

116TH CONGRESS
1ST SESSION

S. 1431

To amend the Internal Revenue Code of 1986 to reform retirement provisions,
and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 13, 2019

Mr. PORTMAN (for himself and Mr. CARDIN) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to reform
retirement provisions, 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, ETC.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Retirement Security and Savings Act of 2019”.

6 (b) **AMENDMENT OF 1986 CODE.**—Except as other-
7 wise expressly provided, whenever in this Act an amend-
8 ment or repeal is expressed in terms of an amendment
9 to, or repeal of, a section or other provision, the reference

1 shall be considered to be made to a section or other provi-
 2 sion of the Internal Revenue Code of 1986.

3 (c) TABLE OF CONTENTS.—The table of contents for
 4 this Act is as follows:

Sec. 1. Short title, etc.

TITLE I—EXPANDING COVERAGE AND INCREASING RETIREMENT SAVINGS

- Sec. 101. Secure deferral arrangements.
- Sec. 102. Facilitating automatic enrollment.
- Sec. 103. Credit for employers with respect to modified safe harbor requirements.
- Sec. 104. Expansion of saver's credit.
- Sec. 105. Qualified cash or deferred arrangements must allow long-term employees working more than 500 but less than 1,000 hours per year to participate.
- Sec. 106. Separate application of top heavy rules to defined contribution plans covering part-time employees.
- Sec. 107. 60-day rollover to inherited individual retirement plan of nonspouse beneficiary.
- Sec. 108. Increase in age for required beginning date for mandatory distributions.
- Sec. 109. Updating of mortality tables for minimum required distributions.
- Sec. 110. Increase in credit limitation for small employer pension plan startup costs of certain employers.
- Sec. 111. Credit for re-enrollment.
- Sec. 112. Treatment of student loan payments as elective deferrals for purposes of matching contributions.
- Sec. 113. Treatment of qualified retirement planning services.
- Sec. 114. Allow additional nonelective contributions to simple plans.
- Sec. 115. Reform of the minimum participation rule.
- Sec. 116. Expansion of Employee Plans Compliance Resolution System.
- Sec. 117. Enhancement of 403(b) plans.
- Sec. 118. Eligibility for participation in retirement plans.
- Sec. 119. Small immediate financial incentives for contributing to a plan.
- Sec. 120. Indexing IRA catch-up limit.
- Sec. 121. Higher catch-up limit to apply at age 60.

TITLE II—PRESERVATION OF INCOME

- Sec. 201. Qualifying longevity annuity contracts.
- Sec. 202. Remove required minimum distribution barriers for life annuities.
- Sec. 203. Eliminating a penalty on partial annuitization.
- Sec. 204. Insurance-dedicated exchange-traded funds.

TITLE III—SIMPLIFICATION AND CLARIFICATION OF RETIREMENT PLAN RULES

- Sec. 301. Review and report to the Congress relating to reporting and disclosure requirements.
- Sec. 302. Consolidation of defined contribution plan notices.

- Sec. 303. Performance benchmarks for asset allocation funds.
- Sec. 304. Permit nonspousal beneficiaries to roll assets to plans.
- Sec. 305. Deferral agreements.
- Sec. 306. Simplifying 402(f) notices.
- Sec. 307. Treatment of custodial accounts on termination of section 403(b) plans.
- Sec. 308. Permit plans to use base pay or rate of pay calculation.
- Sec. 309. Roth SIMPLE IRAs.
- Sec. 310. Reduction in excise tax on certain accumulations in qualified retirement plans.
- Sec. 311. Clarification of catch-up contributions with respect to separate lines of business.
- Sec. 312. Clarification of substantially equal periodic payment rule.
- Sec. 313. Clarification of treatment of distributions of annuity contracts.
- Sec. 314. Clarification regarding elective deferrals.
- Sec. 315. Tax treatment of certain nontrade or business SEP contributions.
- Sec. 316. Allow certain plan transfers and mergers.
- Sec. 317. Exception from required distributions where aggregate retirement savings do not exceed \$100,000.
- Sec. 318. Hardship rules for 403(b) plans.
- Sec. 319. IRA preservation.
- Sec. 320. Elimination of additional tax on certain distributions.
- Sec. 321. Distributions to firefighters.
- Sec. 322. Eliminating unnecessary plan requirements related to unenrolled participants.

TITLE IV—DEFINED BENEFIT PLAN REFORMS

- Sec. 401. Cash balance.
- Sec. 402. Aligning use of lookback months to determine interest rates.
- Sec. 403. Corrections of mortality tables.
- Sec. 404. Cease double-indexing the variable rate premium.
- Sec. 405. Enhancing retiree health benefits in pension plans.

TITLE V—REFORMING PLAN RULES TO HARMONIZE WITH IRA RULES

- Sec. 501. Roth plan distribution rules.
- Sec. 502. Distributions for charitable purposes.
- Sec. 503. Surviving spouse election to be treated as employee.
- Sec. 504. Rollovers from Roth IRAs to plans.

TITLE VI—ADMINISTRATIVE PROVISIONS

- Sec. 601. Provisions relating to plan amendments.

1 **TITLE I—EXPANDING COVERAGE**
2 **AND INCREASING RETIRE-**
3 **MENT SAVINGS**

4 **SEC. 101. SECURE DEFERRAL ARRANGEMENTS.**

5 (a) IN GENERAL.—Subsection (k) of section 401, as
6 amended by Public Law 115–123, is further amended by
7 adding at the end the following new paragraph:

8 “(15) ALTERNATIVE METHOD FOR SECURE DE-
9 FERRAL ARRANGEMENTS TO MEET NONDISCRIMINA-
10 TION REQUIREMENTS.—

11 “(A) IN GENERAL.—A secure deferral ar-
12 rangement shall be treated as meeting the re-
13 quirements of paragraph (3)(A)(ii).

14 “(B) SECURE DEFERRAL ARRANGE-
15 MENT.—For purposes of this paragraph, the
16 term ‘secure deferral arrangement’ means any
17 cash or deferred arrangement which meets the
18 requirements of subparagraphs (C), (D), and
19 (E) of paragraph (13), except as modified by
20 this paragraph.

21 “(C) QUALIFIED PERCENTAGE.—For pur-
22 poses of this paragraph, with respect to any
23 employee, the term ‘qualified percentage’
24 means, in lieu of the meaning given such term
25 in paragraph (13)(C)(iii), any percentage deter-

1 mined under the arrangement if such percent-
2 age is applied uniformly and is—

3 “(i) at least 6 percent, but not greater
4 than 10 percent, during the period ending
5 on the last day of the first plan year which
6 begins after the date on which the first
7 elective contribution described in para-
8 graph (13)(C)(i) is made with respect to
9 such employee,

10 “(ii) at least 7 percent during the
11 first plan year following the plan year de-
12 scribed in clause (i),

13 “(iii) at least 8 percent during the
14 second plan year following the plan year
15 described in clause (i),

16 “(iv) at least 9 percent during the
17 third plan year following the plan year de-
18 scribed in clause (i), and

19 “(v) at least 10 percent during any
20 subsequent plan year.

21 “(D) MATCHING CONTRIBUTIONS.—

22 “(i) IN GENERAL.—For purposes of
23 this paragraph, an arrangement shall be
24 treated as having met the requirements of
25 paragraph (13)(D)(i) if and only if the em-

1 ployer makes matching contributions on
2 behalf of each employee who is not a highly
3 compensated employee in an amount equal
4 to the sum of—

5 “(I) 100 percent of the elective
6 contributions of the employee to the
7 extent such contributions do not ex-
8 ceed 2 percent of compensation,

9 “(II) 50 percent of so much of
10 such contributions as exceed 2 percent
11 but do not exceed 6 percent of com-
12 pensation, plus

13 “(III) 20 percent of so much of
14 such contributions as exceed 6 percent
15 but do not exceed 10 percent of com-
16 pensation.

17 “(ii) APPLICATION OF RULES FOR
18 MATCHING CONTRIBUTIONS.—The rules of
19 clause (ii) of paragraph (12)(B) and
20 clauses (iii) and (iv) of paragraph (13)(D)
21 shall apply for purposes of clause (i), but
22 the rule of clause (iii) of paragraph
23 (12)(B) shall not apply for such purposes.
24 The rate of matching contribution for each
25 incremental deferral must be at least as

1 high as the rate specified in clause (i), and
 2 may be higher, so long as such rate does
 3 not increase as an employee's rate of elec-
 4 tive contributions increases.”.

5 (b) MATCHING CONTRIBUTIONS AND EMPLOYEE
 6 CONTRIBUTIONS.—Subsection (m) of section 401 is
 7 amended by redesignating paragraph (13) as paragraph
 8 (14) and by inserting after paragraph (12) the following
 9 new paragraph:

10 “(13) ALTERNATIVE METHOD FOR SECURE DE-
 11 FERRAL ARRANGEMENTS.—A defined contribution
 12 plan shall be treated as meeting the requirements of
 13 paragraph (2) with respect to matching contribu-
 14 tions and employee contributions if the plan—

15 “(A) is a secure deferral arrangement (as
 16 defined in subsection (k)(15)),

17 “(B) meets the requirements of clauses (ii)
 18 and (iii) of paragraph (11)(B), and

19 “(C) provides that matching contributions
 20 on behalf of any employee may not be made
 21 with respect to an employee's contributions or
 22 elective deferrals in excess of 10 percent of the
 23 employee's compensation.”.

