

114TH CONGRESS  
1ST SESSION

# H. R. 975

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.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 13, 2015

Mr. HUIZENGA of Michigan introduced the following bill; which was referred to the Committee on Ways and Means

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## 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 the Internal Revenue Code of 1986  
3           is amended by adding at the end the following new  
4           paragraph:

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

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

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

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

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

“(C) APPLICATION OF SECTION 72.—Notwithstanding section 72, in determining the extent to which an amount is treated as a distribution for purposes of paragraph (1), the entire amount of the distribution shall be treated as includible in gross income without regard to paragraph (1) to the extent that such amount does not exceed the aggregate amount which would have been so includible if all amounts in all individual retirement plans of the individual 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.

“(D) COORDINATION.—An election may not be made under subparagraph (A) for a taxable year for which an election is in effect under paragraph (9).”.

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

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

3               “(1) IN GENERAL.—In the case of an individual  
4       who has attained the age of 70½ and who elects the  
5       application of this subsection for a taxable year,  
6       gross income of the individual for the taxable year  
7       does not include a qualified HSA transfer to the ex-  
8       tent such transfer is otherwise includible in gross in-  
9       come.

10              “(2) QUALIFIED HSA TRANSFER.—For pur-  
11       poses of this subsection, the term ‘qualified HSA  
12       transfer’ means any distribution from an individual  
13       retirement plan—

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

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

21              “(3) APPLICATION OF SECTION 72.—Notwith-  
22       standing section 72, in determining the extent to  
23       which an amount is treated as a distribution for  
24       purposes of paragraph (1), the entire amount of the  
25       distribution shall be treated as includible in gross in-

1       come without regard to paragraph (1) to the extent  
 2       that such amount does not exceed the aggregate  
 3       amount which would have been so includible if all  
 4       amounts in all eligible retirement plans of the indi-  
 5       vidual were distributed during such taxable year and  
 6       all such plans were treated as 1 contract for pur-  
 7       poses of determining under section 72 the aggregate  
 8       amount which would have been so includible. Proper  
 9       adjustments shall be made in applying section 72 to  
 10      other distributions in such taxable year and subse-  
 11      quent taxable years.

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

17      (b) TRANSFER TO HEALTH SAVINGS ACCOUNT.—

18           (1) IN GENERAL.—Subparagraph (A) of section  
 19      223(d)(1) of such Code is amended by striking “or”  
 20      at the end of clause (i), by striking the period at the  
 21      end of clause (ii)(II) and inserting “, or”, and by  
 22      adding at the end the following new clause:

23                   “(iii) unless it is in a qualified HSA  
 24                   transfer described in section 408(d)(10) or  
 25                   402(m).”.

1           (2) EXCISE TAX INAPPLICABLE TO QUALIFIED  
2       HSA TRANSFER.—Paragraph (1) of section 4973(g)  
3       of such Code is amended by inserting “or in a quali-  
4       fied HSA transfer described in section 408(d)(10) or  
5       402(m)” after “or 223(f)(5)”.

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

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