To establish a universal personal savings program, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 4, 2019

Mr. COONS (for himself and Ms. KLOBUCHAR) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To establish a universal personal savings program, and for other purposes.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the “Saving for the Future
Act”.

SEC. 2. FINDINGS.

Congress finds as follows:

(1) Three out of 10 private-sector workers lack
access to any workplace retirement plan, according
to a Bureau of Labor Statistics report in March
2018.
(2) A retirement study conducted by the Government Accountability Office found that 52 percent of households age 55-and-older have no retirement savings in a defined contribution plan or individual retirement account, and nearly 30 percent of households age 55-and-older have no retirement savings and no defined benefit plan.

(3) A 2015 report on the economic well-being of United States households conducted by the Federal Reserve found that 31 percent of non-retirees reportedly “have no retirement savings or pension whatsoever”, and that nearly one-half of non-retirees with self-directed retirement accounts are either “not confident” or “slightly confident” in their ability to make the right investment decisions when investing in such accounts.

SEC. 3. UNIVERSAL PERSONAL SAVINGS.

(a) IN GENERAL.—Subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021 et seq.) is amended by adding at the end the following:

“PART 8—UNIVERSAL PERSONAL SAVINGS

“SEC. 801. DEFINITIONS.

“For purposes of this part:
“(1) APPLICABLE EMPLOYER.—The term ‘app-
icable employer’ means an employer—
“(A) with at least 10 full-time equivalent
employees; and
“(B) that has employed at least 10 full-
time equivalent employees for not less than 2
years.
“(2) BOARD.—The term ‘Board’ means the
Federal Universal Personal Savings Investment
Board established under section 803.
“(3) EMPLOYEE.—The term ‘employee’, unless
specified otherwise, includes full-time and part-time
employees of an applicable employer.
“(4) EXECUTIVE DIRECTOR.—The term ‘Execu-
tive Director’ means the Executive Director of the
UP Account Board appointed under section 803.
“(5) FULL TIME.—The term ‘full time’, with
respect to employment, means 40 hours per week.
“(6) FULL-TIME EQUIVALENT EMPLOYEE.—
The term ‘full-time equivalent employee’ means the
sum of—
“(A) the number of employees working full
time; and
“(B) the full-time equivalent of the num-
ber of employees working part-time, as defined
and calculated in the manner determined most appropriate by the Secretary.

“SEC. 802. EMPLOYER CONTRIBUTION REQUIREMENTS.

“(a) Minimum Employer Contribution.—

“(1) In general.—Beginning in the first full taxable year following the date of enactment of the Saving for the Future Act, each applicable employer shall contribute to a qualifying plan, on behalf of each employee that is not enrolled in an active, defined benefit pension plan sponsored by such employer, the applicable minimum amount described in paragraph (2).

“(2) Minimum employer contribution.—

“(A) Initial amounts.—For the first year in which the requirements of paragraph (1) apply, and the 1 year immediately following such first year, the minimum amount an applicable employer is required to contribute for each full-time employee is $0.50 per hour worked by the employee.

“(B) Third and fourth years.—For the 2 years immediately following the period during which subparagraph (A) applies, the minimum amount an applicable employer is re-
required to contribute for each full-time employee is $.60 per hour worked by the employee.

“(C) Subsequent Years.—The Secretary shall increase the amounts described in subparagraph (B) for the year immediately following the period during which subparagraph (B) applies, and every 3 years thereafter, by an amount proportional to growth in average base supervisory wages.

“(3) Noncompliance.—In the case of an applicable employer that is found to be in violation of the requirement under paragraph (1), such employer shall be required to make the contributions required under paragraph (1), plus interest, at an interest rate set by the Secretary through rulemaking.

“(b) Qualifying Plans.—

“(1) In General.—Each applicable employer shall provide a pension plan for all employees.

