

116TH CONGRESS
1ST SESSION

S. 1053

To establish a universal personal savings program, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 4, 2019

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

A BILL

To establish a universal personal savings program, 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. SHORT TITLE.**

4 This Act may be cited as the “Saving for the Future
5 Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds as follows:

8 (1) Three out of 10 private-sector workers lack
9 access to any workplace retirement plan, according
10 to a Bureau of Labor Statistics report in March
11 2018.

1 (2) A retirement study conducted by the Gov-
 2 ernment Accountability Office found that 52 percent
 3 of households age 55-and-older have no retirement
 4 savings in a defined contribution plan or individual
 5 retirement account, and nearly 30 percent of house-
 6 holds age 55-and-older have no retirement savings
 7 and no defined benefit plan.

8 (3) A 2015 report on the economic well-being of
 9 United States households conducted by the Federal
 10 Reserve found that 31 percent of non-retirees re-
 11 portedly “have no retirement savings or pension
 12 whatsoever”, and that nearly one-half of non-retirees
 13 with self-directed retirement accounts are either
 14 “not confident” or “slightly confident” in their abil-
 15 ity to make the right investment decisions when in-
 16 vesting in such accounts.

17 **SEC. 3. UNIVERSAL PERSONAL SAVINGS.**

18 (a) IN GENERAL.—Subtitle B of title I of the Em-
 19 ployee Retirement Income Security Act of 1974 (29
 20 U.S.C. 1021 et seq.) is amended by adding at the end
 21 the following:

22 **“PART 8—UNIVERSAL PERSONAL SAVINGS**

23 **“SEC. 801. DEFINITIONS.**

24 “For purposes of this part:

1 “(1) APPLICABLE EMPLOYER.—The term ‘ap-
2 plicable employer’ means an employer—

3 “(A) with at least 10 full-time equivalent
4 employees; and

5 “(B) that has employed at least 10 full-
6 time equivalent employees for not less than 2
7 years.

8 “(2) BOARD.—The term ‘Board’ means the
9 Federal Universal Personal Savings Investment
10 Board established under section 803.

11 “(3) EMPLOYEE.—The term ‘employee’, unless
12 specified otherwise, includes full-time and part-time
13 employees of an applicable employer.

14 “(4) EXECUTIVE DIRECTOR.—The term ‘Execu-
15 tive Director’ means the Executive Director of the
16 UP Account Board appointed under section 803.

17 “(5) FULL TIME.—The term ‘full time’, with
18 respect to employment, means 40 hours per week.

19 “(6) FULL-TIME EQUIVALENT EMPLOYEE.—
20 The term ‘full-time equivalent employee’ means the
21 sum of—

22 “(A) the number of employees working full
23 time; and

24 “(B) the full-time equivalent of the num-
25 ber of employees working part-time, as defined

1 and calculated in the manner determined most
2 appropriate by the Secretary.

3 **“SEC. 802. EMPLOYER CONTRIBUTION REQUIREMENTS.**

4 “(a) MINIMUM EMPLOYER CONTRIBUTION.—

5 “(1) IN GENERAL.—Beginning in the first full
6 taxable year following the date of enactment of the
7 Saving for the Future Act, each applicable employer
8 shall contribute to a qualifying plan, on behalf of
9 each employee that is not enrolled in an active, de-
10 fined benefit pension plan sponsored by such em-
11 ployer, the applicable minimum amount described in
12 paragraph (2).

13 “(2) MINIMUM EMPLOYER CONTRIBUTION.—

14 “(A) INITIAL AMOUNTS.—For the first
15 year in which the requirements of paragraph
16 (1) apply, and the 1 year immediately following
17 such first year, the minimum amount an appli-
18 cable employer is required to contribute for
19 each full-time employee is \$0.50 per hour
20 worked by the employee.

21 “(B) THIRD AND FOURTH YEARS.—For
22 the 2 years immediately following the period
23 during which subparagraph (A) applies, the
24 minimum amount an applicable employer is re-

1 quired to contribute for each full-time employee
2 is \$.60 per hour worked by the employee.

3 “(C) SUBSEQUENT YEARS.—The Secretary
4 shall increase the amounts described in sub-
5 paragraph (B) for the year immediately fol-
6 lowing the period during which subparagraph
7 (B) applies, and every 3 years thereafter, by an
8 amount proportional to growth in average base
9 supervisory wages.

