

117TH CONGRESS  
1ST SESSION

# S. 222

To establish American opportunity accounts, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

FEBRUARY 4, 2021

Mr. BOOKER (for himself, Ms. BALDWIN, Mr. SCHUMER, Mrs. GILLIBRAND, Mr. COONS, Mr. MERKLEY, Mr. MARKEY, Mr. VAN HOLLEN, Mr. BROWN, Mr. HEINRICH, Mr. SCHATZ, Ms. WARREN, Mr. SANDERS, Mr. DURBIN, and Ms. KLOBUCHAR) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To establish American opportunity accounts, 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “American Opportunity Accounts Act”.

6 (b) TABLE OF CONTENTS.—The table of contents for  
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Definitions.
- Sec. 3. American Opportunity Fund.
- Sec. 4. AO accounts.
- Sec. 5. Assignment, alienation, and treatment of deceased individuals.

- Sec. 6. Rules governing AO accounts relating to investment, accounting, and reporting.
- Sec. 7. American Opportunity Fund Board.
- Sec. 8. Fiduciary responsibilities.
- Sec. 9. Accounts disregarded in determining eligibility for Federal benefits.
- Sec. 10. Reports.
- Sec. 11. Programs for promoting financial capability.
- Sec. 12. Tax treatment.

1 **SEC. 2. DEFINITIONS.**

2 For purposes of this title—

3 (1) AMERICAN OPPORTUNITY FUND.—The term  
4 “American Opportunity Fund” means the fund es-  
5 tablished under section 3.

6 (2) AO ACCOUNT.—The term “AO account”  
7 means an American opportunity account established  
8 under section 4.

9 (3) SECRETARY.—The term “Secretary” means  
10 the Secretary of the Treasury or the Secretary’s del-  
11 egate.

12 (4) AMERICAN OPPORTUNITY FUND BOARD.—  
13 The term “American Opportunity Fund Board”  
14 means the board established pursuant to section 7.

15 (5) EXECUTIVE DIRECTOR.—The term “Execu-  
16 tive Director” means the executive director ap-  
17 pointed pursuant to section 7.

18 **SEC. 3. AMERICAN OPPORTUNITY FUND.**

19 (a) ESTABLISHMENT.—There is established in the  
20 Treasury of the United States a fund to be known as the  
21 “American Opportunity Fund”.

1 (b) AMOUNTS HELD BY FUND.—The American Op-  
2 portunity Fund consists of the sum of all amounts paid  
3 into the Fund under this title, increased by the total net  
4 earnings from investments of sums held in the Fund or  
5 reduced by the total net losses from investments of sums  
6 held in the Fund, and reduced by the total amount of pay-  
7 ments made from the Fund (including payments for ad-  
8 ministrative expenses).

9 (c) USE OF FUND.—

10 (1) IN GENERAL.—The sums in the American  
11 Opportunity Fund are appropriated and shall re-  
12 main available without fiscal year limitation—

13 (A) to make contributions to AO accounts;

14 (B) to invest under section 6;

15 (C) to make distributions in accordance  
16 with this title;

17 (D) to pay the administrative expenses of  
18 carrying out this title; and

19 (E) to purchase insurance as provided in  
20 section 8(c)(2).

21 (2) EXCLUSIVE PURPOSES.—The sums in the  
22 American Opportunity Fund shall not be appro-  
23 priated for any purpose other than the purposes  
24 specified in this section and may not be used for any  
25 other purpose.

1 (d) TRANSFERS TO AMERICAN OPPORTUNITY  
2 FUND.—The Secretary shall make transfers from the gen-  
3 eral fund of the Treasury to the American Opportunity  
4 Fund as follows:

5 (1) INITIAL CONTRIBUTION FOR ELIGIBLE INDI-  
6 VIDUALS BORN AFTER DECEMBER 31, 2021.—Upon  
7 receipt of a certification under section 4(b)(2) with  
8 respect to an individual born after December 31,  
9 2021, the Secretary shall transfer \$1,000 to the AO  
10 account of the individual.

11 (2) ANNUAL CONTRIBUTIONS.—

12 (A) IN GENERAL.—Each year which occurs  
13 after the year in which an AO account is estab-  
14 lished for an eligible individual and before the  
15 year the eligible individual attains the age of  
16 18, the Secretary shall transfer the annual con-  
17 tribution amount to the AO account of the indi-  
18 vidual.

