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(Original Signature of Member)

118TH CONGRESS
2D SESSION

H. R. _____

To direct the Commissioner of Social Security to establish American Dream Accounts for every child born in the United States, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. PHILLIPS introduced the following bill; which was referred to the Committee on _____

A BILL

To direct the Commissioner of Social Security to establish American Dream Accounts for every child born in the United States, 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “American Dream Ac-
5 counts Act of 2024”.

6 **SEC. 2. ESTABLISHMENT OF AMERICAN DREAM ACCOUNTS.**

7 (a) AMERICAN DREAM ACCOUNT.—

1 (1) IN GENERAL.—The Commissioner shall es-
2 tablish and manage an American Dream Account (in
3 this Act, referred to as an “Account”) for each cov-
4 ered individual.

5 (2) INITIAL AMOUNT.—Upon the establishment
6 of an Account, the Commissioner shall transfer
7 \$5,000 into such Account, to be invested in accord-
8 ance with section 3.

9 (3) VESTING.—A contribution to an Account
10 vests when a contribution is made, and the balance
11 of an Account is nonforfeitable except as described
12 in section 4(b)(5).

13 (4) DISTRIBUTIONS.—The Commissioner may
14 only distribute the balance of an Account upon re-
15 ceiving a request in accordance with section 4.

16 (b) PEACE CORPS AND AMERICORPS BONUS.—If a
17 covered individual serves, for at least 12 months, as a
18 Peace Corps volunteer or volunteer leader (as referred to
19 in the Peace Corps Act (22 U.S.C. 2501 et seq.)) or in
20 an approved national service position (as defined in section
21 101 of the National and Community Service Act of 1990
22 (42 U.S.C. 12511)), prior to the date that such individual
23 turns 26 years of age and prior to requesting a disburse-
24 ment under section 4, then the Commissioner shall trans-
25 fer \$10,000 to the Account of such covered individual.

1 (c) EXEMPT FROM BENEFIT AND ENTITLEMENT DE-
2 TERMINATIONS.—Notwithstanding any other provision of
3 law, the balance of an Account shall not be taken into
4 account in determining the need or eligibility of a covered
5 individual or the family of the covered individual under
6 any Federal, State, or local program financed in whole or
7 in part with Federal funds.

8 **SEC. 3. INVESTMENT GUIDELINES.**

9 The Commissioner shall invest the funds of each Ac-
10 count established under this Act, and any interest or pro-
11 ceeds earned on such funds, in a commonly recognized
12 index comprised of common stock, the aggregate market
13 value of which is a reasonably complete representation of
14 the United States equity markets.

15 **SEC. 4. DISBURSEMENT.**

16 (a) IN GENERAL.—The Commissioner shall, upon re-
17 ceiving a request pursuant to subsection (b)(1)(A), make
18 a disbursement in accordance with the election made
19 under subsection (b)(1)(B) to a covered individual or an
20 eligible beneficiary in the form of—

- 21 (1) a one-time disbursement;
- 22 (2) monthly checks over a 12-month period;
- 23 (3) a rollover contribution directly to a Roth
24 IRA (as defined in section 408A of the Internal Rev-
25 enue Code of 1986); or

1 (4) any combination of the disbursements de-
2 scribed in paragraphs (1) through (3) as the Sec-
3 retary may prescribe by regulation.

4 (b) DISBURSEMENT AND REQUEST REQUIRE-
5 MENTS.—

6 (1) IN GENERAL.—

7 (A) REQUEST INFORMATION.—To receive a
8 disbursement from the Account of a covered in-
9 dividual, such individual, or an eligible bene-
10 ficiary, shall submit a request at such time, in
11 such manner, and containing such information
12 as the Commissioner may require.

13 (B) DISBURSEMENT FORM.—As part of
14 the request made under subparagraph (A), a
15 covered individual or eligible beneficiary shall
16 elect the form in which the disbursement should
17 be made.

18 (2) COVERED INDIVIDUAL REQUEST ELIGI-
19 BILITY.—To be eligible to receive a disbursement
20 under this Act, a covered individual shall be older
21 than 17 years of age and younger than 26 years of
22 age, and—

23 (A) earn a regular high school diploma (as
24 defined in section 8101(43)(A) of the Elemen-

1 tary and Secondary Education Act of 1965 (20
2 U.S.C. 7801(43)(A));

3 (B) earn a recognized equivalent of a di-
4 ploma, such as a general equivalency diploma or
5 a home school diploma; or

6 (C) obtain a waiver of disability from the
7 Social Security Administration.