10 “(3) NONCOMPLIANCE.—In the case of an ap-
11 plicable employer that is found to be in violation of
12 the requirement under paragraph (1), such employer
13 shall be required to make the contributions required
14 under paragraph (1), plus interest, at an interest
15 rate set by the Secretary through rulemaking.

16 “(b) QUALIFYING PLANS.—

17 “(1) IN GENERAL.—Each applicable employer
18 shall provide a pension plan for all employees.

19 “(2) TYPES OF PLANS.—The pension plan re-
20 quired under paragraph (1)—

21 “(A)(i) in the case of an applicable em-
22 ployer with 100 or more full-time equivalent
23 employees, shall be an employer plan, which
24 may be a plan described in section 401(k) of
25 the Internal Revenue Code of 1986, defined

benefit pension plan, or any other plan described in section 219(g)(5) of the Internal Revenue Code of 1986; and

“(ii) in the case of an applicable employer with fewer than 100 full-time equivalent employees, shall be a plan described in subparagraph (A), a simple retirement account under section 408(p) of the Internal Revenue Code of 1986 or an automatic payroll deduction individual retirement account or multiple employer plan, including any current or prospective State-established and -facilitated payroll deduction or automatic individual retirement account, or an UP Account described in section 804; or

“(B) in the case of an applicable employer who does not provide an employer contribution but offers a State-established or -facilitated program described in subparagraph (A)(ii), such employer shall provide an UP Retirement Account to which the employer makes contributions, and any employee contributions shall be directed to the State plan.

“(3) CLARIFICATION OF EMPLOYER OBLIGATIONS WITH RESPECT TO CERTAIN EMPLOYEES.—In the case of an applicable employer that offers an UP

1 Retirement Account plan and any other type of plan
 2 described in subparagraph (A)(i), (A)(ii), or (B), as
 3 applicable, of paragraph (2), to employees, with re-
 4 spect to employees for whom the employer is not re-
 5 quired under this Act to offer participation in such
 6 other type of plan, the requirements of this part may
 7 be met by allowing such employees to participate in
 8 such other plan.

9 “(c) STANDARD NOTICE.—The board shall develop a
 10 standard notice that employers with fewer than 10 work-
 11 ers electing not to make contributions are required to pro-
 12 vide to each employee upon hire, and annually thereafter.
 13 Such notice shall provide instructions on how to set up
 14 an account, make contributions, and claim the individual
 15 credit under section 25BB of the Internal Revenue Code
 16 of 1986.

17 **“SEC. 803. UP ACCOUNT BOARD.**

18 “(a) ESTABLISHMENT OF BOARD.—There is estab-
 19 lished a Federal Universal Personal Savings Investment
 20 Board, an independent government agency for the purpose
 21 of overseeing UP Accounts.

22 “(b) MEMBERSHIP.—

23 “(1) APPOINTMENT OF MEMBERS.—The Presi-
 24 dent shall appoint, by and with the consent of the
 25 Senate, 5 members to serve on the Board. Such

1 members shall have substantial experience, training,
 2 and expertise in the management of financial invest-
 3 ments and pension benefit plans.

4 “(2) EXECUTIVE DIRECTOR.—The Board shall
 5 hire an Executive Director of the Board.

6 “(3) TERMS.—Each member shall serve a term
 7 of 5 years, except that, of the members first ap-
 8 pointed, 1 shall serve a term of 1 year, one shall
 9 serve a term of 2 years, one shall serve a term of
 10 3 years, one shall serve a term of 4 years, and one
 11 shall serve a term of 5 years. Each member of the
 12 Board may serve up to 2 consecutive terms.

13 “(c) FUNDING.—Administrative expenses incurred to
 14 carry out this part shall be paid first out net earnings
 15 in the UP Account Fund.

16 **“SEC. 804. UP ACCOUNT FUND.**

17 “(a) IN GENERAL.—There is established in the
 18 Treasury of the United States an UP Account Fund.

19 “(b) FUNDS.—The UP Account Fund shall consist
 20 of all amounts contributed by participants, and employees
 21 on behalf of participants, into UP Retirement Accounts
 22 and UP Savings Accounts, increased by the total net earn-
 23 ings from investments of sums in the UP Account Fund
 24 or reduced by the total net losses from investments of the
 25 UP Account Fund, and reduced by the total amount of

1 payments made from the UP Account Fund (including
2 payments for administrative expenses).

3 “(c) PERMISSIBLE USES OF FUNDS.—The sums in
4 the UP Account Fund are appropriated and shall remain
5 available without fiscal year limitation—

6 “(1) to invest in accordance with section
7 805(h);

8 “(2) to pay benefits or purchase annuity con-
9 tracts under this subchapter; and

10 “(3) to pay administrative expenses.