19 (B) ANNUAL CONTRIBUTION AMOUNT.—  
20 The annual contribution amount shall be the  
21 amount such that the annual contribution  
22 amount for any taxpayer whose household in-  
23 come is within an income tier specified in the  
24 following table shall decrease, on a sliding scale  
25 in a linear manner, from the initial amount to

1 the final amount specified in such table for  
 2 such income tier:

In the case of household income (expressed as a percent of the poverty line) within the following income tier:	The initial amount is—	The final amount is—
Up to 100 percent .....	\$2,000	\$2,000
100 percent up to 125 percent .....	2,000	1,500
125 percent up to 175 percent .....	1,500	1,000
175 percent up to 225 percent .....	1,000	500
225 percent up to 325 percent .....	500	250
325 percent up to 500 percent .....	250	0
500 percent or more .....	0	0.

3 (C) APPLICABLE HOUSEHOLD INCOME;  
 4 POVERTY LINE.—For purposes of this para-  
 5 graph—

6 (i) APPLICABLE HOUSEHOLD IN-  
 7 COME.—The term “applicable household  
 8 income” means household income (as de-  
 9 fined in section 36B(d) of the Internal  
 10 Revenue Code of 1986), except that—

11 (I) with respect to any calendar  
 12 year, the Secretary shall use the in-  
 13 come of the second calendar year pre-  
 14 ceding the calendar year for which the  
 15 contribution relates; and

16 (II) in determining household in-  
 17 come the Secretary shall aggregate  
 18 the income of married individuals fil-  
 19 ing separate tax returns.

1 (ii) SPECIAL RULE FOR INDIVIDUALS  
2 NOT FILING RETURNS.—

3 (I) IN GENERAL.—In the case of  
4 any taxpayer who was not required to  
5 file a return of tax for the tax im-  
6 posed by section 1 for the taxable  
7 year described in clause (i)(I) or for  
8 whom the information described in  
9 clause (i) is not available for such  
10 year, such taxpayer shall be treated as  
11 a taxpayer with a household income  
12 which is less than 100 percent of the  
13 poverty line.

14 (II) USE OF OTHER DATA.—Sub-  
15 clause (I) shall not apply if the Sec-  
16 retary determines, based on such  
17 other information from any agency of  
18 the United States as the Secretary de-  
19 termines is reliable, that the tax-  
20 payer's household income for such  
21 year is 100 percent of the poverty line  
22 or greater.

23 (iii) POVERTY LINE.—The term “pov-  
24 erty line” has the meaning given such term

1 under section 36B(d) of the Internal Rev-  
2 enue Code of 1986.

3 (D) AUTHORITY TO PROVIDE TAX INFOR-  
4 MATION.—

5 (i) IN GENERAL.—Section 6103(l) of  
6 the Internal Revenue Code of 1986 is  
7 amended by adding at the end the fol-  
8 lowing new paragraph:

9 “(23) DISCLOSURE OF RETURN INFORMATION  
10 TO CARRY OUT ELIGIBILITY REQUIREMENTS FOR  
11 CERTAIN PROGRAMS.—

12 “(A) IN GENERAL.—The Secretary shall  
13 disclose to officers and employees of the De-  
14 partment of the Treasury or the American Op-  
15 portunity Fund Board return information of  
16 any taxpayer whose income is relevant in deter-  
17 mining any annual contribution to an American  
18 Opportunity Account under section 3 of the  
19 American Opportunity Accounts Act. Such re-  
20 turn information shall be limited to—

21 “(i) taxpayer identity information  
22 with respect to such taxpayer,

23 “(ii) the filing status of such tax-  
24 payer,

1           “(iii) the number of individuals for  
2           whom a deduction is allowed under section  
3           151 with respect to the taxpayer (including  
4           the taxpayer and the taxpayer’s spouse),

5           “(iv) the modified adjusted gross in-  
6           come (as defined in section 36B) of such  
7           taxpayer, of any spouse of such taxpayer  
8           who filed a separate return, and of each of  
9           the other individuals included under clause  
10          (iii) who are required to file a return of tax  
11          imposed by chapter 1 for the taxable year,

12          “(v) such other information as is pre-  
13          scribed by the Secretary by regulation as  
14          might indicate whether the taxpayer is eli-  
15          gible for such an annual contribution (and  
16          the amount thereof), and

17          “(vi) the taxable year with respect to  
18          which the preceding information relates or,  
19          if applicable, the fact that such informa-  
20          tion is not available.