8 (3) REQUIREMENTS FOR CERTAIN DISBURSE-
9 MENTS.—A covered individual, or an eligible bene-
10 ficiary, shall—

11 (A) in order to receive a one-time disburse-
12 ment, establish a bank account prior to submit-
13 ting a request for a disbursement; or

14 (B) in order to have the Commissioner
15 transfer any amount in a rollover contribution
16 directly to a Roth IRA (as defined in section
17 408A of the Internal Revenue Code of 1986),
18 establish a Roth IRA (as so defined) prior to
19 submitting a request for a disbursement.

20 (4) DISBURSEMENT AFTER DEATH OF A COV-
21 ERED INDIVIDUAL.—In the case of a covered indi-
22 vidual who dies prior to submitting a request for a
23 disbursement, an eligible beneficiary who is the ap-
24 propriate individual in accordance with the laws of
25 the domicile of the covered individual at the date of

1 death of the individual shall submit a request under
2 paragraph (1) not later than 1 year after the date
3 of the death of such individual.

4 (5) FAILURE TO SUBMIT A REQUEST.—If a re-
5 quest for disbursement is not submitted to the Com-
6 missioner to receive a disbursement prior to the date
7 that the individual turns 26 years of age, or within
8 the necessary time period described in paragraph
9 (4), then the Commissioner shall transfer the bal-
10 ance of such Account to the general fund of the
11 Treasury.

12 (c) EXEMPT FROM BENEFIT AND ENTITLEMENT DE-
13 TERMINATIONS.—Notwithstanding any other provision of
14 law, an amount received as a disbursement from an Ac-
15 count under this Act shall not be taken into account, for
16 the year in which the disbursement is received, in deter-
17 mining the need or eligibility of an individual under any
18 Federal, State, or local program financed in whole or in
19 part with Federal funds.

20 (d) ATTACHMENT.—The right of any person to any
21 payment from an Account under this Act shall not be
22 transferable or assignable, at law or in equity, and none
23 of the moneys paid or payable, or rights existing under
24 this Act, shall be subject to execution, levy, attachment,

1 garnishment, or other legal process, or to the operation
2 of any bankruptcy or insolvency law.

3 **SEC. 5. OFFICE OF THE AMERICAN DREAM.**

4 (a) ESTABLISHMENT.—

5 (1) IN GENERAL.—Not later than 180 days
6 after the date of enactment of this Act, the Commis-
7 sioner shall establish an office, to be known as the
8 “Office of the American Dream” (referred to in this
9 section as the “Office”),

10 (2) DIRECTOR.—The Commissioner shall ap-
11 point a director of the Office who has substantial ex-
12 perience, training, and expertise in the management
13 of financial investments and pension benefit plans.

14 (b) DUTIES.—The Office shall—

15 (1) develop expertise in the management of fi-
16 nancial investments and pension benefit plans;

17 (2) establish policies to guide the Commis-
18 sioner’s investment and management of the Ac-
19 counts, pursuant to the guidelines described in sec-
20 tion 3;

21 (3) conduct periodic reviews of the Accounts, in
22 collaboration with the Office of Analytics, Review,
23 and Oversight, including the performance of invest-
24 ments made for the Accounts;

1 (4) regularly provide information to covered in-
2 dividuals about the status of the Accounts of such
3 individuals; and

4 (5) carry out the duties of the Office solely in
5 the interest of covered individuals.

6 **SEC. 6. TAX TREATMENT.**

7 (a) IN GENERAL.—An Account is exempt from tax-
8 ation under subtitle A of the Internal Revenue Code of
9 1986 and contributions to, and distributions from, an Ac-
10 count shall not be includible in the gross income of the
11 beneficiary of such Account.

12 (b) ROLLOVERS TO ROTH IRAS.—

13 (1) Section 408A(e)(1) of the Internal Revenue
14 Code of 1986 is amended—

15 (A) by striking “and” at the end of sub-
16 paragraph (B)(ii), by striking the period at the
17 end of subparagraph (C) and inserting “, and”,
18 and by inserting after subparagraph (C) the fol-
19 lowing new subparagraph:

20 “(D) from an American Dream Account to
21 the extent provided in section 4 of the Amer-
22 ican Dream Accounts Act of 2024.”; and

23 (B) in the last sentence—

1 (i) by inserting “or American Dream
2 Account” after “qualified tuition pro-
3 gram”, and

4 (ii) by inserting “or (D), respec-
5 tively,” after “subparagraph (C)”.

