H.R. 1

To hold rebuild retirement, college, and personal savings.

IN THE HOUSE OF REPRESENTATIVES

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

A BILL

To hold rebuild retirement, college, and personal savings.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Savings Recovery Act of 2009”.

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

Sec. 1. Short title; table of contents.

TITLE I—INCREASE IN EXEMPT AMOUNT UNDER SOCIAL SECURITY EARNINGS TEST

Sec. 101. Increase in monthly exempt amount under the social security earnings test for individuals who have not attained retirement age.
TITLE II—CAPITAL GAINS AND LOSSES

Sec. 201. Exclusion of certain dividends and long-term capital gains of noncorporate taxpayers.
Sec. 202. Increase in limitation on capital losses of noncorporate taxpayers.

TITLE III—SAVINGS FOR HIGHER EDUCATION

Sec. 301. Credit for contributions to 529 plans.
Sec. 302. Investment direction under qualified tuition programs.

TITLE IV—RETIREMENT PLANS

Subtitle A—Individual Retirement Plans and Defined Contribution Plans

Sec. 401. Elimination of marriage penalties in income limitations with respect to individual retirement plan contributions.
Sec. 402. Increase in dollar limitations on contributions to retirement plans.
Sec. 403. Increase in permitted catch-up contributions to retirement plans.
Sec. 404. Extension of waiver of required minimum distribution rules.
Sec. 405. Provisions relating to plan or contract amendments.

Subtitle A—Defined Benefit Plans

Sec. 411. Expansion of corridor within which single-employer defined benefit plans are allowed to average asset values.
Sec. 412. Extended period for single-employer defined benefit plans to amortize the shortfall amortization base for 2009 and 2010.

TITLE I—INCREASE IN EXEMPT AMOUNT UNDER SOCIAL SECURITY EARNINGS TEST

Sec. 101. Increase in monthly exempt amount under the Social Security earnings test for individuals who have not attained retirement age.

(a) In general.—Section 203(f)(8) of the Social Security Act (42 U.S.C. 403(f)(8)) is amended—

(1) by redesignating subparagraph (E) as subparagraph (F); and

(2) by inserting after subparagraph (D) the following new subparagraph:
“(E) Notwithstanding any other provision of this subsection, the exempt amount which is applicable to an individual who has not attained retirement age before the close of the taxable year ending after 2008 and before 2010 shall be, for each month of such taxable year, $2,360.”.

(b) CONFORMING AMENDMENTS.—Section 203(f) of such Act is amended—

(1) in paragraph (8)(B)—

(A) by striking “subparagraph (D))” and all that follows through “individuals),” in the matter in clause (ii) preceding subclause (I), and inserting “subparagraph (D)) or the taxable year ending after 2008 and before 2010 (with respect to other individuals),”; and

(B) by striking “subparagraph (D))” and all that follows through “individuals),” in clause (ii)(II), and inserting “subparagraph (D)) or 2007 (with respect to other individuals),”; and

(2) in paragraph (9), by striking “and (8)(E)” and inserting “(8)(E), and (8)(F)”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply for taxable years ending after 2008 in the case of individuals who have not, with respect to the taxable year involved, attained retirement age (within
the meaning of section 203(f)(9) of the Social Security Act) before the close of such taxable year.

TITLE II—CAPITAL GAINS AND LOSSES

SEC. 201. EXCLUSION OF CERTAIN DIVIDENDS AND LONG-TERM CAPITAL GAINS OF NONCORPORATE TAXPAYERS.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 139C the following new section:

“SEC. 139D. CERTAIN DIVIDENDS AND LONG-TERM CAPITAL GAINS.

“(a) IN GENERAL.—In the case of a taxpayer other than a corporation, gross income shall not include—

“(1) any qualified dividend income (as defined in section 1(h)(11)(B), determined without regard to clause (ii)(IV) thereof and without regard to section 303 of the Jobs and Growth Tax Relief Reconciliation Act of 2003) received during 2009 or 2010,

and

“(2) any gain from the sale or exchange of qualified property held for more than 1 year if such asset was acquired by purchase (as defined in section 179(d)(2)) during 2009 or 2010.
“(b) QUALIFIED PROPERTY.—For purposes of this section, the term ‘qualified property’ means—

“(1) any security (as defined in section 475(c)(2) determined without regard to the last sentence thereof), and

“(2) any nonresidential real property (as defined in section 168(e)(2)(B)).