24 (c) CONFORMING AMENDMENTS.—Subparagraph
 25 (H) of section 416(g)(4) is amended—

1 (1) in clause (i), by striking “section
2 401(k)(12) or 401(k)(13)” and inserting “paragraph
3 (12), (13), or (15) of section 401(k)”, and

4 (2) in clause (ii), by striking “section
5 401(m)(11) or 401(m)(12)” and inserting “para-
6 graph (11), (12), or (13) of section 401(m)”.

7 (d) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to plan years beginning after De-
9 cember 31, 2019.

10 **SEC. 102. FACILITATING AUTOMATIC ENROLLMENT.**

11 The Secretary of the Treasury (or the Secretary’s
12 delegate) shall promulgate regulations or other guidance
13 which—

14 (1) simplifies and clarifies the rules regarding
15 the timing of participant notices required under the
16 Internal Revenue Code of 1986 with respect to an
17 eligible automatic enrollment contribution arrange-
18 ment (within the meaning of section 414(w)(3) of
19 the Internal Revenue Code of 1986) or required
20 under section 336(e)(3) of the Consolidated Appro-
21 priations Act, 2016 with respect to an automatic
22 contribution arrangement (within the meaning of
23 section 336(e)(2) of such Act), with specific applica-
24 tion to—

1 (A) plans which allow employees to be eli-
2 gible for participation immediately upon begin-
3 ning employment; and

4 (B) employers with multiple payroll and
5 administrative systems; and

6 (2) simplifies and clarifies the application of
7 automatic escalation features under arrangements
8 described in paragraph (1) in the context of employ-
9 ers with multiple payroll and administrative systems.

10 Such regulations or guidance shall address the particular
11 case of employees within the same plan who are subject
12 to different notice timing and different percentage require-
13 ments, and provide assistance for plan sponsors in man-
14 aging such cases.

15 **SEC. 103. CREDIT FOR EMPLOYERS WITH RESPECT TO**
16 **MODIFIED SAFE HARBOR REQUIREMENTS.**

17 (a) IN GENERAL.—Subpart D of part IV of sub-
18 chapter A of chapter 1 is amended by adding at the end
19 the following new section:

20 **“SEC. 45T. CREDIT FOR SMALL EMPLOYERS WITH RESPECT**
21 **TO MODIFIED SAFE HARBOR REQUIREMENTS**
22 **FOR AUTOMATIC CONTRIBUTION ARRANGE-**
23 **MENTS.**

24 “(a) GENERAL RULE.—For purposes of section 38,
25 in the case of a small employer, the safe harbor adoption

1 credit determined under this section for any taxable year
2 is the amount equal to the total of the employer's match-
3 ing contributions under section 401(k)(15)(D) during the
4 taxable year on behalf of employees who are not highly
5 compensated employees.

6 “(b) LIMITATIONS.—

7 “(1) LIMITATION WITH RESPECT TO COM-
8 PENSATION.—The credit determined under sub-
9 section (a) with respect to contributions made on be-
10 half of any employee shall not exceed 2 percent of
11 the compensation of such employee for the taxable
12 year.

13 “(2) LIMITATION WITH RESPECT TO YEARS OF
14 PARTICIPATION.—Credit shall be determined under
15 subsection (a) with respect to contributions made on
16 behalf of any employee only during the first 5 years
17 such employee participates in the qualified automatic
18 contribution arrangement.

19 “(c) DEFINITIONS.—

20 “(1) IN GENERAL.—Any term used in this sec-
21 tion which is also used in section 401(k)(15) shall
22 have the same meaning as when used in such sec-
23 tion.

1 “(2) SMALL EMPLOYER.—The term ‘small em-
2 ployer’ means an eligible employer (as defined in
3 section 408(p)(2)(C)(i)).

4 “(d) DENIAL OF DOUBLE BENEFIT.—No deduction
5 shall be allowable under this title for any contribution with
6 respect to which a credit is allowed under this section.”.

7 (b) CREDIT TO BE PART OF GENERAL BUSINESS
8 CREDIT.—Subsection (b) of section 38 is amended by
9 striking “plus” at the end of paragraph (31), by striking
10 the period at the end of paragraph (32) and inserting “,
11 plus”, and by adding at the end the following new para-
12 graph:

13 “(33) the safe harbor adoption credit deter-
14 mined under section 45T.”.

15 (c) CONFORMING AMENDMENT.—Paragraph (2) of
16 section 3511(d) is amended—

17 (1) by redesignating subparagraphs (F), (G),
18 and (H) as subparagraphs (G), (H), and (I), respec-
19 tively, and

20 (2) by inserting after subparagraph (E) the fol-
21 lowing new subparagraph:

22 “(F) section 45T (safe harbor adoption
23 credit),”.

24 (d) CLERICAL AMENDMENT.—The table of sections
25 for subpart D of part IV of subchapter A of chapter 1

1 is amended by adding after the item relating to section
 2 45S the following new item:

“Sec. 45T. Credit for small employers with respect to modified safe harbor re-
 quirements for automatic contribution arrangements.”.

3 (e) **EFFECTIVE DATE.**—The amendments made by
 4 this section shall apply to taxable years which include any
 5 portion of a plan year beginning after December 31, 2019.

6 **SEC. 104. EXPANSION OF SAVER’S CREDIT.**

7 (a) **EXPANSION.**—Paragraph (1) of section 25B(b) is
 8 amended by striking “\$32,500” both places it appears in
 9 subparagraphs (B) and (C) of paragraph (1) and inserting
 10 “\$40,000”.

11 (b) **TESTING PERIOD.**—Subparagraph (B) of section
 12 25B(d)(2) is amended to read as follows:

13 “(B) **TESTING PERIOD.**—For purposes of
 14 subparagraph (A), the testing period, with re-
 15 spect to a taxable year, is the period which in-
 16 cludes—

17 “(i) such taxable year, and

18 “(ii) the 3 preceding taxable years.”.

19 (c) **TREATMENT AS REFUNDABLE.**—

20 (1) **CREDIT MOVED TO SUBPART RELATING TO**
 21 **REFUNDABLE CREDITS.**—

22 (A) **IN GENERAL.**—The Internal Revenue
 23 Code of 1986 is amended—

1 (i) by redesignating section 25B, as
2 amended by this Act, as section 36C; and

3 (ii) by moving such section, as so re-
4 designated, from subpart A of part IV of
5 subchapter A of chapter 1 to the location
6 immediately before section 37 in subpart C
7 of part IV of subchapter A of chapter 1.

8 (B) TECHNICAL AMENDMENTS.—

9 (i) The table of sections for subpart A
10 of part IV of subchapter A of chapter 1 is
11 amended by striking the item relating to
12 section 25B.

13 (ii) The table of sections for subpart
14 C of part IV of subchapter A of chapter 1
15 is amended by inserting after the item re-
16 lating to section 36B the following new
17 item:

“Sec. 36C. Elective deferrals and IRA contributions by certain individuals.”.

18 (2) MANDATORY DEPOSIT INTO QUALIFIED AC-
19 COUNT.—

20 (A) NO REDUCTION OF TAX.—Subsection
21 (a) of section 36C, as moved and redesignated
22 by paragraph (1), is amended by striking
23 “against the tax imposed by this subtitle”.

24 (B) DEPOSIT INTO QUALIFIED AC-
25 COUNT.—Section 36C, as so moved and redesi-

1 nated, is amended by adding at the end the fol-
2 lowing new subsection:

3 “(g) DEPOSIT INTO QUALIFIED ACCOUNT.—

4 “(1) IN GENERAL.—Any amount allowed as a
5 credit under subsection (a) shall not be allowed as
6 a credit against any tax imposed by this subtitle but
7 instead shall be treated as an overpayment under
8 section 6401(b) and—

9 “(A) shall be paid on behalf of the indi-
10 vidual taxpayer to a Roth IRA or a designated
11 Roth account (within the meaning of section
12 402A) under an applicable retirement plan des-
13 ignated by the individual to be invested in a
14 manner designated by the individual, except
15 that in the case of a joint return each spouse
16 shall be entitled to designate an applicable re-
17 tirement plan and investments with respect to
18 payments attributable to such spouse, or

19 “(B) in the case of a taxpayer who does
20 not properly designate an applicable retirement
21 plan in a timely manner or who designates an
22 applicable retirement plan which does not ac-
23 cept such amount in a timely manner, shall be
24 paid or credited on behalf of the individual tax-
25 payer in a manner determined under rules pre-

1 scribed by the Secretary which provides treat-
2 ment comparable to the treatment under sub-
3 paragraph (A) and which—

4 “(i) is designed to maintain fees and
5 other charges at an appropriately low level
6 taking into account the size of the account
7 balance, and

8 “(ii) utilizes, to the extent appro-
9 priate, private sector services.