11 **“SEC. 805. UP RETIREMENT ACCOUNTS.**

12 “(a) IN GENERAL.—The Board shall establish UP
13 Retirement Accounts that are portable, defined contribu-
14 tion pension plans.

15 “(b) ROLLOVERS.—

16 “(1) DEFINITIONS.—For purposes of this sub-
17 section—

18 “(A) the term ‘eligible rollover distribution’
19 has the meaning given such term by section
20 402(c)(4) of the Internal Revenue Code of
21 1986; and

22 “(B) the term ‘qualified trust’ has the
23 meaning given such term by section 402(c)(8)
24 of the Internal Revenue Code of 1986.

1 “(2) ROLLOVERS.—A participant may con-
 2 tribute to the UP Retirement Account an eligible
 3 rollover that a qualified trust could accept under the
 4 Internal Revenue Code of 1986. A contribution
 5 made under this subsection shall be made in the
 6 form described in section 401(a)(31) of the Internal
 7 Revenue Code of 1986. In the case of an eligible
 8 rollover distribution, the maximum amount trans-
 9 ferred to the Up Account Fund shall not exceed the
 10 amount which would otherwise have been included in
 11 the participant’s gross income for Federal income
 12 tax purposes.

13 “(3) REGULATIONS.—The Executive Director
 14 shall prescribe regulations to carry out this sub-
 15 section.

16 “(c) ADMINISTRATION.—The Board shall contract
 17 with one or more private investment firms to administer
 18 the UP Accounts. The Board shall contract with multiple
 19 private investment firms, as necessary to ensure that no
 20 single firm administers more than \$500,000,000,000 in
 21 UP Account assets.

22 “(d) INDIVIDUAL ELIGIBILITY.—

23 “(1) IN GENERAL.—An employee is eligible to
 24 participate in an UP Retirement Account if—

1 “(A) the employee’s employer establishes
2 an UP Retirement Account on the employee’s
3 behalf; or

4 “(B) the employee demonstrates to the
5 Board that the employee works for a employer
6 that is not an applicable employer.

7 “(2) MAINTENANCE OF ACCOUNT.—An indi-
8 vidual who becomes a participant in an UP Retire-
9 ment Account as described in paragraph (1) may
10 maintain such account and may continue to make
11 individual contributions to such account, regardless
12 of such individual’s subsequent employment status,
13 provided that the individual is not a participant in
14 another plan described in section 802(b)(2).

15 “(e) QUARTERLY STATEMENTS.—The Board shall
16 provide participants with a quarterly statement explaining
17 each participant’s projected income in retirement under
18 different distribution scenarios and identifying the total
19 dollar amount paid in fees for the year.

20 “(f) EMPLOYEE AND EMPLOYER CONTRIBUTIONS.—

21 “(1) EMPLOYEE CONTRIBUTIONS.—

22 “(A) IN GENERAL.—Applicable employers
23 making contributions required under section
24 802 to an UP Retirement Account shall auto-
25 enroll all employees in such an account with an

1 employee contribution that is equal to 4 percent
2 of the employee's wages, with the option for any
3 such employee to elect a different employee con-
4 tribution level or to opt out of such account at
5 any time.

6 “(B) AUTO-ESCALATION.—Employees
7 making contributions to an UP Retirement Ac-
8 count shall have their contributions automati-
9 cally escalated by half a percentage point at the
10 conclusion of each full year during which such
11 employer is so enrolled, until reaching the level
12 of a 10 percent employee contribution. Any em-
13 ployee may opt out of such automatic esca-
14 lation.

15 “(C) DEFAULT ELECTIONS IN THE CASE
16 OF CHANGES IN EMPLOYMENT.—In the case of
17 an employee who was enrolled in an UP Retire-
18 ment Account through one employer and subse-
19 quently ceases to work for such employer, if the
20 employee subsequently is employed by another
21 applicable employer, the employee's default con-
22 tribution level under this paragraph shall be the
23 same level that it was on the last day of em-
24 ployment with the previous employer.

25 “(2) EMPLOYER CONTRIBUTIONS.—

1 “(A) IN GENERAL.—Applicable employers
 2 may contribute more to an employee’s UP Re-
 3 tirement Account than is required under section
 4 802, but may not contribute more than $\frac{1}{2}$ the
 5 amount in effect under section 402(g)(1)(B) of
 6 the Internal Revenue Code of 1986 for the tax-
 7 able year.

