

108TH CONGRESS  
1ST SESSION

# S. 629

To amend the Internal Revenue Code of 1986 to assist individuals who have lost their 401(k) savings to make additional retirement savings through individual retirement account contributions, and for other purposes.

---

## IN THE SENATE OF THE UNITED STATES

MARCH 17, 2003

Mr. WYDEN introduced the following bill; which was read twice and referred to the Committee on Finance

---

## A BILL

To amend the Internal Revenue Code of 1986 to assist individuals who have lost their 401(k) savings to make additional retirement savings through individual retirement account contributions, and for other purposes.

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 “Catch-Up Lost Retire-  
5 ment Savings Act”.

6 **SEC. 2. ALLOWANCE OF CATCH-UP PAYMENTS.**

7 (a) IN GENERAL.—Section 219(b)(5) of the Internal  
8 Revenue Code of 1986 (relating to deductible amount) is

1 amended by redesignating subparagraph (C) as subpara-  
2 graph (D) and by inserting after subparagraph (A) the  
3 following new subparagraph:

4                   “(C) CATCH-UP CONTRIBUTIONS FOR CER-  
5                   TAIN INDIVIDUALS.—

6                   “(i) IN GENERAL.—In the case of an  
7                   eligible individual who elects to make a  
8                   qualified retirement contribution in addi-  
9                   tion to the deductible amount determined  
10                  under subparagraph (A)—

11                  “(I) the deductible amount for  
12                  any taxable year shall be increased by  
13                  an amount equal to 3 times the appli-  
14                  cable amount determined under sub-  
15                  paragraph (B) for such taxable year,  
16                  and

17                  “(II) subparagraph (B) shall not  
18                  apply.

19                  “(ii) ELIGIBLE INDIVIDUAL.—For  
20                  purposes of this subparagraph, the term  
21                  ‘eligible individual’ means, with respect to  
22                  any taxable year, any individual who was a  
23                  qualified participant in a qualified cash or  
24                  deferred arrangement (as defined in sec-  
25                  tion 401(k)) of an employer described in

1 clause (ii) under which the employer  
2 matched at least 50 percent of the employ-  
3 ee's contributions to such arrangement  
4 with stock of such employer.

5 “(iii) EMPLOYER DESCRIBED.—An  
6 employer is described in this clause if, in  
7 any taxable year preceding the taxable year  
8 described in clause (ii)—

9 “(I) such employer (or any con-  
10 trolling corporation of such employer)  
11 was a debtor in a case under title 11  
12 of the United States Code, or similar  
13 Federal or State law, and

14 “(II) such employer (or any other  
15 person) was subject to an indictment  
16 or conviction resulting from business  
17 transactions related to such case.

18 “(iv) QUALIFIED PARTICIPANT.—For  
19 purposes of clause (ii), the term ‘qualified  
20 participant’ means any eligible individual  
21 who was a participant in the cash or de-  
22 ferred arrangement described in clause (i)  
23 at least 6 months before the filing of the  
24 case described in clause (iii).

1                   “(v) TERMINATION.—This subpara-  
 2                   graph shall not apply to taxable years be-  
 3                   ginning after December 31, 2007.”.

4           (b) CREDIT ALLOWED FOR CATCH-UP CONTRIBU-  
 5 TIONS.—Subpart A of part IV of subchapter A of chapter  
 6 1 of the Internal Revenue Code of 1986 (relating to non-  
 7 refundable personal credits) is amended by inserting after  
 8 section 25B the following new section:

9   **“SEC. 25C. CERTAIN CATCH-UP IRA CONTRIBUTIONS.**

10           “(a) ALLOWANCE OF CREDIT.—In the case of an eli-  
 11 gible individual who makes an election under section  
 12 219(b)(5)(C) for the taxable year, there shall be allowed  
 13 as a credit against the tax imposed by this chapter for  
 14 such taxable year an amount equal to 50 percent of so  
 15 much of the qualified retirement savings contributions of  
 16 the eligible individual for the taxable year as do not exceed  
 17 the increase in the deductible amount determined under  
 18 section 219(b)(5)(C) .

19           “(b) DENIAL OF DOUBLE BENEFIT.—No deduction  
 20 or other credit shall be allowed with respect to any con-  
 21 tribution to which a credit is allowed under subsection (a).

22           “(c) INVESTMENT IN THE CONTRACT.—Notwith-  
 23 standing any other provision of law, a qualified retirement  
 24 savings contribution shall not fail to be included in deter-

1 mining the investment in the contract for purposes of sec-  
2 tion 72 by reason of the credit under this section.

3 “(d) TERMINATION.—This section shall not apply to  
4 taxable years beginning after December 31, 2007.”.

5 (e) CONFORMING AMENDMENT.—The table of sec-  
6 tions for subpart A of part IV of subchapter A of chapter  
7 1 of the Internal Revenue Code of 1986 is amended by  
8 inserting after the item relating to section 25B the fol-  
9 lowing new item:

“Sec. 25C. Certain catch-up IRA contributions.”.

10 (d) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to taxable years beginning after  
12 December 31, 2002.

○