10 “(2) APPLICABLE RETIREMENT PLAN.—For
11 purposes of this subsection, the term ‘applicable re-
12 tirement plan’ means a plan which elects to accept
13 deposits under this subsection and which is de-
14 scribed in clause (iii), (iv), (v), or (vi) of section
15 402(c)(8)(B) or in section 408A(b).

16 “(3) TREATMENT OF PAYMENTS.—In the case
17 of any payment under this subsection—

18 “(A) except as otherwise provided in this
19 section or by the Secretary under regulations,
20 such payment shall be treated in the same man-
21 ner as a payment made by the individual on
22 whose behalf such payment was made,

23 “(B) such payment shall not be treated as
24 income to the taxpayer, and

1 “(C) such payment shall not be taken into
2 account with respect to any applicable limita-
3 tion under section 402(g)(1), 403(b), 408(a)(1),
4 408(b)(2)(B), 408A(c)(2), 414(v)(2), 415(c), or
5 457(b)(2).

6 “(4) TREATMENT OF QUALIFIED PLANS, ETC.—
7 A plan or arrangement to which a payment is made
8 under this subsection shall not be treated as vio-
9 lating any requirement under section 401, 403, 408,
10 or 457 solely by reason of accepting such payment.

11 “(5) ERRONEOUS CREDITS.—If any payment is
12 erroneously paid under this subsection, the amount
13 of such erroneous payment shall be treated as an
14 underpayment of tax.”.

15 (d) REGULATION AND PROMOTION.—The Secretary
16 of the Treasury (or the Secretary’s delegate) shall take
17 such steps as the Secretary (or delegate) determines are
18 necessary and appropriate to increase public awareness of
19 the credit provided under section 36C of the Internal Rev-
20 enue Code of 1986 (as amended and redesignated by this
21 section).

22 (e) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years beginning after
24 December 31, 2019.

1 **SEC. 105. QUALIFIED CASH OR DEFERRED ARRANGEMENTS**
2 **MUST ALLOW LONG-TERM EMPLOYEES**
3 **WORKING MORE THAN 500 BUT LESS THAN**
4 **1,000 HOURS PER YEAR TO PARTICIPATE.**

5 (a) PARTICIPATION REQUIREMENT.—

6 (1) IN GENERAL.—Subparagraph (D) of section
7 401(k)(2) is amended to read as follows:

8 “(D) which does not require, as a condi-
9 tion of participation in the arrangement, that
10 an employee complete a period of service with
11 the employer (or employers) maintaining the
12 plan extending beyond the close of the earlier
13 of—

14 “(i) the period permitted under sec-
15 tion 410(a)(1) (determined without regard
16 to subparagraph (B)(i) thereof), or

17 “(ii) subject to the provisions of para-
18 graph (16), the first period of 2 consecu-
19 tive 12-month periods during each of which
20 the employee has at least 500 hours of
21 service.”.

22 (2) SPECIAL RULES.—Section 401(k), as
23 amended by this Act, is further amended by adding
24 at the end the following new paragraph:

1 “(16) SPECIAL RULES FOR PARTICIPATION RE-
2 QUIREMENT FOR LONG-TERM, PART-TIME WORK-
3 ERS.—For purposes of paragraph (2)(D)(ii)—

4 “(A) AGE REQUIREMENT MUST BE MET.—

5 Paragraph (2)(D)(ii) shall not apply to an em-
6 ployee unless the employee has met the require-
7 ment of section 410(a)(1)(A)(i) by the close of
8 the last of the 12-month periods described in
9 such paragraph.

10 “(B) NONDISCRIMINATION AND TOP-
11 HEAVY RULES NOT TO APPLY.—

12 “(i) NONDISCRIMINATION RULES.—In
13 the case of employees who are eligible to
14 participate in the arrangement solely by
15 reason of paragraph (2)(D)(ii)—

16 “(I) notwithstanding subsection
17 (a)(4), an employer shall not be re-
18 quired to make nonelective or match-
19 ing contributions on behalf of such
20 employees even if such contributions
21 are made on behalf of other employees
22 eligible to participate in the arrange-
23 ment, and

24 “(II) an employer may elect to
25 exclude such employees from the ap-

1 plication of paragraphs (3), (11),
2 (12), (13), and (15), subsection
3 (a)(4), paragraphs (2), (10), (11),
4 (12), and (13) of subsection (m), and
5 section 410(b).

6 “(ii) TOP-HEAVY RULES.—An em-
7 ployer may elect to exclude all employees
8 who are eligible to participate in a plan
9 maintained by the employer solely by rea-
10 son of paragraph (2)(D)(ii) from the appli-
11 cation of the vesting and benefit require-
12 ments under subsections (b) and (c) of sec-
13 tion 416.

14 “(iii) VESTING.—For purposes of de-
15 termining whether an employee described
16 in clause (i) has a nonforfeitable right to
17 employer contributions (other than con-
18 tributions described in paragraph
19 (3)(D)(i)) under the arrangement, each
20 12-month period for which the employee
21 has at least 500 hours of service shall be
22 treated as a year of service.

23 “(iv) EMPLOYEES WHO BECOME
24 FULL-TIME EMPLOYEES.—This subpara-
25 graph shall cease to apply to any employee

1 as of the first plan year beginning after
2 the plan year in which the employee meets
3 the requirements of section
4 410(a)(1)(A)(ii) without regard to para-
5 graph (2)(D)(ii) of this subsection.

6 “(C) EXCEPTION FOR EMPLOYEES UNDER
7 COLLECTIVELY BARGAINED PLANS, ETC.—Para-
8 graph (2)(D)(ii) shall not apply to employees
9 described in section 410(b)(3).

10 “(D) SPECIAL RULES.—

11 “(i) TIME OF PARTICIPATION.—The
12 rules of section 410(a)(4) shall apply to an
13 employee eligible to participate in an ar-
14 rangement solely by reason of paragraph
15 (2)(D)(ii).

16 “(ii) 12-MONTH PERIODS.—12-month
17 periods shall be determined in the same
18 manner as under the last sentence of sec-
19 tion 410(a)(3)(A).”.

20 (3) CONFORMING AMENDMENT.—Paragraph (1)
21 of section 413(c) is amended by striking “Section
22 410(a)” and inserting “Sections 401(k)(2)(D)(ii)
23 and 410(a)”.

24 (b) EFFECTIVE DATE.—The amendments made by
25 this section shall apply to plan years beginning after De-

1 cember 31, 2019, except that, for purposes of section
2 401(k)(2)(D)(ii) of the Internal Revenue Code of 1986 (as
3 added by such amendments), 12-month periods beginning
4 before January 1, 2020, shall not be taken into account.

5 **SEC. 106. SEPARATE APPLICATION OF TOP HEAVY RULES**
6 **TO DEFINED CONTRIBUTION PLANS COV-**
7 **ERING PART-TIME EMPLOYEES.**

8 (a) IN GENERAL.—Paragraph (2) of section 416(c)
9 is amended by adding at the end the following:

10 “(C) SEPARATE APPLICATION TO EMPLOY-
11 EES NOT MEETING AGE AND SERVICE REQUIRE-
12 MENTS.—If employees not meeting the age or
13 service requirements of section 410(a)(1) (with-
14 out regard to subparagraph (B) thereof) are
15 covered under a plan of the employer which
16 meets the requirements of paragraphs (A) and
17 (B) separately with respect to such employees,
18 such employees may be excluded from consider-
19 ation in determining whether any plan of the
20 employer meets the requirements of subpara-
21 graphs (A) and (B).”.

22 (b) EFFECTIVE DATE.—The amendment made by
23 subsection (a) shall apply to plan years beginning after
24 the date of the enactment of this Act.

1 **SEC. 107. 60-DAY ROLLOVER TO INHERITED INDIVIDUAL**
 2 **RETIREMENT PLAN OF NONSPOUSE BENE-**
 3 **FICIARY.**

4 (a) IN GENERAL.—Section 402(c)(11) is amended by
 5 redesignating subparagraph (B) as subparagraph (C) and
 6 by striking subparagraph (A) and inserting the following:

7 “(A) IN GENERAL.—If—

8 “(i) any portion of a distribution at-
 9 tributable to an employee is paid after the
 10 death of the employee to an individual who
 11 is a designated beneficiary (as defined by
 12 section 401(a)(9)(E)) of the employee and
 13 who is not the surviving spouse of the em-
 14 ployee, and

15 “(ii) such portion is transferred or
 16 paid to an individual retirement plan in a
 17 transfer or payment meeting the require-
 18 ments of subparagraph (B),

19 the preceding provisions of this subsection shall
 20 apply to such distribution in the same manner
 21 as if the designated beneficiary were the em-
 22 ployee.

