To amend the Internal Revenue Code of 1986 to provide matching payments for retirement savings contributions by certain individuals.

IN THE SENATE OF THE UNITED STATES

Mr. Wyden (for himself, Mr. Bennet, Mr. Casey, and Ms. Klobuchar) introduced the following bill; which was read twice and referred to the Committee on

A BILL

To amend the Internal Revenue Code of 1986 to provide matching payments for retirement savings contributions by certain individuals.

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 “Encouraging Ameri-
5 cans to Save Act”.
2

SEC. 2. MATCHING PAYMENTS FOR ELECTIVE DEFERRAL AND IRA CONTRIBUTIONS BY CERTAIN INDIVIDUALS.

(a) IN GENERAL.—Subchapter B of chapter 65 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

“SEC. 6433. MATCHING PAYMENTS FOR ELECTIVE DEFERRAL AND IRA CONTRIBUTIONS BY CERTAIN INDIVIDUALS.

“(a) IN GENERAL.—

“(1) ALLOWANCE OF CREDIT.—Any eligible individual who makes qualified retirement savings contributions for the taxable year shall be allowed a credit for such taxable year in an amount equal to the applicable percentage of so much of the qualified retirement savings contributions made by such eligible individual for the taxable year as does not exceed $1,000.

“(2) PAYMENT OF CREDIT.—The credit under this section shall be paid by the Secretary as a contribution (as soon as practicable after the eligible individual has filed a tax return for the taxable year) to the applicable retirement savings vehicle of an eligible individual.

“(b) APPLICABLE PERCENTAGE.—For purposes of this section—
“(1) IN GENERAL.—Except as provided in paragraph (2), the applicable percentage is 50 percent.

“(2) PHASEOUT.—The percentage under paragraph (1) shall be reduced (but not below zero) by the number of percentage points which bears the same ratio to 50 percentage points as—

“(A) the excess of—

“(i) the taxpayer’s modified adjusted gross income for such taxable year, over

“(ii) the applicable dollar amount,

bears to

“(B) the phaseout range.

If any reduction determined under this paragraph is not a whole percentage point, such reduction shall be rounded to the next lowest whole percentage point.

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

“(A) JOINT RETURNS.—Except as provided in subparagraph (B)—

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

“(ii) the phaseout range is $20,000.

“(B) OTHER RETURNS.—In the case of—

“(i) a head of a household (as defined in section 2(b)), the applicable dollar
amount and the phaseout range shall be \( \frac{3}{4} \) of the amounts applicable under subparagraph (A) (as adjusted under subsection (g)), and

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

“(c) ELIGIBLE INDIVIDUAL.—For purposes of this section—

“(1) IN GENERAL.—The term ‘eligible individual’ means any individual if such individual has attained the age of 18 as of the close of the taxable year.

“(2) DEPENDENTS AND FULL-TIME STUDENTS NOT ELIGIBLE.—The term ‘eligible individual’ shall not include—

“(A) any individual with respect to whom a deduction under section 151 is allowed to another taxpayer for a taxable year beginning in the calendar year in which such individual’s taxable year begins, and
“(B) any individual who is a student (as defined in section 152(f)(2)).

“(d) QUALIFIED RETIREMENT SAVINGS CONTRIBUTIONS.—For purposes of this section—

“(1) IN GENERAL.—The term ‘qualified retirement savings contributions’ means, with respect to any taxable year, the sum of—

“(A) the amount of the qualified retirement contributions (as defined in section 219(e)) made by the eligible individual,

“(B) the amount of—

“(i) any elective deferrals (as defined in section 402(g)(3)) of such individual, and

“(ii) any elective deferral of compensation by such individual under an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A), and

“(C) the amount of voluntary employee contributions by such individual to any qualified retirement plan (as defined in section 4974(e)).

Such term shall not include any amount attributable to a payment under subsection (a).
“(2) Reduction for certain distributions.—

“(A) In general.—The qualified retirement savings contributions determined under paragraph (1) for a taxable year shall be reduced (but not below zero) by the aggregate distributions received by the individual during the testing period from any entity of a type to which contributions under paragraph (1) may be made.

“(B) Testing period.—For purposes of subparagraph (A), the testing period, with respect to a taxable year, is the period which includes—

“(i) such taxable year,

“(ii) the 2 preceding taxable years,

and

“(iii) the period after such taxable year and before the due date (including extensions) for filing the return of tax for such taxable year.

“(C) Excepted distributions.—There shall not be taken into account under subparagraph (A)—
“(i) any distribution referred to in section 72(p), 401(k)(8), 401(m)(6), 402(g)(2), 404(k), or 408(d)(4),
“(ii) any distribution to which section 408(d)(3) or 408A(d)(3) applies, and
“(iii) any portion of a distribution if such portion is transferred or paid in a rollover contribution (as defined in section 402(c), 403(a)(4), 403(b)(8), 408A(e), or 457(e)(16)) to an account or plan to which qualified retirement contributions can be made.

