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(Original Signature of Member)

111TH CONGRESS
1ST SESSION

H. R.

To held 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 held 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,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

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

6 (b) TABLE OF CONTENTS.—The table of contents of
7 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 earn-
ings 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.

**1 TITLE I—INCREASE IN EXEMPT
2 AMOUNT UNDER SOCIAL SE-
3 CURITY EARNINGS TEST**

**4 SEC. 101. INCREASE IN MONTHLY EXEMPT AMOUNT UNDER
5 THE SOCIAL SECURITY EARNINGS TEST FOR
6 INDIVIDUALS WHO HAVE NOT ATTAINED RE-
7 TIREMENT AGE.**

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

10 (1) by redesignating subparagraph (E) as sub-
11 paragraph (F); and

12 (2) by inserting after subparagraph (D) the fol-
13 lowing new subparagraph:

1 “(E) Notwithstanding any other provision of
2 this subsection, the exempt amount which is applica-
3 ble to an individual who has not attained retirement
4 age before the close of the taxable year ending after
5 2008 and before 2010 shall be, for each month of
6 such taxable year, \$2,360.”.

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

9 (1) in paragraph (8)(B)—

10 (A) by striking “subparagraph (D))” and
11 all that follows through “individuals),” in the
12 matter in clause (ii) preceding subclause (I),
13 and inserting “subparagraph (D)) or the tax-
14 able year ending after 2008 and before 2010
15 (with respect to other individuals),”; and

16 (B) by striking “subparagraph (D))” and
17 all that follows through “individuals),” in clause
18 (ii)(II), and inserting “subparagraph (D)) or
19 2007 (with respect to other individuals),”; and

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

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply for taxable years ending after 2008
24 in the case of individuals who have not, with respect to
25 the taxable year involved, attained retirement age (within

1 the meaning of section 203(f)(9) of the Social Security
2 Act) before the close of such taxable year.

3 **TITLE II—CAPITAL GAINS AND**
4 **LOSSES**

5 **SEC. 201. EXCLUSION OF CERTAIN DIVIDENDS AND LONG-**
6 **TERM CAPITAL GAINS OF NONCORPORATE**
7 **TAXPAYERS.**

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

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

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

15 “(1) any qualified dividend income (as defined
16 in section 1(h)(11)(B), determined without regard to
17 clause (ii)(IV) thereof and without regard to section
18 303 of the Jobs and Growth Tax Relief Reconcili-
19 ation Act of 2003) received during 2009 or 2010,
20 and

21 “(2) any gain from the sale or exchange of
22 qualified property held for more than 1 year if such
23 asset was acquired by purchase (as defined in sec-
24 tion 179(d)(2)) during 2009 or 2010.

1 “(b) QUALIFIED PROPERTY.—For purposes of this
2 section, the term ‘qualified property’ means—

3 “(1) any security (as defined in section
4 475(c)(2) determined without regard to the last sen-
5 tence thereof), and

6 “(2) any nonresidential real property (as de-
7 fined in section 168(e)(2)(B)).

8 “(c) SPECIAL RULES.—

9 “(1) EXCEPTION FOR UNRECAPTURED SECTION
10 1250 GAIN.—Subsection (a) shall not apply to any
11 gain which would be treated as ordinary income if
12 section 1250(b)(1) included all depreciation and the
13 applicable percentage under section 1250(a) were
14 100 percent.

15 “(2) TREATMENT OF LONG-TERM SECTION 1256
16 GAIN.—Gain on a section 1256 contract which is
17 treated as long-term capital gain under section 1256
18 shall be treated for purposes of this section as gain
19 on the sale of qualified property held for more than
20 1 year.

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

24 (b) CONFORMING AMENDMENTS.—

1 “(A) \$10,000 (half of such amount in the
2 case of a married individual filing a separate re-
3 turn), or

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

6 “(2) INFLATION ADJUSTMENT.—In the case of
7 any taxable year beginning in a calendar year after
8 2009, the \$10,000 amount contained in paragraph
9 (1)(A) shall be increased by an amount equal to—

10 “(A) such dollar amount, multiplied by

11 “(B) the cost-of-living adjustment deter-
12 mined under section 1(f)(3) for the calendar
13 year in which the taxable year begins, deter-
14 mined by substituting ‘calendar year 2008’ for
15 ‘calendar year 1992’ in subparagraph (B)
16 thereof.