23 “(B) REQUIREMENTS FOR TRANSFER OF
 24 DISTRIBUTION.—The requirements of this sub-
 25 paragraph are met with respect to the portion
 26 of any distribution if—

1 “(i) such portion is transferred or
2 paid to an individual retirement plan de-
3 scribed in clause (i) or (ii) of paragraph
4 (8)(B) established for the purposes of re-
5 ceiving the distribution on behalf of the
6 designated beneficiary,

7 “(ii) such individual retirement plan is
8 established as an inherited individual re-
9 tirement account or individual retirement
10 annuity (within the meaning of section
11 408(d)(3)(C)), whichever is applicable, and

12 “(iii) notice is provided to the trustee,
13 insurance company, or other provider of
14 the individual retirement plan that such in-
15 dividual retirement plan is being estab-
16 lished as an inherited individual retirement
17 account or individual retirement annuity.

18 Section 401(a)(9)(B) (other than clause (iv)
19 thereof) shall apply to such individual retire-
20 ment plan.”.

21 (b) ROLLOVER TREATMENT FOR INHERITED AC-
22 COUNTS.—Section 408(d)(3)(C) is amended by adding at
23 the end the following:

24 “(iii) EXCEPTION FOR QUALIFIED
25 TRANSFERS TO ANOTHER INHERITED AC-

1 COUNT.—Clause (i) shall not apply to any
 2 portion of a distribution from an inherited
 3 individual retirement account or inherited
 4 individual retirement annuity if such por-
 5 tion is paid to another such individual re-
 6 tirement plan or annuity, but only if the
 7 requirements of subparagraphs (A), (B),
 8 and (E) of this paragraph and the require-
 9 ments of section 402(c)(11)(B) are met
 10 with respect to such transfer or payment.”.

11 (c) EFFECTIVE DATE.—The amendments made by
 12 this section shall apply to distributions made after Decem-
 13 ber 31, 2019.

14 **SEC. 108. INCREASE IN AGE FOR REQUIRED BEGINNING**
 15 **DATE FOR MANDATORY DISTRIBUTIONS.**

16 (a) INCREASE IN AGE FOR REQUIRED BEGINNING
 17 DATE.—

18 (1) IN GENERAL.—Subclause (I) of section
 19 401(a)(9)(C)(i) is amended to read as follows:

20 “(I) the first calendar year in
 21 which the employee attains the appli-
 22 cable age for such calendar year, or”.

23 (2) SPECIAL RULE FOR OWNERS.—Subclause
 24 (I) of section 401(a)(9)(C)(ii) is amended by strik-
 25 ing “in which the employee attains age 70½” and

1 inserting “described in clause (i)(I) with respect to
2 the employee”.

3 (b) MANDATORY DISTRIBUTION AGE.—Paragraph
4 (9) of section 401(a) is amended by inserting at the end
5 the following new subparagraph:

6 “(H) APPLICABLE AGE.—For purposes of
7 this paragraph—

8 “(i) IN GENERAL.—The applicable age
9 is—

10 “(I) for calendar years before
11 2023, age 70½,

12 “(II) for calendar years 2023,
13 2024, 2025, 2026, 2027, 2028, and
14 2029, age 72, and

15 “(III) for calendar years after
16 2029, age 75.

17 “(ii) TRANSITION RULE.—If, as of a
18 calendar year, an employee has not at-
19 tained the applicable age with respect to
20 such year, such employee shall be treated
21 as not having attained the applicable age
22 under this paragraph for such year without
23 regard to whether, in a previous calendar
24 year, the employee had attained the appli-

1 cable age with respect to such previous cal-
 2 endar year.”.

3 (c) SPOUSE BENEFICIARIES.—Subclause (I) of sec-
 4 tion 401(a)(9)(B)(iv) is amended by striking “age 70½”
 5 and inserting “the applicable age”.

6 (d) CONFORMING AMENDMENT.—Subsection (b) of
 7 section 408 is amended by striking “age 70½” and insert-
 8 ing “the applicable age determined under section
 9 401(a)(9)(H) with respect to such individual”.

10 (e) EFFECTIVE DATE.—The amendments made by
 11 this section shall apply to calendar years beginning after
 12 December 31, 2019.

13 **SEC. 109. UPDATING OF MORTALITY TABLES FOR MINIMUM**
 14 **REQUIRED DISTRIBUTIONS.**

15 Section 401(a)(9), as amended by this Act, is further
 16 amended by adding at the end the following new subpara-
 17 graph:

18 “(I) MORTALITY TABLES.—

19 “(i) INITIAL UPDATE.—Not later than
 20 1 year after the date of the enactment of
 21 this subparagraph, the Secretary shall ei-
 22 ther update, or provide new tables to re-
 23 place, the mortality tables used as of such
 24 date for purposes of this paragraph.

1 “(ii) PERIODIC REVISION.—The Sec-
 2 retary shall (at least every 10 years) make
 3 revisions in, or provide new tables to re-
 4 place, any table in effect under this sub-
 5 paragraph to reflect the actual experience
 6 of pension plans and projected trends in
 7 such experience.

8 “(iii) EFFECTIVE DATE.—Any table
 9 prescribed under this subparagraph shall
 10 apply to plan years beginning after the
 11 date which is 1 year after publication of
 12 the final table.”.

13 **SEC. 110. INCREASE IN CREDIT LIMITATION FOR SMALL**
 14 **EMPLOYER PENSION PLAN STARTUP COSTS**
 15 **OF CERTAIN EMPLOYERS.**

16 (a) IN GENERAL.—Subsection (a) of section 45E is
 17 amended by inserting before the period at the end the fol-
 18 lowing: “(75 percent of such costs in the case of an eligible
 19 employer, as determined by substituting ‘25’ for ‘100’ in
 20 section 408(p)(2)(C)(i))”.

21 (b) INCREASE.—Paragraph (1) of section 45E(b) is
 22 amended to read as follows:

23 “(1) for the first credit year and each of the 2
 24 taxable years immediately following the first credit
 25 year, the greater of—

1 “(A) \$500, or

2 “(B) the lesser of—

3 “(i) \$250 for each employee of the eli-
4 gible employer who is not a highly com-
5 pensated employee (as defined in section
6 415(q)) and who is eligible to participate
7 in the eligible employer plan maintained by
8 the eligible employer, or

9 “(ii) \$5,000, and”.

10 (c) CONFORMING AMENDMENT.—Paragraph (2) of
11 section 3511(d), as amended by this Act, is further
12 amended—

13 (1) by redesignating subparagraphs (E), (F),
14 (G), (H), and (I) as subparagraphs (F), (G), (H),
15 (I), and (J), respectively, and

16 (2) by inserting after subparagraph (D) the fol-
17 lowing new subparagraph:

18 “(E) section 45E (small employer pension
19 plan startup cost credit),”.

20 (d) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to taxable years beginning after
22 December 31, 2019.

1 **SEC. 111. CREDIT FOR RE-ENROLLMENT.**

2 (a) IN GENERAL.—Subpart D of part IV of sub-
3 chapter A of chapter 1, as amended by this Act, is further
4 amended by adding at the end the following new section:

5 **“SEC. 45U. CREDIT FOR RE-ENROLLMENT PROVISIONS IN**
6 **PLANS PROVIDED BY SMALL EMPLOYERS.**

7 “(a) IN GENERAL.—For purposes of section 38, in
8 the case of an eligible employer, the retirement re-enroll-
9 ment credit determined under this section for any taxable
10 year is an amount equal to—

11 “(1) \$500 for any taxable year occurring during
12 the credit period, and

13 “(2) zero for any other taxable year.

14 “(b) CREDIT PERIOD.—For purposes of subsection
15 (a)—

16 “(1) IN GENERAL.—The credit period with re-
17 spect to any eligible employer is the 3-taxable-year
18 period beginning with the first taxable year for
19 which the employer includes a re-enrollment provi-
20 sion in an eligible automatic contribution arrange-
21 ment (as defined in section 414(w)(3)) in a qualified
22 employer plan (as defined in section 4972(d)) main-
23 tained by the employer.

24 “(2) MAINTENANCE OF ARRANGEMENT.—No
25 taxable year with respect to an employer shall be
26 treated as occurring within the credit period unless

1 the provision described in paragraph (1) is included
2 in the plan for such year.

3 “(c) ELIGIBLE EMPLOYER.—For purposes of this
4 section, the term ‘eligible employer’ has the meaning given
5 such term in section 408(p)(2)(C)(i).

6 “(d) RE-ENROLLMENT PROVISION.—For purposes of
7 this section, the term ‘re-enrollment provision’ means a
8 provision of an eligible automatic contribution arrange-
9 ment under which—

10 “(1) IN GENERAL.—Each employee eligible to
11 participate in the arrangement who is not contrib-
12 uting or is contributing less than the percentage ap-
13 plicable to an eligible employee in the first year of
14 eligibility is treated as being in such first year of eli-
15 gibility in each applicable year with respect to the
16 employee.

17 “(2) ELECTION OUT.—The election treated as
18 having been made under paragraph (1) shall cease
19 to apply with respect to any employee if such em-
20 ployee makes an affirmative election—

21 “(A) to not have such contributions made,

22 or

23 “(B) to make elective contributions at a
24 level specified in such affirmative election.

