

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 4294
OFFERED BY MR. BRAT OF VIRGINIA**

Page 20, after line 2, add the following:

1 **SEC. 4. UNIVERSAL SAVINGS ACCOUNTS.**

2 (a) IN GENERAL.—Subchapter F of chapter 1 of the
3 Internal Revenue Code of 1986 is amended by adding at
4 the end the following new part:

5 **“PART IX—UNIVERSAL SAVINGS ACCOUNTS**

6 **“SEC. 530A. UNIVERSAL SAVINGS ACCOUNTS.**

7 “(a) GENERAL RULE.—A Universal Savings Account
8 shall be exempt from taxation under this subtitle. Not-
9 withstanding the preceding sentence, such account shall
10 be subject to the taxes imposed by section 511 (relating
11 to imposition of tax on unrelated business income of chari-
12 table organizations).

13 “(b) UNIVERSAL SAVINGS ACCOUNT.—For purposes
14 of this section, the term ‘Universal Savings Account’
15 means a trust created or organized in the United States
16 by an eligible individual for the exclusive benefit of such
17 eligible individual or his beneficiaries and which is des-
18 ignated (in such manner as the Secretary shall prescribe)
19 at the time of the establishment of the trust as a Universal

1 Savings Account, but only if the written governing instru-
2 ment creating the trust meets the following requirements:

3 “(1) Except in the case of a qualified rollover
4 contribution described in subsection (e)—

5 “(A) no contribution will be accepted un-
6 less it is in cash, and

7 “(B) contributions will not be accepted for
8 the calendar year in excess of the contribution
9 limit specified in subsection (d)(1).

10 “(2) The trustee is a bank (as defined in sec-
11 tion 408(n)) or another person who demonstrates to
12 the satisfaction of the Secretary that the manner in
13 which that person will administer the trust will be
14 consistent with the requirements of this section or
15 who has so demonstrated with respect to any indi-
16 vidual retirement plan.

17 “(3) No part of the trust assets will be invested
18 in life insurance contracts.

19 “(4) The interest of an individual in the bal-
20 ance of his account is nonforfeitable.

21 “(5) The assets of the trust shall not be com-
22 mingled with other property except in a common
23 trust fund or common investment fund.

1 “(c) ELIGIBLE INDIVIDUAL.—For purposes of this
2 section, the term ‘eligible individual’ means any individual
3 who is—

4 “(1) not less than 18 years of age, and

5 “(2) a citizen or legal permanent resident of the
6 United States.

7 “(d) TREATMENT OF CONTRIBUTIONS AND DIS-
8 TRIBUTIONS.—

9 “(1) CONTRIBUTION LIMIT.—

10 “(A) IN GENERAL.—The aggregate
11 amount of contributions (other than qualified
12 rollover contributions described in subsection
13 (e)) for any calendar year to all Universal Sav-
14 ings Accounts maintained for the benefit of an
15 eligible individual shall not exceed \$5,500.

16 “(B) COST-OF-LIVING ADJUSTMENT.—

17 “(i) IN GENERAL.—In the case of any
18 calendar year after 2016, the \$5,500
19 amount under subparagraph (A) shall be
20 increased by an amount equal to—

21 “(I) such dollar amount, multi-
22 plied by

23 “(II) the cost-of-living adjust-
24 ment determined under section 1(f)(3)
25 for the calendar year, determined by

1 substituting ‘calendar year 2015’ for
2 ‘calendar year 1992’ in subparagraph
3 (B) thereof.

4 “(ii) ROUNDING RULES.—If any
5 amount after adjustment under clause (i)
6 is not a multiple of \$500, such amount
7 shall be rounded to the next lower multiple
8 of \$500.

9 “(2) DISTRIBUTIONS.—Any distribution from a
10 Universal Savings Account shall not be includible in
11 gross income.

12 “(e) QUALIFIED ROLLOVER CONTRIBUTION.—For
13 purposes of this section, the term ‘qualified rollover con-
14 tribution’ means a contribution to a Universal Savings Ac-
15 count from another such account of the same beneficiary,
16 but only if such amount is contributed not later than the
17 60th day after the distribution from such other account.

