

Click on PDF or Excel link above for additional tables containing more detail and breakdowns by filing status and demographic groups.

**Table T17-0200**  
**Guaranteed Retirement Account with \$207 Credit (Present-Value Approach)**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile, 2018 <sup>1</sup>**  
**Summary Table**

Expanded Cash Income Percentile <sup>2,3</sup>	Tax Units with Tax Increase or Cut <sup>4</sup>				Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut		With Tax Increase					Change (%) Points)	Under the Proposal
	Pct of Tax Units	Avg Tax Cut	Pct of Tax Units	Avg Tax Increase					
<b>Lowest Quintile</b>	55.7	-170	1.4	270	0.6	369.6	-90	-0.6	3.5
<b>Second Quintile</b>	59.5	-270	8.9	310	0.4	444.5	-140	-0.4	8.3
<b>Middle Quintile</b>	53.7	-380	20.5	470	0.2	315.7	-110	-0.2	13.7
<b>Fourth Quintile</b>	50.1	-510	29.9	810	0.0	39.6	-20	0.0	17.3
<b>Top Quintile</b>	40.1	-860	47.9	1,810	-0.2	-1,077.4	520	0.2	25.6
<b>All</b>	53.0	-360	17.8	1,040	0.0	100.0	-10	0.0	19.8
<b>Addendum</b>									
<b>80-90</b>	43.7	-700	42.9	1,210	-0.2	-224.9	210	0.1	20.3
<b>90-95</b>	36.1	-880	53.1	1,800	-0.3	-324.6	630	0.2	22.2
<b>95-99</b>	35.9	-1,200	53.8	2,660	-0.3	-395.9	1,000	0.2	25.5
<b>Top 1 Percent</b>	38.3	-1,440	51.1	3,740	-0.1	-132.0	1,360	0.1	32.6
<b>Top 0.1 Percent</b>	48.6	-1,450	39.5	3,550	0.0	-6.8	690	0.0	33.4

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0217-1).

Number of AMT Taxpayers (millions). Baseline: 5.2

Proposal: 5.4

\* Non-zero value rounded to zero; \*\* Insufficient data

(1) Calendar year. Baseline is current law. The proposal would repeal Retirement Savings Contributions Credit, exclusion from income tax of elective contributions to employees' defined contribution plans, and income tax deduction based on contributions to self-employed defined contribution plans and Individual Retirement Accounts (IRAs). The proposal would mandate contributions to a Guaranteed Retirement Account (GRA) for any employee or self-employed without a defined benefit pension plan. The mandate would require earners to contribute 1.5% of their combined earnings and self-employment income up to \$3,750. In addition, their employers must contribute 1.5% of employees' earnings up to \$3,750 when earnings are at least \$20,000; otherwise, the required employer contribution would be the smaller between 2% of earnings and \$300. Individuals with self-employment income must make contributions on their own behalf in lieu of employers under the same rule. All GRA employer contributions would be exempt from income and payroll tax. Participants would be eligible for a refundable tax credit which is the smaller between the credit limit and their GRA employee contributions. The GRA employee contributions not qualified for the tax credit would be deductible for income tax purpose. The proposal would allow individuals and their employers to contribute more than the GRA contribution limits, but the combined GRA and non-GRA contributions must not exceed relevant (defined contributions pension or IRA) contribution limits. GRA employer contributions for employees would be exempt from income and payroll tax, but only exempt from only income tax for self-employed. Investment returns from all GRA contributions and non-GRA employer contributions would be exempt from income tax but withdrawals of principals and accumulated earnings would be taxable. In contrast, non-GRA elective contributions would be taxable and treated as tax-deferred contributions, i.e. investment returns accumulated tax-free but taxable upon withdrawals while withdrawals of principals would be tax exempt. Retirement savings made prior to the proposal's effective date would be governed by the current law. The proposal would be effective for new contributions beginning on 1/1/2018. The credit amount under this proposal would be \$207. The tax parameters stated above are in 2016 dollars and would be indexed by CPI-U.

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see

<http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The breaks are (in 2017 dollars): 20% \$25,000; 40% \$48,600; 60% \$86,100; 80% \$149,400; 90% \$216,800; 95% \$307,900; 99% \$732,800; 99.9% \$3,439,900.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(5) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

**Table T17-0200**  
**Guaranteed Retirement Account with \$207 Credit (Present-Value Approach)**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile, 2018 <sup>1</sup>**  
**Detail Table**