25 “(3) APPLICABLE YEAR EVERY THIRD YEAR.—

1 “(A) IN GENERAL.—For purposes of this
2 section, the term ‘applicable year’ means, with
3 respect to an employee, such employee’s first
4 plan year of eligibility under the arrangement,
5 and all subsequent plan years of eligibility.

6 “(B) EXCEPTION.—Following any applica-
7 ble year of an employee (determined after the
8 application of this subparagraph), the plan may
9 elect to treat the next 1 or 2 plan years as not
10 being applicable years with respect to such em-
11 ployee.”.

12 (b) CREDIT TO BE PART OF GENERAL BUSINESS
13 CREDIT.—Subsection (b) of section 38, as amended by
14 this Act, is further amended by striking “plus” at the end
15 of paragraph (32), by striking the period at the end of
16 paragraph (33) and inserting “, plus”, and by adding at
17 the end the following new paragraph:

18 “(34) in the case of an eligible employer (as de-
19 fined in section 45U(c)), the retirement re-enroll-
20 ment credit determined under section 45U(a).”.

21 (c) CONFORMING AMENDMENT.—Paragraph (2) of
22 section 3511(d), as amended by this Act, is further
23 amended—

1 made to a defined contribution plan on be-
2 half of an employee on account of a quali-
3 fied student loan payment.”.

4 (b) QUALIFIED STUDENT LOAN PAYMENT.—Para-
5 graph (4) of section 401(m) is amended by adding at the
6 end the following new subparagraph:

7 “(D) QUALIFIED STUDENT LOAN PAY-
8 MENT.—The term ‘qualified student loan pay-
9 ment’ means a payment made by an employee
10 in repayment of a qualified education loan (as
11 defined in section 221(d)(1)) incurred to pay
12 qualified higher education expenses of the em-
13 ployee, 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 certifies to the
25 employer making the matching contribu-

1 tion under this paragraph that such pay-
2 ment has been made on such loan.

3 For purposes of this subparagraph, the term
4 ‘qualified higher education expenses’ means the
5 cost of attendance (as defined in section 472 of
6 the Higher Education Act of 1965, as in effect
7 on the day before the date of the enactment of
8 the Taxpayer Relief Act of 1997) at an eligible
9 educational institution (as defined in section
10 221(d)(2)).”.

11 (c) MATCHING CONTRIBUTIONS FOR QUALIFIED
12 STUDENT LOAN PAYMENTS.—Subsection (m) of section
13 401, as amended by this Act, is further amended by redese-
14 ignating paragraph (14) as paragraph (15), and by insert-
15 ing after paragraph (13) the following new paragraph:

16 “(14) MATCHING CONTRIBUTIONS FOR QUALI-
17 FIED STUDENT LOAN PAYMENTS.—

18 “(A) IN GENERAL.—For purposes of para-
19 graph (4)(A)(iii), an employer contribution
20 made to a defined contribution plan on account
21 of a qualified student loan payment shall be
22 treated as a matching contribution for purposes
23 of this title if—

24 “(i) the plan provides matching con-
25 tributions on account of elective deferrals

1 at the same rate as contributions on ac-
2 count of qualified student loan payments,

3 “(ii) the plan provides matching con-
4 tributions on account of qualified student
5 loan payments only on behalf of employees
6 otherwise eligible to make elective defer-
7 rals, and

8 “(iii) under the plan, all employees el-
9 igible to receive matching contributions on
10 account of elective deferrals are eligible to
11 receive matching contributions on account
12 of qualified student loan payments.

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

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

24 “(ii) STUDENT LOAN PAYMENTS NOT
25 TREATED AS PLAN CONTRIBUTION.—EX-

cept as provided in clause (iii), a qualified student loan payment shall not be treated as a contribution to a plan under this title.

“(iii) MATCHING CONTRIBUTION RULES.—Solely for purposes of meeting the requirements of paragraph (11)(B), (12), or (13) of this subsection, or paragraph (11)(B)(i)(II), (12)(B), (13)(D), or (15)(D) of subsection (k), a plan may treat a qualified student loan payment as an elective deferral or an elective contribution, whichever is applicable.”.

(d) SIMPLE RETIREMENT ACCOUNTS.—Paragraph (2) of section 408(p) is amended by adding at the end the following new subparagraph:

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

“(i) IN GENERAL.—Subject to the rules of clause (iii), an arrangement shall not fail to be treated as meeting the requirements of subparagraph (A)(iii) solely because under the arrangement, solely for purposes of such subparagraph, qualified student loan payments are treated as amounts elected by the employee under

1 subparagraph (A)(i)(I) to the extent such
2 payments do not exceed—

3 “(I) the applicable dollar amount
4 under subparagraph (E) (after appli-
5 cation of section 414(v)) for the year
6 (or, if lesser, the employee’s com-
7 pensation (as defined in section
8 415(c)(3)) for the year), reduced by

9 “(II) any other amounts elected
10 by the employee under subparagraph
11 (A)(i)(I) for the year.

12 “(ii) QUALIFIED STUDENT LOAN PAY-
13 MENT.—For purposes of this subpara-
14 graph—

15 “(I) IN GENERAL.—The term
16 ‘qualified student loan payment’
17 means a payment made by an em-
18 ployee in repayment of a qualified
19 education loan (as defined in section
20 221(d)(1)) incurred to pay qualified
21 higher education expenses of the em-
22 ployee, but only if the employee cer-
23 tifies to the employer making the
24 matching contribution that such pay-
25 ment has been made on such a loan.

1 “(II) QUALIFIED HIGHER EDU-
2 CATION EXPENSES.—The term ‘quali-
3 fied higher education expenses’ has
4 the same meaning as when used in
5 section 401(m)(4)(D).

6 “(iii) APPLICABLE RULES.—Clause (i)
7 shall apply to an arrangement only if,
8 under the arrangement—

9 “(I) matching contributions on
10 account of qualified student loan pay-
11 ments are provided only on behalf of
12 employees otherwise eligible to elect
13 contributions under subparagraph
14 (A)(i)(I), and

15 “(II) all employees otherwise eli-
16 gible to participate in the arrange-
17 ment are eligible to receive matching
18 contributions on account of qualified
19 student loan payments.”.

20 (e) 403(b) PLANS.—Subparagraph (A) of section
21 403(b)(12) is amended by adding at the end the following:
22 “The fact that the employer offers matching contributions
23 on account of qualified student loan payments as described
24 in section 401(m)(14) shall not be taken into account in
25 determining whether the arrangement satisfies the re-

1 requirements of clause (ii) (and any regulation there-
2 under).”.

3 (f) 457(b) PLANS.—Subsection (b) of section 457 of
4 the Internal Revenue Code of 1986 is amended by adding
5 at the end the following: “A plan which is established and
6 maintained by an employer which is described in sub-
7 section (e)(1)(A) shall not be treated as failing to meet
8 the requirements of this subsection solely because the
9 plan, or another plan maintained by the employer which
10 meets the requirements of section 401(a), provides for
11 matching contributions on account of qualified student
12 loan payments as described in section 401(m)(14).”.

13 (g) REGULATORY AUTHORITY.—The Secretary shall
14 prescribe regulations for purposes of implementing the
15 amendments made by this section, including regulations—

16 (1) permitting a plan to make matching con-
17 tributions for qualified student loan payments, as
18 defined in sections 401(m)(4)(D) and 408(p)(2)(F)
19 of the Internal Revenue Code of 1986, as added by
20 this section, at a different frequency than matching
21 contributions are otherwise made under the plan,
22 provided that the frequency is not less than annu-
23 ally,

24 (2) permitting employers to establish reasonable
25 procedures to claim matching contributions for such

1 qualified student loan payments under the plan, in-
2 cluding an annual deadline (not earlier than 3
3 months after the close of each plan year) by which
4 a claim must be made, and

5 (3) promulgating model amendments which
6 plans may adopt to implement matching contribu-
7 tions on such qualified student loan payments for
8 purposes of sections 401(m), 408(p), 403(b), and
9 457(b) of the Internal Revenue Code of 1986.

10 (h) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to contributions made for years
12 beginning after December 31, 2019.

13 **SEC. 113. TREATMENT OF QUALIFIED RETIREMENT PLAN-**
14 **NING SERVICES.**

15 (a) IN GENERAL.—Subsection (m) of section 132 is
16 amended by adding at the end the following new para-
17 graph:

18 “(4) NO CONSTRUCTIVE RECEIPT.—No amount
19 shall be included in the gross income of any em-
20 ployee solely because the employee may choose be-
21 tween any qualified retirement planning services and
22 compensation which would otherwise be includible in
23 the gross income of such employee. The preceding
24 sentence shall apply to highly compensated employ-
25 ees only if the choice described in such sentence is

1 available on substantially the same terms to each
2 member of the group of employees normally provided
3 education and information regarding the employer’s
4 qualified employer plan.”.

5 (b) DEFINITION.—Paragraph (1) of section 132(m)
6 is amended by inserting before the period the following:
7 “, including—

8 “(A) advice regarding investments in any
9 arrangement described in section 219(g)(5)
10 (without regard to the last sentence thereof),
11 and

12 “(B) retirement advice regarding invest-
13 ments held outside such an arrangement.”.

