

AMENDMENT TO RULES COMMITTEE PRINT 115-

39

OFFERED BY MR. DANNY K. DAVIS OF ILLINOIS

At the end, add the following:

1 **TITLE VI—STUDENT LOANS**

2 **SEC. 6001. TREATMENT OF STUDENT LOAN PAYMENTS AS**
3 **ELECTIVE DEFERRALS FOR PURPOSES OF**
4 **MATCHING CONTRIBUTIONS.**

5 (a) IN GENERAL.—Subparagraph (A) of section
6 401(m)(4) of the Internal Revenue Code of 1986 is
7 amended by striking “and” at the end of clause (i), by
8 striking the period at the end of clause (ii) and inserting
9 “, and”, and by adding at the end the following new
10 clause:

11 “(iii) subject to the requirements of
12 paragraph (13), any employer contribution
13 made to a defined contribution plan on be-
14 half of an employee on account of a quali-
15 fied student loan payment, except that the
16 employee may elect for up to 50 percent of
17 the employer contribution to be made to
18 the principal on a qualified student loan.”.

1 (b) QUALIFIED STUDENT LOAN PAYMENT.—Para-
2 graph (4) of section 401(m) of the Internal Revenue Code
3 of 1986 is amended by adding at the end the following
4 new subparagraph:

5 “(D) QUALIFIED STUDENT LOAN PAY-
6 MENT.—The term ‘qualified student loan pay-
7 ment’ means a payment made by an employee
8 in repayment of a qualified education loan (as
9 defined in section 221(d)(1)) incurred to pay
10 qualified higher education expenses (as defined
11 in section 221(d)(2), without regard to any re-
12 duction under subparagraphs (A) and (B)
13 thereof) of the employee, but only—

14 “(i) to the extent such payments in
15 the aggregate for the year do not exceed
16 an amount equal to—

17 “(I) the limitation applicable
18 under section 402(g) for the year (or,
19 if lesser, the employee’s compensation
20 (as defined in section 415(c)(3)) for
21 the year), reduced by

22 “(II) the elective deferrals made
23 by the employee for such year, and

24 “(ii) if the employee provides evidence
25 of such loan and such payments to the em-

1 ployer making the matching contribution
2 under this paragraph.”.

3 (c) MATCHING CONTRIBUTIONS FOR QUALIFIED
4 STUDENT LOAN PAYMENTS.—Subsection (m) of section
5 401 of the Internal Revenue Code of 1986 is amended by
6 redesignating paragraph (13) as paragraph (14), and by
7 inserting after paragraph (12) the following new para-
8 graph:

9 “(13) MATCHING CONTRIBUTIONS FOR QUALI-
10 FIED STUDENT LOAN PAYMENTS.—

11 “(A) IN GENERAL.—For purposes of para-
12 graph (4)(A)(iii), an employer contribution
13 made to a defined contribution plan on account
14 of a qualified student loan payment shall be
15 treated as a matching contribution for purposes
16 of this title if—

17 “(i) the plan provides matching con-
18 tributions on account of elective deferrals
19 at the same rate as contributions on ac-
20 count of qualified student loan payments,

21 “(ii) the plan provides matching con-
22 tributions on account of qualified student
23 loan payments only on behalf of employees
24 otherwise eligible to make elective defer-
25 rals, and

1 “(iii) under the plan, all employees el-
2 igible to receive matching contributions on
3 account of elective deferrals are eligible to
4 receive matching contributions on account
5 of qualified student loan payments.

6 “(B) TREATMENT FOR PURPOSES OF NON-
7 DISCRIMINATION RULES, ETC.—

8 “(i) NONDISCRIMINATION RULES.—
9 For purposes of subparagraph (A)(iii),
10 subsection (a)(4), and section 410(b),
11 matching contributions described in para-
12 graph (4)(A)(iii) shall not fail to be treated
13 as available to an employee solely because
14 such employee does not have debt incurred
15 under a qualified education loan (as de-
16 fined in section 221(d)(1)).

17 “(ii) STUDENT LOAN PAYMENTS NOT
18 TREATED AS PLAN CONTRIBUTION.—Ex-
19 cept as provided in clause (iii), a qualified
20 student loan payment shall not be treated
21 as a contribution to a plan under this title.

22 “(iii) MATCHING CONTRIBUTION
23 RULES.—Solely for purposes of meeting
24 the requirements of paragraph (11)(B) or
25 (12) of this subsection, or paragraph

1 (11)(B)(i)(II), (12)(B), or (13)(D) of sub-
2 section (k), a plan may treat a qualified
3 student loan payment as an elective deferral or an elective contribution, whichever is
4 applicable.

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6 “(C) TREATMENT OF CERTAIN STUDENT
7 LOAN PRINCIPAL PAYMENTS AS MATCHING CONTRIBUTIONS.—Amounts elected by an employee
8 under paragraph (4)(A)(iii) to be made to reduce the principal on a qualified student loan
9 shall be treated as an employer contribution for purposes of subparagraph (A).
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13 “(D) REGULATIONS.—The Secretary shall
14 promulgate regulations setting forth the conditions under which a plan administrator may
15 rely on evidence submitted by an employee of qualified student loan payments made by the
16 employee. Such conditions shall not require independent verification of the payments absent
17 reason to believe the information provided by the employee is incorrect.”
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22 (d) SIMPLE RETIREMENT ACCOUNTS.—Paragraph
23 (2) of section 408(p) of the Internal Revenue Code of
24 1986 is amended by adding at the end the following new
25 subparagraph:

1 “(F) MATCHING CONTRIBUTIONS FOR
2 QUALIFIED STUDENT LOAN PAYMENTS.—

3 “(i) IN GENERAL.—Subject to the
4 rules of clause (iii), an arrangement shall
5 not fail to be treated as meeting the re-
6 quirements of subparagraph (A)(iii) solely
7 because under the arrangement, solely for
8 purposes of such subparagraph, qualified
9 student loan payments are treated as
10 amounts elected by the employee under
11 subparagraph (A)(i)(I) to the extent such
12 payments do not exceed—

13 “(I) the applicable dollar amount
14 under subparagraph (E) (after appli-
15 cation of section 414(v)) for the year
16 (or, if lesser, the employee’s com-
17 pensation (as defined in section
18 415(c)(3)) for the year), reduced by

19 “(II) any other amounts elected
20 by the employee under subparagraph
21 (A)(i)(I) for the year.

22 “(ii) QUALIFIED STUDENT LOAN PAY-
23 MENT.—For purposes of this subpara-
24 graph, the term ‘qualified student loan
25 payment’ means a payment made by an

1 employee in repayment of a qualified edu-
2 cation loan (as defined in section
3 221(d)(1)) incurred to pay qualified higher
4 education expenses (as defined in section
5 221(d)(2), without regard to any reduction
6 under subparagraphs (A) and (B) thereof
7 of the employee, but only if the employee
8 provides evidence of such loan and such
9 payments to the employer making the
10 matching contribution.

11 “(iii) APPLICABLE RULES.—Clause (i)
12 shall apply to an arrangement only if,
13 under the arrangement—

14 “(I) matching contributions on
15 account of qualified student loan pay-
16 ments are provided only on behalf of
17 employees otherwise eligible to elect
18 contributions under subparagraph
19 (A)(i)(I), and

20 “(II) all employees otherwise eli-
21 gible to participate in the arrange-
22 ment are eligible to receive matching
23 contributions on account of qualified
24 student loan payments.