8 “(B) DEFAULT RULES.—Any employer
 9 matching requirements under this part shall
 10 apply to any employer contributions that are in
 11 addition to the minimum employer contribution.

12 “(C) FIDUCIARY DUTIES.—An applicable
 13 employer’s fiduciary duties with respect to an
 14 employee’s UP Retirement Account extend only
 15 to the full and timely payment of contributions
 16 to their employees’ UP Retirement Accounts.
 17 For all other purposes, the members of the
 18 Board are the fiduciaries of such accounts.

19 “(g) PARTICIPANT ACCOUNTS.—

20 “(1) IN GENERAL.—The Executive Director
 21 shall establish and maintain an account for each in-
 22 dividual who makes contributions or for whom con-
 23 tributions are made under this section.

24 “(2) BALANCES.—The balance in a partici-
 25 pant’s account at any time is the excess of—

1 “(A) the sum of—

2 “(i) all contributions made to the UP
3 Retirement Account by the participant;

4 “(ii) all contributions made to such
5 Account for the benefit of the participant;
6 and

7 “(iii) the total amount of the alloca-
8 tions made to and reductions made in the
9 account pursuant to paragraph (3), over

10 “(B) the amounts paid out of the UP Re-
11 tirement Account with respect to such partici-
12 pant.

13 “(3) ADJUSTMENTS.—Pursuant to regulations
14 prescribed by the Executive Director, the Executive
15 Director shall allocate to each account an amount
16 equal to a pro rata share of the net earnings and net
17 losses from each investment of sums in the UP Ac-
18 count Fund attributable to sums credited to such ac-
19 count, reduced by an appropriate share of the ad-
20 ministrative expenses paid out of the net earnings,
21 as determined by the Executive Director.

22 “(h) INVESTMENTS.—The following investment rules
23 shall apply with respect to an UP Retirement Account:

24 “(1) The Board shall make available a reason-
25 able menu of investment products, including low-fee

1 index funds, sufficient to provide participants with
 2 the opportunity to diversify their UP Retirement Ac-
 3 counts in order to minimize the risk of large losses.

4 “(2) The default investment option for partici-
 5 pants shall minimize fees, be diversified, and auto-
 6 matically reduce risk to the participant as the par-
 7 ticipant approaches retirement age.

8 “(3) UP Retirement Accounts shall allow par-
 9 ticipants to change or customize investment alloca-
 10 tion.

11 “(4) The board shall select investments solely in
 12 the interests of participants and beneficiaries and
 13 for the exclusive purpose of providing benefits and
 14 deferring reasonable expenses with the prevailing
 15 care, skill, prudence, and diligence that a prudent
 16 individual acting in a like capacity and familiar with
 17 such matters would use.

18 “(i) DISTRIBUTIONS.—

19 “(1) IN GENERAL.—The Board shall ensure
 20 that investors are offered forms of distribution that
 21 include—

22 “(A) monthly income for life for the partici-
 23 pant or surviving spouse, if applicable;

24 “(B) monthly income until the normal or
 25 maximum Social Security retirement age for the

1 participant or surviving spouse, if applicable;
 2 and

3 “(C) automatic, regular withdrawals,
 4 under which a set percentage of initial capital
 5 is withdrawn each year, on a monthly basis.

6 “(2) DEATH OF PARTICIPANT.—In case of
 7 death of a participant, a lump sum shall be paid to
 8 designated beneficiary.

9 **“SEC. 806. UP SAVINGS ACCOUNTS.**

10 “(a) IN GENERAL.—In addition to a standard UP
 11 Retirement Account under section 805, a participant may
 12 maintain an UP Savings Account, established by the
 13 Board, and designed as safe, short- to medium-term sav-
 14 ings vehicles.

15 “(b) CONTRIBUTIONS; MAXIMUM BALANCE.—

16 “(1) IN GENERAL.—Participants may make
 17 contributions to their UP Savings Account until the
 18 account reaches the maximum balance amount de-
 19 scribed in paragraph (1). Any contributions a partic-
 20 ipant wishes to make after the participant’s account
 21 reaches such maximum balance amount shall be
 22 credited to the participant’s UP Retirement Account
 23 established under section 805. An UP Savings Ac-
 24 count may grow past the maximum balance amount
 25 due to accumulation without penalty.

1 “(2) INCREASED AMOUNTS.—The Board shall
2 establish the maximum balance amount for purposes
3 of paragraph (1) as follows:

4 “(A) For the first fiscal year that begins
5 after the date of enactment of the Saving for
6 the Future Act, the maximum balance amount
7 shall be 2,500.

