

112TH CONGRESS  
2D SESSION

# H. R. 6472

To amend the Internal Revenue Code of 1986 to expand the availability of the saver's credit, to make the credit refundable, and to make Federal matching contributions into the retirement savings of the taxpayer.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 20, 2012

Mr. NEAL (for himself, Mr. McDERMOTT, Mr. LEWIS of Georgia, Mr. BLUMENAUER, Mr. KIND, and Mr. ELLISON) 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 expand the availability of the saver's credit, to make the credit refundable, and to make Federal matching contributions into the retirement savings of the taxpayer.

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 "Savings for American  
5 Families' Future Act of 2012".

6 **SEC. 2. MODIFICATION OF SAVER'S CREDIT.**

7 (a) 50 PERCENT CREDIT FOR ALL TAXPAYERS: EX-  
8 PANSION OF PHASEOUT RANGES.—Subsection (b) of sec-

1 tion 25B of the Internal Revenue Code of 1986 is amend-  
2 ed to read as follows:

3 “(b) APPLICABLE PERCENTAGE.—For purposes of  
4 this section—

5 “(1) IN GENERAL.—Except as provided in para-  
6 graph (2), the applicable percentage is 50 percent.

7 “(2) PHASEOUT.—The percentage under para-  
8 graph (1) shall be reduced (but not below zero) by  
9 the number of percentage points which bears the  
10 same ratio to 50 percentage points as—

11 “(A) the excess of—

12 “(i) the taxpayer’s adjusted gross in-  
13 come for such taxable year, over

14 “(ii) the applicable dollar amount,  
15 bears to

16 “(B) the phaseout range.

17 If any reduction determined under this paragraph is  
18 not a whole percentage point, such reduction shall be  
19 rounded to the nearest whole percentage point.

20 “(3) APPLICABLE DOLLAR AMOUNT; PHASEOUT  
21 RANGE.—

22 “(A) JOINT RETURNS.—Except as pro-  
23 vided in subparagraph (B)—

24 “(i) the applicable dollar amount is  
25 \$65,000, and

1 “(ii) the phaseout range is \$20,000.

2 “(B) OTHER RETURNS.—In the case of—

3 “(i) a head of a household (as defined  
4 in section 2(b)), the applicable dollar  
5 amount and the phaseout range shall be  $\frac{3}{4}$   
6 of the amounts applicable under subpara-  
7 graph (A) (as adjusted under paragraph  
8 (4)), and

9 “(ii) any taxpayer who is not filing a  
10 joint return and who is not a head of a  
11 household (as so defined), the applicable  
12 dollar amount and the phaseout range  
13 shall be  $\frac{1}{2}$  of the amounts applicable  
14 under subparagraph (A) (as so adjusted).

15 “(4) INFLATION ADJUSTMENT OF APPLICABLE  
16 DOLLAR AMOUNT.—In the case of any taxable year  
17 beginning in a calendar year after 2012, the dollar  
18 amount in paragraph (3)(A)(i) shall be increased by  
19 an amount equal to—

20 “(A) such dollar amount, multiplied by

21 “(B) the cost-of-living adjustment deter-  
22 mined under section 1(f)(3) for the calendar  
23 year in which the taxable year begins, deter-  
24 mined by substituting ‘calendar year 2011’ for

1           ‘calendar year 1992’ in subparagraph (B)  
2           thereof.

3           Any increase determined under the preceding sen-  
4           tence shall be rounded to the nearest multiple of  
5           \$500.”.

6           (b) CREDIT MADE REFUNDABLE; MATCHING CON-  
7           TRIBUTIONS.—

8           (1) CREDIT MADE REFUNDABLE.—The Internal  
9           Revenue Code of 1986 is amended by moving section  
10          25B to subpart C of part IV of subchapter A of  
11          chapter 1 of such Code (relating to refundable cred-  
12          its), by inserting section 25B after section 36B, and  
13          by redesignating section 25B as section 36C.

14          (2) MATCHING CONTRIBUTIONS.—Subsection  
15          (g) of section 36C of such Code, as redesignated by  
16          paragraph (1), is amended to read as follows:

17          “(g) MATCHING CONTRIBUTIONS.—

18                 “(1) IN GENERAL.—The credit allowed to an el-  
19                 igible individual under this section for any taxable  
20                 year shall be twice the credit which would (but for  
21                 this subsection) be allowed if—

22                         “(A) the individual consents to the applica-  
23                         tion of paragraph (2), and

24                         “(B) a designation by such individual is in  
25                         effect for such year under paragraph (3).

1           “(2) CREDIT PAID INTO DESIGNATED RETIRE-  
2           MENT ACCOUNT.—Any increase in credit under  
3           paragraph (1) for any taxable year shall be paid by  
4           the Secretary into the designated retirement account  
5           of the individual for such year. The amount payable  
6           under the preceding sentence shall be subject to the  
7           reductions under section 6402 in the same manner  
8           as if such amount were an overpayment. The  
9           amount so paid shall be treated as refunded to such  
10          individual.

