

117TH CONGRESS
2^D SESSION

H. R. 7107

To amend the Internal Revenue Code of 1986 to expand the use of retirement plan funds to obtain long-term care insurance, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 16, 2022

Mrs. WAGNER introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and Labor, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to expand the use of retirement plan funds to obtain long-term care insurance, 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 “Long-Term Care Af-
5 fordability Act”.

1 **SEC. 2. LONG-TERM CARE CONTRACTS PURCHASED WITH**
2 **RETIREMENT PLAN DISTRIBUTIONS.**

3 (a) IN GENERAL.—Section 402 of the Internal Rev-
4 enue Code of 1986 is amended by adding at the end the
5 following new subsection:

6 “(m) DISTRIBUTIONS WITH RESPECT TO LONG-
7 TERM CARE INSURANCE.—

8 “(1) EXCLUSION.—

9 “(A) IN GENERAL.—Gross income of an
10 individual for the taxable year does not include
11 any distribution from an eligible retirement
12 plan to the extent that the aggregate amount of
13 such distributions does not exceed the amount
14 paid by or assessed to such individual during
15 the taxable year for or with respect to coverage
16 described in subparagraph (B) for the indi-
17 vidual, the individual’s spouse, or a dependent
18 (as defined in section 152, determined without
19 regard to subsections (b)(1), (b)(2), and
20 (d)(1)(B) thereof) of the individual.

21 “(B) COVERAGE DESCRIBED.—Coverage
22 described in this subparagraph is—

23 “(i) a qualified long-term care insur-
24 ance contract (as defined in section
25 7702B(b)) covering qualified long-term

1 care services (as defined in section
2 7702B(e)), and

3 “(ii) coverage of the risk that an in-
4 sured individual would become a chron-
5 ically ill individual (within the meaning of
6 section 101(g)(4)(B)) under a rider or
7 other provision of a life insurance contract
8 which satisfies the requirements of section
9 101(g)(3) (determined without regard to
10 subparagraph (D) thereof).

11 “(2) LIMITATION.—

12 “(A) IN GENERAL.—The amount excluded
13 from gross income under paragraph (1) for any
14 taxable year shall not exceed \$2,500 with re-
15 spect to payments for coverage for any insured
16 individual.

17 “(B) EXCLUSION AVAILABLE ONLY TO 1
18 TAXPAYER.—The exclusion under paragraph
19 (1) shall be allowed to only 1 taxpayer for any
20 taxable year with respect to any 1 insured indi-
21 vidual.

22 “(C) ADJUSTMENT FOR INFLATION.—

23 “(i) IN GENERAL.—In the case of any
24 taxable year beginning after December 31,
25 2021, the \$2,500 amount in subparagraph

1 (A) shall be increased by an amount equal
2 to—

3 “(I) such dollar amount, multi-
4 plied by

5 “(II) the cost-of-living adjust-
6 ment determined under section 1(f)(3)
7 for the calendar year in which the tax-
8 able year begins, determined by sub-
9 stituting ‘calendar year 2020’ for ‘cal-
10 endar year 2016’ in subparagraph
11 (A)(ii) thereof.

12 “(ii) ROUNDING.—If any increase de-
13 termined under clause (i) is not a multiple
14 of \$10, such increase shall be rounded to
15 the nearest multiple of \$10.

16 “(3) ELIGIBLE RETIREMENT PLAN.—For pur-
17 poses of this subsection, the term ‘eligible retirement
18 plan’ means any plan which—

19 “(A) is described in clause (i), (ii), (iv),
20 (v), or (vi) of subsection (e)(8)(B), or

21 “(B) is a defined contribution plan de-
22 scribed in clause (iii) of subsection (e)(8)(B).

23 “(4) DISTRIBUTIONS MUST OTHERWISE BE IN-
24 CLUDIBLE.—Rules similar to the rules of subsection
25 (l)(3) shall apply for purposes of this subsection.