Expanded Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
<b>Lowest Quintile</b>	55.7	1.4	0.6	369.6	-90	-14.9	-0.1	0.8	-0.6	3.5
<b>Second Quintile</b>	59.5	8.9	0.4	444.5	-140	-4.3	-0.2	3.7	-0.4	8.3
<b>Middle Quintile</b>	53.7	20.5	0.2	315.7	-110	-1.2	-0.1	9.8	-0.2	13.7
<b>Fourth Quintile</b>	50.1	29.9	0.0	39.6	-20	-0.1	0.0	18.1	0.0	17.3
<b>Top Quintile</b>	40.1	47.9	-0.2	-1,077.4	520	0.6	0.4	67.6	0.2	25.6
<b>All</b>	53.0	17.8	0.0	100.0	-10	0.0	0.0	100.0	0.0	19.8
<b>Addendum</b>										
<b>80-90</b>	43.7	42.9	-0.2	-224.9	210	0.6	0.1	14.4	0.1	20.3
<b>90-95</b>	36.1	53.1	-0.3	-324.6	630	1.1	0.1	10.8	0.2	22.2
<b>95-99</b>	35.9	53.8	-0.3	-395.9	1,000	0.9	0.2	16.3	0.2	25.5
<b>Top 1 Percent</b>	38.3	51.1	-0.1	-132.0	1,360	0.2	0.1	26.1	0.1	32.6
<b>Top 0.1 Percent</b>	48.6	39.5	0.0	-6.8	690	0.0	0.0	12.8	0.0	33.4

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Percentile, 2018 <sup>1</sup>**

Expanded Cash Income Percentile <sup>2,3</sup>	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
<b>Lowest Quintile</b>	48,780	27.7	14,600	4.4	600	0.9	14,000	5.3	4.1
<b>Second Quintile</b>	38,760	22.0	36,370	8.7	3,150	3.8	33,220	9.9	8.7
<b>Middle Quintile</b>	34,290	19.5	66,960	14.2	9,260	9.9	57,710	15.2	13.8
<b>Fourth Quintile</b>	28,870	16.4	115,950	20.7	20,100	18.1	95,850	21.3	17.3
<b>Top Quintile</b>	24,300	13.8	347,920	52.2	88,650	67.1	259,280	48.5	25.5
<b>All</b>	176,100	100.0	91,930	100.0	18,220	100.0	73,710	100.0	19.8
<b>Addendum</b>									
<b>80-90</b>	12,490	7.1	182,130	14.1	36,700	14.3	145,430	14.0	20.2
<b>90-95</b>	6,020	3.4	259,830	9.7	57,050	10.7	202,790	9.4	22.0
<b>95-99</b>	4,650	2.6	440,180	12.7	111,070	16.1	329,110	11.8	25.2
<b>Top 1 Percent</b>	1,140	0.7	2,250,600	15.9	732,340	26.1	1,518,250	13.4	32.5
<b>Top 0.1 Percent</b>	120	0.1	10,609,590	7.6	3,542,520	12.8	7,067,070	6.3	33.4

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0217-1).

Number of AMT Taxpayers (millions). Baseline: 5.2 Proposal: 5.4

\* Non-zero value rounded to zero; \*\* Insufficient data

(1) Calendar year. Baseline is current law. The proposal would repeal Retirement Savings Contributions Credit, exclusion from income tax of elective contributions to employees' defined contribution plans, and income tax deduction based on contributions to self-employed defined contribution plans and Individual Retirement Accounts (IRAs). The proposal would mandate contributions to a Guaranteed Retirement Account (GRA) for any employee or self-employed without a defined benefit pension plan. The mandate would require earners to contribute 1.5% of their combined earnings and self-employment income up to \$3,750. In addition, their employers must contribute 1.5% of employees' earnings up to \$3,750 when earnings are at least \$20,000; otherwise, the required employer contribution would be the smaller between 2% of earnings and \$300. Individuals with self-employment income must make contributions on their own behalf in lieu of employers under the same rule. All GRA employer contributions would be exempt from income and payroll tax. Participants would be eligible for a refundable tax credit which is the smaller between the credit limit and their GRA employee contributions. The GRA employee contributions not qualified for the tax credit would be deductible for income tax purpose. The proposal would allow individuals and their employers to contribute more than the GRA contribution limits, but the combined GRA and non-GRA contributions must not exceed relevant (defined contributions pension or IRA) contribution limits. GRA employer contributions for employees would be exempt from income and payroll tax, but only exempt from only income tax for self-employed. Investment returns from all GRA contributions and non-GRA employer contributions would be exempt from income tax but withdrawals of principals and accumulated earnings would be taxable. In contrast, non-GRA elective contributions would be taxable and treated as tax-deferred contributions, i.e. investment returns accumulated tax-free but taxable upon withdrawals while withdrawals of principals would be tax exempt. Retirement savings made prior to the proposal's effective date would be governed by the current law. The proposal would be effective for new contributions beginning on 1/1/2018. The credit amount under this proposal would be \$207. The tax parameters stated above are in 2016 dollars and would be indexed by CPI-U. <http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The breaks are (in 2017 dollars): 20% \$25,000; 40% \$48,600; 60% \$86,100; 80% \$149,400; 90% \$216,800; 95% \$307,900; 99% \$732,800; 99.9% \$3,439,900.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(5) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