“(c) SPECIAL RULES.—

“(1) EXCEPTION FOR UNRECAPTURED SECTION 1250 GAIN.—Subsection (a) shall not apply to any gain which would be treated as ordinary income if section 1250(b)(1) included all depreciation and the applicable percentage under section 1250(a) were 100 percent.

“(2) TREATMENT OF LONG-TERM SECTION 1256 GAIN.—Gain on a section 1256 contract which is treated as long-term capital gain under section 1256 shall be treated for purposes of this section as gain on the sale of qualified property held for more than 1 year.

“(3) APPLICATION OF CERTAIN RULES.—Rules similar to the rules of section 1202(k) shall apply for purposes of this section.”.

(b) CONFORMING AMENDMENTS.—
(1) Section 1(h)(11)(B)(ii) of such Code is amended by striking “and” at the end of subclause (II), by striking the period at the end of subclause (III) and inserting “, and”, and by adding at the end the following new subclause:

“(IV) any dividend excluded from gross income under section 139D.”.

(2) The table of sections for part III of subchapter B of chapter 1 of such Code is amended by inserting after the item relating to section 139C the following new item:

“Sec. 139D. Certain dividends and long-term capital gains.”.

c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after December 31, 2008.

SEC. 202. INCREASE IN LIMITATION ON CAPITAL LOSSES OF NONCORPORATE TAXPAYERS.

(a) IN GENERAL.—Subsection (b) of section 1211 of the Internal Revenue Code of 1986 is amended to read as follows:

“(b) OTHER TAXPAYERS.—

“(1) IN GENERAL.—In the case of a taxpayer other than a corporation, losses from sales or exchanges of capital assets shall be allowed only to the extent of the gains from such sales or exchanges, plus (if such losses exceed such gains) the lower of—
“(A) $10,000 (half of such amount in the case of a married individual filing a separate return), or

“(B) the excess of such losses over such gains.

“(2) Inflation Adjustment.—In the case of any taxable year beginning in a calendar year after 2009, the $10,000 amount contained in paragraph (1)(A) 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 2008’ for ‘calendar year 1992’ in subparagraph (B) thereof.

Any increase determined under the preceding sentence shall be rounded to the nearest multiple of $250.”.

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 2008.
TITLE III—SAVINGS FOR HIGHER EDUCATION

SEC. 301. CREDIT FOR CONTRIBUTIONS TO 529 PLANS.

(a) In General.—Subsection (d) of section 25B of the Internal Revenue Code of 1986 (relating to elective deferrals and IRA contributions by certain individuals) is amended by redesignating paragraph (2) as paragraph (3) and by inserting after paragraph (1) the following new paragraph:

“(2) Contributions to qualified tuition programs.—

“(A) In general.—The term ‘qualified savings contribution’ includes the amount of any purchase or contribution described in paragraph (1)(A) of section 529(b) to a qualified tuition program (as defined in such section) if—

“(i) the taxpayer has the power to authorize distributions and otherwise administer the account, and

“(ii) the designated beneficiary of such purchase or contribution is the taxpayer, the taxpayer’s spouse, or an individual with respect to whom the taxpayer is allowed a deduction under section 151.
“(B) LIMITATION BASED ON COMPENSATION.—The amount treated as a qualified savings contribution by reason of subparagraph (A) for any taxable year shall not exceed the sum of—

“(i) the compensation (as defined in section 219(f)(1)) includible in the taxpayer’s gross income for the taxable year, and

“(ii) the amount excluded from the taxpayer’s gross income under section 112 (relating to combat pay) for such year.

“(C) DETERMINATION OF ADJUSTED GROSS INCOME.—Solely for purposes of determining the applicable percentage under subsection (b) which applies with respect to the amount treated as a qualified savings contribution by reason of subparagraph (A), adjusted gross income (determined without regard to this subparagraph) shall be increased by the excess (if any) of—

“(i) the social security benefits received during the taxable year (within the meaning of section 86), over
“(ii) the amount included in gross income for such year under section 86.”.

