S. 2702

To amend the Internal Revenue Code of 1986 to allow individuals with disabilities to save additional amounts in their ABLE accounts above the current annual maximum contribution if they work and earn income.

IN THE SENATE OF THE UNITED STATES

MARCH 17, 2016

Mr. Burr (for himself and Mr. Casey) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to allow individuals with disabilities to save additional amounts in their ABLE accounts above the current annual maximum contribution if they work and earn income.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the “ABLE to Work Act of 2016”.

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SEC. 2. INCREASED CONTRIBUTIONS TO ABLE ACCOUNTS FROM COMPENSATION OF INDIVIDUALS WITH DISABILITIES.

(a) In General.—Section 529A(b)(2)(B) of the Internal Revenue Code of 1986 is amended to read as follows:

“(B) except in the case of contributions under subsection (c)(1)(C), if such contribution to an ABLE account would result in aggregate contributions from all contributors to the ABLE account for the taxable year exceeding the sum of—

“(i) the amount in effect under section 2503(b) for the calendar year in which the taxable year begins, plus

“(ii) in the case of a designated beneficiary described in paragraph (7), the lesser of—

“(I) compensation (as defined in section 414(s)) of the designated beneficiary for the taxable year, or

“(II) an amount equal to the poverty line for a one-person household, as determined for the calendar year preceding the calendar year in which the taxable year begins.”.
(b) Eligible Designated Beneficiary.—Section 529A(b) of such Code is amended by adding at the end the following:

“(7) Special rules related to contribution limit.—For purposes of paragraph (2)(B)—

“(A) Designated beneficiary.—A designated beneficiary described in this paragraph is an employee (including an employee within the meaning of section 401(c)) with respect to whom no contribution is made to—

“(i) a defined contribution plan (within the meaning of section 414(i)),

“(ii) an annuity contract described in section 403(b), and

“(iii) an eligible deferred compensation plan described in section 457(b) of the employee for the taxable year.

“(B) Poverty line.—The term ‘poverty line’ has the meaning given such term by section 673 of the Community Services Block Grant Act (42 U.S.C. 9902).”.

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.
SEC. 3. ALLOWANCE OF SAVER’S CREDIT FOR ABLE CONTRIBUTIONS BY ACCOUNT HOLDER.

(a) IN GENERAL.—Section 25B(d)(1) of the Internal Revenue Code of 1986 is amended by striking “and” at the end of subparagraph (B)(ii), by striking the period at the end of subparagraph (C) and inserting “, and”, and by inserting at the end the following:

“(D) the amount of contributions by such individual to the ABLE account (within the meaning of section 529A) of which such individual is the designated beneficiary.”.

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