

112TH CONGRESS
2D SESSION

H. R. 3819

To amend the Internal Revenue Code of 1986 to allow the transfer of required minimum distributions from a retirement plan to a health savings account.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 24, 2012

Mr. HUIZENGA of Michigan 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 allow the transfer of required minimum distributions from a retirement plan to a health savings account.

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 “Health Freedom for
5 Seniors Act”.

6 **SEC. 2. TRANSFER OF REQUIRED MINIMUM DISTRIBUTION**
7 **FROM RETIREMENT PLAN TO HEALTH SAV-**
8 **INGS ACCOUNT.**

9 (a) TRANSFER FROM RETIREMENT PLAN.—

1 (1) INDIVIDUAL RETIREMENT ACCOUNTS.—Sec-
2 tion 408(d) of such Code is amended by adding at
3 the end the following new paragraph:

4 “(10) REQUIRED MINIMUM DISTRIBUTION
5 TRANSFERRED TO HEALTH SAVINGS ACCOUNT.—

6 “(A) IN GENERAL.—In the case of an indi-
7 vidual who has attained the age of 70½ and
8 who elects the application of this paragraph for
9 a taxable year, gross income of the individual
10 for the taxable year does not include a qualified
11 HSA transfer to the extent such transfer is oth-
12 erwise includible in gross income.

13 “(B) QUALIFIED HSA TRANSFER.—For
14 purposes of this paragraph, the term ‘qualified
15 HSA transfer’ means any distribution from an
16 individual retirement plan—

17 “(i) to a health savings account of the
18 individual in a direct trustee-to-trustee
19 transfer,

20 “(ii) to the extent such distribution
21 does not exceed the required minimum dis-
22 tribution determined under section
23 401(a)(9) for the distribution calendar
24 year ending during the taxable year.

1 “(C) APPLICATION OF SECTION 72.—Not-
2 withstanding section 72, in determining the ex-
3 tent to which an amount is treated as a dis-
4 tribution for purposes of paragraph (1), the en-
5 tire amount of the distribution shall be treated
6 as includible in gross income without regard to
7 paragraph (1) to the extent that such amount
8 does not exceed the aggregate amount which
9 would have been so includible if all amounts in
10 all individual retirement plans of the individual
11 were distributed during such taxable year and
12 all such plans were treated as 1 contract for
13 purposes of determining under section 72 the
14 aggregate amount which would have been so in-
15 cludible. Proper adjustments shall be made in
16 applying section 72 to other distributions in
17 such taxable year and subsequent taxable
18 years.”.

19 (2) OTHER RETIREMENT PLANS.—Section 402
20 of the Internal Revenue Code of 1986 is amended by
21 adding at the end the following new subsection:

22 “(m) REQUIRED MINIMUM DISTRIBUTION TRANS-
23 FERRED TO HEALTH SAVINGS ACCOUNT.—

24 “(1) IN GENERAL.—In the case of an individual
25 who has attained the age of 70½ and who elects the

1 application of this subsection for a taxable year,
2 gross income of the individual for the taxable year
3 does not include a qualified HSA transfer to the ex-
4 tent such transfer is otherwise includible in gross in-
5 come.

6 “(2) QUALIFIED HSA TRANSFER.—For pur-
7 poses of this subsection, the term ‘qualified HSA
8 transfer’ means any distribution from an retirement
9 plan—

10 “(A) to a health savings account of the in-
11 dividual in a direct trustee-to-trustee transfer,

12 “(B) to the extent such distribution does
13 not exceed the required minimum distribution
14 determined under section 401(a)(9) for the dis-
15 tribution calendar year ending during the tax-
16 able year.

17 “(3) APPLICATION OF SECTION 72.—Notwith-
18 standing section 72, in determining the extent to
19 which an amount is treated as a distribution for
20 purposes of paragraph (1), the entire amount of the
21 distribution shall be treated as includible in gross in-
22 come without regard to paragraph (1) to the extent
23 that such amount does not exceed the aggregate
24 amount which would have been so includible if all
25 amounts in all eligible retirement plans of the indi-

vidual were distributed during such taxable year and all such plans were treated as 1 contract for purposes of determining under section 72 the aggregate amount which would have been so includible. Proper adjustments shall be made in applying section 72 to other distributions in such taxable year and subsequent taxable years.

“(4) ELIGIBLE RETIREMENT PLAN.—For purposes of this subsection, the term ‘eligible retirement plan’ has the meaning given such term by subsection (c)(8)(B) (determined without regard to clauses (i) and (ii) thereof).”.

(b) TRANSFER TO HEALTH SAVINGS ACCOUNT.—

(1) IN GENERAL.—Subparagraph (A) of section 223(d)(1) of such Code is amended by striking “or” at the end of clause (i), by striking the period at the end of clause (ii)(II) and inserting “, or”, and by adding at the end the following new clause:

“(iii) unless it is in a qualified HSA transfer described in section 408(d)(10) or 402(m).”.

(2) EXCISE TAX INAPPLICABLE TO QUALIFIED HSA TRANSFER.—Paragraph (1) of section 4973(g) of such Code is amended by inserting “or in a quali-

1 fied HSA transfer described in section 408(d)(10) or
2 402(m)” after “or 223(f)(5)”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to distributions made after the
5 date of the enactment of this Act, in taxable years ending
6 after such date.

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