

116TH CONGRESS  
2D SESSION

**S.** \_\_\_\_\_

To amend the Internal Revenue Code of 1986 to provide matching payments for retirement savings contributions by certain individuals.

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IN THE SENATE OF THE UNITED STATES

Mr. WYDEN (for himself, Mr. BENNET, Mr. BROWN, Mr. CASEY, Ms. CORTEZ MASTO, Mr. DURBIN, Ms. KLOBUCHAR, and Mrs. MURRAY) introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

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**A BILL**

To amend the Internal Revenue Code of 1986 to provide matching payments for retirement savings contributions by certain individuals.

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 “Encouraging Ameri-  
5 cans to Save Act”.

1 **SEC. 2. MATCHING PAYMENTS FOR ELECTIVE DEFERRAL**  
2 **AND IRA CONTRIBUTIONS BY CERTAIN INDI-**  
3 **VIDUALS.**

4 (a) IN GENERAL.—Subchapter B of chapter 65 of the  
5 Internal Revenue Code of 1986 is amended by adding at  
6 the end the following new section:

7 **“SEC. 6433. MATCHING PAYMENTS FOR ELECTIVE DEFER-**  
8 **RAL AND IRA CONTRIBUTIONS BY CERTAIN**  
9 **INDIVIDUALS.**

10 “(a) IN GENERAL.—

11 “(1) ALLOWANCE OF CREDIT.—Any eligible in-  
12 dividual who makes qualified retirement savings con-  
13 tributions for the taxable year shall be allowed a  
14 credit for such taxable year in an amount equal to  
15 the applicable percentage of so much of the qualified  
16 retirement savings contributions made by such eligi-  
17 ble individual for the taxable year as does not exceed  
18 \$2,000.

19 “(2) PAYMENT OF CREDIT.—The credit under  
20 this section shall be paid by the Secretary as a con-  
21 tribution (as soon as practicable after the eligible in-  
22 dividual has filed a tax return for the taxable year)  
23 to the applicable retirement savings vehicle of an eli-  
24 gible individual.

25 “(b) APPLICABLE PERCENTAGE.—For purposes of  
26 this section—

1           “(1) IN GENERAL.—Except as provided in para-  
2 graph (2), the applicable percentage is 50 percent.

3           “(2) PHASEOUT.—The percentage under para-  
4 graph (1) shall be reduced (but not below zero) by  
5 the number of percentage points which bears the  
6 same ratio to 50 percentage points as—

7                   “(A) the excess of—

8                           “(i) the taxpayer’s modified adjusted  
9 gross income for such taxable year, over

10                           “(ii) the applicable dollar amount,  
11 bears to

12                   “(B) the phaseout range.

13 If any reduction determined under this paragraph is  
14 not a whole percentage point, such reduction shall be  
15 rounded to the next lowest whole percentage point.

16           “(3) APPLICABLE DOLLAR AMOUNT; PHASEOUT  
17 RANGE.—

18                   “(A) JOINT RETURNS.—Except as pro-  
19 vided in subparagraph (B)—

20                           “(i) the applicable dollar amount is  
21 \$65,000, and

22                           “(ii) the phaseout range is \$20,000.

23                   “(B) OTHER RETURNS.—In the case of—

24                           “(i) a head of a household (as defined  
25 in section 2(b)), the applicable dollar

1 amount and the phaseout range shall be  $\frac{3}{4}$   
2 of the amounts applicable under subpara-  
3 graph (A) (as adjusted under subsection  
4 (g)), and

5 “(ii) any taxpayer who is not filing a  
6 joint return and who is not a head of a  
7 household (as so defined), the applicable  
8 dollar amount and the phaseout range  
9 shall be  $\frac{1}{2}$  of the amounts applicable  
10 under subparagraph (A) (as so adjusted).

11 “(4) EXCEPTION; MINIMUM CREDIT.—In the  
12 case of an eligible individual with respect to whom  
13 (without regard to this paragraph) the credit deter-  
14 mined under subsection (a)(1) is greater than zero  
15 but less than \$100, the credit allowed under this  
16 section shall be \$100.

