

110TH CONGRESS
1ST SESSION

H. R. 3088

To amend the Internal Revenue Code of 1986 to provide that distributions from an individual retirement plan, a section 401(k) plan, a section 403(b) contract, or a section 457 plan shall not be includible in gross income to the extent used to pay long-term care insurance premiums.

IN THE HOUSE OF REPRESENTATIVES

JULY 18, 2007

Mr. TERRY (for himself, Mr. FEENEY, Mr. PAUL, Mr. SOUDER, and Mr. SAXTON) 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 provide that distributions from an individual retirement plan, a section 401(k) plan, a section 403(b) contract, or a section 457 plan shall not be includible in gross income to the extent used to pay long-term care insurance premiums.

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 “Long-Term Care Act
5 of 2007”.

1 **SEC. 2. EXCLUSION FROM GROSS INCOME FOR DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT PLANS, SECTION 401(k) PLANS, SECTION 403(b) CONTRACTS, AND 457 PLANS WHICH ARE USED TO PAY LONG-TERM CARE INSURANCE PREMIUMS.**

7 (a) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to items specifically excluded from gross income) is amended by inserting after section 139A the following new item:

11 **“SEC. 139B. DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT PLANS, SECTION 401(k) PLANS, SECTION 403(b) CONTRACTS, AND SECTION 457 PLANS WHICH ARE USED TO PAY LONG-TERM CARE INSURANCE PREMIUMS.**

16 “(a) IN GENERAL.—Gross income shall not include any distribution to an individual from—

18 “(1) an individual retirement plan, or

19 “(2) from amounts attributable to—

20 “(A) any elective deferrals described in subparagraph (A) or (C) of section 402(g)(3),

22 or

23 “(B) any elective deferral under an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A),

1 to the extent that such distributions do not exceed the eli-
2 gible long-term care premiums (as defined in section
3 213(d)(10)) paid during the taxable year for insurance
4 covering the individual or the individual's spouse.

5 “(b) DENIAL OF DOUBLE BENEFIT.—The limitation
6 in section 213(d)(10) shall be reduced by the amount
7 which would (but for subsection (a)) be includible in the
8 taxpayer's gross income for the taxable year.

9 “(c) NO EFFECT ON QUALIFICATION.—An arrange-
10 ment shall not fail to be treated as a qualified cash or
11 deferred arrangement (as defined in section 401(k)), a
12 contract described in section 403(b), or an eligible de-
13 ferred compensation plan (as defined in section 457(b))
14 by reason of permitting distributions for the payment of
15 eligible long-term care premiums.”.

16 (b) CLERICAL AMENDMENT.—The table of sections
17 for such part III is amended by inserting after the item
18 relating to section 139A the following new item:

“Sec. 139B. Distributions from individual retirement plans, section 401(k)
plans, and section 403(b) contracts which are used to pay long-
term care insurance premiums.”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to distributions after the date of
21 the enactment of this Act.

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