“(2) Types of Plans.—The pension plan required under paragraph (1)—

“(A)(i) in the case of an applicable employer with 100 or more full-time equivalent employees, shall be an employer plan, which may be a plan described in section 401(k) of the Internal Revenue Code of 1986, defined
benefit pension plan, or any other plan described in section 219(g)(5) of the Internal Revenue Code of 1986; and

“(ii) in the case of an applicable employer with fewer than 100 full-time equivalent employees, shall be a plan described in subparagraph (A), a simple retirement account under section 408(p) of the Internal Revenue Code of 1986 or an automatic payroll deduction individual retirement account or multiple employer plan, including any current or prospective State-established and -facilitated payroll deduction or automatic individual retirement account, or an UP Account described in section 804; or

“(B) in the case of an applicable employer who does not provide an employer contribution but offers a State-established or -facilitated program described in subparagraph (A)(ii), such employer shall provide an UP Retirement Account to which the employer makes contributions, and any employee contributions shall be directed to the State plan.

“(3) CLARIFICATION OF EMPLOYER OBLIGATIONS WITH RESPECT TO CERTAIN EMPLOYEES.—In the case of an applicable employer that offers an UP
Retirement Account plan and any other type of plan described in subparagraph (A)(i), (A)(ii), or (B), as applicable, of paragraph (2), to employees, with respect to employees for whom the employer is not required under this Act to offer participation in such other type of plan, the requirements of this part may be met by allowing such employees to participate in such other plan.

“(c) STANDARD NOTICE.—The board shall develop a standard notice that employers with fewer than 10 workers electing not to make contributions are required to provide to each employee upon hire, and annually thereafter. Such notice shall provide instructions on how to set up an account, make contributions, and claim the individual credit under section 25BB of the Internal Revenue Code of 1986.

“SEC. 803. UP ACCOUNT BOARD.

“(a) Establishment of Board.—There is established a Federal Universal Personal Savings Investment Board, an independent government agency for the purpose of overseeing UP Accounts.

“(b) Membership.—

“(1) Appointment of Members.—The President shall appoint, by and with the consent of the Senate, 5 members to serve on the Board. Such
members shall have substantial experience, training,
and expertise in the management of financial invest-
ments and pension benefit plans.

“(2) EXECUTIVE DIRECTOR.—The Board shall
hire an Executive Director of the Board.

“(3) TERMS.—Each member shall serve a term
of 5 years, except that, of the members first ap-
pointed, 1 shall serve a term of 1 year, one shall
serve a term of 2 years, one shall serve a term of
3 years, one shall serve a term of 4 years, and one
shall serve a term of 5 years. Each member of the
Board may serve up to 2 consecutive terms.

“(c) FUNDING.—Administrative expenses incurred to
carry out this part shall be paid first out net earnings
in the UP Account Fund.

“SEC. 804. UP ACCOUNT FUND.

“(a) IN GENERAL.—There is established in the
Treasury of the United States an UP Account Fund.

“(b) FUNDS.—The UP Account Fund shall consist
of all amounts contributed by participants, and employees
on behalf of participants, into UP Retirement Accounts
and UP Savings Accounts, increased by the total net earn-
ings from investments of sums in the UP Account Fund
or reduced by the total net losses from investments of the
UP Account Fund, and reduced by the total amount of
payments made from the UP Account Fund (including payments for administrative expenses).

“(c) PERMISSIBLE USES OF FUNDS.—The sums in the UP Account Fund are appropriated and shall remain available without fiscal year limitation—

“(1) to invest in accordance with section 805(h);

“(2) to pay benefits or purchase annuity contracts under this subchapter; and

“(3) to pay administrative expenses.

“SEC. 805. UP RETIREMENT ACCOUNTS.

“(a) IN GENERAL.—The Board shall establish UP Retirement Accounts that are portable, defined contribution pension plans.

“(b) ROLLOVERS.—

“(1) DEFINITIONS.—For purposes of this sub-section—

“(A) the term ‘eligible rollover distribution’ has the meaning given such term by section 402(c)(4) of the Internal Revenue Code of 1986; and

“(B) the term ‘qualified trust’ has the meaning given such term by section 402(c)(8) of the Internal Revenue Code of 1986.
“(2) Rollovers.—A participant may contribute to the UP Retirement Account an eligible rollover that a qualified trust could accept under the Internal Revenue Code of 1986. A contribution made under this subsection shall be made in the form described in section 401(a)(31) of the Internal Revenue Code of 1986. In the case of an eligible rollover distribution, the maximum amount transferred to the Up Account Fund shall not exceed the amount which would otherwise have been included in the participant’s gross income for Federal income tax purposes.