**Table T17-0200**  
**Guaranteed Retirement Account with \$207 Credit (Present-Value Approach)**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2018 <sup>1</sup>**  
**Detail Table**

Expanded Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	63.9	0.4	0.8	347.2	-100	-91.5	-0.1	0.0	-0.8	0.1
Second Quintile	55.7	6.4	0.4	412.3	-130	-5.7	-0.2	2.5	-0.4	6.8
Middle Quintile	54.8	16.9	0.3	387.2	-130	-1.8	-0.1	7.9	-0.2	12.4
Fourth Quintile	48.5	28.2	0.1	135.4	-50	-0.3	0.0	17.1	-0.1	16.7
Top Quintile	39.1	44.2	-0.2	-1,190.1	450	0.6	0.5	72.3	0.2	25.3
All	53.0	17.8	0.0	100.0	-10	0.0	0.0	100.0	0.0	19.8
<b>Addendum</b>										
80-90	41.6	40.5	-0.2	-284.1	210	0.7	0.1	15.5	0.1	20.1
90-95	37.2	46.2	-0.3	-313.5	470	1.0	0.1	12.0	0.2	22.2
95-99	35.1	50.5	-0.3	-450.2	880	1.0	0.2	17.6	0.2	25.0
Top 1 Percent	38.1	47.8	-0.1	-142.3	1,210	0.2	0.1	27.2	0.1	32.3
Top 0.1 Percent	48.3	36.5	0.0	-6.9	590	0.0	0.0	13.4	0.0	33.4

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Percentile Adjusted for Family Size, 2018 <sup>1</sup>**

Expanded Cash Income Percentile <sup>2,3</sup>	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	39,180	22.3	13,630	3.3	110	0.1	13,520	4.1	0.8	
Second Quintile	37,020	21.0	32,000	7.3	2,310	2.7	29,690	8.5	7.2	
Middle Quintile	35,060	19.9	58,430	12.7	7,360	8.0	51,070	13.8	12.6	
Fourth Quintile	32,600	18.5	100,930	20.3	16,900	17.2	84,030	21.1	16.7	
Top Quintile	31,130	17.7	294,310	56.6	74,020	71.8	220,290	52.8	25.2	
All	176,100	100.0	91,930	100.0	18,220	100.0	73,710	100.0	19.8	
<b>Addendum</b>										
80-90	15,920	9.0	155,450	15.3	31,010	15.4	124,450	15.3	20.0	
90-95	7,840	4.5	221,670	10.7	48,770	11.9	172,900	10.4	22.0	
95-99	5,990	3.4	376,890	13.9	93,400	17.4	283,500	13.1	24.8	
Top 1 Percent	1,390	0.8	1,940,660	16.6	626,270	27.1	1,314,380	14.1	32.3	
Top 0.1 Percent	140	0.1	9,276,300	7.9	3,100,270	13.4	6,176,030	6.6	33.4	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0217-1).

Number of AMT Taxpayers (millions). Baseline: 5.2

Proposal: 5.4

\* Non-zero value rounded to zero; \*\* Insufficient data

(1) Calendar year. Baseline is current law. The proposal would repeal Retirement Savings Contributions Credit, exclusion from income tax of elective contributions to employees' defined contribution plans, and income tax deduction based on contributions to self-employed defined contribution plans and Individual Retirement Accounts (IRAs). The proposal would mandate contributions to a Guaranteed Retirement Account (GRA) for any employee or self-employed without a defined benefit pension plan. The mandate would require earners to contribute 1.5% of their combined earnings and self-employment income up to \$3,750. In addition, their employers must contribute 1.5% of employees' earnings up to \$3,750 when earnings are at least \$20,000; otherwise, the required employer contribution would be the smaller between 2% of earnings and \$300. Individuals with self-employment income must make contributions on their own behalf in lieu of employers under the same rule. All GRA employer contributions would be exempt from income and payroll tax. Participants would be eligible for a refundable tax credit which is the smaller between the credit limit and their GRA employee contributions. The GRA employee contributions not qualified for the tax credit would be deductible for income tax purpose. The proposal would allow individuals and their employers to contribute more than the GRA contribution limits, but the combined GRA and non-GRA contributions must not exceed relevant (defined contributions pension or IRA) contribution limits. GRA employer contributions for employees would be exempt from income and payroll tax, but only exempt from only income tax for self-employed. Investment returns from all GRA contributions and non-GRA employer contributions would be exempt from income tax but withdrawals of principals and accumulated earnings would be taxable. In contrast, non-GRA elective contributions would be taxable and treated as tax-deferred contributions, i.e. investment returns accumulated tax-free but taxable upon withdrawals while withdrawals of principals would be tax exempt. Retirement savings made prior to the proposal's effective date would be governed by the current law. The proposal would be effective for new contributions beginning on 1/1/2018. The credit amount under this proposal would be \$207. The tax parameters stated above are in 2016 dollars and would be indexed by CPI-U. <http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2017 dollars): 20% \$17,500; 40% \$32,200; 60% \$55,400; 80% \$91,100; 90% \$130,800; 95% \$183,600; 99% \$422,500; 99.9% \$1,969,200.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(5) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

