

107TH CONGRESS
2^D SESSION

H. R. 5558

To amend the Internal Revenue Code of 1986 to accelerate the increases in contribution limits to retirement plans and to increase the required beginning date for distributions from qualified plans.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 7, 2002

Mr. THOMAS 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 accelerate the increases in contribution limits to retirement plans and to increase the required beginning date for distributions from qualified 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 “Retirement Savings
5 and Security Act of 2002”.

1 **SEC. 2. ACCELERATION OF INCREASES IN IRA CONTRIBU-**
2 **TION LIMIT.**

3 (a) DEDUCTIBLE AMOUNT.—Subparagraph (A) of
4 section 219(b)(5) of the Internal Revenue Code of 1986
5 is amended to read as follows:

6 “(A) IN GENERAL.—The deductible
7 amount shall be \$5,000.”.

8 (b) CATCH-UP AMOUNT.—Subparagraph (B) of sec-
9 tion 219(b)(5) of such Code is amended to read as follows:

10 “(B) CATCH-UP CONTRIBUTIONS FOR INDI-
11 VIDUALS 50 OR OLDER.—In the case of an indi-
12 vidual who has attained the age of 50 before
13 the close of the taxable year, the dollar amount
14 in effect under paragraph (1)(A) for such tax-
15 able year (determined without regard to this
16 paragraph) shall be increased by \$1,000.”.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to taxable years beginning after
19 December 31, 2002.

20 **SEC. 3. ACCELERATION OF SCHEDULED INCREASES IN**
21 **PENSION PLAN CONTRIBUTION LIMITS.**

22 (a) ELECTIVE DEFERRALS.—Subparagraph (B) of
23 section 402(g)(1) of the Internal Revenue Code of 1986
24 is amended by striking “the amount determined” and all
25 that follows and inserting “\$15,000.”.

1 (b) DEFERRED COMPENSATION PLANS OF STATE
2 AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANI-
3 ZATIONS.—Subparagraph (A) of section 457(e)(15) of
4 such Code is amended by striking “the amount deter-
5 mined” and all that follows and inserting “\$15,000.”.

6 (c) SIMPLE RETIREMENT ACCOUNTS.—Clause (i) of
7 section 408(p)(2)(E) of such Code is amended by striking
8 “the amount determined” and all that follows and insert-
9 ing “\$10,000.”.

10 (d) CATCH-UP CONTRIBUTIONS.—Subparagraph (B)
11 of section 414(v)(2)(B) of such Code is amended—

12 (1) in clause (i) by striking “determined” and
13 all that follows and inserting “\$5,000.”, and

14 (2) in clause (ii) by striking “determined” and
15 all that follows and inserting “\$2,500.”.

16 (e) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to years beginning after December
18 31, 2002.

19 **SEC. 4. SIMPLIFICATION AND UPDATING OF THE MINIMUM**
20 **DISTRIBUTION RULES.**

21 (a) REQUIRED DISTRIBUTIONS.—

22 (1) INCREASE IN AGE FOR REQUIRED BEGIN-
23 NING DATE.—Subparagraphs (C)(i)(I) and (C)(ii)(I)
24 of section 401(a)(9) of the Internal Revenue Code of

1 1986 are each amended by striking “70½” and in-
 2 serting “applicable age”.

3 (2) APPLICABLE AGE.—Subparagraph (C) of
 4 section 401(a)(9) of such Code is amended by insert-
 5 ing at the end the following new clause:

6 “(v) APPLICABLE AGE.—The applica-
 7 ble age shall be determined in accordance
 8 with the following table:

“Calendar year:	Applicable age is:
2003 and 2004	73
2005 and 2006	74
2007 and thereafter	75”.

9 (3) ACTUARIAL ADJUSTMENT OF BENEFIT
 10 UNDER DEFINED BENEFIT PLAN.—Clause (iii) of
 11 section 401(a)(9)(C) of such Code is amended to
 12 read as follows:

13 “(iii) ACTUARIAL ADJUSTMENT.—

14 “(I) IN GENERAL.—In the case
 15 of a defined benefit plan, an employ-
 16 ee’s accrued benefit shall be actuari-
 17 ally increased to take into account the
 18 period after the applicable date during
 19 which the employee was not eligible to
 20 receive any benefits under the plan.

21 “(II) APPLICABLE DATE.—For
 22 purposes of clause (I), the term ‘appli-
 23 cable date’ means the April 1st fol-

1 lowing the calendar year in which the
2 employee attains age 70½.”.

3 (b) EFFECTIVE DATE.—

4 (1) IN GENERAL.—The amendments made by
5 this section shall apply to years beginning after De-
6 cember 31, 2002.

7 (2) TRANSITION.—A plan shall not be treated
8 as failing to meet the requirements of section
9 401(a)(9) of the Internal Revenue Code of 1986
10 merely because, in years beginning after December
11 31, 2002, no distribution is made to an employee be-
12 fore the employee’s required beginning date, as de-
13 termined in accordance with the amendments made
14 by this section.

○