“(3) Regulations.—The Executive Director shall prescribe regulations to carry out this subsection.

“(c) Administration.—The Board shall contract with one or more private investment firms to administer the UP Accounts. The Board shall contract with multiple private investment firms, as necessary to ensure that no single firm administers more than $500,000,000,000 in UP Account assets.

“(d) Individual Eligibility.—

“(1) In general.—An employee is eligible to participate in an UP Retirement Account if—
“(A) the employee’s employer establishes an UP Retirement Account on the employee’s behalf; or

“(B) the employee demonstrates to the Board that the employee works for an employer that is not an applicable employer.

“(2) MAINTENANCE OF ACCOUNT.—An individual who becomes a participant in an UP Retirement Account as described in paragraph (1) may maintain such account and may continue to make individual contributions to such account, regardless of such individual’s subsequent employment status, provided that the individual is not a participant in another plan described in section 802(b)(2).

“(e) QUARTERLY STATEMENTS.—The Board shall provide participants with a quarterly statement explaining each participant’s projected income in retirement under different distribution scenarios and identifying the total dollar amount paid in fees for the year.

“(f) EMPLOYEE AND EMPLOYER CONTRIBUTIONS.—

“(1) EMPLOYEE CONTRIBUTIONS.—

“(A) IN GENERAL.—Applicable employers making contributions required under section 802 to an UP Retirement Account shall auto-enroll all employees in such an account with an
employee contribution that is equal to 4 percent of the employee's wages, with the option for any such employee to elect a different employee contribution level or to opt out of such account at any time.

“(B) Auto-escalation.—Employees making contributions to an UP Retirement Account shall have their contributions automatically escalated by half a percentage point at the conclusion of each full year during which such employer is so enrolled, until reaching the level of a 10 percent employee contribution. Any employee may opt out of such automatic escalation.

“(C) Default elections in the case of changes in employment.—In the case of an employee who was enrolled in an UP Retirement Account through one employer and subsequently ceases to work for such employer, if the employee subsequently is employed by another applicable employer, the employee’s default contribution level under this paragraph shall be the same level that it was on the last day of employment with the previous employer.

“(2) Employer contributions.—
“(A) IN GENERAL.—Applicable employers may contribute more to an employee’s UP Retirement Account than is required under section 802, but may not contribute more than \( \frac{1}{2} \) the amount in effect under section 402(g)(1)(B) of the Internal Revenue Code of 1986 for the taxable year.

“(B) DEFAULT RULES.—Any employer matching requirements under this part shall apply to any employer contributions that are in addition to the minimum employer contribution.

“(C) FIDUCIARY DUTIES.—An applicable employer’s fiduciary duties with respect to an employee’s UP Retirement Account extend only to the full and timely payment of contributions to their employees’ UP Retirement Accounts. For all other purposes, the members of the Board are the fiduciaries of such accounts.

“(g) PARTICIPANT ACCOUNTS.—

“(1) IN GENERAL.—The Executive Director shall establish and maintain an account for each individual who makes contributions or for whom contributions are made under this section.

“(2) BALANCES.—The balance in a participant’s account at any time is the excess of—
“(A) the sum of—

“(i) all contributions made to the UP Retirement Account by the participant;

“(ii) all contributions made to such Account for the benefit of the participant; and

“(iii) the total amount of the allocations made to and reductions made in the account pursuant to paragraph (3), over

“(B) the amounts paid out of the UP Retirement Account with respect to such participant.

“(3) ADJUSTMENTS.—Pursuant to regulations prescribed by the Executive Director, the Executive Director shall allocate to each account an amount equal to a pro rata share of the net earnings and net losses from each investment of sums in the UP Account Fund attributable to sums credited to such account, reduced by an appropriate share of the administrative expenses paid out of the net earnings, as determined by the Executive Director.