8 “(B) For fiscal year immediately following
9 the fiscal year described in subparagraph (A),
10 and each fiscal year thereafter, the Board shall
11 increase the maximum balance amount from the
12 previous year, in increments of \$100 that most
13 closely reflects the average wage growth during
14 the applicable 12-month period.

15 “(3) DEFAULT RULE.—Any contributions a
16 participant makes pursuant to accounts established
17 under this part shall be credited to the participant’s
18 UP Savings Account, until such has reached the
19 maximum balance amount, unless the participant
20 specifies otherwise. Once the maximum balance is
21 reached, additional contributions will go to a partici-
22 pant’s UP Retirement Account.

23 “(c) INVESTMENT.—The Board may invest contribu-
24 tions to UP Savings Account only in cash, money market
25 funds, certificates of deposit, or government bonds.

1 “(d) WITHDRAWALS.—Participants may withdraw
 2 amounts from their UP Savings Account when experi-
 3 encing a specific financial situation that requires a non-
 4 routine use of money, as determined by the Board (in
 5 rules similar to the rules governing hardship distributions
 6 from a trust described in section 401(a) of the Internal
 7 Revenue Code of 1986 which is exempt from taxation
 8 under section 501(a) of such Code). Such situations may
 9 include a major reduction in earnings, an on-the-job in-
 10 jury, disability, family or medical leave, a large medical
 11 bill, the down payment for a home, and the beginning of
 12 a training or educational experience. The Board shall de-
 13 termine the rules regarding such withdrawals, including
 14 allowable needs, and demonstration of the need, but shall
 15 not impose a withdrawal penalty or impose a repayment
 16 requirement. Loans to investors shall not be permitted.

17 “(e) OTHER PENSION PLANS.—Any pension plan
 18 may offer a safe, short- to medium-term savings account
 19 with terms similar to the terms that apply to UP Savings
 20 Accounts described in this section. For purposes of this
 21 Act, any such account shall be considered part of the pen-
 22 sion plan.

23 **“SEC. 807. TAX TREATMENT OF UP ACCOUNTS.**

24 “(a) IN GENERAL.—For purposes of the Internal
 25 Revenue Code of 1986—

1 “(1) the UP Account Fund shall be treated as
2 a trust described in section 401(a) of such Code
3 which is exempt from taxation under section 501(a)
4 of such Code;

5 “(2) any contribution to, or distribution from,
6 the UP Account Fund shall be treated in the same
7 manner as contributions to or distributions from
8 such a trust; and

9 “(3) subject to section 401(k)(4)(B) of such
10 Code and any dollar limitation on the application of
11 section 402(a)(8) of such Code, contributions to the
12 UP Account Fund shall not be treated as distributed
13 or made available to an employee or Member nor as
14 a contribution made to the Fund by an employee or
15 Member merely because the employee or Member
16 has, under the provisions of this part, an election
17 whether the contribution will be made to the UP Ac-
18 count Fund or received by the employee or Member
19 in cash.

20 “(b) NONDISCRIMINATION REQUIREMENTS.—Not-
21 withstanding any other provision of law, the UP Account
22 Fund is not subject to the nondiscrimination requirements
23 applicable to arrangements described in section 401(k) of
24 the Internal Revenue Code of 1986, or to matching con-

1 tributions (as described in section 401(m) of such Code),
 2 so long as it meets the requirements of this section.

3 “(c) RULE OF CONSTRUCTION.—Subsection (a) shall
 4 not be construed to provide that any amount of the em-
 5 ployee’s or Member’s basic pay which is contributed to the
 6 UP Account Fund shall not be included in the term
 7 ‘wages’ for the purposes of section 209 of the Social Secu-
 8 rity Act or section 3121(a) of the Internal Revenue Code
 9 of 1986.

10 **“SEC. 808. QUALIFIED ROTH CONTRIBUTION PROGRAM.**

11 “(a) DEFINITIONS.—For purposes of this section—

12 “(1) the term ‘qualified Roth contribution pro-
 13 gram’ means a program described in paragraph (1)
 14 of section 402A(b) of the Internal Revenue Code of
 15 1986 which meets the requirements of paragraph (2)
 16 of such section; and

17 “(2) the terms ‘designated Roth contribution’
 18 and ‘elective deferral’ have the meanings given such
 19 terms in section 402A of the Internal Revenue Code
 20 of 1986.

