

111TH CONGRESS
2^D SESSION

H. R. 4857

To amend title 5, United States Code, to allow amounts to be transferred from a qualified tuition program to the Thrift Savings Plan for the benefit of any individual who is eligible to participate in such Plan by virtue of being a member of the uniformed services or of the Ready Reserve, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 16, 2010

Mr. HODES introduced the following bill; which was referred to the Committee on Oversight and Government Reform, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend title 5, United States Code, to allow amounts to be transferred from a qualified tuition program to the Thrift Savings Plan for the benefit of any individual who is eligible to participate in such Plan by virtue of being a member of the uniformed services or of the Ready Reserve, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. TRANSFERS FROM QUALIFIED TUITION PRO-**
2 **GRAMS TO THE THRIFT SAVINGS PLAN.**

3 (a) IN GENERAL.—Section 8440e of title 5, United
4 States Code, is amended by adding at the end the fol-
5 lowing:

6 “(f)(1) Any person may transfer to the Thrift Sav-
7 ings Fund, to the account of any qualified member, any
8 contributions previously made by such person under a
9 qualified tuition program and with respect to which such
10 member is the designated beneficiary.

11 “(2) For purposes of this subsection—

12 “(A) the term ‘qualified member’ means any
13 member who—

14 “(i) is eligible to participate in the Thrift
15 Savings Plan by virtue of section 211(b) of title
16 37; and

17 “(ii) in connection with the proposed trans-
18 fer under paragraph (1), provides (in accord-
19 ance with such requirements as may by regula-
20 tion apply)—

21 “(I) any information necessary—

22 “(aa) to identify such member’s
23 account in the Thrift Savings Fund;
24 or

25 “(bb) if none, to establish such
26 an account; and

1 “(II) any other information which
2 may be necessary to effect such transfer;

3 “(B) the terms ‘qualified tuition program’ and
4 ‘designated beneficiary’ have the respective meanings
5 given them by section 529 of the Internal Revenue
6 Code of 1986; and

7 “(C) the term ‘contributions’—

8 “(i) when referring to amounts contributed
9 under an arrangement described in clause (i) of
10 section 529(b)(1)(A) of such Code, means the
11 cash value of the credits or certificates referred
12 to in such clause (as determined under regula-
13 tions); and

14 “(ii) when referring to amounts contrib-
15 uted under an arrangement described in clause
16 (ii) of section 529(b)(1)(A) of such Code, in-
17 cludes any earnings thereon.

18 “(3) A transfer under this subsection for the benefit
19 of a qualified member may be made irrespective of whether
20 or not such member has otherwise elected to participate
21 in the Thrift Savings Plan.”.

22 (b) ESTABLISHMENT AND MAINTENANCE OF AC-
23 COUNT IN THRIFT SAVINGS FUND.—Section 8439(a)(1)
24 of title 5, United States Code, is amended by striking
25 “under section 8432 of this title or who makes contribu-

1 tions to the Thrift Savings Fund.” and inserting “under
 2 section 8432, for whose benefit any transfers are made
 3 under section 8440e(f), or who otherwise makes contribu-
 4 tions or for whom contributions are otherwise made to the
 5 Thrift Savings Fund.”.

6 (c) REGULATIONS.—Any regulations necessary to
 7 carry out the amendments made by this section shall, to
 8 the extent that they relate to the operation of the Thrift
 9 Savings Fund, be prescribed by the Executive Director of
 10 the Federal Retirement Thrift Investment Board (de-
 11 scribed in section 8474 of title 5, United States Code)
 12 after consultation with the Secretary of the Treasury.

13 **SEC. 2. DISTRIBUTIONS FROM QUALIFIED TUITION PLANS**

14 **PROVIDED TAX-FREE ROLLOVER TREAT-**
 15 **MENT.**

16 (a) IN GENERAL.—Paragraph (3) of section 529(c)
 17 of the Internal Revenue Code of 1986 is amended by add-
 18 ing at the end the following new subparagraph:

19 “(E) DISTRIBUTIONS FOR THRIFT SAVINGS
 20 FUND OF MEMBER OF UNIFORMED SERVICES.—

21 “(i) IN GENERAL.—Subparagraph (A)
 22 shall not apply to that portion of any dis-
 23 tribution from a qualified tuition program
 24 which, within 60 days of such distribution,
 25 is transferred under section 8440e(f) of

1 title 5, United States Code, to the Thrift
2 Savings Fund (as defined in section
3 7701(j)(4)) of a qualified member who is
4 the designated beneficiary under the quali-
5 fied tuition program. For purposes of the
6 preceding sentence, the term ‘qualified
7 member’ has the meaning given such term
8 by such section 8440e(f).

9 “(ii) LIMITATION.—Clause (i) shall
10 not apply to any transfer from a qualified
11 tuition program is clause (i) applied to a
12 prior transfer from such program.”.

13 (b) EFFECTIVE DATE.—The amendment made by
14 this section shall apply to distributions after the date of
15 the enactment of this Act.

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