21          “(B) RESTRICTION ON USE OF DISCLOSED  
22          INFORMATION.—Return information disclosed  
23          under subparagraph (A) may be used by offi-  
24          cers and employees of the Department of the  
25          Treasury or the American Opportunity Fund



1 Board for the purposes of, and to the extent  
 2 necessary in establishing eligibility for, and  
 3 verifying the appropriate amount of, any annual  
 4 contribution described in subparagraph (A).”.

5 (ii) PROCEDURES AND RECORD-  
 6 KEEPING RELATED TO DISCLOSURES.—

7 Paragraph (4) of section 6103(p) of such  
 8 Code is amended by striking “or (22)”  
 9 each place it appears and inserting “(22),  
 10 or (23)”.

11 (E) STUDY ON INCORPORATION OF OTHER  
 12 WEALTH FACTORS.—Not later than 2 years  
 13 after the date of the enactment of this Act, the  
 14 Comptroller General shall submit to Congress  
 15 and the Secretary of the Treasury a report on  
 16 the feasibility and distributive impacts of a new  
 17 measure for determining the amount of the an-  
 18 nual contribution amount under this paragraph  
 19 based on family wealth, total assets, and overall  
 20 net worth. Such measure may—

21 (i) include financial assets, the value  
 22 of family home, retirement accounts, busi-  
 23 ness and entrepreneurial ventures, poten-  
 24 tial future inheritances, and any other as-  
 25 sets or debts; and

1 (ii) continue to factor in current or  
2 past income to the extent such information  
3 is useful in estimating overall household  
4 wealth.

5 (3) ADJUSTMENT FOR INFLATION.—

6 (A) IN GENERAL.—For each calendar year  
7 beginning after 2022, each of the dollar  
8 amounts under paragraphs (1) and (2)(B)(i)  
9 shall be increased by such dollar amount multi-  
10 plied by the cost-of-living adjustment deter-  
11 mined under section 1(f)(3) of the Internal  
12 Revenue Code of 1986 determined by sub-  
13 stituting “calendar year 2021” for “calendar  
14 year 2016” in subparagraph (A)(ii) thereof.

15 (B) ROUNDING.—If any amount adjusted  
16 under paragraph (1) is not a multiple of \$50,  
17 such amount shall be rounded to the next low-  
18 est multiple of \$50.

19 (e) PROHIBITION ON USE OF PAYROLL TAXES TO  
20 FUND AO ACCOUNTS.—The American Opportunity Fund  
21 and AO accounts are wholly separate and unique from the  
22 Social Security system. No amount from any tax on em-  
23 ployment may be contributed to the American Opportunity  
24 Fund or AO accounts.

1 **SEC. 4. AO ACCOUNTS.**

2 (a) IN GENERAL.—

3 (1) ESTABLISHMENT.—The Executive Director  
4 shall establish in the American Opportunity Fund an  
5 account (to be known as an “American Opportunity  
6 account” or an “AO account”) for each eligible indi-  
7 vidual certified under subsection (b). Each such ac-  
8 count shall be identified to its account holder by  
9 means of a unique personal identifier currently rec-  
10 ognized by the Internal Revenue Service and shall  
11 remain in the American Opportunity Fund.

12 (2) ACCOUNT BALANCE.—The balance in an ac-  
13 count holder’s AO account at any time is the excess  
14 of—

15 (A) the sum of—

16 (i) all deposits made into the Amer-  
17 ican Opportunity Fund and credited to the  
18 account under paragraph (3); and

19 (ii) the total amount of allocations  
20 made to and reductions made in the ac-  
21 count pursuant to paragraph (4); over

22 (B) the amounts paid out of the account  
23 with respect to such individual under subsection  
24 (c).