(b) CONFORMING AMENDMENTS.—

(1) Section 25B of such Code is amended by striking “qualified retirement savings” each place it appears in the text and inserting “qualified savings”.

(2) The subsection heading for section 25B(d) of such Code is amended by striking “RETIREMENT”.

(3) Subparagraph (A) of section 25B(d)(3) of such Code, as redesignated by subsection (a), is amended—

(A) by striking “paragraph (1)” the first place it appears and inserting “paragraph (1) or (2)”, and

(B) by striking “paragraph (1)” the second place it appears and inserting “paragraph (1), or (2), as the case may be,.”.

(4) The heading for section 25B of such Code is amended by striking “AND IRA CONTRIBUTIONS” and inserting “, IRA CONTRIBUTIONS, AND QUALIFIED TUITION PROGRAM CONTRIBUTIONS”. 
(5) 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 and inserting the following new item:

“Sec. 25B. Elective deferrals, IRA contributions, and qualified tuition program contributions by certain individuals.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made after December 31, 2008.

SEC. 302. INVESTMENT DIRECTION UNDER QUALIFIED TUITION PROGRAMS.

(a) IN GENERAL.—Paragraph (4) of section 529(b) of the Internal Revenue Code of 1986 (relating to investment direction) is amended by striking the period at the end and inserting “more frequently than 2 times per calendar year.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2008.
TITLE IV—RETIREDMENT PLANS

Subtitle A—Individual Retirement Plans and Defined Contribution Plans

SEC. 401. ELIMINATION OF MARRIAGE PENALTIES IN INCOME LIMITATIONS WITH RESPECT TO INDIVIDUAL RETIREMENT PLAN CONTRIBUTIONS.

(a) Elimination of Marriage Penalty in Limitation on Deduction for IRA Contributions.—

(1) In general.—Subparagraph (B) of section 219(g)(3) of the Internal Revenue Code of 1986 is amended to read as follows:

“(B) Applicable dollar amount.—

“(i) In general.—The term ‘applicable dollar amount’ means $50,000 (twice such amount in the case of a joint return).

“(ii) Maried individuals filing a separate return.—In the case of a married individual filing a separate return, the applicable dollar amount is zero.”.

(2) Conforming amendment.—Paragraph (8) of section 219(g) of such Code is amended by striking “the dollar amount in the last row of the table contained in paragraph (3)(B)(i), the dollar amount in the last row of the table contained in paragraph
(3)(B)(ii), and the dollar amount contained in paragraph (7)(A)” and inserting “the dollar amounts contained in paragraphs (3)(B)(i) and (7)(A)”.

(b) Elimination of Marriage Penalty in Limitation on Roth IRA Contributions.—

(1) In General.—Subclause (I) of section 408A(c)(3)(C)(ii) of such Code is amended by striking “$150,000” and inserting “twice the amount in effect under subclause (II)”.

(2) Conforming Amendment.—Subparagraph (E) of section 408A(c)(3) of such Code is amended by striking “the dollar amounts in subclauses (I) and (II) of subparagraph (C)(ii) shall each” and inserting “the dollar amount in subparagraph (C)(ii)(II) shall”.

(e) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2008.

SEC. 402. INCREASE IN DOLLAR LIMITATIONS ON CONTRIBUTIONS TO RETIREMENT PLANS.

(a) Permanent Increase in Dollar Limitation on Deduction for Contributions to Individual Retirement Plans.—
(1) **IN GENERAL.**—Paragraph (5) of section 219(b) of the Internal Revenue Code of 1986 is amended—

(A) by amending subparagraph (A) to read as follows:

“(A) **IN GENERAL.**—The deductible amount for any taxable year is the applicable dollar amount in effect under section 402(g)(1) for such taxable year.”, and

(B) by striking subparagraph (D).

(2) **SIMPLE RETIREMENT ACCOUNTS.**—Subparagraph (E) of section 408(p)(2) of such Code is amended to read as follows:

“(E) **APPLICABLE DOLLAR AMOUNT.**—For purposes of subparagraph (A)(ii), the applicable dollar amount for any taxable year is the applicable dollar amount in effect under section 402(g)(1) for such taxable year.”.