17 Any increase determined under the preceding sen-
18 tence shall be rounded to the nearest multiple of
19 \$250.”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 this section shall apply to taxable years beginning after
22 December 31, 2008.

1 **TITLE III—SAVINGS FOR HIGHER**
2 **EDUCATION**

3 **SEC. 301. CREDIT FOR CONTRIBUTIONS TO 529 PLANS.**

4 (a) IN GENERAL.—Subsection (d) of section 25B of
5 the Internal Revenue Code of 1986 (relating to elective
6 deferrals and IRA contributions by certain individuals) is
7 amended by redesignating paragraph (2) as paragraph (3)
8 and by inserting after paragraph (1) the following new
9 paragraph:

10 “(2) CONTRIBUTIONS TO QUALIFIED TUITION
11 PROGRAMS.—

12 “(A) IN GENERAL.—The term ‘qualified
13 savings contribution’ includes the amount of
14 any purchase or contribution described in para-
15 graph (1)(A) of section 529(b) to a qualified
16 tuition program (as defined in such section)
17 if—

18 “(i) the taxpayer has the power to au-
19 thorize distributions and otherwise admin-
20 ister the account, and

21 “(ii) the designated beneficiary of
22 such purchase or contribution is the tax-
23 payer, the taxpayer’s spouse, or an indi-
24 vidual with respect to whom the taxpayer
25 is allowed a deduction under section 151.

1 “(B) LIMITATION BASED ON COMPENSA-
2 TION.—The amount treated as a qualified sav-
3 ings contribution by reason of subparagraph
4 (A) for any taxable year shall not exceed the
5 sum of—

6 “(i) the compensation (as defined in
7 section 219(f)(1)) includible in the tax-
8 payer’s gross income for the taxable year,
9 and

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

13 “(C) DETERMINATION OF ADJUSTED
14 GROSS INCOME.—Solely for purposes of deter-
15 mining the applicable percentage under sub-
16 section (b) which applies with respect to the
17 amount treated as a qualified savings contribu-
18 tion by reason of subparagraph (A), adjusted
19 gross income (determined without regard to this
20 subparagraph) shall be increased by the excess
21 (if any) of—

22 “(i) the social security benefits re-
23 ceived during the taxable year (within the
24 meaning of section 86), over

1 “(ii) the amount included in gross in-
2 come for such year under section 86.”.

3 (b) CONFORMING AMENDMENTS.—

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

8 (2) The subsection heading for section 25B(d)
9 of such Code is amended by striking “RETIRE-
10 MENT”.

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

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

17 (B) by striking “paragraph (1)” the sec-
18 ond place it appears and inserting “paragraph
19 (1), or (2), as the case may be,”.

20 (4) The heading for section 25B of such Code
21 is amended by striking “**AND IRA CONTRIBU-**
22 **TIONS**” and inserting “**, IRA CONTRIBUTIONS,**
23 **AND QUALIFIED TUITION PROGRAM CONTRIBU-**
24 **TIONS**”.

1 **TITLE IV—RETIREMENT PLANS**
2 **Subtitle A—Individual Retirement**
3 **Plans and Defined Contribution**
4 **Plans**

5 **SEC. 401. ELIMINATION OF MARRIAGE PENALTIES IN IN-**
6 **COME LIMITATIONS WITH RESPECT TO INDI-**
7 **VIDUAL RETIREMENT PLAN CONTRIBUTIONS.**

8 (a) **ELIMINATION OF MARRIAGE PENALTY IN LIMI-**
9 **TATION ON DEDUCTION FOR IRA CONTRIBUTIONS.—**

10 (1) **IN GENERAL.—**Subparagraph (B) of section
11 219(g)(3) of the Internal Revenue Code of 1986 is
12 amended to read as follows:

13 “(B) **APPLICABLE DOLLAR AMOUNT.—**

14 “(i) **IN GENERAL.—**The term ‘applica-
15 ble dollar amount’ means \$50,000 (twice
16 such amount in the case of a joint return).

17 “(ii) **MARRIED INDIVIDUALS FILING A**
18 **SEPARATE RETURN.—**In the case of a mar-
19 ried individual filing a separate return, the
20 applicable dollar amount is zero.”.

21 (2) **CONFORMING AMENDMENT.—**Paragraph (8)
22 of section 219(g) of such Code is amended by strik-
23 ing “the dollar amount in the last row of the table
24 contained in paragraph (3)(B)(i), the dollar amount
25 in the last row of the table contained in paragraph

1 (3)(B)(ii), and the dollar amount contained in para-
2 graph (7)(A)” and inserting “the dollar amounts
3 contained in paragraphs (3)(B)(i) and (7)(A)”.