21 “(b) AUTHORITY TO ESTABLISH.—The Executive
 22 Director shall by regulation provide for the inclusion in
 23 the UP Accounts of a qualified Roth contribution pro-
 24 gram, under such terms and conditions as the Board may
 25 prescribe.

1 “(c) REQUIRED PROVISIONS.—The regulations under
2 subsection (b) shall include—

3 “(1) provisions under which an election to make
4 designated Roth contributions may be made by any
5 individual who is eligible to make contributions to an
6 UP Account under section 805(d); and

7 “(2) any other provisions which may be nec-
8 essary to carry out this section.

9 **“SEC. 809. SURVIVOR ANNUITIES.**

10 “The rules on survivor annuities under subchapter IV
11 of chapter 84 of title 5, United States Code, that are ap-
12 plicable to the Thrift Savings Plan, shall apply to UP Ac-
13 counts. The Executive Director shall promulgate regula-
14 tions to provide for the application of such rules to UP
15 Accounts, as appropriate.”.

16 (b) CLERICAL AMENDMENT.—The table of contents
17 in section 1 of the Employee Retirement Income Security
18 Act of 1974 is amended by inserting after the item relat-
19 ing to section 734 the following new items:

 “PART 8—UNIVERSAL PERSONAL SAVINGS

 “Sec. 801. Definitions.

 “Sec. 802. Employer contribution requirements.

 “Sec. 803. UP Account Board.

 “Sec. 804. UP Account Fund.

 “Sec. 805. UP Retirement Accounts.

 “Sec. 806. UP Savings Accounts.

 “Sec. 807. Tax treatment of UP Accounts.

 “Sec. 808. Qualified Roth contribution program.

 “Sec. 809. Survivor annuities.”.

1 **SEC. 4. INCREASE IN CREDIT FOR SMALL EMPLOYER PEN-**
 2 **SION PLAN STARTUP COSTS.**

3 (a) IN GENERAL.—Paragraph (1) of section 45E(b)
 4 of the Internal Revenue Code of 1986 is amended by strik-
 5 ing “\$500” and inserting “\$2,000”.

6 (b) ELIGIBLE EMPLOYERS.—Paragraph (1) of sec-
 7 tion 45E(c) of the Internal Revenue Code of 1986 is
 8 amended by inserting “, applied by substituting ‘250’ for
 9 ‘100’ ” after “408(p)(2)(C)(i)”.

10 (c) PENALTY FOR NONCOMPLIANT EMPLOYERS.—
 11 Subsection (c) of section 45E of the Internal Revenue
 12 Code of 1986 is amended by adding at the end the fol-
 13 lowing new paragraph:

14 “(3) EMPLOYERS FAILING TO MAKE REQUIRED
 15 CONTRIBUTIONS.—Such term shall not include an
 16 employer subject to the requirement of section
 17 802(a)(1) of the Employee Retirement Income Secu-
 18 rity Act of 1974 that fails, within the time pre-
 19 scribed by the Secretary, to make any required con-
 20 tribution under such section 802 for the taxable year
 21 or any of the 4 taxable years preceding such year.”.

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

1 **SEC. 5. CREDIT FOR MINIMUM EMPLOYER CONTRIBU-**
 2 **TIONS.**

3 (a) IN GENERAL.—Subpart D of part IV of sub-
 4 chapter A of chapter 1 of the Internal Revenue Code of
 5 1986 is amended by adding at the end the following new
 6 section:

7 **“SEC. 45T. CREDIT FOR MINIMUM EMPLOYER CONTRIBU-**
 8 **TIONS.**

9 “(a) GENERAL RULE.—For purposes of section 38,
 10 the minimum employer contribution credit determined
 11 under this section for any taxable year is an amount equal
 12 to the applicable percentage of the qualified retirement
 13 contributions paid or incurred by the taxpayer during the
 14 taxable year.

15 “(b) APPLICABLE PERCENTAGE.—For purposes of
 16 subsection (a), the applicable percentage is—

17 “(1) 50 percent, in the case of contributions
 18 made with respect to not more than 15 employees of
 19 the employer (or the number of employees of the em-
 20 ployer which is the equivalent of 15 full-time em-
 21 ployees), and

22 “(2) 25 percent, in the case of contributions
 23 made with respect to so many of the employees of
 24 the employer (or the equivalent of so many full-time
 25 employees) as exceeds 15 but does not exceed 30.