(b) **TEMPORARY INCREASE IN CONTRIBUTIONS TO DEFINED CONTRIBUTION PLANS.**—

(1) **INCREASE IN LIMITATION ON ELECTIVE DEFERRALS.**—Paragraph (1) of section 402(g) of such Code is amended by adding at the end the following new subparagraph:
“(D) Temporary increase in applicable dollar amount.—In the case of taxable years beginning in calendar year 2009, 2010, or 2011, the applicable dollar amount determined under subparagraph (B) shall not be less than $33,000.”.

(2) Increase in combined employee and employer limitation on contributions to defined contribution plans.—Paragraph (1) of section 415(c) of such Code is amended by adding at the end the following new flush sentence:

“In the case of years beginning in calendar year 2009, 2010, or 2011, the dollar amount in effect under subparagraph (A) shall not be less than $65,500.”.

(e) Effective Date.—The amendments made by this section shall apply to years beginning after December 31, 2008.

SEC. 403. INCREASE IN PERMITTED CATCH-UP CONTRIBUTIONS TO RETIREMENT PLANS.

(a) Permanent increase in annual catch-up contribution limitation for individual retirement plans.—
(1) IN GENERAL.—Clause (ii) of section 219(b)(5)(B) of the Internal Revenue Code of 1986 is amended to read as follows:

“(ii) APPLICABLE AMOUNT.—For purposes of clause (i), the applicable amount for any taxable year is the applicable dollar amount in effect under section 414(v)(2)(B) for such taxable year.”.

(2) SIMPLE RETIREMENT ACCOUNTS.—

(A) IN GENERAL.—Subparagraph (B) of section 414(v)(2) of such Code is amended to read as follows:

“(B) APPLICABLE DOLLAR AMOUNT.—For purposes of this paragraph, the applicable dollar amount is $5,000.”.

(B) CONFORMING AMENDMENTS.—

(i) Subparagraph (C) of section 402(g)(1) of such Code is amended by striking “section 414(v)(2)(B)(i)” and inserting “section 414(v)(2)(B)”.

(ii) Subparagraph (C) of section 414(v)(2) of such Code is amended by striking “subparagraph (B)(i) and the $2,500 amount in subparagraph (B)(ii)” and inserting “subparagraph (B)”.
(iii) Clause (ii) of section 457(e)(18)(A) of such Code is amended by striking “section 414(v)(2)(B)(i)” and inserting “section 414(v)(2)(B)”.

(b) Temporary Increase in Permitted Catch-up Contributions.—Subparagraph (B) of section 414(v)(2) of such Code, as amended by subsection (a), is amended by adding at the end the following: “In the case of taxable years beginning in 2009, 2010, or 2011, the applicable dollar amount in effect under the preceding sentence shall not be less than $10,000.”.

(c) Effective Date.—The amendments made by this section shall apply to years beginning after December 31, 2008.


(a) In General.—Subparagraph (H) of section 401(a)(9) of the Internal Revenue Code of 1986 is amended—

(1) by striking “calendar year 2009” in clause (i) and inserting “calendar years 2009, 2010, 2011, and 2012”,

(2) by striking “2009” in clause (ii)(I) and inserting “2012”, and
(3) by striking “calendar year 2009” in clause (ii)(II) and inserting “calendar years 2009, 2010, 2011, and 2012”.

(b) ELIGIBLE ROLLOVER DISTRIBUTIONS.—The last sentence of section 402(c)(4) of such Code is amended—

(1) by striking “2009” the first place it appears and inserting “calendar year 2009, 2010, 2011, or 2012”, and

(2) by striking “2009” the second place it appears and inserting “such calendar years”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply for calendar years beginning after December 31, 2009.

SEC. 405. PROVISIONS RELATING TO PLAN OR CONTRACT AMENDMENTS.

(a) IN GENERAL.—If this section applies to any pension plan or contract amendment, such pension plan or contract shall not fail to be treated as being operated in accordance with the terms of the plan solely because the plan operates in accordance with the amendments made by sections 402, 403, and 404.

(b) AMENDMENTS TO WHICH SECTION APPLIES.—This section shall apply to any amendment to any pension plan or annuity contract which—
(1) is made pursuant to the amendments made
by section 402, 403, or 404, and

(2) is made on or before the last day of the
first plan year beginning on or after January 1,
2012 (January 1, 2013, in the case of a govern-
mental plan).