17 “(c) ELIGIBLE INDIVIDUAL.—For purposes of this  
18 section—

19 “(1) IN GENERAL.—The term ‘eligible indi-  
20 vidual’ means any individual if such individual has  
21 attained the age of 18 as of the close of the taxable  
22 year.

23 “(2) DEPENDENTS AND FULL-TIME STUDENTS  
24 NOT ELIGIBLE.—The term ‘eligible individual’ shall  
25 not include—

1           “(A) any individual with respect to whom  
2           a deduction under section 151 is allowed to an-  
3           other taxpayer for a taxable year beginning in  
4           the calendar year in which such individual’s  
5           taxable year begins, and

6           “(B) any individual who is a student (as  
7           defined in section 152(f)(2)).

8           “(d) QUALIFIED RETIREMENT SAVINGS CONTRIBU-  
9           TIONS.—For purposes of this section—

10           “(1) IN GENERAL.—The term ‘qualified retire-  
11           ment savings contributions’ means, with respect to  
12           any taxable year, the sum of—

13           “(A) the amount of the qualified retire-  
14           ment contributions (as defined in section  
15           219(e)) made by the eligible individual,

16           “(B) the amount of—

17           “(i) any elective deferrals (as defined  
18           in section 402(g)(3)) of such individual,  
19           and

20           “(ii) any elective deferral of com-  
21           pensation by such individual under an eli-  
22           gible deferred compensation plan (as de-  
23           fined in section 457(b)) of an eligible em-  
24           ployer described in section 457(e)(1)(A),  
25           and

1           “(C) the amount of voluntary employee  
2           contributions by such individual to any qualified  
3           retirement plan (as defined in section 4974(c)).  
4           Such term shall not include any amount attributable  
5           to a payment under subsection (a).

6           “(2) REDUCTION FOR CERTAIN DISTRIBUTIONS.—  
7

8           “(A) IN GENERAL.—The qualified retire-  
9           ment savings contributions determined under  
10          paragraph (1) for a taxable year shall be re-  
11          duced (but not below zero) by the aggregate  
12          distributions received by the individual during  
13          the testing period from any entity of a type to  
14          which contributions under paragraph (1) may  
15          be made.

16          “(B) TESTING PERIOD.—For purposes of  
17          subparagraph (A), the testing period, with re-  
18          spect to a taxable year, is the period which in-  
19          cludes—

20                  “(i) such taxable year,

21                  “(ii) the 2 preceding taxable years,

22                  and

23                  “(iii) the period after such taxable  
24          year and before the due date (including ex-

1                   tensions) for filing the return of tax for  
2                   such taxable year.

3                   “(C) EXCEPTED DISTRIBUTIONS.—There  
4                   shall not be taken into account under subpara-  
5                   graph (A)—

6                   “(i) any distribution referred to in  
7                   section 72(p), 401(k)(8), 401(m)(6),  
8                   402(g)(2), 404(k), or 408(d)(4),

9                   “(ii) any distribution to which section  
10                  408(d)(3) or 408A(d)(3) applies, and

11                  “(iii) any portion of a distribution if  
12                  such portion is transferred or paid in a  
13                  rollover contribution (as defined in section  
14                  402(e), 403(a)(4), 403(b)(8), 408A(e), or  
15                  457(e)(16)) to an account or plan to which  
16                  qualified retirement contributions can be  
17                  made.

18                  “(D) TREATMENT OF DISTRIBUTIONS RE-  
19                  CEIVED BY SPOUSE OF INDIVIDUAL.—For pur-  
20                  poses of determining distributions received by  
21                  an individual under subparagraph (A) for any  
22                  taxable year, any distribution received by the  
23                  spouse of such individual shall be treated as re-  
24                  ceived by such individual if such individual and  
25                  spouse file a joint return for such taxable year

1           and for the taxable year during which the  
2           spouse receives the distribution.

3           “(e) APPLICABLE RETIREMENT SAVINGS VEHI-  
4 CLE.—

5           “(1) IN GENERAL.—The term ‘applicable retire-  
6           ment savings vehicle’ means—

7                   “(A) an account or plan elected by the eli-  
8                   gible individual under paragraph (2), or

9                   “(B) if no such election is made or the  
10                  Secretary is not able to make a contribution  
11                  into the account or plan selected by the eligible  
12                  individual, an account established for the ben-  
13                  efit of the eligible individual under the R-Bond  
14                  Program.

