

104<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 2365

To amend the Internal Revenue Code of 1986 to allow deductible contributions to individual retirement plans designated as Retirement Years Savings Accounts.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 19, 1995

Mr. TALENT 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 allow deductible contributions to individual retirement plans designated as Retirement Years 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. RETIREMENT YEARS SAVINGS ACCOUNTS.**

4 (a) IN GENERAL.—Subpart A of part I of subchapter  
5 D of chapter 1 of the Internal Revenue Code of 1986 (re-  
6 lating to pension, profit-sharing, stock bonus plans, etc.)  
7 is amended by inserting after section 408 the following  
8 new section:

1 **“SEC. 408A. RETIREMENT YEARS SAVINGS ACCOUNTS.**

2       “(a) GENERAL RULE.—Except as provided in this  
3 section, a Retirement Years Savings Account shall be  
4 treated for purposes of this title in the same manner as  
5 an individual retirement plan.

6       “(b) RETIREMENT YEARS SAVINGS ACCOUNT.—For  
7 purposes of this title, the term ‘Retirement Years Savings  
8 Account’ or ‘RYS Account’ means an individual retire-  
9 ment plan which is designated at the time of the establish-  
10 ment of the plan as a Retirement Years Savings Account.  
11 Such designation shall be made in such manner as the  
12 Secretary may prescribe.

13       “(c) CONTRIBUTION RULES.—

14               “(1) DEDUCTION ALLOWED FOR YEARS BEFORE  
15 INDIVIDUAL ATTAINS AGE 40.—Section 219(g) shall  
16 not apply to any contribution to an RYS Account for  
17 any taxable year before the taxable year during  
18 which the individual attains age 40.

19               “(2) DENIAL OF DEDUCTION FOR YEARS AFTER  
20 INDIVIDUAL ATTAINS AGE 40.—No deduction shall  
21 be allowed under section 219 for a contribution to  
22 an RYS account for the taxable year in which the  
23 individual attains age 40 or any taxable year there-  
24 after.

25               “(3) INCREASED SPOUSAL CONTRIBUTION.—

1           “(A) IN GENERAL.—In the case of an indi-  
2           vidual to whom this paragraph applies for the  
3           taxable year, in lieu of applying section 219(c),  
4           the limitation under section 219(b)(1)(B) shall  
5           be equal to the sum of—

6                   “(i) the compensation includible in  
7                   such individual’s gross income for the tax-  
8                   able year, plus

9                   “(ii) the compensation includible in  
10                  the gross income of such individual’s  
11                  spouse for the taxable year reduced by the  
12                  amount of the limitation under section  
13                  219(b)(1) applicable to such spouse for  
14                  such taxable year.

15           “(B) INDIVIDUALS TO WHOM PARAGRAPH  
16           APPLIES.—This paragraph shall apply to any  
17           individual if—

18                   “(i) such individual files a joint return  
19                   for the taxable year, and

20                   “(ii) the amount of compensation (if  
21                   any) includible in such individual’s gross  
22                   income for the taxable year is less than the  
23                   compensation includible in the gross in-  
24                   come of such individual’s spouse for the  
25                   taxable year.

1           “(4) TAX ON EXCESS CONTRIBUTIONS.—Sec-  
2           tion 4973 shall be applied separately with respect to  
3           individual retirement plans which are RYS Accounts  
4           and individual retirement plans which are not RYS  
5           Accounts; except that, for purposes of applying such  
6           section with respect to individual retirement plans  
7           which are RYS Accounts, the limitation under para-  
8           graph (3) shall be taken into account.

9           “(5) LIMITATIONS ON ROLLOVER CONTRIBU-  
10          TIONS.—No rollover contribution may be made to an  
11          RYS Account unless—

12                 “(A) such contribution is from another  
13                 RYS Account, or

14                 “(B) such contribution is from an individ-  
15                 ual retirement plan (other than an RYS Ac-  
16                 count) and is made before January 1, 1998.

17          “(d) DISTRIBUTION RULES.—For purposes of this  
18          title—

19                 “(1) EXCLUSION FROM GROSS INCOME; NO  
20                 PENALTY TAX.—No portion of a qualified distribu-  
21                 tion from an RYS Account shall be includible in  
22                 gross income.

23                 “(2) QUALIFIED DISTRIBUTION.—For purposes  
24                 of this subsection, the term ‘qualified distribution’  
25                 means any payment or distribution—

1           “(A) made on or after the date on which  
2           the individual attains age 59<sup>1</sup>/<sub>2</sub>,

3           “(B) made to a beneficiary (or to the es-  
4           tate of the individual) on or after the death of  
5           the individual, or

6           “(C) attributable to the individual’s being  
7           disabled (within the meaning of section  
8           72(m)(7)).

9           “(e) OTHER DEFINITIONS.—For purposes of this  
10          section—

11           “(1) ROLLOVER CONTRIBUTIONS.—The term  
12          ‘rollover contributions’ means contributions de-  
13          scribed in sections 402(c), 403(a)(4), 403(b)(8), or  
14          408(d)(3).

15           “(2) COMPENSATION.—The term ‘compensa-  
16          tion’ has the meaning given such term by section  
17          219(f).”

18           (b) CLERICAL AMENDMENT.—The table of sections  
19          for subpart A of part I of subchapter D of chapter 1 of  
20          such Code is amended by inserting after the item relating  
21          to section 408 the following new item:

                  “Sec. 408A. Retirement Years Savings Accounts.”

22           (c) EFFECTIVE DATE.—The amendments made by  
23          this section shall apply to taxable years beginning after  
24          December 31, 1995.