“(h) INVESTMENTS.—The following investment rules shall apply with respect to an UP Retirement Account:

“(1) The Board shall make available a reasonable menu of investment products, including low-fee
index funds, sufficient to provide participants with the opportunity to diversify their UP Retirement Accounts in order to minimize the risk of large losses.

“(2) The default investment option for participants shall minimize fees, be diversified, and automatically reduce risk to the participant as the participant approaches retirement age.

“(3) UP Retirement Accounts shall allow participants to change or customize investment allocation.

“(4) The board shall select investments solely in the interests of participants and beneficiaries and for the exclusive purpose of providing benefits and deferring reasonable expenses with the prevailing care, skill, prudence, and diligence that a prudent individual acting in a like capacity and familiar with such matters would use.

“(i) DISTRIBUTIONS.—

“(1) IN GENERAL.—The Board shall ensure that investors are offered forms of distribution that include—

“(A) monthly income for life for the participant or surviving spouse, if applicable;

“(B) monthly income until the normal or maximum Social Security retirement age for the
participant or surviving spouse, if applicable;
and
“(C) automatic, regular withdrawals, under which a set percentage of initial capital is withdrawn each year, on a monthly basis.
“(2) DEATH OF PARTICIPANT.—In case of death of a participant, a lump sum shall be paid to designated beneficiary.

“SEC. 806. UP SAVINGS ACCOUNTS.
“(a) IN GENERAL.—In addition to a standard UP Retirement Account under section 805, a participant may maintain an UP Savings Account, established by the Board, and designed as safe, short- to medium-term savings vehicles.
“(b) CONTRIBUTIONS; MAXIMUM BALANCE.—
“(1) IN GENERAL.—Participants may make contributions to their UP Savings Account until the account reaches the maximum balance amount described in paragraph (1). Any contributions a participant wishes to make after the participant’s account reaches such maximum balance amount shall be credited to the participant’s UP Retirement Account established under section 805. An UP Savings Account may grow past the maximum balance amount due to accumulation without penalty.
“(2) INCREASED AMOUNTS.—The Board shall establish the maximum balance amount for purposes of paragraph (1) as follows:

“(A) For the first fiscal year that begins after the date of enactment of the Saving for the Future Act, the maximum balance amount shall be 2,500.

“(B) For fiscal year immediately following the fiscal year described in subparagraph (A), and each fiscal year thereafter, the Board shall increase the maximum balance amount from the previous year, in increments of $100 that most closely reflects the average wage growth during the applicable 12-month period.

“(3) DEFAULT RULE.—Any contributions a participant makes pursuant to accounts established under this part shall be credited to the participant’s UP Savings Account, until such has reached the maximum balance amount, unless the participant specifies otherwise. Once the maximum balance is reached, additional contributions will go to a participant’s UP Retirement Account.

“(c) INVESTMENT.—The Board may invest contributions to UP Savings Account only in cash, money market funds, certificates of deposit, or government bonds.
“(d) WITHDRAWALS.—Participants may withdraw amounts from their UP Savings Account when experiencing a specific financial situation that requires a non-routine use of money, as determined by the Board (in rules similar to the rules governing hardship distributions from a trust described in section 401(a) of the Internal Revenue Code of 1986 which is exempt from taxation under section 501(a) of such Code). Such situations may include a major reduction in earnings, an on-the-job injury, disability, family or medical leave, a large medical bill, the down payment for a home, and the beginning of a training or educational experience. The Board shall determine the rules regarding such withdrawals, including allowable needs, and demonstration of the need, but shall not impose a withdrawal penalty or impose a repayment requirement. Loans to investors shall not be permitted.

“(e) OTHER PENSION PLANS.—Any pension plan may offer a safe, short- to medium-term savings account with terms similar to the terms that apply to UP Savings Accounts described in this section. For purposes of this Act, any such account shall be considered part of the pension plan.