**Table T17-0200**  
**Guaranteed Retirement Account with \$207 Credit (Present-Value Approach)**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2018 <sup>1</sup>**  
**Detail Table - Single Tax Units**

Expanded Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	54.4	0.5	0.7	63.6	-70	-11.5	-0.3	2.0	-0.7	5.3
Second Quintile	42.9	6.3	0.4	61.1	-80	-4.0	-0.2	5.9	-0.3	8.0
Middle Quintile	49.6	14.8	0.3	62.0	-110	-1.8	-0.2	13.7	-0.2	13.3
Fourth Quintile	41.7	27.7	0.0	7.5	-20	-0.1	0.1	21.8	0.0	17.9
Top Quintile	36.1	36.6	-0.2	-95.2	310	0.7	0.6	56.5	0.2	25.1
All	46.7	12.5	0.1	100.0	-30	-0.4	0.0	100.0	-0.1	17.8
<b>Addendum</b>										
80-90	37.4	35.1	-0.2	-31.0	180	0.8	0.2	16.4	0.2	21.1
90-95	34.7	37.8	-0.3	-29.5	380	1.1	0.2	11.0	0.2	22.8
95-99	33.8	40.3	-0.3	-28.1	570	0.9	0.2	12.7	0.2	25.0
Top 1 Percent	34.9	32.9	-0.1	-6.7	710	0.2	0.1	16.4	0.1	34.0
Top 0.1 Percent	42.4	24.3	0.0	-0.4	390	0.0	0.0	8.1	0.0	35.8

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Percentile Adjusted for Family Size, 2018 <sup>1</sup>**

Expanded Cash Income Percentile <sup>2,3</sup>	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Lowest Quintile	26,620	29.6	10,700	6.6	640	2.2	10,060	7.6	6.0
Second Quintile	22,430	24.9	25,270	13.1	2,100	6.1	23,170	14.7	8.3
Middle Quintile	17,990	20.0	44,230	18.4	5,970	13.9	38,270	19.4	13.5
Fourth Quintile	12,850	14.3	72,790	21.7	13,050	21.7	59,730	21.7	17.9
Top Quintile	9,550	10.6	181,610	40.1	45,290	55.9	136,320	36.7	24.9
All	90,040	100.0	47,960	100.0	8,590	100.0	39,370	100.0	17.9
<b>Addendum</b>									
80-90	5,380	6.0	111,500	13.9	23,360	16.3	88,140	13.4	21.0
90-95	2,360	2.6	157,050	8.6	35,410	10.8	121,640	8.1	22.5
95-99	1,520	1.7	258,310	9.1	63,950	12.5	194,360	8.3	24.8
Top 1 Percent	290	0.3	1,292,820	8.6	439,310	16.3	853,510	6.9	34.0
Top 0.1 Percent	30	0.0	5,871,560	4.0	2,099,220	8.0	3,772,340	3.1	35.8

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0217-1).

\* Non-zero value rounded to zero; \*\* Insufficient data

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<http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2017 dollars): 20% \$17,500; 40% \$32,200; 60% \$55,400; 80% \$91,100; 90% \$130,800; 95% \$183,600; 99% \$422,500; 99.9% \$1,969,200.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(5) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

**Table T17-0200**  
**Guaranteed Retirement Account with \$207 Credit (Present-Value Approach)**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2018 <sup>1</sup>**  
**Detail Table - Married Tax Units Filing Jointly**

Expanded Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	69.6	0.0	0.7	-15.3	-150	87.8	0.0	-0.1	-0.7	-1.6
Second Quintile	67.0	4.4	0.5	-28.3	-200	-6.5	-0.1	0.9	-0.4	6.4
Middle Quintile	59.9	16.2	0.3	-40.7	-170	-1.9	-0.1	4.6	-0.2	11.5
Fourth Quintile	54.2	26.9	0.1	-30.1	-90	-0.5	-0.1	14.7	-0.1	16.0
Top Quintile	40.2	48.2	-0.2	215.4	530	0.6	0.3	79.7	0.2	25.3
All	53.3	26.9	-0.1	100.0	80	0.2	0.0	100.0	0.1	21.5
<b>Addendum</b>										
80-90	43.5	43.6	-0.2	45.4	230	0.7	0.1	15.4	0.1	19.6
90-95	38.4	50.4	-0.3	52.7	510	0.9	0.1	12.8	0.2	22.0
95-99	35.4	54.7	-0.3	88.0	1,010	1.0	0.2	20.4	0.2	25.0
Top 1 Percent	38.4	52.8	-0.1	29.3	1,380	0.2	0.0	31.2	0.1	32.1
Top 0.1 Percent	49.0	41.7	0.0	1.4	690	0.0	0.0	14.7	0.0	33.2

