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113TH CONGRESS
1ST SESSION

H. R. 1552

To amend the Internal Revenue Code of 1986 to allow the transfer of required minimum distributions from a retirement plan to a health savings account.

IN THE HOUSE OF REPRESENTATIVES

APRIL 15, 2013

Mr. HUIZENGA of Michigan 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 the transfer of required minimum distributions from a retirement plan to a health savings account.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Health Freedom for Seniors Act''.

SEC. 2. TRANSFER OF REQUIRED MINIMUM DISTRIBUTION FROM RETIREMENT PLAN TO HEALTH SAVINGS ACCOUNT.

(a) TRANSFER FROM RETIREMENT PLAN.—

(1) INDIVIDUAL RETIREMENT ACCOUNTS.—Section 408(d) of such Code is amended by adding at the end the following new paragraph:

"(10) REQUIRED MINIMUM DISTRIBUTION TRANSFERRED TO HEALTH SAVINGS ACCOUNT.—

"(A) IN GENERAL.—In the case of an individual who has attained the age of 70½ and who elects the application of this paragraph for a taxable year, gross income of the individual for the taxable year does not include a qualified HSA transfer to the extent such transfer is otherwise includible in gross income.

"(B) QUALIFIED HSA TRANSFER.—For purposes of this paragraph, the term 'qualified HSA transfer' means any distribution from an individual retirement plan—

"(i) to a health savings account of the individual in a direct trustee-to-trustee transfer,

"(ii) to the extent such distribution does not exceed the required minimum distribution determined under section 401(a)(9) for the distribution calendar year ending during the taxable year.

"(C) APPLICATION OF SECTION 72.—Notwithstanding section 72, in determining the extent to which an amount is treated as a distribution for purposes of paragraph (1), the entire amount of the distribution shall be treated as includible in gross income without regard to paragraph (1) to the extent that such amount does not exceed the aggregate amount which would have been so includible if all amounts in all individual retirement plans of the individual were distributed during such taxable year and all such plans were treated as 1 contract for purposes of determining under section 72 the aggregate amount which would have been so includible. Proper adjustments shall be made in applying section 72 to other distributions in such taxable year and subsequent taxable years.

"(D) COORDINATION.—An election may not be made under subparagraph (A) for a taxable year for which an election is in effect under paragraph (9).".

(2) OTHER RETIREMENT PLANS.—Section 402 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

"(m) REQUIRED MINIMUM DISTRIBUTION TRANSFERRED TO HEALTH SAVINGS ACCOUNT.—

"(1) IN GENERAL.—In the case of an individual who has attained the age of 70½ and who elects the application of this subsection for a taxable year, gross income of the individual for the taxable year does not include a qualified HSA transfer to the extent such transfer is otherwise includible in gross income.

"(2) QUALIFIED HSA TRANSFER.—For purposes of this subsection, the term 'qualified HSA transfer' means any distribution from an retirement plan—

"(A) to a health savings account of the individual in a direct trustee-to-trustee transfer,

"(B) to the extent such distribution does not exceed the required minimum distribution determined under section 401(a)(9) for the distribution calendar year ending during the taxable year.

"(3) APPLICATION OF SECTION 72.—Notwithstanding section 72, in determining the extent to which an amount is treated as a distribution for purposes of paragraph (1), the entire amount of the distribution shall be treated as includible in gross in-

come without regard to paragraph (1) to the extent that such amount does not exceed the aggregate amount which would have been so includible if all amounts in all eligible retirement plans of the individual were distributed during such taxable year and all such plans were treated as 1 contract for purposes of determining under section 72 the aggregate amount which would have been so includible. Proper adjustments shall be made in applying section 72 to other distributions in such taxable year and subsequent taxable years.

"(4) ELIGIBLE RETIREMENT PLAN.—For purposes of this subsection, the term 'eligible retirement plan' has the meaning given such term by subsection (c)(8)(B) (determined without regard to clauses (i) and (ii) thereof).".

(b) TRANSFER TO HEALTH SAVINGS ACCOUNT.—

(1) IN GENERAL.—Subparagraph (A) of section 223(d)(1) of such Code is amended by striking "or" at the end of clause (i), by striking the period at the end of clause (ii)(II) and inserting ", or", and by adding at the end the following new clause:

"(iii) unless it is in a qualified HSA transfer described in section 408(d)(10) or 402(m).".

(2) EXCISE TAX INAPPLICABLE TO QUALIFIED HSA TRANSFER.—Paragraph (1) of section 4973(g) of such Code is amended by inserting ''or in a qualified HSA transfer described in section 408(d)(10) or 402(m)'' after ''or 223(f)(5)''.

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

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