14 (c) CONFORMING AMENDMENTS.—

15 (1) Section 403(b)(3)(B) is amended by insert-
16 ing “132(m)(4),” after “132(f)(4),”.

17 (2) Section 414(s)(2) is amended by inserting
18 “132(m)(4),” after “132(f)(4),”.

19 (3) Section 415(c)(3)(D)(ii) is amended by in-
20 sserting “132(m)(4),” after “132(f)(4),”.

21 (d) EFFECTIVE DATE.—The amendment made by
22 this section shall apply to taxable years beginning after
23 December 31, 2019.

1 **SEC. 114. ALLOW ADDITIONAL NONELECTIVE CONTRIBU-**
2 **TIONS TO SIMPLE PLANS.**

3 (a) IN GENERAL.—

4 (1) MODIFICATION TO DEFINITION.—Subpara-
5 graph (A) of section 408(p)(2) is amended by strik-
6 ing “and” at the end of clause (iii), by redesignating
7 clause (iv) as clause (v), and by inserting after
8 clause (iii) the following new clause:

9 “(iv) the employer may make nonelec-
10 tive contributions of a uniform percentage
11 (up to 10 percent) of compensation for
12 each employee who is eligible to participate
13 in the arrangement and who has at least
14 \$5,000 of compensation from the employer
15 for the year, and”.

16 (2) LIMITATION.—Subparagraph (A) of section
17 408(p)(2) is amended by adding at the end the fol-
18 lowing: “The compensation taken into account under
19 clause (iv) for any year shall not exceed the limita-
20 tion in effect for such year under section
21 401(a)(17).”.

22 (3) OVERALL DOLLAR LIMIT ON CONTRIBU-
23 TIONS.—Paragraph (8) of section 408(p) is amended
24 to read as follows:

25 “(8) COORDINATION WITH MAXIMUM LIMITA-
26 TION UNDER SUBSECTION (a).—In the case of any

1 simple retirement account, subsections (a)(1) and
2 (b)(2) shall be applied by substituting for ‘the dollar
3 amount in effect under section 219(b)(1)(A)’ the fol-
4 lowing: ‘the sum (but not to exceed 50 percent of
5 the amount in effect under section 415(c)(1)(A) (ex-
6 cept as provided in section 414(v))) of the dollar
7 amount in effect under paragraph (2)(A)(ii) of this
8 subsection; the employer contribution required under
9 paragraph (2)(A)(iii) or (2)(B)(i) of this subsection,
10 whichever is applicable; and the employer contribu-
11 tion made on behalf of the employee under para-
12 graph (2)(A)(iv) of this subsection’.”.

13 (b) CONFORMING AMENDMENTS.—

14 (1) Section 408(p)(2)(A)(v), as redesignated by
15 subsection (a), is amended by striking “or (iii)” and
16 inserting “, (iii), or (iv)”.

17 (2) Paragraph (8) of section 408(p) is amended
18 by inserting “, the employer contribution actually
19 made under paragraph (2)(A)(iv) of this sub-
20 section,” after “paragraph (2)(A)(ii) of this sub-
21 section”.

22 (3) Section 401(k)(11)(B)(i) is amended by
23 striking “and” at the end of subclause (II), by re-
24 designating subclause (III) as subclause (V), and by

1 inserting after subclause (II) the following new sub-
2 clauses:

3 “(III) the employer may make
4 nonelective contributions of a uniform
5 percentage (up to 10 percent) of com-
6 pensation for each employee who is el-
7 ible to participate in the arrange-
8 ment and who has at least \$5,000 of
9 compensation from the employer for
10 the year,

11 “(IV) contributions on behalf of
12 any employee for any year may not
13 exceed 50 percent of the amount in
14 effect under section 415(c)(1)(A) (ex-
15 cept as provided in section 414(v)),
16 and”.

17 (4) Section 401(k)(11)(B)(i)(V), as redesign-
18 nated by paragraph (3), is amended by striking “or
19 (II)” and inserting “, (II), or (III)”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to years beginning after December
22 31, 2019.

23 **SEC. 115. REFORM OF THE MINIMUM PARTICIPATION RULE.**

24 (a) IN GENERAL.—Subparagraph (H) of section
25 401(a)(26) is amended by adding at the end the following:

1 “Not later than December 31, 2020, the Secretary shall
2 issue final regulations under which this paragraph may
3 be applied separately to bona fide separate subsidiaries or
4 divisions.”.

5 (b) EFFECTIVE DATE.—The amendment made by
6 subsection (a) shall take effect on the date of enactment
7 of this Act.

8 **SEC. 116. EXPANSION OF EMPLOYEE PLANS COMPLIANCE**
9 **RESOLUTION SYSTEM.**

10 (a) IN GENERAL.—Except as otherwise provided in
11 regulations prescribed by the Secretary of the Treasury
12 or the Secretary’s delegate (referred to in this section as
13 the “Secretary”), any inadvertent failure to comply with
14 the rules applicable under section 401(a), 403(a), 403(b),
15 408(p), or 408(k) of the Internal Revenue Code of 1986
16 may be self-corrected under the Employee Plans Compli-
17 ance Resolution System (as described in Revenue Proce-
18 dure 2019–19 or any successor guidance), except to the
19 extent that such failure was identified by the Secretary
20 prior to any actions which demonstrate a commitment to
21 implement a self-correction. Revenue Procedure 2019–19
22 is deemed amended as of the date of the enactment of
23 this Act to provide that the correction period under section
24 9.02 of such Revenue Procedure (or any successor provi-
25 sion) for an inadvertent failure is indefinite and has no

1 last day, other than with respect to failures identified by
2 the Secretary prior to any self-correction as described in
3 the preceding sentence.

4 (b) LOAN ERROR.—The Secretary of Labor shall
5 treat any loan error corrected pursuant to subsection (a)
6 as meeting the requirements of the Voluntary Fiduciary
7 Correction Program of the Department of Labor.

8 (c) EPCRS FOR IRAS.—The Secretary shall expand
9 the Employee Plans Compliance Resolution System to
10 allow custodians of individual retirement plans to address
11 inadvertent failures for which the owner of an individual
12 retirement plan was not at fault, including (but not limited
13 to)—

14 (1) waivers of the excise tax which would other-
15 wise apply under section 4974 of the Internal Rev-
16 enue Code of 1986;

17 (2) under the self-correction component of the
18 Employee Plans Compliance Resolution System,
19 waivers of the 60-day deadline for a rollover where
20 the deadline is missed for reasons beyond the rea-
21 sonable control of the account owner; and

22 (3) rules permitting a nonspouse beneficiary to
23 return distributions to an inherited individual retire-
24 ment plan described in section 408(d)(3)(C) of the
25 Internal Revenue Code of 1986 in a case where, due

1 to an inadvertent error by a service provider, the
2 beneficiary had reason to believe that the distribu-
3 tion could be rolled over without inclusion in income
4 of any part of the distributed amount.

5 (d) REQUIRED MINIMUM DISTRIBUTION CORREC-
6 TIONS.—The Secretary shall expand the Employee Plans
7 Compliance Resolution System to allow plans to which
8 such system applies and custodians and owners of indi-
9 vidual retirement plans to self-correct, without an excise
10 tax, any inadvertent failures pursuant to which a distribu-
11 tion is made no more than 180 days after it was required
12 to be made.

13 (e) ADDITIONAL SAFE HARBORS.—The Secretary
14 shall expand the Employee Plans Compliance Resolution
15 System (as described in Revenue Procedure 2019–19 or
16 any successor guidance) to provide additional safe harbor
17 means of correcting inadvertent failures described in sub-
18 section (a), including safe harbor means of calculating the
19 earnings which must be restored to a plan in cases where
20 plan assets have been depleted by reason of an inadvertent
21 failure.

22 (f) DEFINITIONS AND SPECIAL RULES.—

23 (1) INADVERTENT FAILURE.—For purposes of
24 this section—

1 (A) IN GENERAL.—Except as provided in
2 subparagraph (B), the term “inadvertent fail-
3 ure” means a failure that occurs despite the ex-
4 istence of practices and procedures which—

5 (i) satisfy the standards set forth in
6 section 4.04 of Revenue Procedure 2019–
7 19 (or any successor provision); or

8 (ii) satisfy similar standards in the
9 case of an individual retirement plan.

10 (B) CORRECTION BY OWNER OF INDI-
11 VIDUAL RETIREMENT PLAN.—In the case of a
12 correction by an owner of an individual retire-
13 ment plan under subsection (d), the term “in-
14 advertent failure” means a failure due to rea-
15 sonable cause.

16 (2) PLAN LOAN CORRECTIONS.—In the case of
17 an inadvertent failure relating to a loan to a partici-
18 pant from a plan, such failure may be self-corrected
19 under subsection (a) according to the rules of sec-
20 tion 6.07 of Revenue Procedure 2019–19 (or any
21 successor provision), including the provisions related
22 to whether a deemed distribution must be reported
23 on Form 1099–R.