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Percentile Adjusted for Family Size, 2018 <sup>1</sup>**

Expanded Cash Income Percentile <sup>2,3</sup>	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	4,940	8.3	20,510	1.0	-170	0.0	20,680	1.3	-0.8	
Second Quintile	6,900	11.6	45,500	3.1	3,100	1.0	42,390	3.7	6.8	
Middle Quintile	11,360	19.0	77,740	8.7	9,130	4.7	68,610	9.7	11.7	
Fourth Quintile	16,300	27.3	123,430	19.7	19,810	14.8	103,620	21.1	16.1	
Top Quintile	19,780	33.2	349,730	67.8	87,880	79.4	261,850	64.7	25.1	
All	59,680	100.0	170,910	100.0	36,680	100.0	134,240	100.0	21.5	
<b>Addendum</b>										
80-90	9,500	15.9	181,610	16.9	35,360	15.4	146,250	17.3	19.5	
90-95	5,020	8.4	254,180	12.5	55,440	12.7	198,740	12.5	21.8	
95-99	4,230	7.1	422,820	17.5	104,620	20.2	318,200	16.8	24.7	
Top 1 Percent	1,040	1.7	2,054,280	20.9	657,750	31.2	1,396,520	18.1	32.0	
Top 0.1 Percent	100	0.2	9,902,920	9.5	3,285,580	14.7	6,617,340	8.1	33.2	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0217-1).

\* Non-zero value rounded to zero; \*\* Insufficient data

(1) Calendar year. Baseline is current law. The proposal would repeal Retirement Savings Contributions Credit, exclusion from income tax of elective contributions to employees' defined contribution plans, and income tax deduction based on contributions to self-employed defined contribution plans and Individual Retirement Accounts (IRAs). The proposal would mandate contributions to a Guaranteed Retirement Account (GRA) for any employee or self-employed without a defined benefit pension plan. The mandate would require earners to contribute 1.5% of their combined earnings and self-employment income up to \$3,750. In addition, their employers must contribute 1.5% of employees' earnings up to \$3,750 when earnings are at least \$20,000; otherwise, the required employer contribution would be the smaller between 2% of earnings and \$300. Individuals with self-employment income must make contributions on their own behalf in lieu of employers under the same rule. All GRA employer contributions would be exempt from income and payroll tax. Participants would be eligible for a refundable tax credit which is the smaller between the credit limit and their GRA employee contributions. The GRA employee contributions not qualified for the tax credit would be deductible for income tax purpose. The proposal would allow individuals and their employers to contribute more than the GRA contribution limits, but the combined GRA and non-GRA contributions must not exceed relevant (defined contributions pension or IRA) contribution limits. GRA employer contributions for employees would be exempt from income and payroll tax, but only exempt from only income tax for self-employed. Investment returns from all GRA contributions and non-GRA employer contributions would be exempt from income tax but withdrawals of principals and accumulated earnings would be taxable. In contrast, non-GRA elective contributions would be taxable and treated as tax-deferred contributions, i.e. investment returns accumulated tax-free but taxable upon withdrawals while withdrawals of principals would be tax exempt. Retirement savings made prior to the proposal's effective date would be governed by the current law. The proposal would be effective for new contributions beginning on 1/1/2018. The credit amount under this proposal would be \$207. The tax parameters stated above are in 2016 dollars and would be indexed by CPI-U.

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see

<http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2017 dollars): 20% \$17,500; 40% \$32,200; 60% \$55,400; 80% \$91,100; 90% \$130,800; 95% \$183,600; 99% \$422,500; 99.9% \$1,969,200.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(5) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

**Table T17-0200**  
**Guaranteed Retirement Account with \$207 Credit (Present-Value Approach)**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2018 <sup>1</sup>**  
**Detail Table - Head of Household Tax Units**

Expanded Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	93.7	0.2	0.9	48.5	-180	10.8	-0.9	-8.1	-0.9	-9.6
Second Quintile	84.0	8.0	0.6	54.0	-210	-10.2	-0.7	7.7	-0.5	4.6
Middle Quintile	60.0	26.1	0.2	19.1	-110	-1.3	0.1	23.5	-0.2	12.1
Fourth Quintile	44.8	38.7	-0.1	-6.1	60	0.3	0.6	29.1	0.1	17.2
Top Quintile	41.2	43.8	-0.2	-15.7	340	0.5	1.0	47.7	0.1	25.3
All	75.0	14.9	0.2	100.0	-120	-1.6	0.0	100.0	-0.2	12.4
<b>Addendum</b>										
80-90	43.5	43.3	-0.2	-6.3	230	0.7	0.3	14.6	0.2	21.2
90-95	33.8	48.0	-0.4	-6.8	570	1.2	0.3	9.3	0.3	22.6
95-99	44.9	36.2	-0.1	-1.6	320	0.4	0.1	7.4	0.1	25.7
Top 1 Percent	45.8	42.9	-0.1	-1.0	960	0.1	0.3	16.5	0.0	32.8
Top 0.1 Percent	52.7	30.0	0.0	-0.1	520	0.0	0.2	11.2	0.0	33.7

