

119TH CONGRESS  
1ST SESSION

# S. 1581

To amend the Internal Revenue Code of 1986 to create Universal Savings Accounts.

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IN THE SENATE OF THE UNITED STATES

MAY 1, 2025

Mr. CRUZ introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to create Universal Savings Accounts.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Universal Savings Ac-  
5 count Act of 2025”.

6 **SEC. 2. UNIVERSAL SAVINGS ACCOUNTS.**

7 (a) IN GENERAL.—Subchapter F of Chapter 1 of the  
8 Internal Revenue Code of 1986 is amended by adding at  
9 the end the following new part:

1       **“PART IX—UNIVERSAL SAVINGS ACCOUNTS**

2       **“SEC. 530A. UNIVERSAL SAVINGS ACCOUNTS.**

3           “(a) GENERAL RULE.—A Universal Savings Account  
4 shall be exempt from taxation under this subtitle. Not-  
5 withstanding the preceding sentence, such account shall  
6 be subject to the taxes imposed by section 511 (relating  
7 to imposition of tax on unrelated business income of chari-  
8 table organizations).

9           “(b) UNIVERSAL SAVINGS ACCOUNT.—For purposes  
10 of this section, the term ‘Universal Savings Account’  
11 means a trust created or organized in the United States  
12 for the exclusive benefit of an individual and which is des-  
13 ignated (in such manner as the Secretary shall prescribe)  
14 at the time of the establishment of the trust as a Universal  
15 Savings Account, but only if the written governing instru-  
16 ment creating the trust meets the following requirements:

17           “(1) Except in the case of a qualified rollover  
18 contribution described in subsection (d)—

19                   “(A) no contribution will be accepted un-  
20 less it is in cash, and

21                   “(B) contributions will not be accepted for  
22 the calendar year in excess of the contribution  
23 limit specified in subsection (c)(1).

24           “(2) The trustee is a bank (as defined in sec-  
25 tion 408(n)) or another person who demonstrates to  
26 the satisfaction of the Secretary that the manner in

1 which that person will administer the trust will be  
 2 consistent with the requirements of this section or  
 3 who has so demonstrated with respect to any indi-  
 4 vidual retirement plan.

5 “(3) The interest of an individual in the bal-  
 6 ance of his account is nonforfeitable.

7 “(4) The assets of the trust shall not be com-  
 8 mingled with other property except in a common  
 9 trust fund or common investment fund.

10 “(5) No part of the trust funds will be invested  
 11 in life insurance contracts.

12 “(c) TREATMENT OF CONTRIBUTIONS AND DIS-  
 13 TRIBUTIONS.—

14 “(1) CONTRIBUTION LIMIT.—

15 “(A) IN GENERAL.—The aggregate  
 16 amount of contributions (other than qualified  
 17 rollover contributions described in subsection  
 18 (d)) for any calendar year to all Universal Sav-  
 19 ings Accounts maintained for the benefit of an  
 20 individual shall not exceed the sum of—

21 “(i) \$10,000, plus

22 “(ii) the product of—

23 “(I) \$500, and

1 “(II) the number of calendar  
2 years after 2024 and before such cal-  
3 endar year, plus

4 “(iii) in the case of any calendar year  
5 after 2025, the product of—

6 “(I) the sum of the amount in  
7 clauses (i) and (ii) for such calendar  
8 year, multiplied by

9 “(II) the cost-of-living adjust-  
10 ment determined under section 1(f)(3)  
11 for the calendar year, determined by  
12 substituting ‘calendar year 2024’ for  
13 ‘calendar year 2016’ in subparagraph  
14 (A)(ii) thereof.

15 If any increase under clause (iii) is not a  
16 multiple of \$100, such amount shall be  
17 rounded to the next lower multiple of  
18 \$100.

19 “(B) LIMITATION.—

20 “(i) IN GENERAL.—The amount de-  
21 termined under subparagraph (A) for any  
22 calendar year shall not exceed \$25,000.