“(D) TREATMENT OF DISTRIBUTIONS RECEIVED BY SPOUSE OF INDIVIDUAL.—For purposes of determining distributions received by an individual under subparagraph (A) for any taxable year, any distribution received by the spouse of such individual shall be treated as received by such individual if such individual and spouse file a joint return for such taxable year and for the taxable year during which the spouse receives the distribution.

“(e) APPLICABLE RETIREMENT SAVINGS VEHICLE.—
“(1) IN GENERAL.—The term ‘applicable retirement savings vehicle’ means—

“(A) an account or plan elected by the eligible individual under paragraph (2), or

“(B) if no such election is made or the Secretary is not able to make a contribution into the account or plan selected by the eligible individual, a myRA established for the benefit of the eligible individual.

For purposes of subparagraph (B), if no myRA has previously been established for the benefit of the individual, the Secretary shall establish such an account for such individual for purposes of contributions under this section.

“(2) OTHER RETIREMENT VEHICLES.—An eligible individual may elect to have the amount determined under subsection (a) contributed to an account or plan which—

“(A) is a Roth IRA or a designated Roth account (within the meaning of section 402A) of an applicable retirement plan (as defined in section 402A(e)(1)),

“(B) is for the benefit of the eligible individual,
“(C) accepts contributions made under this section, and

“(D) is designated by such individual (in such form and manner as the Secretary may provide) on the return of tax for the taxable year.

“(3) MyRA.—For purposes of paragraph (1), the term ‘MyRA’ means a Roth IRA which is established—

“(A) under the myRA program established under section 3 of the Encouraging Americans to Save Act, and

“(B) by the individual for whose benefit the Roth IRA was created or by the Secretary on behalf of such individual.

“(f) Other Definitions and Special Rules.—

“(1) Modified Adjusted Gross Income.—For purposes of this section, the term ‘modified adjusted gross income’ means adjusted gross income—

“(A) determined without regard to sections 911, 931, and 933, and

“(B) determined without regard to any exclusion or deduction allowed for any qualified retirement savings contribution made during the taxable year.
“(2) Treatment of Contributions.—In the case of any contribution under subsection (a)(2)—

“(A) except as otherwise provided in this section or by the Secretary under regulations, such contribution shall be treated in the same manner as a contribution made by the individual on whose behalf such contribution was made,

“(B) such contribution shall not be treated as income to the taxpayer, and

“(C) such contribution shall not be taken into account with respect to any applicable limitation under sections 402(g)(1), 403(b), 408(a)(1), 408(b)(2)(B), 408A(c)(2), 414(v)(2), 415(c), or 457(b)(2).

“(3) Treatment of Qualified Plans, etc.—A plan or arrangement to which a contribution is made under this section shall not be treated as violating any requirement under section 401, 403, 408, or 457 solely by reason of accepting such contribution.

“(4) Erroneous Credits.—If any contribution is erroneously paid under subsection (a)(2), the amount of such erroneous payment shall be treated as an underpayment of tax.
“(g) INFLATION ADJUSTMENTS.—

“(1) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2020, each of the dollar amounts in subsections (a)(2) and (b)(3)(A)(i) shall be increased by an amount equal to—

“(A) such dollar amount, multiplied by

“(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2019’ for ‘calendar year 2016’ in subparagraph (A)(ii) thereof.

“(2) ROUNDING.—Any increase determined under paragraph (1) shall be rounded to the nearest multiple of—

“(A) $100 in the case of an adjustment of the amount in subsection (a)(2), and

“(B) $1,000 in the case of an adjustment of the amount in subsection (b)(3)(A)(i).”.

(b) PAYMENT AUTHORITY.—Section 1324(b)(2) of title 31, United States Code, is amended by striking “or 6431” and inserting “6431, or 6433”.

(c) DEFICIENCIES.—Section 6211(b)(4) is amended by striking “and 6431” and inserting “6431, and 6433”.
(d) CONFORMING AMENDMENTS.—

(1) Section 25B of the Internal Revenue Code of 1986 is amended by striking subsections (a) through (f) and inserting the following:

“For payment of credit related to qualified retirement savings contributions, see section 6433.”.

(2) The table of sections for subchapter B of chapter 65 of such Code is amended by adding at the end the following new item:

“Sec. 6433. Matching payments for elective deferral and IRA contributions by certain individuals.”.

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

SEC. 3. ESTABLISHMENT OF MYRA PROGRAM.

(a) IN GENERAL.—The Secretary of the Treasury shall, not later than December 31, 2019, establish a permanent program, to be known as the “MyRA Program”, which meets the requirements of this section to establish and maintain a Roth IRA on behalf of individuals.

