

114TH CONGRESS  
1ST SESSION

# H. R. 4094

To amend the Internal Revenue Code of 1986 to create Universal Savings Accounts.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 19, 2015

Mr. BRAT 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 create Universal Savings Accounts.

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 “Universal Savings Ac-  
5       count Act”.

6       **SEC. 2. UNIVERSAL SAVINGS ACCOUNTS.**

7       (a) IN GENERAL.—Subchapter F of chapter 1 of the  
8       Internal Revenue Code of 1986 is amended by adding at  
9       the end the following new part:

1       **“PART IX—UNIVERSAL SAVINGS ACCOUNTS**

2       **“SEC. 530A. UNIVERSAL SAVINGS ACCOUNTS.**

3           “(a) GENERAL RULE.—A Universal Savings Account  
4 shall be exempt from taxation under this subtitle. Not-  
5 withstanding the preceding sentence, such account shall  
6 be subject to the taxes imposed by section 511 (relating  
7 to imposition of tax on unrelated business income of chari-  
8 table organizations).

9           “(b) UNIVERSAL SAVINGS ACCOUNT.—For purposes  
10 of this section, the term ‘Universal Savings Account’  
11 means a trust created or organized in the United States  
12 by an eligible individual for the exclusive benefit of such  
13 eligible individual or his beneficiaries and which is des-  
14 ignated (in such manner as the Secretary shall prescribe)  
15 at the time of the establishment of the trust as a Universal  
16 Savings Account, but only if the written governing instru-  
17 ment creating the trust meets the following requirements:

18           “(1) Except in the case of a qualified rollover  
19 contribution described in subsection (e)—

20                   “(A) no contribution will be accepted un-  
21 less it is in cash, and

22                   “(B) contributions will not be accepted for  
23 the calendar year in excess of the contribution  
24 limit specified in subsection (d)(1).

25           “(2) The trustee is a bank (as defined in sec-  
26 tion 408(n)) or another person who demonstrates to

1 the satisfaction of the Secretary that the manner in  
2 which that person will administer the trust will be  
3 consistent with the requirements of this section or  
4 who has so demonstrated with respect to any indi-  
5 vidual retirement plan.

6 “(3) No part of the trust assets will be invested  
7 in life insurance contracts.

8 “(4) The interest of an individual in the bal-  
9 ance of his account is nonforfeitable.

10 “(5) The assets of the trust shall not be com-  
11 mingled with other property except in a common  
12 trust fund or common investment fund.

13 “(c) ELIGIBLE INDIVIDUAL.—For purposes of this  
14 section, the term ‘eligible individual’ means any individual  
15 who is—

16 “(1) not less than 18 years of age, and

17 “(2) a citizen or legal permanent resident of the  
18 United States.

19 “(d) TREATMENT OF CONTRIBUTIONS AND DIS-  
20 TRIBUTIONS.—

21 “(1) CONTRIBUTION LIMIT.—

22 “(A) IN GENERAL.—The aggregate  
23 amount of contributions (other than qualified  
24 rollover contributions described in subsection  
25 (e)) for any calendar year to all Universal Sav-

1           ings Accounts maintained for the benefit of an  
2           eligible individual shall not exceed \$5,500.

3           “(B) COST-OF-LIVING ADJUSTMENT.—

4                   “(i) IN GENERAL.—In the case of any  
5           calendar year after 2016, the \$5,500  
6           amount under subparagraph (A) shall be  
7           increased by an amount equal to—

8                           “(I) such dollar amount, multi-  
9                           plied by

10                                   “(II) the cost-of-living adjust-  
11                                   ment determined under section 1(f)(3)  
12                                   for the calendar year, determined by  
13                                   substituting ‘calendar year 2015’ for  
14                                   ‘calendar year 1992’ in subparagraph  
15                                   (B) thereof.

16                           “(ii) ROUNDING RULES.—If any  
17           amount after adjustment under clause (i)  
18           is not a multiple of \$500, such amount  
19           shall be rounded to the next lower multiple  
20           of \$500.

21           “(2) DISTRIBUTIONS.—Any distribution from a  
22           Universal Savings Account shall not be includible in  
23           gross income.

24           “(e) QUALIFIED ROLLOVER CONTRIBUTION.—For  
25           purposes of this section, the term ‘qualified rollover con-

1 tribution' means a contribution to a Universal Savings Ac-  
2 count from another such account of the same beneficiary,  
3 but only if such amount is contributed not later than the  
4 60th day after the distribution from such other account.