23 “(ii) INFLATION ADJUSTMENT.—In  
24 the case of any calendar year after 2025,

1 the \$25,000 amount under clause (i) shall  
2 be increased by an amount equal to—

3 “(I) such dollar amount, multi-  
4 plied by

5 “(II) the cost-of-living adjust-  
6 ment determined under section 1(f)(3)  
7 for the calendar year, determined by  
8 substituting ‘calendar year 2024’ for  
9 ‘calendar year 2016’ in subparagraph  
10 (A)(ii) thereof.

11 If any increase under this clause is not a  
12 multiple of \$100, such amount shall be  
13 rounded to the next lower multiple of  
14 \$100.

15 “(2) DISTRIBUTIONS.—

16 “(A) IN GENERAL.—Except as provided in  
17 subparagraph (B), any distribution from a Uni-  
18 versal Savings Account shall not be includible in  
19 gross income.

20 “(B) NET INCOME ATTRIBUTABLE TO EX-  
21 CESS CONTRIBUTIONS.—Any distribution of net  
22 income described in section 4973(i)(2) shall be  
23 includible in the gross income of the account  
24 holder in the taxable year in which the con-

1           tribution to which such net income relates was  
2           made.

3           “(d) QUALIFIED ROLLOVER CONTRIBUTION.—For  
4 purposes of this section, the term ‘qualified rollover con-  
5 tribution’ means a contribution to a Universal Savings Ac-  
6 count from another such account of the same beneficiary,  
7 but only if such amount is contributed not later than the  
8 60th day after the distribution from such other account.

9           “(e) TREATMENT OF ACCOUNT UPON DEATH.—  
10 Upon death of any account holder of a Universal Savings  
11 Account—

12           “(1) SPOUSE.—In the case of the account hold-  
13 er’s surviving spouse acquiring such account holder’s  
14 interest in such account by reason of the death of  
15 the account holder, such account shall be treated as  
16 if the spouse were the account holder.

17           “(2) OTHER CASES.—In any other case—

18           “(A) all amounts in such account shall be  
19 treated as distributed on the date of such indi-  
20 vidual’s death, and

21           “(B) such account shall cease to be treated  
22 as a Universal Savings Account.

23           “(f) CUSTODIAL ACCOUNTS.—For purposes of this  
24 section, a custodial account shall be treated as a trust  
25 under this section if the assets of such account are held

1 by a bank (as defined in section 408(n)) or another person  
2 who demonstrates, to the satisfaction of the Secretary,  
3 that the manner in which he will administer the account  
4 will be consistent with the requirements of this section,  
5 and if the custodial account would, except for the fact that  
6 it is not a trust, constitute a trust which meets the re-  
7 quirements of subsection (b). For purposes of this title,  
8 in the case of a custodial account treated as a trust by  
9 reason of the preceding sentence, the custodian of such  
10 account shall be treated as the trustee thereof.

11       “(g) REPORTS.—The trustee of a Universal Savings  
12 Account shall make such reports regarding such account  
13 to the Secretary and to the beneficiary of the account with  
14 respect to contributions, distributions, and such other  
15 matters as the Secretary may require. The reports re-  
16 quired by this subsection shall be filed at such time and  
17 in such manner and furnished to such individuals at such  
18 time and in such manner as may be required.”.

19       (b) TAX ON EXCESS CONTRIBUTIONS.—

20           (1) IN GENERAL.—Section 4973(a) is amended  
21 by striking “or” at the end of paragraph (5), by in-  
22 serting “or” at the end of paragraph (6), and by in-  
23 serting after paragraph (6) the following new para-  
24 graph:

1           “(7) a Universal Savings Account (as defined in  
2 section 530U),”.

3           (2) EXCESS CONTRIBUTION.—Section 4973 is  
4 amended by adding at the end the following new  
5 subsection:

6                   “(i) EXCESS CONTRIBUTIONS TO UNI-  
7                   VERSAL SAVINGS ACCOUNTS.—For pur-  
8                   poses of this section—

9           “(1) IN GENERAL.—In the case of Universal  
10 Savings Accounts (within the meaning of section  
11 530U), the term ‘excess contributions’ means the  
12 sum of—

13                   “(A) the amount (if any) by which the  
14 amount contributed for the taxable year to such  
15 accounts (other than qualified rollover contribu-  
16 tions (as defined in section 530U(d))) exceeds  
17 the contribution limit under section 530U(e)(2)  
18 for such taxable year, and

19                   “(B) the amount determined under this  
20 subsection for the preceding taxable year, re-  
21 duced by the sum of—

22                           “(i) the distributions out of the ac-  
23                           count for the taxable year, and

24                           “(ii) the amount (if any) by which the  
25                           maximum amount allowable as a contribu-

1           tion under section 530U(c)(2) for the tax-  
 2           able year exceeds the amount contributed  
 3           to the accounts for the taxable year.