6 **SEC. 7. ESTABLISHMENT OF WEBSITE AND MOBILE APPLI-
7 CATION.**

8 Not later than 1 year after the date of enactment
9 of this Act, the Commissioner, in consultation with the
10 Secretary of Education, shall develop a publicly accessible
11 website and mobile application for covered individuals to
12 access information about the Accounts of such individuals.

13 **SEC. 8. FINANCIAL MANAGEMENT AND PERSONAL FINANCE
14 BEST PRACTICES AND GRANTS.**

15 (a) IN GENERAL.—Not later than 1 year after the
16 date of enactment of this Act, the Secretary of Education
17 shall disseminate best practices for teaching financial
18 management described in subsection (b) to public elemen-
19 tary schools and public secondary schools.

20 (b) BEST PRACTICES.—The best practices described
21 in this paragraph—

22 (1) shall include information relating to the
23 tracking, management, and usage of the Accounts;
24 and

25 (2) may include—

1 (A) methods to create a budget, track ex-
2 penses, and save for short-term and long-term
3 financial objectives;

4 (B) effective ways to save and invest
5 money, including by introducing students to dif-
6 ferent financial securities;

7 (C) information on the fundamentals of
8 credit, including a description and effects of
9 credit scores, and the importance of responsible
10 credit card usage;

11 (D) critical thinking skills to evaluate fi-
12 nancial products, make informed decisions, and
13 avoid financial scams;

14 (E) methods to ensure that each student
15 has a clear understanding of postsecondary edu-
16 cation financing options, including student loan
17 borrowing, in preparation for enrollment at an
18 institution of higher education; and

19 (F) entrepreneurship training and the fun-
20 damentals of starting a small business.

21 (c) GRANTS.—

22 (1) GRANT AUTHORIZED.—Not later than 1
23 year after the date of enactment of this Act, the
24 Secretary shall establish a grant program to award
25 grants, on a competitive basis, to State educational

1 agencies to promote new and existing strategies to
2 expand, develop, implement, evaluate, and dissemi-
3 nate professional development programs in financial
4 literacy for the voluntary use of innovative ap-
5 proaches to teaching financial literacy to elementary
6 and secondary school students.

7 (2) APPLICATION.—To be eligible to receive a
8 grant under this section, a State educational agency
9 shall submit to the Secretary of Education an appli-
10 cation at such time, in such manner, and containing
11 such information as the Secretary may require.

12 (3) SUBGRANTS.—A State educational agency
13 receiving a grant under this Act shall use any re-
14 maining funds to provide grants to local educational
15 agencies in the State for such local education agen-
16 cies to provide professional development to teachers.

17 (4) ADDITIONAL USES OF FUNDS.—Each State
18 educational agency may use not more than 10 per-
19 cent of a grant received under this Act—

20 (A) for the development of financial lit-
21 eracy and personal finance curricula; or

22 (B) to conduct an evaluation of the impact
23 of financial literacy or personal finance edu-
24 cation on students' understanding of financial
25 literacy concepts.

1 (d) ESEA DEFINITIONS.—In this section, the terms
2 “elementary school”, “local educational agency”, “sec-
3 ondary school”, and “State educational agency” have the
4 meanings given the terms in section 8101 of the Elemen-
5 tary and Secondary Education Act of 1965 (20 U.S.C.
6 7801).

7 **SEC. 9. DEFINITIONS.**

8 In this Act:

9 (a) COMMISSIONER.—The term “Commissioner”
10 means the Commissioner of Social Security.

11 (b) COVERED INDIVIDUAL.—The term “covered indi-
12 vidual” means an individual who, after the date of enact-
13 ment of this Act—

14 (1) has been issued a social security account
15 number; and

16 (2)(A) is born a citizen of the United States; or

17 (B) becomes a naturalized citizen of the United
18 States prior to turning 18 years of age.

19 (c) ELIGIBLE BENEFICIARY.—The term “eligible
20 beneficiary” means a person who is—

21 (1) entitled to receive funds on behalf of a cov-
22 ered individual under the laws of the domicile of the
23 covered individual; and

24 (2) not the individual for whom the Account
25 was established.

1 **SEC. 10. APPROPRIATIONS.**

2 Out of any money in the Treasury of the United
3 States not otherwise appropriated, there are appropriated
4 such sums as are necessary to carry out this Act.