

109TH CONGRESS
1ST SESSION

H. R. 3478

To amend the Internal Revenue Code of 1986 to permit military death gratuities to be contributed to certain tax-favored accounts.

IN THE HOUSE OF REPRESENTATIVES

JULY 27, 2005

Mr. JONES of North Carolina 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 permit military death gratuities to be contributed to certain tax-favored accounts.

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. CONTRIBUTIONS OF MILITARY DEATH GRATU-**
4 **ITIES TO CERTAIN TAX-FAVORED ACCOUNTS.**

5 (a) ROTH IRAS.—Subsection (e) of section 408A of
6 the Internal Revenue Code of 1986 (relating to qualified
7 rollover contribution) is amended to read as follows:

8 “(e) QUALIFIED ROLLOVER CONTRIBUTION.—For
9 purposes of this section—

1 “(1) IN GENERAL.—The term ‘qualified rollover
2 contribution’ means a rollover contribution to a Roth
3 IRA from another such account, or from an indi-
4 vidual retirement plan, but only if such rollover con-
5 tribution meets the requirements of section
6 408(d)(3). Such term includes a rollover contribu-
7 tion described in section 402A(c)(3)(A). For pur-
8 poses of section 408(d)(3)(B), there shall be dis-
9 regarded any qualified rollover contribution from an
10 individual retirement plan (other than a Roth IRA)
11 to a Roth IRA.

12 “(2) MILITARY DEATH GRATUITY.—

13 “(A) IN GENERAL.—The term ‘qualified
14 rollover contribution’ includes a contribution to
15 a Roth IRA maintained for the benefit of an in-
16 dividual to the extent that such contribution
17 does not exceed the amount received by such in-
18 dividual under section 1477 of title 10, United
19 States Code, or under section 1967 of title 38
20 of such Code, if such contribution is made not
21 later than 1 year after the day on which such
22 individual receives such amount.

23 “(B) ANNUAL LIMIT ON NUMBER OF
24 ROLLOVERS NOT TO APPLY.—Section
25 408(d)(3)(B) shall not apply with respect to

1 amounts treated as a rollover by the subpara-
2 graph (A).

3 “(C) APPLICATION OF SECTION 72.—For
4 purposes of applying section 72 in the case of
5 a distribution which is not a qualified distribu-
6 tion, the amount treated as a rollover by the
7 subparagraph (A) shall be treated as invest-
8 ment in the contract.”.

9 (b) HEALTH SAVINGS ACCOUNTS AND ARCHER
10 MSAs.—Sections 220(f)(5) and 223(f)(5) of such Code
11 are both amended by adding at the end the following flush
12 sentence: “For purposes of subparagraphs (A) and (B),
13 rules similar to the rules of section 408A(e)(2) (relating
14 to rollover treatment for contributions of military death
15 gratuity) shall apply.”.

16 (c) EDUCATION SAVINGS ACCOUNTS.—Section
17 530(d)(5) of such Code is amended by adding at the end
18 the following new sentence: “For purposes of this para-
19 graph, rules similar to the rules of section 408A(e)(2) (re-
20 lating to rollover treatment for contributions of military
21 death gratuity) shall apply.”.

22 (d) EFFECTIVE DATES.—

23 (1) IN GENERAL.—Except as provided by para-
24 graph (2), the amendments made by this section
25 shall apply with respect to deaths from injuries oc-

1 curring on or after the date of the enactment of this
2 Act.

3 (2) APPLICATION OF AMENDMENTS TO DEATHS
4 FROM INJURIES OCCURRING ON OR AFTER OCTOBER
5 7, 2001, AND BEFORE ENACTMENT.—The amend-
6 ments made by this section shall apply to any con-
7 tribution made pursuant to section 408A(e)(2),
8 220(f)(5), 223(f)(5), or 530(d)(5) of the Internal
9 Revenue Code of 1986, as amended by this Act, with
10 respect to amounts received under section 1477 of
11 title 10, United States Code, or under section 1967
12 of title 38 of such Code, for deaths from injuries oc-
13 ccurring on or after October 7, 2001, and before the
14 date of the enactment of this Act if such contribu-
15 tion is made not later than 1 year after the date of
16 the enactment of this Act.

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