18 “(f) TREATMENT OF ACCOUNT UPON DEATH.—
19 Upon death of any individual for whose benefit a Universal
20 Savings Account has been established—

21 “(1) all amounts in such account shall be treat-
22 ed as distributed on the date of such individual’s
23 death, and

24 “(2) such account shall cease to be treated as
25 a Universal Savings Account.

1 “(g) LOSS OF TAXATION EXEMPTION OF ACCOUNT
2 WHERE BENEFICIARY ENGAGES IN PROHIBITED TRANS-
3 ACTION; EFFECT OF PLEDGING ACCOUNT AS SECU-
4 RITY.—Rules similar to the rules of paragraphs (2) and
5 (4) of section 408(e) shall apply to any Universal Savings
6 Account.

7 “(h) LIMITATION TO 1 ACCOUNT PER INDIVIDUAL.—

8 “(1) IN GENERAL.—Except as provided in para-
9 graph (2), no trust created for the benefit of an eli-
10 gible individual shall be treated as a Universal Sav-
11 ings Account under subsection (b) if such eligible in-
12 dividual has in existence another Universal Savings
13 Account at the time such trust was established.

14 “(2) EXCEPTION.—Under regulations estab-
15 lished by the Secretary, paragraph (1) shall not
16 apply with respect to any trust created for the pur-
17 poses of receiving a qualified rollover contribution
18 consisting of all amounts in the previously estab-
19 lished Universal Savings Account.

20 “(i) REPORTS.—The trustee of a Universal Savings
21 Account shall make such reports regarding such account
22 to the Secretary and to the beneficiary of the account with
23 respect to contributions, distributions, and such other
24 matters as the Secretary may require. The reports re-
25 quired by this subsection shall be filed at such time and

1 in such manner and furnished to such individuals at such
2 time and in such manner as may be required.”.

3 (b) TAX ON EXCESS CONTRIBUTIONS.—

4 (1) IN GENERAL.—Subsection (a) of section
5 4973 of the Internal Revenue Code of 1986 is
6 amended by striking “or” at the end of paragraph
7 (5), by inserting “or” at the end of paragraph (6),
8 and by inserting after paragraph (6) the following
9 new paragraph:

10 “(6) a Universal Savings Account (as defined in
11 section 530A),”.

12 (2) EXCESS CONTRIBUTION.—Section 4973 of
13 such Code is amended by adding at the end the fol-
14 lowing new subsection:

15 “(i) EXCESS CONTRIBUTIONS TO UNIVERSAL SAV-
16 INGS ACCOUNTS.—For purposes of this section—

17 “(1) IN GENERAL.—In the case of Universal
18 Savings Accounts (within the meaning of section
19 530A), the term ‘excess contributions’ means the
20 sum of—

21 “(A) the amount by which the amount con-
22 tributed for the calendar year to such accounts
23 (other than qualified rollover contributions (as
24 defined in section 530A(e))) exceeds the con-

1 tribution limit under section 530A(d)(1) for
2 such calendar year, and

3 “(B) the amount determined under this
4 subsection for the preceding calendar year, re-
5 duced by the excess (if any) of the maximum
6 amount allowable as a contribution under sec-
7 tion 530A(d)(1) for the calendar year over the
8 amount contributed to the accounts for the cal-
9 endar year.

10 “(2) SPECIAL RULE.—A contribution shall not
11 be taken into account under paragraph (1) if such
12 contribution (together with the amount of net in-
13 come attributable to such contribution) is returned
14 to the beneficiary before July 1 of the year following
15 the year in which the contribution is made.”.

16 (c) FAILURE TO PROVIDE REPORTS ON UNIVERSAL
17 SAVINGS ACCOUNTS.—Paragraph (2) of section 6693(a)
18 of the Internal Revenue Code of 1986 is amended by strik-
19 ing “and” at the end of subparagraph (E), by striking
20 the period at the end of subparagraph (F) and inserting
21 “, and”, and by inserting after subparagraph (F) the fol-
22 lowing new subparagraph:

23 “(G) section 530A(i) (relating to Universal
24 Savings Accounts).”.

1 (d) CONFORMING AMENDMENT.—The table of parts
2 for subchapter F of chapter 1 of the Internal Revenue
3 Code of 1986 is amended by adding at the end the fol-
4 lowing new item:

“Part IX. Universal Savings Accounts.”.

5 (e) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to taxable years beginning after
7 December 31, 2015.