25 (3) CREDITING OF CONTRIBUTIONS.—Pursuant  
26 to regulations which shall be prescribed by the Exec-

1       utive Director, the Executive Director shall credit to  
2       each AO account the amounts paid into the Amer-  
3       ican Opportunity Fund under section 3(d) which are  
4       attributable to the account holder of such account.

5           (4) ALLOCATION OF EARNINGS AND LOSSES.—  
6       The Executive Director shall allocate to each AO ac-  
7       count an amount equal to the net earnings and net  
8       losses from each investment of sums in the Amer-  
9       ican Opportunity Fund which are attributable, on a  
10      pro rata basis, to sums credited to such account, re-  
11      duced by an appropriate share of the administrative  
12      expenses paid out of the net earnings, as determined  
13      by the Executive Director.

14      (b) ELIGIBLE INDIVIDUAL.—For purposes of this  
15      title—

16           (1) IN GENERAL.—The term “eligible indi-  
17      vidual” means any individual who—

18                   (A) was born after December 31, 2005;

19                   (B) has not yet attained the age of 18  
20      years; and

21                   (C) has a valid, unique, Federal Govern-  
22      ment issued identification number recognized by  
23      the Internal Revenue Service.

24      (2) CERTIFICATION OF ACCOUNT HOLDERS.—

1 (A) AUTOMATIC CERTIFICATION FOR CER-  
2 TAIN INDIVIDUALS BORN AFTER DECEMBER 31,  
3 2021.—On any date after December 31, 2021,  
4 on which an eligible individual is issued a social  
5 security account number under section  
6 203(c)(2) of the Social Security Act, the Com-  
7 missioner of Social Security shall certify to the  
8 Executive Director and the Secretary of the  
9 Treasury the name of, and social security num-  
10 ber issued to, such eligible individual.

11 (B) OTHER INDIVIDUALS.—In the case of  
12 an eligible individual who is not certified under  
13 subparagraph (A), such individual may request  
14 the establishment an AO account under this  
15 subparagraph by application to the Executive  
16 Director, and the Executive Director shall cer-  
17 tify such individual under this subparagraph.

18 (c) RESTRICTIONS ON DISTRIBUTIONS.—

19 (1) AGE-RELATED RESTRICTIONS.—

20 (A) IN GENERAL.—Except as otherwise  
21 provided in this paragraph, no amount may be  
22 distributed from an AO account before the date  
23 on which the account holder attains the age of  
24 18.

1           (B) HIGHER EDUCATION EXPENSES.—  
2           Subparagraph (A) shall not apply to amounts  
3           paid for qualified tuition and related expenses  
4           (as defined in section 25A(f)(1) of the Internal  
5           Revenue Code of 1986) of the account holder if  
6           the account holder is an eligible student (as de-  
7           fined in section 25A(b)(3) of such Code) with  
8           respect to such expenses.

9           (C) AUTHORITY TO PROVIDE HIGHER AGE  
10          LIMIT FOR CERTAIN DISTRIBUTIONS.—The Sec-  
11          retary, in consultation with the American Op-  
12          portunity Fund Advisory Board, may by regula-  
13          tions provide for a higher age limitation with  
14          respect to distributions relating to certain cat-  
15          egories of qualified expenses if the Secretary de-  
16          termines that such higher age limitation is ap-  
17          propriate.

18          (2) USE-RELATED RESTRICTIONS.—

19                (A) IN GENERAL.—No amount may be dis-  
20                tributed from an AO account unless the account  
21                holder establishes, under rules established by  
22                the Executive Director in consultation with the  
23                American Opportunity Fund Advisory Board,  
24                that such amount shall be used for a qualified  
25                expense.

1 (B) QUALIFIED EXPENSE.—For purposes  
2 of this subsection—

3 (i) IN GENERAL.—The term “qualified  
4 expense” means expenses for any of the  
5 following:

6 (I) Education of the account  
7 holder at—

8 (aa) an institution of higher  
9 education (as defined in section  
10 101 of the Higher Education Act  
11 of 1965 (20 U.S.C. 1001)); or

12 (bb) an area career and  
13 technical education school (as de-  
14 fined in section 3 of the Carl D.  
15 Perkins Career and Technical  
16 Education Act of 2006 (20  
17 U.S.C. 2302)).

18 (II) Ownership of a home by the  
19 account holder.