11          “(3) DESIGNATED RETIREMENT ACCOUNT.—  
12          For purposes of this subsection, the term ‘des-  
13          ignated retirement account’ means any account or  
14          plan—

15                 “(A) of a type to which qualified retire-  
16                 ment savings contributions may be made,

17                 “(B) which is for such individual’s benefit,  
18                 and

19                 “(C) which is designated by such indi-  
20                 vidual (in such form and manner as the Sec-  
21                 retary may provide) on the return of tax for the  
22                 taxable year.

23          “(4) TREATMENT OF MATCHING CONTRIBU-  
24          TIONS.—In the case of an amount paid under para-  
25          graph (2) into a designated retirement account—

1           “(A) any dollar limitation otherwise appli-  
2 cable to the amount of contributions or defere-  
3 rals to such account shall be increased by the  
4 amount so paid,

5           “(B) the individual’s basis in such account  
6 shall not be increased by reason of the amount  
7 so paid, and

8           “(C) such amount shall be treated as an  
9 employer contribution for the plan year in  
10 which such amount is paid for purposes of—

11                   “(i) section 401(k)(3), and

12                   “(ii) section 408(k)(6)(A)(iii).

13           “(5) REGULATIONS.—The Secretary shall pre-  
14 scribe such regulations or other guidance as may be  
15 necessary to address situations under which the Sec-  
16 retary is not able to make a payment to a designated  
17 retirement account of an individual, including a plan  
18 of an employer for which the individual no longer  
19 works and to an account that does not exist.”.

20           (3) CONFORMING AMENDMENTS.—

21                   (A) Sections 24(b)(3)(B), 25(e)(1)(C),  
22 26(a)(1), and 1400C(d) of such Code are each  
23 amended by striking “25B,”.

1 (B) The last sentence of section 25A(i)(5)  
2 of such Code is amended by striking “25B” and  
3 inserting “36C”.

4 (C) Sections 904(i) of such Code is amend-  
5 ed by striking “23, 24, and 25B,” and inserting  
6 “23 and 24”.

7 (D) Section 6211(b)(4)(A) of such Code is  
8 amended by inserting “36C,” after “36B,”.

9 (E) The table of sections for subpart A of  
10 part IV of subchapter A of chapter 1 of such  
11 Code is amended by striking the item relating  
12 to section 25B.

13 (F) The table of sections for subpart C of  
14 such part is amended by adding at the end the  
15 following new item:

“Sec. 36C. Elective deferrals and IRA contributions by certain individuals.”.

16 (G) Section 1324(b)(2) of title 31, United  
17 States Code, is amended by inserting “36C,”  
18 after “36B,”.

19 (c) MAXIMUM CONTRIBUTIONS.—Subsection (a) of  
20 section 36C of such Code, as redesignated by subsection  
21 (b), is amended to read as follows:

22 “(a) ALLOWANCE OF CREDIT.—

23 “(1) IN GENERAL.—In the case of an eligible  
24 individual, there shall be allowed as a credit against  
25 the tax imposed by this subtitle for the taxable year

1 an amount equal to the applicable percentage of so  
2 much of the qualified retirement savings contribu-  
3 tions of the eligible individual for the taxable year as  
4 do not exceed the contribution limit.

5 “(2) CONTRIBUTION LIMIT.—For purposes of  
6 paragraph (1)—

7 “(A) IN GENERAL.—Except as otherwise  
8 provided in this paragraph, the contribution  
9 limit is \$500 (\$1,500 for taxable years begin-  
10 ning after 2022).

11 “(B) ANNUAL INCREASES TO REACH  
12 \$1,500.—In the case of taxable years beginning  
13 in a calendar year after 2012 and before 2023,  
14 the contribution limit shall be the sum of—

15 “(i) the contribution limit for taxable  
16 years beginning in the preceding calendar  
17 year (as increased under this subpara-  
18 graph), and

19 “(ii) \$100.

20 “(C) INFLATION ADJUSTMENT.—In the  
21 case of any taxable year beginning in a calendar  
22 year after 2022, the \$1,500 amount in subpara-  
23 graph (A) shall be increased by an amount  
24 equal to—

25 “(i) such dollar amount, multiplied by



1           “(ii) the cost-of-living adjustment de-  
2           termined under section 1(f)(3) for the cal-  
3           endar year in which the taxable year be-  
4           gins, determined by substituting ‘calendar  
5           year 2021’ for ‘calendar year 1992’ in sub-  
6           paragraph (B) thereof.

7           Any increase determined under the preceding  
8           sentence shall be rounded to the nearest mul-  
9           tiple of \$50.”.

10          (d) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to taxable years beginning after  
12 December 31, 2012.

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