4           “(2) SPECIAL RULE.—A contribution shall not  
 5           be taken into account under paragraph (1) if such  
 6           contribution (together with the amount of net in-  
 7           come attributable to such contribution) is distributed  
 8           to the account holder on or before the due date of  
 9           the account holder’s return of tax for such taxable  
 10          year.”.

11          (c) TAX ON EXCESS CONTRIBUTIONS.—

12           (1) IN GENERAL.—Subsection (a) of section  
 13          4973 of the Internal Revenue Code of 1986 is  
 14          amended by striking “or” at the end of paragraph  
 15          (5), by inserting “or” at the end of paragraph (6),  
 16          and by inserting after paragraph (6) the following  
 17          new paragraph:

18           “(7) a Universal Savings Account (as defined in  
 19          section 530A),”.

20           (2) EXCESS CONTRIBUTION.—Section 4973 of  
 21          such Code is amended by adding at the end the fol-  
 22          lowing new subsection:

23           “(i) EXCESS CONTRIBUTIONS TO UNIVERSAL SAV-  
 24          INGS ACCOUNTS.—For purposes of this section—

1           “(1) IN GENERAL.—In the case of Universal  
2 Savings Accounts (within the meaning of section  
3 530A), the term ‘excess contributions’ means the  
4 sum of—

5                   “(A) the amount (if any) by which the  
6 amount contributed for the taxable year to such  
7 accounts (other than qualified rollover contribu-  
8 tions (as defined in section 530A(d))) exceeds  
9 the contribution limit under section 530A(c)(1)  
10 for such taxable year, and

11                   “(B) the amount determined under this  
12 subsection for the preceding taxable year, re-  
13 duced by the sum of—

14                           “(i) the distributions out of the ac-  
15 count for the taxable year, and

16                           “(ii) the amount (if any) by which the  
17 maximum amount allowable as a contribu-  
18 tion under section 530A(c)(1) for the tax-  
19 able year exceeds the amount contributed  
20 to the accounts for the taxable year.

21           “(2) SPECIAL RULE.—A contribution shall not  
22 be taken into account under paragraph (1) if such  
23 contribution (together with the amount of net in-  
24 come attributable to such contribution) is distributed  
25 to the account holder on or before the due date of

1 the account holder's return of tax for such taxable  
2 year.”.

3 (d) TAX ON PROHIBITED TRANSACTIONS.—Section  
4 4975(e)(1) of the Internal Revenue Code of 1986 is  
5 amended by striking “or” at the end of subparagraph (F),  
6 by striking the period at the end of subparagraph (G) and  
7 inserting “, or”, and by adding at the end the following  
8 new subparagraph:

9 “(H) a Universal Savings Account (as de-  
10 fined in section 530A).”.

11 (e) FAILURE TO PROVIDE REPORTS ON UNIVERSAL  
12 SAVINGS ACCOUNTS.—Paragraph (2) of section 6693(a)  
13 of the Internal Revenue Code of 1986 is amended by strik-  
14 ing “and” at the end of subparagraph (E), by striking  
15 the period at the end of subparagraph (F) and inserting  
16 “, and”, and by adding at the end the following new sub-  
17 paragraph:

18 “(G) section 530A(g) (relating to Uni-  
19 versal Savings Accounts).”.

20 (f) CONFORMING AMENDMENT.—The table of parts  
21 for subchapter F of chapter 1 of the Internal Revenue  
22 Code of 1986 is amended by adding at the end the fol-  
23 lowing new item:

“PART IX. UNIVERSAL SAVINGS ACCOUNTS”.

1           (g) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2024.

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