111TH CONGRESS
1ST SESSION

H.R._____

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.

IN THE HOUSE OF REPRESENTATIVES

Mr. POMEROY introduced the following bill; which was referred to the Committee on _____________

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 2009”.

(Original Signature of Member)
SEC. 2. MODIFICATION OF SAVER'S CREDIT.

(a) 50 PERCENT CREDIT FOR ALL TAXPAYERS: EXPANSION OF PHASEOUT RANGES.—Subsection (b) of section 25B of the Internal Revenue Code of 1986 is amended to read as follows:

“(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 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 nearest 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 paragraph (4)), 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).
“(4) INFLATION ADJUSTMENT OF APPLICABLE DOLLAR AMOUNT.—In the case of any taxable year beginning in a calendar year after 2010, the dollar amount in paragraph (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, deter-
minded by substituting 'calendar year 2009' for 'calendar year 1992' in subparagraph (B) thereof.

Any increase determined under the preceding sentence shall be rounded to the nearest multiple of $500.'

(b) CREDIT MADE REFUNDABLE; MATCHING CONTRIBUTIONS.—

(1) CREDIT MADE REFUNDABLE.—The Internal Revenue Code of 1986 is amended by moving section 25B to subpart C of part IV of subchapter A of chapter 1 of such Code (relating to refundable credits), by inserting section 25B after section 36A, and by redesignating section 25B as section 36B.

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

"(g) MATCHING CONTRIBUTIONS.—

"(1) IN GENERAL.—The credit allowed to an eligible individual under this section for any taxable year shall be twice the credit which would (but for this subsection) be allowed if—

"(A) the individual consents to the application of paragraph (2), and
“(B) a designation by such individual is in
effect for such year under paragraph (3).

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

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

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

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

“(C) which is designated by such indi-
vidual (in such form and manner as the Sec-
retary may provide) on the return of tax for the
taxable year.
“(4) TREATMENT OF MATCHING CONTRIBUTIONS.—In the case of an amount paid under paragraph (2) into a designated retirement account—

“(A) any dollar limitation otherwise applicable to the amount of contributions or deferrals to such account shall be increased by the amount so paid,

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

“(C) such amount shall be treated as an employer contribution for purposes of—

“(i) section 401(k)(3), and

“(ii) section 408(k)(5)(A)(iii).”.

(3) CONFORMING AMENDMENTS.—

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

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

(C) Sections 904(i) of such Code is amended by striking “23, 24, and 25B,” and inserting “23 and 24”.
(D) Section 6211(b)(4)(A) of such Code is amended by inserting "36B," after "36A,"

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

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

"Sec. 36B. Elective deferrals and IRA contributions by certain individuals."

(G) Section 1324(b)(2) of title 31, United States Code, is amended by inserting "36B," after "36A,"

(e) **MAXIMUM CONTRIBUTIONS.—**

(1) Subsection (a) of section 36B of such Code, as redesignated by subsection (b), is amended to read as follows:

"(a) ALLOWANCE OF CREDIT.—

"(1) IN GENERAL.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year an amount equal to the applicable percentage of so much of the qualified retirement savings contributions of the eligible individual for the taxable year as do not exceed the contribution limit."
“(2) CONTRIBUTION LIMIT.—For purposes of paragraph (1)—

“(A) IN GENERAL.—Except as otherwise provided in this paragraph, the contribution limit is $500 ($1,500 for taxable years beginning after 2020).

“(B) ANNUAL INCREASES TO REACH $1,500.—In the case of taxable years beginning in a calendar year after 2010 and before 2021, the contribution limit shall be the sum of—

“(i) the contribution limit for taxable years beginning in the preceding calendar year (as increased under this subparagrap), and

“(ii) $100.

“(C) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2020, the $1,500 amount in subparagraph (A) 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) for the calendar year in which the taxable year begins, determined by substituting ‘calendar
year 2019' for 'calendar year 1992' in sub-
paragraph (B) thereof.

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

(d) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2009.