4 (b) **ELIMINATION OF MARRIAGE PENALTY IN LIM-
5 TATION ON ROTH IRA CONTRIBUTIONS.—**

6 (1) **IN GENERAL.—**Subclause (I) of section
7 408A(c)(3)(C)(ii) of such Code is amended by strik-
8 ing “\$150,000” and inserting “twice the amount in
9 effect under subclause (II)”.

10 (2) **CONFORMING AMENDMENT.—**Subparagraph
11 (E) of section 408A(c)(3) of such Code is amended
12 by striking “the dollar amounts in subclauses (I)
13 and (II) of subparagraph (C)(ii) shall each” and in-
14 serting “the dollar amount in subparagraph
15 (C)(ii)(II) shall”.

16 (c) **EFFECTIVE DATE.—**The amendments made by
17 this section shall apply to taxable years beginning after
18 December 31, 2008.

19 **SEC. 402. INCREASE IN DOLLAR LIMITATIONS ON CON-
20 TRIBUTIONS TO RETIREMENT PLANS.**

21 (a) **PERMANENT INCREASE IN DOLLAR LIMITATION
22 ON DEDUCTION FOR CONTRIBUTIONS TO INDIVIDUAL RE-
23 TIREMENT PLANS.—**

1 (1) IN GENERAL.—Paragraph (5) of section
2 219(b) of the Internal Revenue Code of 1986 is
3 amended—

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

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

10 (B) by striking subparagraph (D).

11 (2) SIMPLE RETIREMENT ACCOUNTS.—Sub-
12 paragraph (E) of section 408(p)(2) of such Code is
13 amended to read as follows:

14 “(E) APPLICABLE DOLLAR AMOUNT.—For
15 purposes of subparagraph (A)(ii), the applicable
16 dollar amount for any taxable year is the appli-
17 cable dollar amount in effect under section
18 402(g)(1) for such taxable year.”.

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

21 (1) INCREASE IN LIMITATION ON ELECTIVE DE-
22 FERRALS.—Paragraph (1) of section 402(g) of such
23 Code is amended by adding at the end the following
24 new subparagraph:

1 (1) IN GENERAL.—Clause (ii) of section
2 219(b)(5)(B) of the Internal Revenue Code of 1986
3 is amended to read as follows:

4 “(ii) APPLICABLE AMOUNT.—For pur-
5 poses of clause (i), the applicable amount
6 for any taxable year is the applicable dollar
7 amount in effect under section
8 414(v)(2)(B) for such taxable year.”.

9 (2) SIMPLE RETIREMENT ACCOUNTS.—

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

13 “(B) APPLICABLE DOLLAR AMOUNT.—For
14 purposes of this paragraph, the applicable dol-
15 lar amount is \$5,000.”.

16 (B) CONFORMING AMENDMENTS.—

17 (i) Subparagraph (C) of section
18 402(g)(1) of such Code is amended by
19 striking “section 414(v)(2)(B)(i)” and in-
20 serting “section 414(v)(2)(B)”.

21 (ii) Subparagraph (C) of section
22 414(v)(2) of such Code is amended by
23 striking “subparagraph (B)(i) and the
24 \$2,500 amount in subparagraph (B)(ii)”
25 and inserting “subparagraph (B)”.

1 (iii) Clause (ii) of section
2 457(e)(18)(A) of such Code is amended by
3 striking “section 414(v)(2)(B)(i)” and in-
4 serting “section 414(v)(2)(B)”.

5 (b) TEMPORARY INCREASE IN PERMITTED CATCH-UP
6 CONTRIBUTIONS.—Subparagraph (B) of section 414(v)(2)
7 of such Code, as amended by subsection (a), is amended
8 by adding at the end the following: “In the case of taxable
9 years beginning in 2009, 2010, or 2011, the applicable
10 dollar amount in effect under the preceding sentence shall
11 not be less than \$10,000.”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to years beginning after December
14 31, 2008.

15 **SEC. 404. EXTENSION OF WAIVER OF REQUIRED MINIMUM**
16 **DISTRIBUTION RULES.**

17 (a) IN GENERAL.—Subparagraph (H) of section
18 401(a)(9) of the Internal Revenue Code of 1986 is amend-
19 ed—

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

23 (2) by striking “2009” in clause (ii)(I) and in-
24 serting “2012”, and

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

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

6 (1) by striking “2009” the first place it appears
7 and inserting “calendar year 2009, 2010, 2011, or
8 2012”, and

9 (2) by striking “2009” the second place it ap-
10 pears and inserting “such calendar years”.

