

115TH CONGRESS
1ST SESSION

H. R. 2420

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

MAY 11, 2017

Mr. ROUZER 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. YOUNG SAVERS ACCOUNTS.**

4 (a) ESTABLISHMENT OF ACCOUNTS.—

5 (1) IN GENERAL.—Section 408A of the Internal
6 Revenue Code of 1986 (relating to Roth IRAs) is
7 amended by adding at the end the following new
8 subsection:

9 “(g) YOUNG SAVERS ACCOUNT.—

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

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

10 “(3) CONTRIBUTION LIMITS.—

11 “(A) LIMIT ON ACCOUNTS WITH RESPECT
12 TO INDIVIDUAL.—In the case of any contribu-
13 tions for any taxable year to one or more young
14 savers accounts established and maintained on
15 behalf of an individual, the amount determined
16 with respect to such individual under subsection
17 (c)(2)(A) shall be treated as the amount in ef-
18 fect for the taxable year under section
19 219(b)(5) (determined without regard to sub-
20 paragraph (B) thereof).

21 “(B) LIMIT ON CONTRIBUTORS.—The ag-
22 gregate amount of qualified young saver con-
23 tributions an individual may make for any tax-
24 able year to all young savers accounts shall not
25 exceed the deductible amount in effect for the

1 taxable year under section 219(b)(5) (deter-
2 mined without regard to subparagraph (B)
3 thereof).

4 “(C) SPECIAL RULE FOR RECONTRIBUTION
5 OF AMOUNT DISTRIBUTED FOR HIGHER EDU-
6 CATION EXPENSES.—In the case of a young
7 savers account from which an individual re-
8 ceives a distribution to which section
9 72(t)(2)(E) applies (or would have applied had
10 such distribution been includible in gross in-
11 come), subparagraphs (A) and (B) shall not
12 apply to any contribution made by such indi-
13 vidual to a Roth IRA of such individual (and
14 there shall not be taken into account under sub-
15 section (c)(2) any such contribution) to the ex-
16 tent such contribution does not exceed the ex-
17 cess (if any) of—

18 “(i) the aggregate amount of such dis-
19 tributions made during the 20-year period
20 ending on the date of the contribution to
21 which this subparagraph is applied, over

22 “(ii) the aggregate amount of con-
23 tributions to which this subparagraph ap-
24 plies for all taxable years.

1 “(4) QUALIFIED CONTRIBUTIONS.—For pur-
2 poses of this subsection, the term ‘qualified young
3 saver contribution’ means a contribution by an indi-
4 vidual (with respect to whom a young savers account
5 is not established and maintained during the taxable
6 year) to a young savers account established and
7 maintained on behalf of another individual.”.

8 (b) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to taxable years beginning after
10 December 31, 2017.

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