TO AMEND THE INTERNAL REVENUE CODE OF 1986 TO ALLOW ROLLOVERS BETWEEN 529 PROGRAMS AND ABLE ACCOUNTS.

IN THE HOUSE OF REPRESENTATIVES

MARCH 17, 2016

Mr. Crenshaw (for himself, Mr. Van Hollen, Mrs. McMorris Rodgers, and Mr. Sessions) 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 rollovers between 529 programs and ABLE accounts.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “ABLE Financial Planning Act”.

SEC. 2. ROLLOVERS TO ABLE PROGRAMS FROM 529 PROGRAMS.

(a) IN GENERAL.—Clause (i) of section 529(c)(3)(C) of the Internal Revenue Code of 1986 is amended by striking “or” at the end of subclause (I), by striking the period
at the end of subclause (II) and inserting “, or”, and by adding at the end the following:

“(III) to an ABLE account (as defined in section 529A(e)(6)) of the designated beneficiary or a member of the family of the designated beneficiary.

Subclause (III) shall not apply to so much of a distribution which, when added to all other contributions made to the ABLE account for the taxable year, exceeds the limitation under section 529A(b)(2)(B).”.

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

SEC. 3. ROLLOVERS TO 529 PROGRAMS FROM ABLE ACCOUNTS.

(a) IN GENERAL.—Clause (i) of section 529A(c)(1)(C) of the Internal Revenue Code of 1986 is amended—

(1) by striking “such payment or distribution, into another” and inserting “such payment or distribution—”

“(I) into another”,

“(II) to an ABLE account (as defined in section 529A(e)(6)) of the designated beneficiary or a member of the family of the designated beneficiary.”.
(2) by striking the period at the end and inserting “, or”, and

(3) by adding at the end the following new clause:

“(II) to a qualified tuition program (as defined in section 529(b)) for the benefit of the same designated beneficiary or a member of the family of such designated beneficiary.”.

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