

111TH CONGRESS
1ST SESSION

H. R. 2022

To amend the Internal Revenue Code of 1986 to provide for tax preferred savings accounts for individuals under age 26, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 22, 2009

Mr. MURTHA (for himself, Mr. MACK, Mr. KANJORSKI, Ms. KILPATRICK of Michigan, Mr. HOLDEN, Mr. WESTMORELAND, and Mrs. BONO MACK) 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 for tax preferred savings accounts for individuals under age 26, 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 “Kids IRA Act of 2009”
5 or the “K-IRA Act”.

6 **SEC. 2. YOUNG SAVERS ACCOUNT.**

7 (a) ESTABLISHMENT OF ACCOUNTS.—

8 (1) IN GENERAL.—Section 408A of the Internal
9 Revenue Code of 1986 (relating to Roth IRAs) is

1 amended by adding at the end the following new
2 subsection:

3 “(g) YOUNG SAVERS ACCOUNT.—

4 “(1) IN GENERAL.—Except as provided in this
5 subsection, a young savers account shall be treated
6 in the same manner as a Roth IRA.

7 “(2) YOUNG SAVERS ACCOUNT.—For purposes
8 of this subsection, the term ‘young savers account’
9 means, with respect to any taxable year, a Roth IRA
10 which is established and maintained on behalf of an
11 individual who has not attained age 26 before the
12 close of the taxable year.

13 “(3) CONTRIBUTION LIMITS.—In the case of
14 any contributions for any taxable year to 1 or more
15 young savers accounts established and maintained
16 on behalf of an individual, each of the following con-
17 tribution limits for the taxable year shall be in-
18 creased as follows:

19 “(A) The contribution limit applicable to
20 the individual under subsection (c)(2) shall be
21 increased by the aggregate amount of qualified
22 young saver contributions to such accounts for
23 the taxable year.

24 “(B) The contribution limits applicable to
25 the young savers accounts under subsection

(a)(1) or (b)(2)(B) of section 408, whichever is applicable, shall be increased by the deductible amount in effect under section 219(b)(5) for such taxable year (determined without regard to subparagraph (B) thereof).

“(4) QUALIFIED CONTRIBUTIONS.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘qualified young saver contribution’ means a contribution by an individual (with respect to whom a young savers account is not established and maintained during the taxable year) to a young savers account established and maintained on behalf of another individual.

“(B) LIMITATIONS.—

“(i) LIMIT ON ACCOUNTS WITH RESPECT TO INDIVIDUAL.—The aggregate amount of contributions which may be made for any taxable year to all young savers accounts established and maintained on behalf of an individual shall not exceed the deductible amount in effect for the taxable year under section 219(b)(5) (determined without regard to subparagraph (B) thereof).

1 “(ii) LIMIT ON CONTRIBUTORS.—The
 2 aggregate amount of qualified contribu-
 3 tions an individual may make for any tax-
 4 able year to all young savers accounts shall
 5 not exceed the deductible amount in effect
 6 for the taxable year under section
 7 219(b)(5) (determined without regard to
 8 subparagraph (B) thereof).”.

9 (b) PARTIAL DEDUCTIBILITY OF QUALIFIED YOUNG
 10 SAVER CONTRIBUTIONS.—Section 219 of such Code (re-
 11 lating to retirement savings) is amended by adding at the
 12 end the following new subsection:

13 “(f) QUALIFIED YOUNG SAVER CONTRIBUTIONS.—
 14 “(1) IN GENERAL.—The amount allowable as a
 15 deduction under this section (determined without re-
 16 gard to this subsection) to any individual for any
 17 taxable year shall be increased by an amount equal
 18 to 20 percent of so much of the qualified young
 19 saver contributions (as defined in section 408A(g))
 20 made by such individual for such taxable year as
 21 does not exceed \$5,000.

22 “(2) LIMIT BASED ON MODIFIED ADJUSTED
 23 GROSS INCOME.—The amount determined under
 24 paragraph (1) shall be reduced in the same manner

1 as under section 408A(c)(3)(A), except that the ap-
2 plicable dollar amount shall be—

3 “(A) in the case of a taxpayer filing a joint
4 return, \$315,000,

5 “(B) in the case of any other taxpayer
6 (other than a married individual filing a sepa-
7 rate return), \$200,000, and

8 “(C) in the case of a married individual fil-
9 ing a separate return, zero.

10 “(3) INFLATION ADJUSTMENT.—In the case of
11 any taxable year beginning in a calendar year after
12 2010, the dollar amounts in subparagraphs (A) and
13 (B) of paragraph (2) shall each be increased by an
14 amount equal to—

15 “(A) such dollar amount, multiplied by

16 “(B) the cost-of-living adjustment deter-
17 mined under section 1(f)(3) for the calendar
18 year in which the taxable year begins, deter-
19 mined by substituting ‘calendar year 2009’ for
20 ‘calendar year 1992’ in subparagraph (B)
21 thereof.

22 Any increase determined under the preceding sen-
23 tence shall be rounded to the nearest multiple of
24 \$1,000.”.

1 (c) CONFORMING AMENDMENT.—Paragraph (1) of
2 section 408A(c) of such Code (relating to no deduction
3 allowed) is amended by striking “No deduction” and in-
4 serting “Except as provided in section 219(f), no deduc-
5 tion”.

6 (d) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to taxable years beginning after
8 December 31, 2009.

○