1 “(c) QUALIFIED RETIREMENT CONTRIBUTIONS.—

2 For purposes of this section—

3 “(1) IN GENERAL.—The term ‘qualified retire-
4 ment contributions’ means—

5 “(A) contributions made by an employer as
6 required under section 802 of the Employee Re-
7 tirement Income Security Act of 1974, and

8 “(B) contributions to a plan described in
9 section 802(b)(2) of such Act made by an em-
10 ployer which is not subject to the requirement
11 of section 802(a)(1) of such Act.

12 “(2) ONLY REQUIRED CONTRIBUTION AMOUNT
13 TAKEN INTO ACCOUNT.—The term ‘qualified retire-
14 ment contributions’ does not include any amount in
15 excess of—

16 “(A) the amount determined under section
17 802(a)(2) of the Employee Retirement Income
18 Security Act with respect to each employee of
19 the employer, or

20 “(B) the amount which would be so deter-
21 mined if the employer were subject to the re-
22 quirement of section 802(a)(1) of such Act.

23 “(d) EMPLOYERS EXCLUDED FOR FAILURE TO
24 MAKE CONTRIBUTIONS.—Subsection (a) shall not apply
25 to any employer which fails, within the time prescribed

1 by the Secretary, to make any contribution required to be
 2 made by such employer under section 802 of the Employee
 3 Retirement Income Security Act of 1974 for the taxable
 4 year or any of the 4 taxable years preceding such year.

5 “(e) SPECIAL RULES.—For purposes of this sec-
 6 tion—

7 “(1) AGGREGATION RULES, ETC.—Rules similar
 8 to the rules of section 45E(e) shall apply.

9 “(2) DENIAL OF DOUBLE BENEFIT.—No credit
 10 shall be allowed under this section for any taxable
 11 year in which the credit under section 45E is al-
 12 lowed with respect to the taxpayer.

13 “(f) CREDIT MADE AVAILABLE TO TAX-EXEMPT EL-
 14 IGIBLE EMPLOYERS.—

15 “(1) IN GENERAL.—In the case of a tax-exempt
 16 eligible employer, there shall be treated as a credit
 17 allowable under subpart C (and not allowable under
 18 this subpart) the lesser of—

19 “(A) the amount of the credit determined
 20 under this section with respect to such em-
 21 ployer, or

22 “(B) the amount of the payroll taxes of the
 23 employer during the calendar year in which the
 24 taxable year begins.

1 “(2) TAX-EXEMPT ELIGIBLE EMPLOYER.—For
 2 purposes of this section, the term ‘tax-exempt eligi-
 3 ble employer’ means an eligible employer which is
 4 any organization described in section 501(c) which is
 5 exempt from taxation under section 501(a).

6 “(3) PAYROLL TAXES.—For purposes of this
 7 subsection—

8 “(A) IN GENERAL.—The term ‘payroll
 9 taxes’ means—

10 “(i) amounts required to be withheld
 11 from the employees of the tax-exempt eligi-
 12 ble employer under section 3401(a),

13 “(ii) amounts required to be withheld
 14 from such employees under section
 15 3101(b), and

16 “(iii) amounts of the taxes imposed on
 17 the tax-exempt eligible employer under sec-
 18 tion 3111(b).

19 “(B) SPECIAL RULE.—A rule similar to
 20 the rule of section 24(d)(2)(C) shall apply for
 21 purposes of subparagraph (A).”.

22 (b) CREDIT TO BE MADE PART OF BUSINESS CRED-
 23 IT.—Subsection (b) of section 38 of the Internal Revenue
 24 Code of 1986 is amended by striking “plus” at the end
 25 of paragraph (31), by striking the period at the end of

1 paragraph (32) and inserting “, plus”, and by adding at
 2 the end the following new paragraph:

3 “(33) in the case of an eligible employer, the
 4 minimum employer contribution credit determined
 5 under section 45T(a).”.

6 (c) CLERICAL AMENDMENT.—The table of sections
 7 for subpart D of part IV of subchapter A of chapter 1
 8 of the Internal Revenue Code of 1986 is amended by in-
 9 serting after the item relating to section 45S the following
 10 new item:

“Sec. 45T. Credit for minimum employer contributions.”.

11 (d) TRANSFERS TO FEDERAL OLD-AGE AND SUR-
 12 VIVORS INSURANCE TRUST FUND.—There are hereby ap-
 13 propriated to the Federal Old-Age and Survivors Trust
 14 Fund and the Federal Disability Insurance Trust Fund
 15 established under section 201 of the Social Security Act
 16 (42 U.S.C. 401) amounts equal to the reduction in reve-
 17 nues to the Treasury by reason of the enactment of section
 18 45T(f) of the Internal Revenue Code of 1986. Amounts
 19 appropriated by the preceding sentence shall be trans-
 20 ferred from the general fund at such times and in such
 21 manner as to replicate to the extent possible the transfers
 22 which would have occurred to such Trust Fund had such
 23 amendments not been enacted.