24 **SEC. 117. ENHANCEMENT OF 403(b) PLANS.**

25 (a) IN GENERAL.—

1 (1) PERMITTED INVESTMENTS.—Clause (i) of
2 section 403(b)(7)(A) is amended to read as follows:

3 “(i) the amounts to be held in that
4 custodial account are invested in regulated
5 investment company stock or a group trust
6 intended to satisfy the requirements of In-
7 ternal Revenue Service Revenue Ruling
8 81–100 (or any successor guidance), and”.

9 (2) CONFORMING AMENDMENT.—The heading
10 of paragraph (7) of section 403(b) is amended by
11 striking “FOR REGULATED INVESTMENT COMPANY
12 STOCK”.

13 (3) EFFECTIVE DATE.—The amendments made
14 by this subsection shall apply to amounts invested
15 after December 31, 2019.

16 (b) AMENDMENTS TO THE INVESTMENT COMPANY
17 ACT OF 1940.—Section 3(c)(11) of the Investment Com-
18 pany Act of 1940 (15 U.S.C. 80a–3(c)(11)) is amended
19 to read as follows:

20 “(11) Any—

21 “(A) employee’s stock bonus, pension, or
22 profit-sharing trust which meets the require-
23 ments for qualification under section 401 of the
24 Internal Revenue Code of 1986;

1 “(B) custodial account meeting the re-
2 quirements of section 403(b)(7) of such Code;

3 “(C) governmental plan described in sec-
4 tion 3(a)(2)(C) of the Securities Act of 1933;

5 “(D) collective trust fund maintained by a
6 bank consisting solely of assets of one or more
7 of such trusts, government plans, or church
8 plans, companies or accounts that are excluded
9 from the definition of an investment company
10 under paragraph (14) of this subsection;

11 “(E) plan which meets the requirements of
12 section 403(b) of the Internal Revenue Code of
13 1986 if—

14 “(i) such plan is subject to title I of
15 the Employee Retirement Income Security
16 Act of 1974 (29 U.S.C. 1001 et seq.);

17 “(ii) any employer making such plan
18 available agrees to serve as a fiduciary for
19 the plan with respect to the selection of the
20 plan’s investments among which partici-
21 pants can choose; or

22 “(iii) such plan is a governmental
23 plan (as defined in section 414(d) of such
24 Code); or

1 “(F) separate account the assets of which
2 are derived solely from—

3 “(i) contributions under pension or
4 profit-sharing plans which meet the re-
5 quirements of section 401 of the Internal
6 Revenue Code of 1986 or the requirements
7 for deduction of the employer’s contribu-
8 tion under section 404(a)(2) of such Code;

9 “(ii) contributions under govern-
10 mental plans in connection with which in-
11 terests, participations, or securities are ex-
12 empted from the registration provisions of
13 section 5 of the Securities Act of 1933 by
14 section 3(a)(2)(C) of such Act;

15 “(iii) advances made by an insurance
16 company in connection with the operation
17 of such separate account; and

18 “(iv) contributions to a plan described
19 in subparagraph (E).”.

20 (c) AMENDMENTS TO THE SECURITIES ACT OF
21 1933.—Section 3(a)(2) of the Securities Act of 1933 (15
22 U.S.C. 77c(a)(2)) is amended—

23 (1) by striking “or (D)” and inserting “(D) a
24 plan which meets the requirements of section 403(b)
25 of such Code if (i) such plan is subject to title I of

1 the Employee Retirement Income Security Act of
2 1974 (29 U.S.C. 1001 et seq.), (ii) any employer
3 making such plan available agrees to serve as a fidu-
4 ciary for the plan with respect to the selection of the
5 plan's investments among which participants can
6 choose, or (iii) such plan is a governmental plan (as
7 defined in section 414(d) of such Code); or (E)";

8 (2) by striking "(C), or (D)" and inserting
9 "(C), (D), or (E)"; and

10 (3) by striking "(iii) which is a plan funded"
11 and inserting "(iii) in the case of a plan not de-
12 scribed in subparagraph (D), which is a plan fund-
13 ed".

14 (d) AMENDMENTS TO THE SECURITIES EXCHANGE
15 ACT OF 1934.—Section 3(a)(12)(C) of the Securities Ex-
16 change Act of 1934 (15 U.S.C. 78c(a)(12)(C)) is amend-
17 ed—

18 (1) by striking "or (iv)" and inserting "(iv) a
19 plan which meets the requirements of section 403(b)
20 of such Code if (I) such plan is subject to title I of
21 the Employee Retirement Income Security Act of
22 1974 (29 U.S.C. 1001 et seq.), (II) any employer
23 making such plan available agrees to serve as a fidu-
24 ciary for the plan with respect to the selection of the
25 plan's investments among which participants can

1 choose, or (III) such plan is a governmental plan (as
2 defined in section 414(d) of such Code), or (v)”;

3 (2) by striking “(ii), or (iii)” and inserting
4 “(ii), (iii), or (iv)”; and

5 (3) by striking “(II) is a plan funded” and in-
6 serting “(II) in the case of a plan not described in
7 clause (iv), is a plan funded”.

8 **SEC. 118. ELIGIBILITY FOR PARTICIPATION IN RETIRE-**
9 **MENT PLANS.**

10 An individual shall not be precluded from partici-
11 pating in an eligible deferred compensation plan by reason
12 of having received a distribution under section 457(e)(9)
13 of the Internal Revenue Code of 1986, as in effect prior
14 to the enactment of the Small Business Job Protection
15 Act of 1996.

16 **SEC. 119. SMALL IMMEDIATE FINANCIAL INCENTIVES FOR**
17 **CONTRIBUTING TO A PLAN.**

18 (a) IN GENERAL.—Subparagraph (A) of section
19 401(k)(4) is amended by inserting “(other than a de mini-
20 mis financial incentive)” after “any other benefit”.

21 (b) SECTION 403(b) PLANS.—Subparagraph (A) of
22 section 403(b)(12), as amended by this Act, is further
23 amended by adding at the end the following: “A plan shall
24 not fail to satisfy clause (ii) solely by reason of the offering
25 of a de minimis financial incentive for employees to elect

1 to have the employer make contributions pursuant to a
2 salary reduction agreement.”.

3 (c) EXEMPTION FROM PROHIBITED TRANSACTION
4 RULES.—Subsection (d) of section 4975 is amended by
5 striking “or” at the end of paragraph (22), by striking
6 the period at the end of paragraph (23) and inserting “,
7 or”, and by adding at the end the following new para-
8 graph:

9 “(24) the provision of a de minimis financial in-
10 centive described in section 401(k)(4)(A) or
11 403(b)(12)(A).”.

12 (d) AMENDMENT OF EMPLOYEE RETIREMENT IN-
13 COME SECURITY ACT OF 1974.—Subsection (b) of section
14 408 of the Employee Retirement Income Security Act of
15 1974 (29 U.S.C. 1108(b)) is amended by adding at the
16 end the following new paragraph:

17 “(21) The provision of a de minimis financial
18 incentive described in section 401(k)(4)(A) or
19 403(b)(12)(A) of the Internal Revenue Code of
20 1986.”.

21 (e) EFFECTIVE DATE.—The amendments made by
22 this section shall apply with respect to plan years begin-
23 ning after the date of enactment of this Act.

1 **SEC. 120. INDEXING IRA CATCH-UP LIMIT.**

2 (a) IN GENERAL.—Subparagraph (C) of section
3 219(b)(5) is amended by adding at the end the following
4 new clause:

5 “(iii) INDEXING OF CATCH-UP LIMITA-
6 TION.—In the case of any taxable year be-
7 ginning in a calendar year after 2020, the
8 \$1,000 amount under subparagraph (B)(ii)
9 shall be increased by an amount equal to—

10 “(I) such dollar amount, multi-
11 plied by

12 “(II) the cost-of-living adjust-
13 ment determined under section 1(f)(3)
14 for the calendar year in which the tax-
15 able year begins, determined by sub-
16 stituting ‘calendar year 2019’ for ‘cal-
17 endar year 2016’ in subparagraph
18 (A)(ii) thereof.

19 If any amount after adjustment under the
20 preceding sentence is not a multiple of
21 \$200, such amount shall be rounded to the
22 next lower multiple of \$200.”.

23 (b) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to years beginning after December
25 31, 2020.

1 **SEC. 121. HIGHER CATCH-UP LIMIT TO APPLY AT AGE 60.**

2 (a) IN GENERAL.—

3 (1) PLANS OTHER THAN SIMPLE PLANS.—Sec-
4 tion 414(v)(2)(B)(i) is amended by inserting the fol-
5 lowing before the period: “(\$10,000, in the case of
6 an eligible participant who has attained age 60 be-
7 fore the close of the taxable year)”.

8 (2) SIMPLE PLANS.—Section 414(v)(2)(B)(ii) is
9 amended by inserting the following before the pe-
10 riod: “(\$5,000, in the case of an eligible participant
11 who has attained age 60 before the close of the tax-
12 able year)”.