“SEC. 807. TAX TREATMENT OF UP ACCOUNTS.

“(a) IN GENERAL.—For purposes of the Internal Revenue Code of 1986—
“(1) the UP Account Fund shall be treated as a trust described in section 401(a) of such Code which is exempt from taxation under section 501(a) of such Code;

“(2) any contribution to, or distribution from, the UP Account Fund shall be treated in the same manner as contributions to or distributions from such a trust; and

“(3) subject to section 401(k)(4)(B) of such Code and any dollar limitation on the application of section 402(a)(8) of such Code, contributions to the UP Account Fund shall not be treated as distributed or made available to an employee or Member nor as a contribution made to the Fund by an employee or Member merely because the employee or Member has, under the provisions of this part, an election whether the contribution will be made to the UP Account Fund or received by the employee or Member in cash.

“(b) Nondiscrimination Requirements.—Notwithstanding any other provision of law, the UP Account Fund is not subject to the nondiscrimination requirements applicable to arrangements described in section 401(k) of the Internal Revenue Code of 1986, or to matching con-
tributions (as described in section 401(m) of such Code), so long as it meets the requirements of this section.

“(c) Rule of Construction.—Subsection (a) shall not be construed to provide that any amount of the employee’s or Member’s basic pay which is contributed to the UP Account Fund shall not be included in the term ‘wages’ for the purposes of section 209 of the Social Security Act or section 3121(a) of the Internal Revenue Code of 1986.

“Sec. 808. Qualified Roth Contribution Program.

“(a) Definitions.—For purposes of this section—

“(1) the term ‘qualified Roth contribution program’ means a program described in paragraph (1) of section 402A(b) of the Internal Revenue Code of 1986 which meets the requirements of paragraph (2) of such section; and

“(2) the terms ‘designated Roth contribution’ and ‘elective deferral’ have the meanings given such terms in section 402A of the Internal Revenue Code of 1986.

“(b) Authority To Establish.—The Executive Director shall by regulation provide for the inclusion in the UP Accounts of a qualified Roth contribution program, under such terms and conditions as the Board may prescribe.
“(c) Required Provisions.—The regulations under subsection (b) shall include—

“(1) provisions under which an election to make designated Roth contributions may be made by any individual who is eligible to make contributions to an UP Account under section 805(d); and

“(2) any other provisions which may be necessary to carry out this section.

“Sec. 809. Survivor Annuities.

“The rules on survivor annuities under subchapter IV of chapter 84 of title 5, United States Code, that are applicable to the Thrift Savings Plan, shall apply to UP Accounts. The Executive Director shall promulgate regulations to provide for the application of such rules to UP Accounts, as appropriate.”.

(b) Clerical Amendment.—The table of contents in section 1 of the Employee Retirement Income Security Act of 1974 is amended by inserting after the item relating to section 734 the following new items:

“PART 8—Universal Personal Savings

Sec. 801. Definitions.
Sec. 802. Employer contribution requirements.
Sec. 803. UP Account Board.
Sec. 804. UP Account Fund.
Sec. 805. UP Retirement Accounts.
Sec. 806. UP Savings Accounts.
Sec. 807. Tax treatment of UP Accounts.
Sec. 808. Qualified Roth contribution program.
Sec. 809. Survivor annuities.”.
SEC. 4. INCREASE IN CREDIT FOR SMALL EMPLOYER PENSION PLAN STARTUP COSTS.

(a) In General.—Paragraph (1) of section 45E(b) of the Internal Revenue Code of 1986 is amended by striking “$500” and inserting “$2,000”.

(b) Eligible Employers.—Paragraph (1) of section 45E(c) of the Internal Revenue Code of 1986 is amended by inserting “, applied by substituting ‘250’ for ‘100’” after “408(p)(2)(C)(i)”.

(e) Penalty for Noncompliant Employers.—Subsection (c) of section 45E of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

“(3) Employers failing to make required contributions.—Such term shall not include an employer subject to the requirement of section 802(a)(1) of the Employee Retirement Income Security Act of 1974 that fails, within the time prescribed by the Secretary, to make any required contribution under such section 802 for the taxable year or any of the 4 taxable years preceding such year.”.