(b) PROGRAM SPECIFICATIONS.—

(1) IN GENERAL.—

(A) ROTH IRAS.—The MyRA Program established under this section shall—

(i) permit an individual to establish a Roth IRA which satisfies the requirements
of section 408A of the Internal Revenue Code of 1986 on behalf of the individual;

(ii) permit an employer to establish such a Roth IRA on behalf of 1 or more employees of such employer;

(iii) require the assets of each Roth IRA established under the program to be held by the designated Roth IRA custodian;

(iv) permit contributions to be made periodically to such Roth IRAs by direct deposit or other electronic means and by methods that provide access for the unbanked;

(v) permit distributions and rollovers from such Roth IRAs upon request of the account owner;

(vi) include procedures to consolidate multiple accounts established for the same individual; and

(vii) ensure that such Roth IRAs are invested solely in retirement savings bonds issued by the Department of the Treasury for the purpose of the MyRA Program.
(B) REGULATIONS, ETC.—The Secretary of the Treasury shall have authority to promulgate such regulations, rules, and other guidance as are necessary to implement the MyRA program, and are consistent with this section, as well as coordination rules permitting Roth IRAs to be established under the MyRA program in connection with State and local laws that enroll residents in Roth IRAs.

(2) NO FEES.—No fees shall be assessed on participants in the MyRA Program.

(3) LIMITATIONS.—

(A) CONTRIBUTION MINIMUM.—The Secretary of the Treasury may establish minimum amounts for initial and additional contributions to a Roth IRA under the MyRA Program, not to exceed $5.

(B) ROLLOVER CONTRIBUTIONS NOT PERMITTED.—No rollover contribution shall be accepted to a Roth IRA under the MyRA program.

(C) ACCOUNT MAXIMUM.—No contributions shall be credited to a Roth IRA under the MyRA Program after the account balance of such Roth IRA reaches $15,000.
D) LIMITATION ON PARTICIPATION.—
Within a reasonable amount of time after the earlier of—

(i) the date the account balance of a Roth IRA under the MyRA Program reaches $15,000; or

(ii) the earlier of—

(I) the date that the participant has been a participant in the MyRA Program for 30 years; or

(II) the date that the participant reaches age 59 1/2;

the designated Roth IRA custodian shall pro-
vide notice to the participant that no further contributions will be accepted and that the par-
ticipant may elect to have the account balance rolled over to another Roth IRA according to the rules relating to rollovers and conversions of Roth IRAs under the Internal Revenue Code of 1986.

(E) ADJUSTMENT FOR INFLATION.—

(i) IN GENERAL.—In the case of any calendar year after 2020, the $15,000 amount in subparagraphs (C) and (D) and
subsection (c)(3)(B) shall be increased by an amount equal to—

(I) such dollar amount, multiplied by

(II) the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code of 1986 for the calendar year, determined by substituting “calendar year 2019” for “calendar year 2016” in subparagraph (A)(ii) thereof.

(ii) ROUNDING.—If any increase determined under clause (i) is not a multiple of $50, such increase shall be rounded to the next lowest multiple of $50.

(4) DESIGNATED ROTH IRA CUSTODIAN.—For purposes of this section, the designated Roth IRA custodian is the person designated by the Secretary of the Treasury to act as custodian of the Roth IRAs established on behalf of participants in the retirement savings program of such Department.

(c) RETIREMENT SAVINGS BONDS.—For purposes of this section—

(1) IN GENERAL.—The term “retirement savings bond” means an interest-bearing electronic
United States savings bond issued to the designated Roth IRA custodian which is available only to participants in the MyRA Program.

(2) Interest Rate.—Bonds issued under the MyRA program shall earn interest at a rate equal to the greater of (determined on the issue date)—

(A) the rate earned by the Government Securities Investment Fund established under section 8438(b)(1) of title 5, United States Code; or

(B) a Series I United States savings bond.

(3) Bonds to be credited to single account.—Each retirement savings bond issued to the designated Roth IRA custodian shall be credited to a single Roth IRA established through the MyRA Program on behalf of a participant.

(4) Reissue in case of change in custodian.—If a successor designated Roth IRA custodian is designated under subsection (b)(4), the retirement savings bonds issued to the predecessor designated Roth IRA custodian shall be reissued to such successor.

(d) Roth IRA.—For purposes of this section, the term “Roth IRA” has the meaning given such term by section 408A(b) of the Internal Revenue Code of 1986.
1 SEC. 4. PROMOTION AND GUIDANCE.

(a) PROMOTION.—The Secretary of the Treasury (or
the Secretary’s delegate) shall educate taxpayers on the
benefits provided under section 6433 of the Internal Rev-
uenue Code of 1986 and the myRA Program established
under section 3 of this Act.

(b) GUIDANCE.—Not later than December 31, 2020,
the Secretary of the Treasury (or the Secretary’s delegate)
shall issue guidance on the implementation and adminis-
tration of the amendments made by section 2 of this Act.