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Percentile Adjusted for Family Size, 2018 <sup>1</sup>**

Expanded Cash Income Percentile <sup>2,3</sup>	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	7,240	31.1	19,740	10.5	-1,710	-7.2	21,450	13.0	-8.6	
Second Quintile	7,100	30.5	40,380	21.0	2,050	8.5	38,330	22.8	5.1	
Middle Quintile	4,900	21.1	67,110	24.1	8,230	23.4	58,870	24.2	12.3	
Fourth Quintile	2,730	11.8	104,730	21.0	18,000	28.5	86,730	19.9	17.2	
Top Quintile	1,250	5.4	255,750	23.5	64,260	46.7	191,500	20.1	25.1	
All	23,270	100.0	58,680	100.0	7,410	100.0	51,270	100.0	12.6	
<b>Addendum</b>										
80-90	760	3.3	154,240	8.6	32,430	14.3	121,810	7.8	21.0	
90-95	330	1.4	212,090	5.1	47,350	9.0	164,740	4.5	22.3	
95-99	140	0.6	354,670	3.6	90,960	7.2	263,710	3.0	25.7	
Top 1 Percent	30	0.1	2,924,730	6.3	957,490	16.2	1,967,250	4.8	32.7	
Top 0.1 Percent	*	0.0	16,886,040	4.1	5,683,620	11.0	11,202,420	3.1	33.7	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0217-1).

\* Non-zero value rounded to zero; \*\* Insufficient data

(1) Calendar year. Baseline is current law. The proposal would repeal Retirement Savings Contributions Credit, exclusion from income tax of elective contributions to employees' defined contribution plans, and income tax deduction based on contributions to self-employed defined contribution plans and Individual Retirement Accounts (IRAs). The proposal would mandate contributions to a Guaranteed Retirement Account (GRA) for any employee or self-employed without a defined benefit pension plan. The mandate would require earners to contribute 1.5% of their combined earnings and self-employment income up to \$3,750. In addition, their employers must contribute 1.5% of employees' earnings up to \$3,750 when earnings are at least \$20,000; otherwise, the required employer contribution would be the smaller between 2% of earnings and \$300. Individuals with self-employment income must make contributions on their own behalf in lieu of employers under the same rule. All GRA employer contributions would be exempt from income and payroll tax. Participants would be eligible for a refundable tax credit which is the smaller between the credit limit and their GRA employee contributions. The GRA employee contributions not qualified for the tax credit would be deductible for income tax purpose. The proposal would allow individuals and their employers to contribute more than the GRA contribution limits, but the combined GRA and non-GRA contributions must not exceed relevant (defined contributions pension or IRA) contribution limits. GRA employer contributions for employees would be exempt from income and payroll tax, but only exempt from only income tax for self-employed. Investment returns from all GRA contributions and non-GRA employer contributions would be exempt from income tax but withdrawals of principals and accumulated earnings would be taxable. In contrast, non-GRA elective contributions would be taxable and treated as tax-deferred contributions, i.e. investment returns accumulated tax-free but taxable upon withdrawals while withdrawals of principals would be tax exempt. Retirement savings made prior to the proposal's effective date would be governed by the current law. The proposal would be effective for new contributions beginning on 1/1/2018. The credit amount under this proposal would be \$207. The tax parameters stated above are in 2016 dollars and would be indexed by CPI-U.

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see

<http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2017 dollars): 20% \$17,500; 40% \$32,200; 60% \$55,400; 80% \$91,100; 90% \$130,800; 95% \$183,600; 99% \$422,500; 99.9% \$1,969,200.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(5) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

**Table T17-0200**  
**Guaranteed Retirement Account with \$207 Credit (Present-Value Approach)**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2018 <sup>1</sup>**  
**Detail Table - Tax Units with Children**