15           For purposes of subparagraph (B), if no account has  
16           previously been established for the benefit of the in-  
17           dividual under the R-Bond Program, the Secretary  
18           shall establish such an account for such individual  
19           for purposes of contributions under this section.

20           “(2) OTHER RETIREMENT VEHICLES.—An eligi-  
21           ble individual may elect to have the amount deter-  
22           mined under subsection (a) contributed to an ac-  
23           count or plan which—

24                   “(A) is a Roth IRA or a designated Roth  
25                   account (within the meaning of section 402A)



1 of an applicable retirement plan (as defined in  
2 section 402A(e)(1)),

3 “(B) is for the benefit of the eligible indi-  
4 vidual,

5 “(C) accepts contributions made under this  
6 section, and

7 “(D) is designated by such individual (in  
8 such form and manner as the Secretary may  
9 provide) on the return of tax for the taxable  
10 year.

11 In the case of a plan of which a qualified trust  
12 under section 401(a) is a part, an annuity contract  
13 described in section 403(b), or a plan described in  
14 section 457(b) which is established and maintained  
15 by an employer described in section 457(e)(1)(A),  
16 amounts under this section may only be contributed  
17 to such plan if the plan document permits such con-  
18 tribution.

19 “(f) OTHER DEFINITIONS AND SPECIAL RULES.—

20 “(1) MODIFIED ADJUSTED GROSS INCOME.—

21 For purposes of this section, the term ‘modified ad-  
22 justed gross income’ means adjusted gross income—

23 “(A) determined without regard to sections  
24 911, 931, and 933, and

1           “(B) determined without regard to any ex-  
2           clusion or deduction allowed for any qualified  
3           retirement savings contribution made during  
4           the taxable year.

5           “(2) TREATMENT OF CONTRIBUTIONS.—In the  
6           case of any contribution under subsection (a)(2)—

7           “(A) except as otherwise provided in this  
8           section or by the Secretary under regulations,  
9           such contribution shall be treated as—

10           “(i) an elective deferral made by the  
11           individual which is a designated Roth con-  
12           tribution, if contributed to an applicable  
13           retirement plan, or

14           “(ii) as a Roth IRA contribution made  
15           by such individual, if contributed to a Roth  
16           IRA,

17           “(B) such contribution shall not be treated  
18           as income to the taxpayer, and

19           “(C) such contribution shall not be taken  
20           into account with respect to any applicable limi-  
21           tation under sections 402(g)(1), 403(b),  
22           408(a)(1), 408(b)(2)(B), 408A(c)(2), 414(v)(2),  
23           415(c), or 457(b)(2), and shall be disregarded  
24           for purposes of sections 401(a)(4), 401(k)(3),  
25           401(k)(11)(B)(i)(III), and 416.

1           “(3) TREATMENT OF QUALIFIED PLANS, ETC.—

2           A plan or arrangement to which a contribution is  
3           made under this section shall not be treated as vio-  
4           lating any requirement under section 401, 403, 408,  
5           or 457 solely by reason of accepting such contribu-  
6           tion.

7           “(4) ERRONEOUS CREDITS.—If any contribu-  
8           tion is erroneously paid under subsection (a)(2), the  
9           amount of such erroneous payment shall be treated  
10          as an underpayment of tax.

11          “(g) INFLATION ADJUSTMENTS.—

12           “(1) IN GENERAL.—In the case of any taxable  
13          year beginning in a calendar year after 2020, each  
14          of the dollar amounts in subsections (a)(1) and  
15          (b)(3)(A)(i) shall be increased by an amount equal  
16          to—

17                   “(A) such dollar amount, multiplied by

18                   “(B) the cost-of-living adjustment deter-  
19          mined under section 1(f)(3) for the calendar  
20          year in which the taxable year begins, deter-  
21          mined by substituting ‘calendar year 2019’ for  
22          ‘calendar year 2016’ in subparagraph (A)(ii)  
23          thereof.

1           “(2) ROUNDING.—Any increase determined  
2 under paragraph (1) shall be rounded to the nearest  
3 multiple of—

4                   “(A) \$100 in the case of an adjustment of  
5 the amount in subsection (a)(1), and

6                   “(B) \$1,000 in the case of an adjustment  
7 of the amount in subsection (b)(3)(A)(i).”.