(d) Effective Date.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.
SEC. 5. CREDIT FOR MINIMUM EMPLOYER CONTRIBUTIONS.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

“SEC. 45T. CREDIT FOR MINIMUM EMPLOYER CONTRIBUTIONS.

“(a) GENERAL RULE.—For purposes of section 38, the minimum employer contribution credit determined under this section for any taxable year is an amount equal to the applicable percentage of the qualified retirement contributions paid or incurred by the taxpayer during the taxable year.

“(b) APPLICABLE PERCENTAGE.—For purposes of subsection (a), the applicable percentage is—

“(1) 50 percent, in the case of contributions made with respect to not more than 15 employees of the employer (or the number of employees of the employer which is the equivalent of 15 full-time employees), and

“(2) 25 percent, in the case of contributions made with respect to so many of the employees of the employer (or the equivalent of so many full-time employees) as exceeds 15 but does not exceed 30.
“c) Qualified Retirement Contributions.—

For purposes of this section—

“(1) In General.—The term ‘qualified retirement contributions’ means—

“(A) contributions made by an employer as required under section 802 of the Employee Retirement Income Security Act of 1974, and

“(B) contributions to a plan described in section 802(b)(2) of such Act made by an employer which is not subject to the requirement of section 802(a)(1) of such Act.

“(2) Only Required Contribution Amount Taken Into Account.—The term ‘qualified retirement contributions’ does not include any amount in excess of—

“(A) the amount determined under section 802(a)(2) of the Employee Retirement Income Security Act with respect to each employee of the employer, or

“(B) the amount which would be so determined if the employer were subject to the requirement of section 802(a)(1) of such Act.

“(d) Employers Excluded for Failure To Make Contributions.—Subsection (a) shall not apply to any employer which fails, within the time prescribed
by the Secretary, to make any contribution required to be
made by such employer under section 802 of the Employee
Retirement Income Security Act of 1974 for the taxable
year or any of the 4 taxable years preceding such year.

“(e) Special Rules.—For purposes of this sec-

tion—

“(1) Aggregation Rules, etc.—Rules similar
to the rules of section 45E(e) shall apply.

“(2) Denial of Double Benefit.—No credit
shall be allowed under this section for any taxable
year in which the credit under section 45E is al-
lowed with respect to the taxpayer.

“(f) Credit Made Available to Tax-Exempt El-
igible Employers.—

“(1) In General.—In the case of a tax-exempt
eligible employer, there shall be treated as a credit
allowable under subpart C (and not allowable under
this subpart) the lesser of—

“(A) the amount of the credit determined
under this section with respect to such em-
ployer, or

“(B) the amount of the payroll taxes of the
employer during the calendar year in which the
taxable year begins.
“(2) Tax-exempt eligible employer.—For purposes of this section, the term ‘tax-exempt eligible employer’ means an eligible employer which is any organization described in section 501(e) which is exempt from taxation under section 501(a).

“(3) Payroll taxes.—For purposes of this subsection—

“(A) In general.—The term ‘payroll taxes’ means—

“(i) amounts required to be withheld from the employees of the tax-exempt eligible employer under section 3401(a),

“(ii) amounts required to be withheld from such employees under section 3101(b), and

“(iii) amounts of the taxes imposed on the tax-exempt eligible employer under section 3111(b).

“(B) Special rule.—A rule similar to the rule of section 24(d)(2)(C) shall apply for purposes of subparagraph (A).”.

(b) Credit To Be Made Part of Business Credit.—Subsection (b) of section 38 of the Internal Revenue Code of 1986 is amended by striking “plus” at the end of paragraph (31), by striking the period at the end of
paragraph (32) and inserting ‘‘, plus’’, and by adding at
the end the following new paragraph:

‘‘(33) in the case of an eligible employer, the
minimum employer contribution credit determined
under section 45T(a).’’.