20 (III) Any expenses paid or in-  
21 curred on or after the date on which  
22 the account holder attains age 59½.

23 (IV) Any other investment in fi-  
24 nancial assets or personal capital that  
25 provides long-term gains to wages and

1 wealth, as established under regula-  
2 tions promulgated by the Secretary, in  
3 consultation with the Executive Direc-  
4 tor and the American Opportunity  
5 Fund Advisory Board.

6 (ii) EXCEPTION.—Such term shall not  
7 include any expense described in clause (i)  
8 which is paid to a person who does not  
9 meet such standards as are prescribed by  
10 the Secretary, in consultation with the Ex-  
11 ecutive Director and the American Oppor-  
12 tunity Fund Advisory Board.

13 (3) AMERICAN OPPORTUNITY ACCOUNT ADVI-  
14 SORY BOARD.—For purposes of this subsection, the  
15 term “American Opportunity Fund Advisory Board”  
16 means an advisory board established by the Sec-  
17 retary consisting of individuals with expertise in sav-  
18 ings and asset-building, home financing, education  
19 financing, consumer financial protection, and such  
20 other areas as the Secretary may determine appro-  
21 priate.

22 **SEC. 5. ASSIGNMENT, ALIENATION, AND TREATMENT OF**  
23 **DECEASED INDIVIDUALS.**

24 (a) ASSIGNMENT AND ALIENATION.—Under regula-  
25 tions which shall be prescribed by the Executive Director,



1 rules relating to assignment and alienation applicable  
 2 under chapter 84 of title 5, United States Code, with re-  
 3 spect to amounts held in accounts in the Thrift Savings  
 4 Fund shall apply with respect to amounts held in AO ac-  
 5 counts in the American Opportunity Fund.

6 (b) TREATMENT OF ACCOUNTS OF DECEASED INDI-  
 7 VIDUALS.—In the case of a deceased account holder of an  
 8 AO account which has an account balance greater than  
 9 zero, upon receipt of notification of such individual’s  
 10 death, the Executive Director shall close the account and  
 11 shall transfer the balance in such account to the AO ac-  
 12 count of such account holder’s surviving spouse or, if there  
 13 is no such account of a surviving spouse, to the duly ap-  
 14 pointed legal representative of the estate of the deceased  
 15 account holder, or if there is no such representative, to  
 16 the person or persons determined to be entitled thereto  
 17 under the laws of the domicile of the deceased account  
 18 holder.

19 **SEC. 6. RULES GOVERNING AO ACCOUNTS RELATING TO IN-**  
 20 **VESTMENT, ACCOUNTING, AND REPORTING.**

21 (a) INVESTMENT PROGRAM.—

22 (1) IN GENERAL.—The American Opportunity  
 23 Fund Board shall invest amounts in the American  
 24 Opportunity Fund in securities of the United States  
 25 Government issued as provided in paragraph (2).

1 (2) SECURITIES.—

2 (A) IN GENERAL.—The Secretary of the  
3 Treasury is authorized to issue special interest-  
4 bearing obligations of the United States for  
5 purchase by the American Opportunity Fund.

6 (B) INVESTMENT.—

7 (i) Obligations issued for the purpose  
8 of this paragraph shall have maturities  
9 fixed with due regard to the needs of the  
10 American Opportunity Fund as determined  
11 by the Executive Director, and shall bear  
12 interest at a rate equal to the average mar-  
13 ket yield (computed by the Secretary of the  
14 Treasury on the basis of market quotations  
15 as of the end of the calendar month next  
16 preceding the date of issue of such obliga-  
17 tions) on all marketable interest-bearing  
18 obligations of the United States then form-  
19 ing a part of the public debt which are not  
20 due or callable earlier than 10 years after  
21 the end of such calendar month.

22 (ii) Any average market yield com-  
23 puted under clause (i) which is not a mul-  
24 tiple of one-eighth of 1 percent, shall be

1 rounded to the nearest multiple of one-  
2 eighth of 1 percent.

