

108TH CONGRESS
1ST SESSION

S. 629

To amend the Internal Revenue Code of 1986 to assist individuals who have lost their 401(k) savings to make additional retirement savings through individual retirement account contributions, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 17, 2003

Mr. WYDEN 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 assist individuals who have lost their 401(k) savings to make additional retirement savings through individual retirement account contributions, 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Catch-Up Lost Retire-
5 ment Savings Act”.

6 **SEC. 2. ALLOWANCE OF CATCH-UP PAYMENTS.**

7 (a) IN GENERAL.—Section 219(b)(5) of the Internal
8 Revenue Code of 1986 (relating to deductible amount) is

1 amended by redesignating subparagraph (C) as subpara-
2 graph (D) and by inserting after subparagraph (A) the
3 following new subparagraph:

4 “(C) CATCH-UP CONTRIBUTIONS FOR CER-
5 TAIN INDIVIDUALS.—

6 “(i) IN GENERAL.—In the case of an
7 eligible individual who elects to make a
8 qualified retirement contribution in addi-
9 tion to the deductible amount determined
10 under subparagraph (A)—

11 “(I) the deductible amount for
12 any taxable year shall be increased by
13 an amount equal to 3 times the appli-
14 cable amount determined under sub-
15 paragraph (B) for such taxable year,
16 and

17 “(II) subparagraph (B) shall not
18 apply.

19 “(ii) ELIGIBLE INDIVIDUAL.—For
20 purposes of this subparagraph, the term
21 ‘eligible individual’ means, with respect to
22 any taxable year, any individual who was a
23 qualified participant in a qualified cash or
24 deferred arrangement (as defined in sec-
25 tion 401(k)) of an employer described in

1 clause (ii) under which the employer
2 matched at least 50 percent of the employ-
3 ee's contributions to such arrangement
4 with stock of such employer.

5 “(iii) EMPLOYER DESCRIBED.—An
6 employer is described in this clause if, in
7 any taxable year preceding the taxable year
8 described in clause (ii)—

9 “(I) such employer (or any con-
10 trolling corporation of such employer)
11 was a debtor in a case under title 11
12 of the United States Code, or similar
13 Federal or State law, and

14 “(II) such employer (or any other
15 person) was subject to an indictment
16 or conviction resulting from business
17 transactions related to such case.

18 “(iv) QUALIFIED PARTICIPANT.—For
19 purposes of clause (ii), the term ‘qualified
20 participant’ means any eligible individual
21 who was a participant in the cash or de-
22 ferred arrangement described in clause (i)
23 at least 6 months before the filing of the
24 case described in clause (iii).

1 “(v) TERMINATION.—This subpara-
 2 graph shall not apply to taxable years be-
 3 ginning after December 31, 2007.”.

4 (b) CREDIT ALLOWED FOR CATCH-UP CONTRIBU-
 5 TIONS.—Subpart A of part IV of subchapter A of chapter
 6 1 of the Internal Revenue Code of 1986 (relating to non-
 7 refundable personal credits) is amended by inserting after
 8 section 25B the following new section:

9 **“SEC. 25C. CERTAIN CATCH-UP IRA CONTRIBUTIONS.**

10 “(a) ALLOWANCE OF CREDIT.—In the case of an eli-
 11 gible individual who makes an election under section
 12 219(b)(5)(C) for the taxable year, there shall be allowed
 13 as a credit against the tax imposed by this chapter for
 14 such taxable year an amount equal to 50 percent of so
 15 much of the qualified retirement savings contributions of
 16 the eligible individual for the taxable year as do not exceed
 17 the increase in the deductible amount determined under
 18 section 219(b)(5)(C) .

19 “(b) DENIAL OF DOUBLE BENEFIT.—No deduction
 20 or other credit shall be allowed with respect to any con-
 21 tribution to which a credit is allowed under subsection (a).

22 “(c) INVESTMENT IN THE CONTRACT.—Notwith-
 23 standing any other provision of law, a qualified retirement
 24 savings contribution shall not fail to be included in deter-

1 mining the investment in the contract for purposes of sec-
2 tion 72 by reason of the credit under this section.

3 “(d) TERMINATION.—This section shall not apply to
4 taxable years beginning after December 31, 2007.”.

5 (e) 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 25B the fol-
9 lowing new item:

“Sec. 25C. Certain catch-up IRA contributions.”.

10 (d) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to taxable years beginning after
12 December 31, 2002.

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