1 “(5) SEPARATELY STATED PORTIONS OF A CON-
2 TRACT.—For purposes of this subsection, the
3 amount taken into account as paid during the tax-
4 able year for coverage described in paragraph
5 (1)(B)(i) includes premiums paid and charges as-
6 sessed during such taxable year for any such cov-
7 erage which is treated as a separate contract under
8 section 7702B(e)(1), if such separate contract is a
9 qualified long-term care insurance contract (as de-
10 fined in section 7702B(b)).

11 “(6) COORDINATION WITH OTHER DEDUC-
12 TIONS.—The amounts excluded from gross income
13 under paragraph (1) shall not be taken into account
14 under section 162(l) or 213.”.

15 (b) AMOUNTS TREATED AS REQUIRED MINIMUM
16 DISTRIBUTION.—Section 401(a)(9) of the Internal Rev-
17 enue Code of 1986 is amended by adding at the end the
18 following new subparagraph:

19 “(J) TREATMENT OF DISTRIBUTIONS FOR
20 LONG-TERM CARE INSURANCE.—For purposes
21 of this title, if a distribution is required under
22 this paragraph for a taxable year, any distribu-
23 tion which is excluded from gross income under
24 section 402(m) for the taxable year shall be

1 treated as a distribution required under this
2 paragraph.”.

3 (c) CONFORMING AMENDMENTS.—

4 (1) Section 401(k)(2)(B)(i) of the Internal Rev-
5 enue Code of 1986 is amended by striking “or” at
6 the end of subclause (V), by adding “or” at the end
7 of subclause (VI), and by adding at the end the fol-
8 lowing new subclause:

9 “(VII) as provided in section
10 402(m),”.

11 (2) Section 403(b)(11) of such Code is amend-
12 ed by striking “or” at the end of subparagraph (C),
13 by striking the period at the end of subparagraph
14 (D) and inserting “, or”, and by inserting after sub-
15 paragraph (D) the following new subparagraph:

16 “(E) for distributions to which section
17 402(m) applies.”.

18 (3) Section 457(d)(1)(A) of such Code is
19 amended by striking “or” at the end of clause (iii),
20 by striking the comma at the end of clause (iv) and
21 inserting “, or”, and by adding at the end the fol-
22 lowing new clause:

23 “(v) as provided in section 402(m),”.

24 (d) REPORTING.—

1 (1) IN GENERAL.—Subpart B of part III of
2 subchapter A of chapter 61 of the Internal Revenue
3 Code of 1986 is amended by adding at the end the
4 following new section:

5 **“SEC. 6050Z. CERTAIN WITHDRAWALS FROM QUALIFIED AR-**
6 **RANGEMENTS FOR LONG-TERM CARE INSUR-**
7 **ANCE.**

8 “(a) REQUIREMENT OF REPORTING.—Any issuer of
9 a qualified long-term care insurance contract (as defined
10 in section 7702B(b)), including a rider or other provision
11 that is treated as a qualified long-term care insurance con-
12 tract under section 7702B(e)(1), or of coverage described
13 in section 402(m)(1)(B)(ii), shall make a return, accord-
14 ing to forms or regulations prescribed by the Secretary,
15 setting forth for each insured individual—

16 “(1) the aggregate amount of premiums and
17 charges paid for the contract or coverage covering
18 such individual during the calendar year,

19 “(2) the name, address, and TIN of the owner
20 of the contract, if applicable, and

21 “(3) the name, address, and TIN of the insured
22 under the contract.

23 “(b) STATEMENT TO BE FURNISHED TO PERSONS
24 WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—
25 Every person required to make a return under subsection

1 (a) shall furnish to each individual whose name is required
2 to be set forth in such return a written statement show-
3 ing—

4 “(1) the name, address, and phone number of
5 the information contact of the issuer of the qualified
6 long-term care insurance contract or coverage de-
7 scribed in section 402(m)(1)(B)(ii), and

8 “(2) the aggregate amount of premiums and
9 charges paid under the contract or coverage covering
10 the insured individual during the calendar year.

