

105TH CONGRESS
2D SESSION

H. R. 3663

To amend the Internal Revenue Code of 1986 to provide equitable treatment for contributions by employees to defined contribution pension plans.

IN THE HOUSE OF REPRESENTATIVES

APRIL 1, 1998

Mr. LEACH introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide equitable treatment for contributions by employees to defined contribution pension plans.

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 “Enhanced Savings Op-
5 portunities Act”.

6 **SEC. 2. EQUITABLE TREATMENT FOR CONTRIBUTIONS OF**
7 **EMPLOYEES TO DEFINED CONTRIBUTION**
8 **PLANS.**

9 (a) IN GENERAL.—Subparagraph (B) of section
10 415(c)(1) of the Internal Revenue Code of 1986 (relating

1 to limitation for defined contribution plans) is amended
2 to read as follows:

3 “(B) the participant’s compensation.”

4 (b) CONFORMING AMENDMENTS.—

5 (1)(A) Section 403(b) of the Internal Revenue
6 Code of 1986 is amended—

7 (i) by striking “the exclusion allowance for
8 such taxable year” in paragraph (1) and insert-
9 ing “the applicable limit under section 415”,
10 and

11 (ii) by striking paragraph (2).

12 (B) Section 404(a)(10)(B) of such Code is
13 amended by striking “, the exclusion allowance
14 under section 403(b)(2),”.

15 (C) Section 415(a)(2) of such Code is amended
16 by striking “, and the amount of the contribution for
17 such portion shall reduce the exclusion allowance as
18 provided in section 403(b)(2)”.

19 (D) Section 415(c)(3) of such Code is amended
20 by adding at the end the following new subpara-
21 graph:

22 “(E) ANNUITY CONTRACTS.—In the case
23 of an annuity contract described in section
24 403(b), the term ‘participant’s compensation’
25 shall mean the participant’s includible com-

1 pensation as determined under regulations pre-
2 scribed by the Secretary.”

3 (E) Section 415(c) of such Code is amended by
4 striking paragraph (4).

5 (F) Section 415(c)(7) of such Code is amended
6 to read as follows:

7 “(7) CERTAIN CONTRIBUTIONS BY CHURCH
8 PLANS NOT TREATED AS EXCEEDING LIMIT.—

9 “(A) IN GENERAL.—Notwithstanding any
10 other provision of this subsection, at the elec-
11 tion of a participant who is an employee of a
12 church, a convention or association of churches,
13 including an organization described in section
14 414(e)(3)(B)(ii), contributions and other addi-
15 tions for an annuity contract or retirement in-
16 come account described in section 403(b) with
17 respect to such participant, when expressed as
18 an annual addition to such participant’s ac-
19 count, shall be treated as not exceeding the lim-
20 itation of paragraph (1) if such annual addition
21 is not in excess of \$10,000.

22 “(B) \$40,000 AGGREGATE LIMITATION.—
23 The total amount of additions with respect to
24 any participant which may be taken into ac-

1 count for purposes of this subparagraph for all
2 years may not exceed \$40,000.

3 “(C) ANNUAL ADDITION.—For purposes of
4 this paragraph, the term ‘annual addition’ has
5 the meaning given such term by paragraph
6 (2).”

7 (G) Section 415(e)(5) of such Code is amend-
8 ed—

9 (i) by striking “(except in the case of a
10 participant who has elected under subsection
11 (e)(4)(D) to have the provisions of subsection
12 (e)(4)(C) apply)”, and

13 (ii) by striking the last sentence.

14 (2) Section 415(n)(2)(B) of such Code is
15 amended by striking “percentage”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to years beginning after December
18 31, 1998.

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