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

14 **SEC. 405. PROVISIONS RELATING TO PLAN OR CONTRACT**
15 **AMENDMENTS.**

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

22 (b) AMENDMENTS TO WHICH SECTION APPLIES.—
23 This section shall apply to any amendment to any pension
24 plan or annuity contract which—

1 (1) is made pursuant to the amendments made
2 by section 402, 403, or 404, and

3 (2) is made on or before the last day of the
4 first plan year beginning on or after January 1,
5 2012 (January 1, 2013, in the case of a govern-
6 mental plan).

7 **Subtitle A—Defined Benefit Plans**

8 **SEC. 411. EXPANSION OF CORRIDOR WITHIN WHICH SIN-** 9 **GLE-EMPLOYER DEFINED BENEFIT PLANS** 10 **ARE ALLOWED TO AVERAGE ASSET VALUES.**

11 (a) AMENDMENT TO ERISA.—Paragraph (3) of sec-
12 tion 303(g) of the Employee Retirement Income Security
13 Act of 1974 is amended by adding at the end the following
14 new subparagraph:

15 “(C) SPECIAL RULE FOR 2009 AND 2010.—

16 In the case of plan years beginning in 2009 or
17 2010, subparagraph (B)(iii) shall be applied—

18 “(i) by substituting ‘80 percent’ for
19 ‘90 percent’, and

20 “(ii) by substituting ‘120 percent’ for
21 ‘110 percent’.”.

22 (b) AMENDMENT TO IRC.—Paragraph (3) of section
23 430(g) of the Internal Revenue Code of 1986 is amended
24 by adding at the end the following new subparagraph:

1 “(C) SPECIAL RULE FOR 2009 AND 2010.—

2 In the case of plan years beginning in 2009 or
3 2010, subparagraph (B)(iii) shall be applied—

4 “(i) by substituting ‘80 percent’ for
5 ‘90 percent’, and

6 “(ii) by substituting ‘120 percent’ for
7 ‘110 percent.’”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to plan years beginning after De-
10 cember 31, 2008.

11 **SEC. 412. EXTENDED PERIOD FOR SINGLE-EMPLOYER DE-**
12 **FINED BENEFIT PLANS TO AMORTIZE THE**
13 **SHORTFALL AMORTIZATION BASE FOR 2009**
14 **AND 2010.**

15 (a) AMENDMENTS TO ERISA.—

16 (1) IN GENERAL.—Paragraph (2) of section
17 303(c) of the Employee Retirement Income Security
18 Act of 1974 is amended by adding at the end the
19 following new subparagraph:

20 “(D) SPECIAL RULE FOR 2009 AND 2010.—

21 In the case of the shortfall amortization base of
22 the plan for any plan year beginning in 2009 or
23 2010 (hereafter in this subparagraph referred
24 to as the ‘base year’)—

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

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

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

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

23 (2) CONFORMING AMENDMENT.—Paragraph (1)
24 of section 303(c) of such Act is amended by striking
25 “the shortfall amortization bases for such plan year

1 and each of the 6 preceding plan years” and insert-
2 ing “any shortfall amortization base which has not
3 been fully amortized under this subsection”.

4 (b) AMENDMENTS TO IRC.—

5 (1) IN GENERAL.—Paragraph (2) of section
6 430(c) of the Internal Revenue Code of 1986 is
7 amended by adding at the end the following new
8 subparagraph:

9 “(D) SPECIAL RULE FOR 2009 AND 2010.—

10 In the case of the shortfall amortization base of
11 the plan for any plan year beginning in 2009 or
12 2010 (hereafter in this subparagraph referred
13 to as the ‘base year’)—

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

17 “(I) in the case of the last 7 plan
18 years in the 9-plan year period begin-
19 ning with the base year, the amounts
20 necessary to amortize the shortfall
21 amortization base of the plan for the
22 base year in level annual installments
23 over such last 7 plan years, and

24 “(II) in the case of the first 2
25 plan years in such 9-plan year period,

1 interest on such shortfall amortization
2 base (determined as provided in sub-
3 paragraph (C)).

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

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

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to plan years beginning after De-
19 cember 31, 2008.