3 (b) INDEPENDENT PUBLIC ACCOUNTANT.—

4 (1) IN GENERAL.—Under regulations which  
5 shall be prescribed by the Executive Director, and  
6 subject to the provisions of this title, section 8439(b)  
7 of title 5, United States Code (relating to engage-  
8 ment of independent qualified public accountant),  
9 shall apply with respect to the American Oppor-  
10 tunity Fund and accounts maintained in such Fund  
11 in the same manner and to the same extent as such  
12 section relates to the Thrift Savings Fund and the  
13 accounts maintained in the Thrift Savings Fund.

14 (2) APPLICATION RULES.—For purposes of  
15 paragraph (1), references in such section 8439(b) to  
16 an employee, Member, former employee, or former  
17 Member shall be deemed references to an account  
18 holder of an AO account in the American Oppor-  
19 tunity Fund.

20 (c) CONFIDENTIALITY AND DISCLOSURE.—

21 (1) IN GENERAL.—Except as otherwise author-  
22 ized by Federal law, the American Opportunity  
23 Fund Board, the Executive Director, and any em-  
24 ployee of the American Opportunity Fund Board  
25 shall not disclose information with respect to the

1 American Opportunity Fund or any account main-  
2 tained in such Fund.

3 (2) DISCLOSURE TO DESIGNEE OF BENE-  
4 FICIARY.—The Executive Director may, subject to  
5 such requirements and conditions as he may pre-  
6 scribe by regulations, disclose such information with  
7 respect to the AO account of the beneficiary to such  
8 person or persons as the beneficiary may designate  
9 in a request for or consent to such disclosure, or to  
10 any other person at the beneficiary's request to the  
11 extent necessary to comply with a request for infor-  
12 mation or assistance made by the beneficiary to such  
13 other person.

14 **SEC. 7. AMERICAN OPPORTUNITY FUND BOARD.**

15 (a) IN GENERAL.—There is established in the execu-  
16 tive branch of the Government an American Opportunity  
17 Fund Board.

18 (b) COMPOSITION, DUTIES, AND RESPONSIBIL-  
19 ITIES.—Subject to the provisions of this title, the following  
20 provisions shall apply with respect to the American Oppor-  
21 tunity Fund Board in the same manner and to the same  
22 extent as such provisions relate to the Federal Retirement  
23 Thrift Investment Board:

1           (1) Section 8472 of title 5, United States Code  
2           (relating to composition of Federal Retirement  
3           Thrift Investment Board).

4           (2) Section 8474 of such title (relating to Exec-  
5           utive Director).

6           (3) Section 8476 of such title (relating to ad-  
7           ministrative provisions).

8   **SEC. 8. FIDUCIARY RESPONSIBILITIES.**

9           (a) IN GENERAL.—Under regulations of the Sec-  
10          retary of Labor, the provisions of sections 8477 and 8478  
11          of title 5, United States Code, shall apply in connection  
12          with the American Opportunity Fund and the accounts  
13          maintained in such Fund in the same manner and to the  
14          same extent as such provisions apply in connection with  
15          the Thrift Savings Fund and the accounts maintained in  
16          the Thrift Savings Fund.

17          (b) INVESTIGATIVE AUTHORITY.—Any authority  
18          available to the Secretary of Labor under section 504 of  
19          the Employee Retirement Income Security Act of 1974  
20          (29 U.S.C. 1134) is hereby made available to the Sec-  
21          retary of Labor, and any officer designated by the Sec-  
22          retary of Labor, to determine whether any person has vio-  
23          lated, or is about to violate, any provision applicable under  
24          subsection (a).

25          (c) EXCULPATORY PROVISIONS; INSURANCE.—

1           (1) IN GENERAL.—Any provision in an agree-  
2           ment or instrument which purports to relieve a fidu-  
3           ciary from responsibility or liability for any responsi-  
4           bility, obligation, or duty under this title shall be  
5           void.

6           (2) INSURANCE.—Amounts in the American  
7           Opportunity Fund available for administrative ex-  
8           penses shall be available and may be used at the dis-  
9           cretion of the Executive Director to purchase insur-  
10          ance to cover potential liability of persons who serve  
11          in a fiduciary capacity with respect to the Fund and  
12          accounts maintained therein, without regard to  
13          whether a policy of insurance permits recourse by  
14          the insurer against the fiduciary in the case of a  
15          breach of a fiduciary obligation.