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

4 **SEC. 6. ADDITIONAL CREDIT FOR INDIVIDUALS MAKING**
 5 **RETIREMENT CONTRIBUTIONS.**

6 (a) IN GENERAL.—Subpart A of part IV of sub-
 7 chapter A of chapter 1 of the Internal Revenue Code of
 8 1986 is amended by inserting after section 25B the fol-
 9 lowing new section:

10 **“SEC. 25BB. ADDITIONAL CREDIT FOR CERTAIN INDIVID-**
 11 **UALS MAKING RETIREMENT CONTRIBU-**
 12 **TIONS.**

13 “(a) ALLOWANCE OF CREDIT.—In the case of an eli-
 14 gible individual, there shall be allowed as a credit against
 15 the tax imposed by this subtitle for the taxable year an
 16 amount equal to 50 percent of so much of the qualified
 17 retirement contributions of the individual for the taxable
 18 year as do not exceed the base amount.

19 “(b) ELIGIBLE INDIVIDUAL.—For purposes of this
 20 section, the term ‘eligible individual’ means an individual
 21 whose employer does not provide a defined benefit plan
 22 (as defined in section 414(j)), defined contribution plan
 23 (as defined in section 414(i)), or participation in an UP
 24 Account under section 805 of the Employee Retirement

1 Income Security Act of 1974, or who is not employed, at
 2 the time the qualified retirement contributions are made.

3 “(c) QUALIFIED RETIREMENT CONTRIBUTIONS,
 4 ETC.—For purposes of this section—

5 “(1) IN GENERAL.—The term ‘qualified retire-
 6 ment contributions’ means, with respect to any tax-
 7 able year, any amounts paid in cash by an individual
 8 to—

9 “(A) an individual retirement plan, or

10 “(B) an UP Account established under
 11 section 805 of the Employee Retirement Income
 12 Security Act of 1974,
 13 for the benefit of the individual.

14 “(2) BASE AMOUNT.—The base amount for any
 15 taxable year is an amount equal to the amount in
 16 effect under section 802(a)(3)(i) of the Employee
 17 Retirement Income Security Act of 1974 for such
 18 year.

19 “(d) SPECIAL RULES.—

20 “(1) INVESTMENT IN THE CONTRACT.—Rules
 21 similar to the rules of section 25B(f) shall apply for
 22 purposes of this section.

23 “(2) COORDINATION WITH SAVER’S CREDIT.—
 24 The credit under this section and the credit under

1 section 25B shall each be determined without regard
2 to the other.”.

3 (b) CLERICAL AMENDMENT.—The table of sections
4 for subpart A of part IV of subchapter A of chapter 1
5 of the Internal Revenue Code of 1986 is amended by in-
6 serting after the item relating to section 25B the following
7 new item:

“Sec. 25BB. Additional credit for certain individuals making retirement con-
tributions.”.

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

11 **SEC. 7. INCREASE IN HIGHEST INDIVIDUAL INCOME TAX**
12 **RATE.**

13 (a) IN GENERAL.—Each of the tables contained in
14 subparagraphs (A), (B), (C), (D), and (E) of section
15 1(j)(2) of the Internal Revenue Code of 1986 is amended
16 by striking “37%” in the last line and inserting “39.6%”.

17 (b) CONFORMING AMENDMENT.—Clause (iii) of sec-
18 tion 1(j)(4)(B) of the Internal Revenue Code of 1986 is
19 amended—

- 20 (1) by striking “37 percent” and inserting
21 “39.6 percent”,
22 (2) by striking “37-percent” in subclause (II)
23 and inserting “39.6-percent”, and

1 (3) by striking “37-PERCENT” in the heading
2 and inserting “39.6-PERCENT”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 2019.

6 **SEC. 8. INCREASE IN CORPORATE INCOME TAX RATE.**

7 (a) IN GENERAL.—Subsection (b) of section 11 of the
8 Internal Revenue Code of 1986 is amended by striking
9 “21 percent” and inserting “23 percent”.

10 (b) EFFECTIVE DATE.—The amendment made by
11 this section shall apply to taxable years beginning after
12 December 31, 2019.

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