(c) CLERICAL AMENDMENT.—The table of sections
for subpart D of part IV of subchapter A of chapter 1
of the Internal Revenue Code of 1986 is amended by in-
serting after the item relating to section 45S the following
new item:

‘‘Sec. 45T. Credit for minimum employer contributions.’’.

(d) TRANSFERS TO FEDERAL OLD-AGE AND SUR-
VIVORS INSURANCE TRUST FUND.—There are hereby ap-
propriated to the Federal Old-Age and Survivors Trust
Fund and the Federal Disability Insurance Trust Fund
established under section 201 of the Social Security Act
(42 U.S.C. 401) amounts equal to the reduction in reve-
 nues to the Treasury by reason of the enactment of section
45T(f) of the Internal Revenue Code of 1986. Amounts
appropriated by the preceding sentence shall be trans-
ferred from the general fund at such times and in such
manner as to replicate to the extent possible the transfers
which would have occurred to such Trust Fund had such
amendments not been enacted.
(e) **Effective Date.**—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

**SEC. 6. ADDITIONAL CREDIT FOR INDIVIDUALS MAKING RETIREMENT CONTRIBUTIONS.**

(a) **In General.**—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 25B the following new section:

“**SEC. 25BB. ADDITIONAL CREDIT FOR CERTAIN INDIVIDUALS MAKING RETIREMENT CONTRIBUTIONS.**

“(a) **Allowance of Credit.**—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 50 percent of so much of the qualified retirement contributions of the individual for the taxable year as do not exceed the base amount.

“(b) **Eligible Individual.**—For purposes of this section, the term ‘eligible individual’ means an individual whose employer does not provide a defined benefit plan (as defined in section 414(j)), defined contribution plan (as defined in section 414(i)), or participation in an UP Account under section 805 of the Employee Retirement
Income Security Act of 1974, or who is not employed, at the time the qualified retirement contributions are made.

“(c) Qualified Retirement Contributions, Etc.—For purposes of this section—

“(1) In general.—The term ‘qualified retirement contributions’ means, with respect to any taxable year, any amounts paid in cash by an individual to—

“(A) an individual retirement plan, or

“(B) an UP Account established under section 805 of the Employee Retirement Income Security Act of 1974, for the benefit of the individual.

“(2) Base amount.—The base amount for any taxable year is an amount equal to the amount in effect under section 802(a)(3)(i) of the Employee Retirement Income Security Act of 1974 for such year.

“(d) Special Rules.—

“(1) Investment in the contract.—Rules similar to the rules of section 25B(f) shall apply for purposes of this section.

“(2) Coordination with saver’s credit.—The credit under this section and the credit under
section 25B shall each be determined without regard
to the other.”.

(b) CLERICAL AMENDMENT.—The table of sections
for subpart A of part IV of subchapter A of chapter 1
of the Internal Revenue Code of 1986 is amended by in-
serting after the item relating to section 25B the following
new item:

“Sec. 25BB. Additional credit for certain individuals making retirement con-
tributions.”.

(c) EFFECTIVE DATE.—The amendments made by
this section shall apply to taxable years beginning after
the date of the enactment of this Act.

SEC. 7. INCREASE IN HIGHEST INDIVIDUAL INCOME TAX
RATE.

(a) IN GENERAL.—Each of the tables contained in
subparagraphs (A), (B), (C), (D), and (E) of section
1(j)(2) of the Internal Revenue Code of 1986 is amended
by striking “37%” in the last line and inserting “39.6%”.

(b) CONFORMING AMENDMENT.—Clause (iii) of sec-
tion 1(j)(4)(B) of the Internal Revenue Code of 1986 is
amended—

(1) by striking “37 percent” and inserting
“39.6 percent”,

(2) by striking “37-percent” in subclause (II)
and inserting “39.6-percent”, and
(3) by striking “37-PERCENT” in the heading and inserting “39.6-PERCENT”.

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

SEC. 8. INCREASE IN CORPORATE INCOME TAX RATE.

(a) IN GENERAL.—Subsection (b) of section 11 of the Internal Revenue Code of 1986 is amended by striking “21 percent” and inserting “23 percent”.

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