5       “(f) TREATMENT OF ACCOUNT UPON DEATH.—  
6 Upon death of any individual for whose benefit a Universal  
7 Savings Account has been established—

8               “(1) all amounts in such account shall be treat-  
9 ed as distributed on the date of such individual's  
10 death, and

11               “(2) such account shall cease to be treated as  
12 a Universal Savings Account.

13       “(g) LOSS OF TAXATION EXEMPTION OF ACCOUNT  
14 WHERE BENEFICIARY ENGAGES IN PROHIBITED TRANS-  
15 ACTION; EFFECT OF PLEDGING ACCOUNT AS SECU-  
16 RITY.—Rules similar to the rules of paragraphs (2) and  
17 (4) of section 408(e) shall apply to any Universal Savings  
18 Account.

19       “(h) LIMITATION TO 1 ACCOUNT PER INDIVIDUAL.—

20               “(1) IN GENERAL.—Except as provided in para-  
21 graph (2), no trust created for the benefit of an eli-  
22 gible individual shall be treated as a Universal Sav-  
23 ings Account under subsection (b) if such eligible in-  
24 dividual has in existence another Universal Savings  
25 Account at the time such trust was established.

1           “(2) EXCEPTION.—Under regulations estab-  
2           lished by the Secretary, paragraph (1) shall not  
3           apply with respect to any trust created for the pur-  
4           poses of receiving a qualified rollover contribution  
5           consisting of all amounts in the previously estab-  
6           lished Universal Savings Account.

7           “(i) REPORTS.—The trustee of a Universal Savings  
8           Account shall make such reports regarding such account  
9           to the Secretary and to the beneficiary of the account with  
10          respect to contributions, distributions, and such other  
11          matters as the Secretary may require. The reports re-  
12          quired by this subsection shall be filed at such time and  
13          in such manner and furnished to such individuals at such  
14          time and in such manner as may be required.”.

15          (b) TAX ON EXCESS CONTRIBUTIONS.—

16                 (1) IN GENERAL.—Subsection (a) of section  
17                 4973 of the Internal Revenue Code of 1986 is  
18                 amended by striking “or” at the end of paragraph  
19                 (5), by inserting “or” at the end of paragraph (6),  
20                 and by inserting after paragraph (6) the following  
21                 new paragraph:

22                         “(6) a Universal Savings Account (as defined in  
23                         section 530A),”.

1           (2) EXCESS CONTRIBUTION.—Section 4973 of  
2           such Code is amended by adding at the end the fol-  
3           lowing new subsection:

4           “(i) EXCESS CONTRIBUTIONS TO UNIVERSAL SAV-  
5           INGS ACCOUNTS.—For purposes of this section—

6           “(1) IN GENERAL.—In the case of Universal  
7           Savings Accounts (within the meaning of section  
8           530A), the term ‘excess contributions’ means the  
9           sum of—

10           “(A) the amount by which the amount con-  
11           tributed for the calendar year to such accounts  
12           (other than qualified rollover contributions (as  
13           defined in section 530A(e))) exceeds the con-  
14           tribution limit under section 530A(d)(1) for  
15           such calendar year, and

16           “(B) the amount determined under this  
17           subsection for the preceding calendar year, re-  
18           duced by the excess (if any) of the maximum  
19           amount allowable as a contribution under sec-  
20           tion 530A(d)(1) for the calendar year over the  
21           amount contributed to the accounts for the cal-  
22           endar year.

23           “(2) SPECIAL RULE.—A contribution shall not  
24           be taken into account under paragraph (1) if such  
25           contribution (together with the amount of net in-

1       come attributable to such contribution) is returned  
2       to the beneficiary before July 1 of the year following  
3       the year in which the contribution is made.”.

4       (c) FAILURE TO PROVIDE REPORTS ON UNIVERSAL  
5 SAVINGS ACCOUNTS.—Paragraph (2) of section 6693(a)  
6 of the Internal Revenue Code of 1986 is amended by strik-  
7 ing “and” at the end of subparagraph (E), by striking  
8 the period at the end of subparagraph (F) and inserting  
9 “, and”, and by inserting after subparagraph (F) the fol-  
10 lowing new subparagraph:

11                       “(G) section 530A(i) (relating to Universal  
12                       Savings Accounts).”.

13       (d) CONFORMING AMENDMENT.—The table of parts  
14 for subchapter F of chapter 1 of the Internal Revenue  
15 Code of 1986 is amended by adding at the end the fol-  
16 lowing new item:

                          “Part IX. Universal Savings Accounts.”.

17       (e) EFFECTIVE DATE.—The amendments made by  
18 this section shall apply to taxable years beginning after  
19 December 31, 2015.

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