Expanded Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	93.6	0.1	0.9	1,463.7	-190	11.6	-0.2	-1.6	-0.9	-8.9
Second Quintile	86.1	7.3	0.6	1,847.0	-240	-9.9	-0.2	1.9	-0.5	5.0
Middle Quintile	66.3	24.5	0.3	1,341.5	-190	-1.8	-0.2	8.1	-0.2	12.7
Fourth Quintile	55.2	36.8	0.0	301.7	-40	-0.2	0.0	17.6	0.0	17.3
Top Quintile	38.0	56.6	-0.3	-4,881.5	770	0.7	0.5	73.9	0.2	26.3
All	69.2	23.5	0.0	100.0	*	0.0	0.0	100.0	0.0	20.0
<b>Addendum</b>										
80-90	41.8	52.4	-0.2	-1,261.9	400	0.9	0.1	15.0	0.2	20.7
90-95	35.3	59.9	-0.4	-1,281.3	800	1.2	0.1	11.8	0.3	23.0
95-99	32.1	62.5	-0.4	-1,780.7	1,420	1.1	0.2	18.1	0.3	26.4
Top 1 Percent	35.9	59.1	-0.1	-557.7	1,740	0.2	0.1	29.0	0.1	32.8
Top 0.1 Percent	45.9	47.5	0.0	-31.7	980	0.0	0.0	13.7	0.0	33.1

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Percentile Adjusted for Family Size, 2018 <sup>1</sup>**

Expanded Cash Income Percentile <sup>2,3</sup>	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Lowest Quintile	11,400	21.3	20,690	3.5	-1,650	-1.4	22,330	4.7	-8.0
Second Quintile	11,420	21.4	44,460	7.5	2,440	2.1	42,020	8.9	5.5
Middle Quintile	10,780	20.2	80,050	12.8	10,370	8.3	69,680	13.9	13.0
Fourth Quintile	10,130	19.0	135,440	20.3	23,520	17.6	111,920	21.0	17.4
Top Quintile	9,470	17.7	400,530	56.2	104,700	73.3	295,830	51.9	26.1
All	53,430	100.0	126,320	100.0	25,300	100.0	101,020	100.0	20.0
<b>Addendum</b>									
80-90	4,750	8.9	205,550	14.5	42,180	14.8	163,380	14.4	20.5
90-95	2,380	4.5	291,900	10.3	66,450	11.7	225,440	9.9	22.8
95-99	1,860	3.5	497,660	13.7	130,160	17.9	367,500	12.7	26.2
Top 1 Percent	480	0.9	2,510,160	17.7	820,500	28.9	1,689,660	14.9	32.7
Top 0.1 Percent	50	0.1	11,647,050	8.3	3,849,390	13.7	7,797,660	7.0	33.1

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0217-1).

\* Non-zero value rounded to zero; \*\* Insufficient data

Note: Tax units with children are those claiming an exemption for children at home or away from home or with children qualifying for the Child Tax Credit or EITC.

(1) Calendar year. Baseline is current law. The proposal would repeal Retirement Savings Contributions Credit, exclusion from income tax of elective contributions to employees' defined contribution plans, and income tax deduction based on contributions to self-employed defined contribution plans and Individual Retirement Accounts (IRAs). The proposal would mandate contributions to a Guaranteed Retirement Account (GRA) for any employee or self-employed without a defined benefit pension plan. The mandate would require earners to contribute 1.5% of their combined earnings and self-employment income up to \$3,750. In addition, their employers must contribute 1.5% of employees' earnings up to \$3,750 when earnings are at least \$20,000; otherwise, the required employer contribution would be the smaller between 2% of earnings and \$300. Individuals with self-employment income must make contributions on their own behalf in lieu of employers under the same rule. All GRA employer contributions would be exempt from income and payroll tax. Participants would be eligible for a refundable tax credit which is the smaller between the credit limit and their GRA employee contributions. The GRA employee contributions not qualified for the tax credit would be deductible for income tax purpose. The proposal would allow individuals and their employers to contribute more than the GRA contribution limits, but the combined GRA and non-GRA contributions must not exceed relevant (defined contributions pension or IRA) contribution limits. GRA employer contributions for employees would be exempt from income and payroll tax, but only exempt from only income tax for self-employed. Investment returns from all GRA contributions and non-GRA employer contributions would be exempt from income tax but withdrawals of principals and accumulated earnings would be taxable. In contrast, non-GRA elective contributions would be taxable and treated as tax-deferred contributions, i.e. investment returns accumulated tax-free but taxable upon withdrawals while withdrawals of principals would be tax exempt. Retirement savings made prior to the proposal's effective date would be governed by the current law. The proposal would be effective for new contributions beginning on 1/1/2018. The credit amount under this proposal would be \$207. The tax parameters stated above are in 2016 dollars and would be indexed by CPI-U.