11 The written statement required under the preceding sen-
12 tence shall be furnished to the individual or individuals
13 on or before January 31 of the year following the calendar
14 year for which the return required under subsection (a)
15 was required to be made.

16 “(c) CONTRACTS OR COVERAGE COVERING MORE
17 THAN ONE INSURED.—In the case of contracts or cov-
18 erage covering more than one insured, the return and
19 statement required by subsections (a) and (b) shall iden-
20 tify only the portion of the premium that is properly allo-
21 cable to the insured in respect of whom the return or
22 statement is made.”.

23 (2) CLERICAL AMENDMENT.—The table of sec-
24 tions for subpart B of part III of subchapter A of
25 chapter 61 of such Code is amended by adding after

1 the item relating to section 6050Y the following new
2 item:

“Sec. 6050Z. Certain withdrawals from qualified arrangements for long-term care insurance.”.

3 (e) **EFFECTIVE DATE.**—The amendment made by
4 this section shall apply to distributions received after the
5 date of the enactment of this Act.

6 **SEC. 3. INFORMATION ABOUT LONG-TERM CARE INSUR-**
7 **ANCE.**

8 Section 516 of the Employee Retirement Income Se-
9 curity Act of 1974 (29 U.S.C. 1146) is amended—

10 (1) in the section heading, by inserting “**AND**
11 **PARTICIPATION IN LONG-TERM CARE INSUR-**
12 **ANCE**” after “**SAVINGS**”;

13 (2) in subsection (a), by inserting “and long-
14 term care insurance” after “income savings”;

15 (3) in subsection (c)—

16 (A) in paragraph (1), by striking “; and”
17 and inserting a semicolon;

18 (B) in paragraph (2), by striking the pe-
19 riod and inserting “; and”; and

20 (C) by adding at the end the following:

21 “(3) a description of long-term care insurance
22 arrangements, and information regarding matters
23 relevant to enrolling in such insurance, including—

1 “(A) a fact sheet for employers, in an eas-
2 ily accessible format; and

3 “(B) a fact sheet for workers, in an easily
4 accessible format.”; and

5 (4) in subsection (d)—

6 (A) in the matter preceding paragraph (1),
7 by inserting “and long-term care insurance” be-
8 fore the period at the end of the first sentence;

9 (B) in paragraph (3), by adding “and”
10 after the semicolon;

11 (C) in paragraph (4), by striking “; and”
12 and inserting a period;

13 (D) by redesignating paragraphs (1)
14 through (4) as subparagraphs (A) through (D),
15 respectively, and adjusting the margins accord-
16 ingly;

17 (E) by redesignating paragraph (5) as
18 paragraph (3);

19 (F) by inserting before subparagraph (A),
20 as so redesignated, the following:

21 “(1) With respect to retirement income sav-
22 ings—”;

23 (G) by inserting before paragraph (3), as
24 so redesignated by subparagraph (E), the fol-
25 lowing:

1 “(2) With respect to long-term care insur-
2 ance—

3 “(A) a description in simple terms of the
4 common types of long-term care insurance
5 available to both individuals and employers
6 (specifically including small employers), includ-
7 ing information on the tax benefits of such in-
8 surance under the Internal Revenue Code of
9 1986; and

10 “(B) materials explaining to employers in
11 simple terms, the characteristics and operation
12 of the different long-term care insurance for
13 their workers and what the basic legal require-
14 ments are under this Act and the Internal Rev-
15 enue Code of 1986, including the steps to enroll
16 in such insurance and including links to the
17 fact sheets described in subsection (c)(3).”; and

18 (H) in paragraph (3), as so redesignated
19 by subparagraph (E)—

20 (i) by striking “links to other” and in-
21 serting “Links to other”; and

22 (ii) by inserting “and long-term care
23 insurance” after “retirement income sav-
24 ings arrangements”.

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