

107TH CONGRESS }  
2d Session } HOUSE OF REPRESENTATIVES { REPORT  
107-

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RETIREMENT SAVINGS AND SECURITY ACT OF 2002

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OCTOBER , 2002.—Committed to the Committee of the Whole House on the State  
of the Union and ordered to be printed

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Mr. THOMAS, from the Committee on Ways and Means,  
submitted the following

R E P O R T

together with

\_\_\_\_\_ VIEWS

[To accompany H.R. 5558]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (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, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE.**

This Act may be cited as the “Retirement Savings and Security Act of 2002”.

**SEC. 2. ACCELERATION OF INCREASES IN IRA CONTRIBUTION LIMIT.**

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

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

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

“(B) CATCH-UP CONTRIBUTIONS FOR INDIVIDUALS 50 OR OLDER.—In the case of an individual who has attained the age of 50 before the close of the taxable year, the dollar amount in effect under paragraph (1)(A) for such

taxable year (determined without regard to this paragraph) shall be increased by \$1,000.”

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

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

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

(b) DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.—Subparagraph (A) of section 457(e)(15) of such Code is amended by striking “the amount determined” and all that follows and inserting “\$15,000.”

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

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

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

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

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

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

(a) REQUIRED DISTRIBUTIONS.—

(1) INCREASE IN AGE FOR REQUIRED BEGINNING DATE.—Subparagraphs (C)(i)(I) and (C)(ii)(I) of section 401(a)(9) of the Internal Revenue Code of 1986 are each amended by striking “age 70½” and inserting “the applicable age”.

(2) APPLICABLE AGE.—Subparagraph (C) of section 401(a)(9) of such Code is amended by inserting at the end the following new clause:

“(v) APPLICABLE AGE.—The applicable age shall be determined in accordance with the following table:

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

(3) SPOUSE BENEFICIARIES.—Subclause (I) of section 401(a)(9)(B)(iv) is amended by striking “age 70½” and inserting “the applicable age”.

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

“(iii) ACTUARIAL ADJUSTMENT.—

“(I) IN GENERAL.—In the case of a defined benefit plan, an employee’s accrued benefit shall be actuarially increased to take into account the period after the applicable date during which the employee was not eligible to receive any benefits under the plan.

“(II) APPLICABLE DATE.—For purposes of clause (I), the term ‘applicable date’ means the April 1st following the calendar year in which the employee attains age 70½.”

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to years beginning after December 31, 2002.

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