND IRA CONTRIBU-**  
24                           **TIONS BY CERTAIN INDIVIDUALS.**

25           “(a) ALLOWANCE OF CREDIT.—

1           “(1) IN GENERAL.—In the case of an eligible  
2 individual, there shall be allowed as a credit against  
3 the tax imposed by this subtitle for the taxable year  
4 an amount equal to the applicable percentage of so  
5 much of the qualified retirement savings contribu-  
6 tions of the eligible individual for the taxable year as  
7 do not exceed the dollar amount in effect for such  
8 taxable year under section 219(b)(1)(A).

9           “(2) REDUCTION FOR RECEIPT OF CERTAIN RE-  
10 TIREMENT DISTRIBUTIONS.—

11           “(A) IN GENERAL.—The amount allowed  
12 as a credit under paragraph (1) shall be re-  
13 duced (but not below zero) by the amount the  
14 eligible individual received, with respect to the  
15 taxable year, during the testing period in—

16           “(i) any distribution from a qualified  
17 retirement plan (as defined in section  
18 4974(c)), or from an eligible deferred com-  
19 pensation plan (as defined in section  
20 457(b)), which is includible in gross in-  
21 come, or

22           “(ii) any distribution from a Roth  
23 IRA which is not a qualified rollover con-  
24 tribution (as defined in section 408A(e)) to  
25 a Roth IRA.

1           “(B) TESTING PERIOD.—For purposes of  
2           subparagraph (A), the testing period, with re-  
3           spect to a taxable year, is the period which  
4           includes—

5                     “(i) such taxable year,

6                     “(ii) the 2 preceding taxable years,

7                     and

8                     “(iii) the period after such taxable  
9                     year and before the due date (without ex-  
10                    tensions) for filing the return of tax for  
11                    such taxable year.

12           “(b) APPLICABLE PERCENTAGE.—For purposes of  
13           this section, the applicable percentage is the percentage  
14           determined in accordance with the following table:

Adjusted Gross Income						Applica- ble per- centage
Joint return		Head of a household		All other cases		
Over	Not over	Over	Not over	Over	Not over	
\$0	\$20,000	\$0	\$15,000	\$0	\$10,000	50
20,000	25,000	15,000	18,750	10,000	12,500	30
25,000	30,000	18,750	22,500	12,500	15,000	25
30,000	35,000	22,500	26,250	15,000	17,500	20
35,000	40,000	26,250	30,000	17,500	20,000	15
40,000	45,000	30,000	33,750	20,000	22,500	10
45,000	50,000	33,750	37,500	22,500	25,000	5
50,000		37,500		25,000		0

15           “(c) ELIGIBLE INDIVIDUAL.—For purposes of this  
16           section—

17                     “(1) IN GENERAL.—The term ‘eligible indi-  
18                    vidual’ means any individual if—

1           “(A) such individual has attained the age  
2 of 18 as of the close of the taxable year, and

3           “(B) the compensation (as defined in sec-  
4 tion 219(f)(1)) includible in the gross income of  
5 the individual (or, in the case of a joint return,  
6 of the taxpayer) for such taxable year is at least  
7 \$5,000.

8           “(2) DEPENDENTS AND FULL-TIME STUDENTS  
9 NOT ELIGIBLE.—The term ‘eligible individual’ shall  
10 not include—

11           “(A) any individual with respect to whom  
12 a deduction under section 151 is allowable to  
13 another taxpayer for a taxable year beginning  
14 in the calendar year in which such individual’s  
15 taxable year begins, and

16           “(B) any individual who is a student (as  
17 defined in section 151(c)(4)).

18           “(d) QUALIFIED RETIREMENT SAVINGS CONTRIBU-  
19 TIONS.—For purposes of this section, the term ‘qualified  
20 retirement savings contributions’ means the sum of—

21           “(1) the amount of the qualified retirement  
22 contributions (as defined in section 219(e)) for the  
23 benefit of the eligible individual,

1           “(2) the amount of the elective deferrals (as de-  
2           fined in section 414(u)(2)(C)) of such individual,  
3           and

4           “(3) the amount of voluntary employee con-  
5           tributions by such individual to any qualified retire-  
6           ment plan (as defined in section 4974(c)).

7           “(e) SPECIAL RULES.—

8           “(1) TREATMENT OF DISTRIBUTIONS RECEIVED  
9           BY SPOUSE OF INDIVIDUAL.—For purposes of deter-  
10          mining whether an individual is an eligible individual  
11          for any taxable year and for the reduction under  
12          subsection (a)(2), any distribution received by the  
13          spouse of such individual shall be treated as received  
14          by such individual if such individual and spouse file  
15          a joint return for such taxable year and for the tax-  
16          able year during which the spouse receives the dis-  
17          tribution.

18          “(2) ADJUSTED GROSS INCOME.—For purposes  
19          of this section, adjusted gross income shall be deter-  
20          mined without regard to sections 911, 931, and 933.

21          “(3) INVESTMENT IN THE CONTRACT.—Not-  
22          withstanding any other provision of law, a qualified  
23          retirement savings contribution shall not fail to be  
24          included in determining the investment in the con-



1 tract for purposes of section 72 by reason of the  
2 credit under this section.

3 “(f) TERMINATION.—This section shall not apply to  
4 taxable years beginning after December 31, 2005.”.

5 (b) CONFORMING AMENDMENT.—The table of sec-  
6 tions for subpart A of part IV of subchapter A of chapter  
7 1 of the Internal Revenue Code of 1986 is amended by  
8 inserting after the item relating to section 25A the fol-  
9 lowing new item:

“Sec. 25B. Elective deferrals and IRA contributions by certain in-  
dividuals.”.

10 (c) REPORTING REQUIREMENTS.—

11 (1) ANNUAL REPORT REQUIRED.—The Sec-  
12 retary of the Treasury shall submit an annual report  
13 to the Committee on Ways and Means of the House  
14 of Representatives and the Committee on Finance of  
15 the Senate regarding the number of individuals who  
16 claim the credit under section 25B of the Internal  
17 Revenue Code of 1986 (as added by this section).

18 (2) EFFECT OF CREDIT ON PENSION COV-  
19 ERAGE.—Not later than 4 years after the date of the  
20 enactment of this Act, the Secretary of the Treasury  
21 shall submit a report to the committees specified in  
22 paragraph (1) on the effect of the credit under sec-  
23 tion 25B of the Internal Revenue Code of 1986 (as  
24 added by this section) on pension coverage of indi-

1       viduals in the workforce, including expansion of cov-  
2       erage for low- and moderate-income workers, levels  
3       of pension benefits, quality of coverage, workers' ac-  
4       cess to and participation in plans, and retirement se-  
5       curity.

6       (d) EFFECTIVE DATE.—The amendments made by  
7       this section shall apply to taxable years beginning after  
8       December 31, 2000.

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