16 **SEC. 9. ACCOUNTS DISREGARDED IN DETERMINING ELIGI-**  
17 **BILITY FOR FEDERAL BENEFITS.**

18          Amounts in any AO account shall not be taken into  
19          account in determining any individual's or household's fi-  
20          nancial eligibility for, or amount of, any benefit or service,  
21          paid for in whole or in part with Federal funds, including  
22          student financial aid.

23 **SEC. 10. REPORTS.**

24          (a) REPORTS TO CONGRESS.—The Executive Direc-  
25          tor, in consultation with the Secretary, shall annually

1 transmit a written report to the Congress. Such report  
2 shall include—

3           (1) a detailed description of the status and op-  
4           eration of the American Opportunity Fund and the  
5           management of the AO accounts; and

6           (2) a detailed accounting of the administrative  
7           expenses in carrying out this title, including the  
8           ratio of such administrative expenses to the balance  
9           of the American Opportunity Fund and the method-  
10          ology adopted by the Executive Director for allo-  
11          cating such expenses among the AO accounts.

12          (b) REPORTS TO ACCOUNT HOLDERS.—The Amer-  
13          ican Opportunity Fund Board shall prescribe regulations  
14          under which each individual for whom an AO account is  
15          maintained shall be furnished with an annual statement  
16          relating to the individual’s account, which shall include—

17               (1) a statement of the balance of individual’s  
18               AO account;

19               (2) a projection of the account’s growth by the  
20               time the individual attains the age of 18; and

21               (3) such other information as the Secretary  
22               deems relevant.

1 **SEC. 11. PROGRAMS FOR PROMOTING FINANCIAL CAPA-**  
 2 **BILITY.**

3 The Secretary of the Treasury, in coordination with  
 4 the Financial Literacy and Education Commission, shall  
 5 develop programs to promote the financial capability of  
 6 account holders of AO accounts.

7 **SEC. 12. TAX TREATMENT.**

8 (a) CONTRIBUTIONS AND DISTRIBUTIONS.—Part III  
 9 of subchapter B of chapter 1 of the Internal Revenue Code  
 10 of 1986 is amended by inserting after section 139H the  
 11 following new section:

12 **“SEC. 139I. CONTRIBUTIONS TO AND DISTRIBUTIONS FROM**  
 13 **AO ACCOUNTS.**

14 “Gross income shall not include—

15 “(1) any contribution credited to the AO ac-  
 16 count of the taxpayer under section 4(a)(3) of the  
 17 American Opportunity Accounts Act, and

18 “(2) any distribution from such an AO ac-  
 19 count.”.

20 (b) TAX TREATMENT OF EARNINGS AND DISTRIBUTI-  
 21 TIONS.—Subchapter F of chapter 1 of the Internal Rev-  
 22 enue Code of 1986 is amended by adding at the end the  
 23 following new part:

24 **“PART IX—AMERICAN OPPORTUNITY FUND AND**  
 25 **AO ACCOUNTS**

“Sec. 530A. American Opportunity Fund and AO accounts.



1 **“SEC. 530A. AMERICAN OPPORTUNITY FUND AND AO AC-**  
2 **COUNTS.**

3 “(a) GENERAL RULE.—The American Opportunity  
4 Fund and AO accounts shall be exempt from taxation  
5 under this subtitle. Notwithstanding the preceding sen-  
6 tence, a AO account shall be subject to the taxes imposed  
7 by section 511 (relating to imposition of tax on unrelated  
8 business income of charitable organizations).

9 “(b) DEFINITIONS.—For purposes of this section, the  
10 terms ‘American Opportunity Fund’ and ‘AO account’  
11 have the meanings given such terms under the American  
12 Opportunity Accounts Act.”.

13 (c) CONFORMING AMENDMENTS.—

14 (1) The table of sections for part III of sub-  
15 chapter B of chapter 1 of the Internal Revenue Code  
16 of 1986 is amended by inserting after the item re-  
17 lated to section 139H the following new item:

“Sec. 139I. Contributions to and distributions from AO accounts.”.

18 (2) The table of parts for subchapter F of  
19 chapter 1 of such Code is amended by adding at the  
20 end the following new item:

“PART IX—AMERICAN OPPORTUNITY FUND AND AO ACCOUNTS”.

21 (d) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to taxable years beginning after  
23 December 31, 2021.

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