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see

<http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2017 dollars): 20% \$17,500; 40% \$32,200; 60% \$55,400; 80% \$91,100; 90% \$130,800; 95% \$183,600; 99% \$422,500; 99.9% \$1,969,200.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(5) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

**Table T17-0200**  
**Guaranteed Retirement Account with \$207 Credit (Present-Value Approach)**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2018 <sup>1</sup>**  
**Detail Table - Elderly Tax Units**

Expanded Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	9.7	*	0.1	12.2	-10	-6.4	0.0	0.3	-0.1	1.5
Second Quintile	12.5	0.2	0.1	27.0	-20	-2.8	0.0	1.3	-0.1	2.3
Middle Quintile	25.0	1.7	0.1	48.2	-40	-1.4	-0.1	4.9	-0.1	5.7
Fourth Quintile	32.5	6.9	0.1	50.3	-50	-0.5	-0.1	13.6	-0.1	11.5
Top Quintile	36.6	19.9	0.0	-40.7	50	0.1	0.2	79.6	0.0	24.2
All	21.9	4.6	0.0	100.0	-20	-0.1	0.0	100.0	0.0	16.6
<b>Addendum</b>										
80-90	36.2	15.9	0.0	13.2	-30	-0.1	0.0	13.5	0.0	16.6
90-95	34.7	19.0	0.0	-7.6	40	0.1	0.0	10.6	0.0	19.4
95-99	38.4	27.7	-0.1	-28.8	180	0.2	0.1	17.9	0.1	23.3
Top 1 Percent	42.6	32.0	0.0	-17.4	400	0.1	0.1	37.6	0.0	32.4
Top 0.1 Percent	54.2	24.0	0.0	-0.4	80	0.0	0.0	20.5	0.0	33.5

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Percentile Adjusted for Family Size, 2018 <sup>1</sup>**

Expanded Cash Income Percentile <sup>2,3</sup>	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	7,760	17.7	12,910	2.9	200	0.3	12,710	3.4	1.6	
Second Quintile	12,000	27.3	27,010	9.3	650	1.4	26,360	10.8	2.4	
Middle Quintile	9,540	21.7	51,560	14.1	2,990	4.9	48,570	15.9	5.8	
Fourth Quintile	7,630	17.4	90,370	19.7	10,400	13.7	79,970	20.9	11.5	
Top Quintile	6,630	15.1	287,440	54.5	69,560	79.4	217,870	49.5	24.2	
All	43,950	100.0	79,580	100.0	13,200	100.0	66,370	100.0	16.6	
<b>Addendum</b>										
80-90	3,360	7.6	140,140	13.5	23,320	13.5	116,820	13.5	16.6	
90-95	1,600	3.6	198,250	9.1	38,400	10.6	159,850	8.8	19.4	
95-99	1,320	3.0	338,490	12.7	78,640	17.8	259,850	11.7	23.2	
Top 1 Percent	360	0.8	1,893,990	19.2	613,960	37.5	1,280,030	15.6	32.4	
Top 0.1 Percent	40	0.1	8,634,630	10.1	2,894,380	20.4	5,740,240	8.1	33.5	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0217-1).

\* Non-zero value rounded to zero; \*\* Insufficient data

Note: Elderly tax units are those with either head or spouse (if filing jointly) age 65 or older.

(1) Calendar year. Baseline is current law. The proposal would repeal Retirement Savings Contributions Credit, exclusion from income tax of elective contributions to employees' defined contribution plans, and income tax deduction based on contributions to self-employed defined contribution plans and Individual Retirement Accounts (IRAs). The proposal would mandate contributions to a Guaranteed Retirement Account (GRA) for any employee or self-employed without a defined benefit pension plan. The mandate would require earners to contribute 1.5% of their combined earnings and self-employment income up to \$3,750. In addition, their employers must contribute 1.5% of employees' earnings up to \$3,750 when earnings are at least \$20,000; otherwise, the required employer contribution would be the smaller between 2% of earnings and \$300. Individuals with self-employment income must make contributions on their own behalf in lieu of employers under the same rule. All GRA employer contributions would be exempt from income and payroll tax. Participants would be eligible for a refundable tax credit which is the smaller between the credit limit and their GRA employee contributions. The GRA employee contributions not qualified for the tax credit would be deductible for income tax purpose. The proposal would allow individuals and their employers to contribute more than the GRA contribution limits, but the combined GRA and non-GRA contributions must not exceed relevant (defined contributions pension or IRA) contribution limits. GRA employer contributions for employees would be exempt from income and payroll tax, but only exempt from only income tax for self-employed. Investment returns from all GRA contributions and non-GRA employer contributions would be exempt from income tax but withdrawals of principals and accumulated earnings would be taxable. In contrast, non-GRA elective contributions would be taxable and treated as tax-deferred contributions, i.e. investment returns accumulated tax-free but taxable upon withdrawals while withdrawals of principals would be tax exempt. Retirement savings made prior to the proposal's effective date would be governed by the current law. The proposal would be effective for new contributions beginning on 1/1/2018. The credit amount under this proposal would be \$207. The tax parameters stated above are in 2016 dollars and would be indexed by CPI-U.

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see

<http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2017 dollars): 20% \$17,500; 40% \$32,200; 60% \$55,400; 80% \$91,100; 90% \$130,800; 95% \$183,600; 99% \$422,500; 99.9% \$1,969,200.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(5) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.