

Long-Term Care Act of 2005 (Introduced in Senate)

S 1706 IS

109th CONGRESS
1st Session
S. 1706

To amend the Internal Revenue Code of 1986 to provide that distributions from a section 401(k) plan or a section 403(b) contract shall not be includible in gross income to the extent used to pay long-term care insurance premiums

IN THE SENATE OF THE UNITED STATES

September 15, 2005

Mr. ALLEN (for himself and Mr. MARTINEZ) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide that distributions from a section 401(k) plan or a section 403(b) contract shall not be includible in gross income to the extent used to pay long-term care insurance premiums

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the 'Long-Term Care Act of 2005'.

SEC. 2. EXCLUSION FROM GROSS INCOME FOR DISTRIBUTIONS FROM SECTION 401(K) PLANS AND SECTION 403(B) CONTRACTS WHICH ARE USED TO PAY LONG-TERM CARE INSURANCE PREMIUMS.

(a) In General- Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to items specifically excluded from gross income) is amended by inserting after section 139A the following new item:

`SEC. 139B. DISTRIBUTIONS FROM SECTION 401(K) PLANS AND SECTION 403(B) CONTRACTS WHICH ARE USED TO PAY LONG-TERM CARE INSURANCE PREMIUMS.

`(a) In General- Gross income shall not include any distribution to an individual from amounts attributable to employer contributions made pursuant to elective deferrals described in subparagraph (A) or (C) of section 402(g)(3), to the extent that such distributions do not exceed the long-term care insurance premiums paid during the taxable year for insurance covering the individual or the individual's spouse.

`(b) Denial of Double Benefit- The limitation in section 213(d)(10) shall be reduced by the amount which would (but for subsection (a)) be includible in the taxpayer's gross income for the taxable year.

`(c) No Effect on Qualification- An arrangement shall not fail to be treated as a qualified cash or deferred arrangement (as defined in section 401(k)) or a contract described in section 403(b) by reason of permitting distributions for the payment of long-term care insurance premiums.'

(b) Clerical Amendment- The table of sections for such part III is amended by inserting after the item relating to section 139A the following new item:

`Sec. 139B. Distributions from section 401(k) plans and section 403(b) contracts which are used to pay long-term care insurance premiums.'

(c) Effective Date- The amendments made by this section shall apply to distributions after the date of the enactment of this Act.

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