Subtitle A—Defined Benefit Plans

SEC. 411. EXPANSION OF CORRIDOR WITHIN WHICH SIN-
GLE-EMPLOYER DEFINED BENEFIT PLANS
ARE ALLOWED TO AVERAGE ASSET VALUES.

(a) Amendment to ERISA.—Paragraph (3) of sec-
tion 303(g) of the Employee Retirement Income Security
Act of 1974 is amended by adding at the end the following
new subparagraph:

“(C) SPECIAL RULE FOR 2009 AND 2010.—
In the case of plan years beginning in 2009 or
2010, subparagraph (B)(iii) shall be applied—
“(i) by substituting ‘80 percent’ for
‘90 percent’, and
“(ii) by substituting ‘120 percent’ for
‘110 percent’.”.

(b) Amendment to IRC.—Paragraph (3) of section
430(g) of the Internal Revenue Code of 1986 is amended
by adding at the end the following new subparagraph:
“(C) SPECIAL RULE FOR 2009 AND 2010.—

In the case of plan years beginning in 2009 or 2010, subparagraph (B)(iii) shall be applied—

“(i) by substituting ‘80 percent’ for ‘90 percent’, and

“(ii) by substituting ‘120 percent’ for ‘110 percent’.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2008.

SEC. 412. EXTENDED PERIOD FOR SINGLE-EMPLOYER DEFINED BENEFIT PLANS TO AMORTIZE THE SHORTFALL AMORTIZATION BASE FOR 2009 AND 2010.

(a) AMENDMENTS TO ERISA.—

(1) IN GENERAL.—Paragraph (2) of section 303(c) of the Employee Retirement Income Security Act of 1974 is amended by adding at the end the following new subparagraph:

“(D) SPECIAL RULE FOR 2009 AND 2010.—

In the case of the shortfall amortization base of the plan for any plan year beginning in 2009 or 2010 (hereafter in this subparagraph referred to as the ‘base year’)—
“(i) Determination of Installments.—The shortfall amortization installments are—

“(I) in the case of the last 7 plan years in the 9-plan year period beginning with the base year, the amounts necessary to amortize the shortfall amortization base of the plan for the base year in level annual installments over such last 7 plan years, and

“(II) in the case of the first 2 plan years in such 9-plan year period, interest on such shortfall amortization base (determined as provided in sub-paragraph (C)).

“(ii) Shortfall Installment.—

The shortfall amortization installment for any plan year in the 9-plan-year period under clause (i) with respect to such shortfall amortization base is the annual installment determined under clause (i) for that year for that base.”.

(2) Conforming Amendment.—Paragraph (1) of section 303(c) of such Act is amended by striking “the shortfall amortization bases for such plan year
and each of the 6 preceding plan years” and insert-
ing “any shortfall amortization base which has not
been fully amortized under this subsection”.

(b) AMENDMENTS TO IRC.—

(1) IN GENERAL.—Paragraph (2) of section
430(c) of the Internal Revenue Code of 1986 is
amended by adding at the end the following new
subparagraph:

“(D) SPECIAL RULE FOR 2009 AND 2010.—

In the case of the shortfall amortization base of
the plan for any plan year beginning in 2009 or
2010 (hereafter in this subparagraph referred
to as the ‘base year’)—

“(i) DETERMINATION OF INSTALL-
MENTS.—The shortfall amortization in-
stallments are—

“(I) in the case of the last 7 plan
years in the 9-plan year period begin-
ing with the base year, the amounts
necessary to amortize the shortfall
amortization base of the plan for the
base year in level annual installments
over such last 7 plan years, and

“(II) in the case of the first 2
plan years in such 9-plan year period,
interest on such shortfall amortization base (determined as provided in sub-
paragraph (C)).

“(ii) SHORTFALL INSTALLMENT.—
The shortfall amortization installment for any plan year in the 9-plan-year period under clause (i) with respect to such short-
fall amortization base is the annual install-
ment determined under clause (i) for that year for that base.”.

(2) CONFORMING AMENDMENT.—Paragraph (1)
of section 430(c) of such Code is amended by strik-
ing “the shortfall amortization bases for such plan year and each of the 6 preceding plan years” and in-
serting “any shortfall amortization base which has not been fully amortized under this subsection”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after De-