8           (b) PAYMENT AUTHORITY.—Section 1324(b)(2) of  
9 title 31, United States Code, is amended by striking “or  
10 6431” and inserting “6431, or 6433”.

11           (c) DEFICIENCIES.—Section 6211(b)(4) is amended  
12 by striking “and 6431” and inserting “6431, and 6433”.

13           (d) REPORTING.—The Secretary of Labor, the Sec-  
14 retary of the Treasury, and the Director of the Pension  
15 Benefit Guaranty Corporation shall—

16                   (1) amend Form 5500 to require separate re-  
17 porting of the aggregate amount of contributions re-  
18 ceived by the plan during the year under section  
19 6433 of the Internal Revenue Code of 1986 (as  
20 added by this section), and

21                   (2) amend Form 5498 to require similar report-  
22 ing with respect to individual retirement plans (as  
23 defined in section 7701(a)(37) of such Code),

24           (e) CONFORMING AMENDMENTS.—

1           (1) Section 25B of the Internal Revenue Code  
2           of 1986 is amended by striking subsections (a)  
3           through (f) and inserting the following:

4           “For payment of credit related to qualified retirement sav-  
5           ings contributions, see section 6433.”.

6           (2) The table of sections for subchapter B of  
7           chapter 65 of such Code is amended by adding at  
8           the end the following new item:

          “Sec. 6433. Matching payments for elective deferral and IRA contributions by  
          certain individuals.”.

9           (f) EFFECTIVE DATE.—The amendments made by  
10          this section shall apply to taxable years beginning after  
11          December 31, 2021.

12          (g) CORONAVIRUS RECOVERY BONUS CREDIT.—

13           (1) IN GENERAL.—In the case of taxable years  
14          beginning after December 31, 2021, and before Jan-  
15          uary 1, 2027, the amount of the credit determined  
16          under section 6433 of the Internal Revenue Code of  
17          1986, as added by this section, shall be increased by  
18          an amount equal to 50 percent of so much of the  
19          qualified retirement savings contributions made by  
20          an eligible individual for the taxable year as does not  
21          exceed—

22                   (A) \$10,000, reduced by

23                   (B) the aggregate amount of qualified re-  
24          tirement savings contributions made by the eli-



1 (iii) require the assets of each Roth  
2 IRA established under the program to be  
3 held by the designated Roth IRA custo-  
4 dian;

5 (iv) permit contributions to be made  
6 periodically to such Roth IRAs by direct  
7 deposit or other electronic means and by  
8 methods that provide access for the  
9 unbanked;

10 (v) permit distributions and rollovers  
11 from such Roth IRAs upon request of the  
12 account owner;

13 (vi) include procedures to consolidate  
14 multiple accounts established for the same  
15 individual; and

16 (vii) ensure that such Roth IRAs are  
17 invested solely in retirement savings bonds  
18 issued by the Department of the Treasury  
19 for the purpose of the R-Bond Program.

20 (B) REGULATIONS, ETC.—The Secretary  
21 of the Treasury shall have authority to promul-  
22 gate such regulations, rules, and other guidance  
23 as are necessary to implement the R-Bond Pro-  
24 gram, and are consistent with this section, as  
25 well as coordination rules permitting Roth IRAs

1 to be established under the R-Bond Program in  
2 connection with State and local laws that enroll  
3 residents in Roth IRAs.

4 (2) NO FEES.—No fees shall be assessed on  
5 participants in the R-Bond Program.

6 (3) LIMITATIONS.—

7 (A) CONTRIBUTION MINIMUM.—The Sec-  
8 retary of the Treasury may establish minimum  
9 amounts for initial and additional contributions  
10 to a Roth IRA under the R-Bond Program, not  
11 to exceed \$5.

12 (B) ROLLOVER CONTRIBUTIONS NOT PER-  
13 MITTED.—No rollover contribution shall be ac-  
14 cepted to a Roth IRA under the R-Bond Pro-  
15 gram.

