

HR 5193

529 and ABLE Account Improvement Act of 2016

Congress: 114 (2015–2017, Ended)

Chamber: House

Policy Area: Taxation

Introduced: May 11, 2016

Current Status: Referred to the House Committee on Ways and Means.

Latest Action: Referred to the House Committee on Ways and Means. (May 11, 2016)

Official Text: <https://www.congress.gov/bill/114th-congress/house-bill/5193>

Sponsor

Name: Rep. Jenkins, Lynn [R-KS-2]

Party: Republican • **State:** KS • **Chamber:** House

Cosponsors

No cosponsors are listed for this bill.

Committee Activity

Committee	Chamber	Activity	Date
Ways and Means Committee	House	Referred To	May 11, 2016

Subjects & Policy Tags

Policy Area:

Taxation

Related Bills

Bill	Relationship	Last Action
114 HR 4794	Related bill	Mar 17, 2016: Referred to the House Committee on Ways and Means.
114 S 2703	Related bill	Mar 17, 2016: Read twice and referred to the Committee on Finance.

529 and ABLE Account Improvement Act of 2016

This bill amends the Internal Revenue Code to modify the tax treatment of qualified tuition programs (known as 529 plans) and ABLE accounts. (Tax-favored ABLE [Achieving a Better Life Experience] accounts are designed to enable individuals with disabilities to save for and pay for disability-related expenses.)

The bill excludes from gross income a fringe benefit consisting of up to \$100 per year (adjusted for inflation after 2016) of employer contributions to an employee's 529 or ABLE account. The employer contribution must be made: (1) to an account for which the designated beneficiary is the employee or a member of the employee's family, and (2) in connection with a payroll deduction contribution program established by the employer.

The bill also: (1) expands the tax credit for small employer pension plan startup costs to include the costs of establishing a payroll deduction contribution program for 529 plans and ABLE accounts; (2) permits 529 funds to be used for transfers to an Individual Retirement Account (IRA), education loan payments, or charitable contributions without being subject to the additional tax for distributions that are not used for qualified higher education expenses; and (3) permits tax-free rollovers of funds between 529 and ABLE accounts for the benefit of the same beneficiary or a family member of the beneficiary.

For the purpose of current law restrictions on the frequency of investment directions that a beneficiary or contributor may provide for a 529 or ABLE account, rebalancing investments among broad-based investment strategies established under the program is not an investment direction unless the beneficiary or contributor directs the specific investments within the strategies.

Actions Timeline

- **May 11, 2016:** Introduced in House
- **May 11, 2016:** Referred to the House Committee on Ways and Means.