16 (C) ACCOUNT MAXIMUM.—No contribu-  
17 tions (other than a contribution made under  
18 section 6433(a)(2) of the Internal Revenue  
19 Code of 1986, as added by this Act) shall be  
20 credited to a Roth IRA under the R-Bond Pro-  
21 gram after the account balance of such Roth  
22 IRA reaches \$15,000.

23 (D) LIMITATION ON PARTICIPATION.—  
24 Within a reasonable amount of time after the  
25 earlier of—



1 (i) the date the account balance of a  
2 Roth IRA under the R-Bond Program  
3 reaches \$15,000; or

4 (ii) the earlier of—

5 (I) the date that the participant  
6 has been a participant in the R-Bond  
7 Program for 30 years; or

8 (II) the date that the participant  
9 reaches age 59½;

10 the designated Roth IRA custodian shall pro-  
11 vide notice to the participant that no further  
12 contributions will be accepted and that the par-  
13 ticipant may elect to have the account balance  
14 rolled over to another Roth IRA according to  
15 the rules relating to rollovers and transfers of  
16 Roth IRAs under the Internal Revenue Code of  
17 1986.

18 (E) ADJUSTMENT FOR INFLATION.—

19 (i) IN GENERAL.—In the case of any  
20 calendar year after 2023, the \$15,000  
21 amount in subparagraphs (C) and (D) and  
22 subsection (c)(3)(B) shall be increased by  
23 an amount equal to—

24 (I) such dollar amount, multi-  
25 plied by

1 (II) the cost-of-living adjustment  
2 determined under section 1(f)(3) of  
3 the Internal Revenue Code of 1986  
4 for the calendar year, determined by  
5 substituting “calendar year 2022” for  
6 “calendar year 2016” in subpara-  
7 graph (A)(ii) thereof.

8 (ii) ROUNDING.—If any increase de-  
9 termined under clause (i) is not a multiple  
10 of \$50, such increase shall be rounded to  
11 the next lowest multiple of \$50.

12 (4) DESIGNATED ROTH IRA CUSTODIAN.—For  
13 purposes of this section, the designated Roth IRA  
14 custodian is the person designated by the Secretary  
15 of the Treasury to act as custodian of the Roth  
16 IRAs established on behalf of participants in the re-  
17 tirement savings program of such Department.

18 (c) RETIREMENT SAVINGS BONDS.—For purposes of  
19 this section—

20 (1) IN GENERAL.—The term “retirement sav-  
21 ings bond” means an interest-bearing electronic  
22 United States savings bond issued to the designated  
23 Roth IRA custodian which is available only to par-  
24 ticipants in the R-Bond Program.

1           (2) INTEREST RATE.—Bonds issued under the  
2 R-Bond Program shall earn interest at a rate equal  
3 to the greater of (determined on the issue date)—

4           (A) the rate earned by the Government Se-  
5 curities Investment Fund established under sec-  
6 tion 8438(b)(1) of title 5, United States Code;

7           or

8           (B) a Series I United States savings bond.

9           (3) BONDS TO BE CREDITED TO SINGLE AC-  
10 COUNT.—Each retirement savings bond issued to the  
11 designated Roth IRA custodian shall be credited to  
12 a single Roth IRA established through the R-Bond  
13 Program on behalf of a participant.

14           (4) REISSUE IN CASE OF CHANGE IN CUSTO-  
15 DIAN.—If a successor designated Roth IRA custo-  
16 dian is designated under subsection (b)(4), the re-  
17 tirement savings bonds issued to the predecessor  
18 designated Roth IRA custodian shall be reissued to  
19 such successor.

20           (d) ROTH IRA.—For purposes of this section, the  
21 term “Roth IRA” has the meaning given such term by  
22 section 408A(b) of the Internal Revenue Code of 1986.

23 **SEC. 4. PROMOTION AND GUIDANCE.**

24           (a) PROMOTION.—The Secretary of the Treasury (or  
25 the Secretary’s delegate) shall educate taxpayers on the

1 benefits provided under section 6433 of the Internal Rev-  
2 enue Code of 1986 and the R-Bond Program established  
3 under section 3 of this Act.

4 (b) GUIDANCE.—Not later than December 31, 2021,  
5 the Secretary of the Treasury (or the Secretary's delegate)  
6 shall issue guidance on the implementation and adminis-  
7 tration of the amendments made by section 2 of this Act.