13 (b) COST-OF-LIVING ADJUSTMENTS.—Subparagraph
14 (C) of section 414(v)(2) is amended by adding at the end
15 the following: “In the case of a year beginning after De-
16 cember 31, 2020, the Secretary shall adjust annually the
17 \$10,000 amount in subparagraph (B)(i) and the \$5,000
18 amount in subparagraph (B)(ii) for increases in the cost-
19 of-living at the same time and in the same manner as ad-
20 justments under the preceding sentence; except that the
21 base period taken into account shall be the calendar quar-
22 ter beginning July 1, 2019.”.

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to years beginning after December
25 31, 2019.

1 **TITLE II—PRESERVATION OF**
2 **INCOME**

3 **SEC. 201. QUALIFYING LONGEVITY ANNUITY CONTRACTS.**

4 (a) IN GENERAL.—Not later than the date which is
5 1 year after the date of the enactment of this Act, the
6 Secretary of the Treasury (or the Secretary’s delegate)
7 shall amend the regulation issued by the Department of
8 the Treasury relating to “Longevity Annuity Contracts”
9 (79 Fed. Reg. 37633 (July 2, 2014)), as follows:

10 (1) REPEAL 25-PERCENT PREMIUM LIMIT.—The
11 Secretary (or delegate) shall amend Q&A–17(b)(3)
12 of Treas. Reg. section 1.401(a)(9)–6 and Q&A–
13 12(b)(3) of Treas. Reg. section 1.408–8 to eliminate
14 the requirement that premiums for qualifying lon-
15 gevity annuity contracts be limited to 25 percent of
16 an individual’s account balance, and to make such
17 corresponding changes to the regulations and related
18 forms as are necessary to reflect the elimination of
19 this requirement.

20 (2) INCREASE DOLLAR LIMITATION.—

21 (A) IN GENERAL.—The Secretary (or dele-
22 gate) shall amend Q&A–17(b)(2)(i) of Treas.
23 Reg. section 1.401(a)(9)–6 and Q&A–
24 12(b)(2)(i) of Treas. Reg. section 1.408–8 to
25 increase the dollar limitation on premiums for

1 qualifying longevity annuity contracts from
2 \$125,000 to \$200,000, and to make such cor-
3 responding changes to the regulations and re-
4 lated forms as are necessary to reflect this in-
5 crease in the dollar limitation.

6 (B) ADJUSTMENTS FOR INFLATION.—The
7 Secretary (or delegate) shall amend Q&A-
8 17(d)(2)(i) of Treas. Reg. section 1.401(a)(9)-
9 6 to provide that, in the case of calendar years
10 beginning on or after January 1 of the second
11 year following the year of enactment of this
12 Act, the \$200,000 dollar limitation (as in-
13 creased by subparagraph (A)) will be adjusted
14 at the same time and in the same manner as
15 the limits are adjusted under section 415(d) of
16 the Internal Revenue Code of 1986, except that
17 the base period shall be the calendar quarter
18 beginning July 1 of the year of enactment of
19 this Act, and any increase to such dollar limita-
20 tion which is not a multiple of \$10,000 will be
21 rounded to the next lowest multiple of \$10,000.

22 (3) FACILITATE JOINT AND SURVIVOR BENE-
23 FITS.—The Secretary (or delegate) shall amend
24 Q&A-17(c) of Treas. Reg. section 1.401(a)(9)-6,
25 and make such corresponding changes to the regula-

1 tions and related forms as are necessary, to provide
2 that, in the case of a qualifying longevity annuity
3 contract which was purchased with joint and sur-
4 vivor annuity benefits for the individual and the in-
5 dividual's spouse which were permissible under the
6 regulations at the time the contract was originally
7 purchased, a divorce occurring after the original
8 purchase and before the annuity payments com-
9 mence under the contract will not affect the permis-
10 sibility of the joint and survivor annuity benefits or
11 other benefits under the contract, or require any ad-
12 justment to the amount or duration of benefits pay-
13 able under the contract, provided that any qualified
14 domestic relations order (within the meaning of sec-
15 tion 414(p) of the Internal Revenue Code of 1986)
16 or any divorce or separation instrument (within the
17 meaning of section 71(b)(2) of the Internal Revenue
18 Code of 1986)—

19 (A) provides that the former spouse is en-
20 titled to the survivor benefits under the con-
21 tract;

22 (B) does not modify the treatment of the
23 former spouse as the beneficiary under the con-
24 tract who is entitled to the survivor benefits; or

1 (C) does not modify the treatment of the
2 former spouse as the measuring life for the sur-
3 vivor benefits under the contract.

4 (4) PERMIT SHORT FREE LOOK PERIOD.—The
5 Secretary (or delegate) shall amend Q&A–17(a)(4)
6 of Treas. Reg. section 1.401(a)(9)–6 to ensure that
7 such Q&A does not preclude a contract from includ-
8 ing a provision under which an employee may re-
9 scind the purchase of the contract within a period
10 not exceeding 90 days from the date of purchase.

11 (5) FACILITATE INDEXED AND VARIABLE CON-
12 TRACTS WITH GUARANTEED BENEFITS.—The Sec-
13 retary (or delegate) shall amend Q&A–17(d)(4) of
14 Treas. Reg. section 1.401(a)(9)–6, and make such
15 corresponding changes to the regulations and related
16 forms as are necessary, to provide that an annuity
17 contract is not treated as a contract described in
18 such Q&A–17(a)(7) to the extent that the con-
19 tract—

20 (A) either—

21 (i) is a variable contract under section
22 817(d) of the Internal Revenue Code of
23 1986; or

24 (ii) is an indexed contract;

1 (B) provides for the possibility of annuity
2 payment increases (but not decreases) based on
3 the investment return and market value of 1 or
4 more segregated asset accounts (in the case of
5 a variable contract) or based on the perform-
6 ance of 1 or more specified indexes (in the case
7 of an indexed contract);

8 (C) provides for a guaranteed minimum
9 level of annuity payments irrespective of such
10 investment return, market value, or perform-
11 ance; and

12 (D) in the event of death before the annu-
13 ity starting date, provides that any death ben-
14 efit that is payable in a lump sum is equal to
15 the premiums paid, without reduction for in-
16 vestment return, market value, index perform-
17 ance, surrender charges, market value adjust-
18 ments, or any other amounts.

19 For purposes of the preceding sentence, a downward
20 adjustment to the dollar amount of annuity pay-
21 ments shall not be treated as an impermissible re-
22 duction in such payments, provided that the adjust-
23 ment is made to reflect a change in annuitant that
24 is required or permitted under the Internal Revenue

1 Code of 1986 or regulations and the adjustment is
2 based on reasonable actuarial assumptions.

3 (b) EFFECTIVE DATES, ENFORCEMENT, AND INTER-
4 PRETATIONS.—

5 (1) EFFECTIVE DATES.—

6 (A) Paragraphs (1), (2), and (5) of sub-
7 section (a) shall be effective with respect to con-
8 tracts purchased or received in an exchange on
9 or after the date of the enactment of this Act.

10 (B) Paragraphs (3) and (4) of subsection
11 (a) shall be effective with respect to contracts
12 purchased or received in an exchange on or
13 after July 2, 2014.

14 (2) ENFORCEMENT AND INTERPRETATIONS.—
15 Prior to the date on which the Secretary of the
16 Treasury issues final regulations pursuant to sub-
17 section (a)—

18 (A) the Secretary (or delegate) shall ad-
19 minister and enforce the law in accordance with
20 subsection (a) and the effective dates in para-
21 graph (1) of this subsection; and

22 (B) taxpayers may rely upon their reason-
23 able good faith interpretations of subsection (a).

1 **SEC. 202. REMOVE REQUIRED MINIMUM DISTRIBUTION**
2 **BARRIERS FOR LIFE ANNUITIES.**

3 (a) IN GENERAL.—Paragraph (9) of section 401(a),
4 as amended by this Act, is further amended by adding
5 at the end the following new subparagraph:

6 “(J) CERTAIN INCREASES IN PAYMENTS
7 UNDER A COMMERCIAL ANNUITY.—Nothing in
8 this section shall prohibit a commercial annuity
9 (within the meaning of section 3405(e)(6))
10 which is issued in connection with any eligible
11 retirement plan (within the meaning of section
12 402(c)(8)(B)) from providing 1 or more of the
13 following types of payments on or after the an-
14 nuity starting date:

15 “(i) Annuity payments which increase
16 by a constant percentage, applied not less
17 frequently than annually, at a rate which
18 is less than 5 percent per year.

19 “(ii) A lump sum payment which—
20 “(I) results in a shortening of the
21 payment period with respect to an an-
22 nuity or a full or partial commutation
23 of the future annuity payments, pro-
24 vided that such lump sum is deter-
25 mined using reasonable actuarial
26 methods and assumptions, as deter-

1 mined in good faith by the issuer of
2 the contract, or

3 “(II) accelerates the receipt of
4 annuity payments which are scheduled
5 to be received within the ensuing 12
6 months, regardless of whether such
7 acceleration shortens the payment pe-
8 riod with respect to the annuity, re-
9 duces the dollar amount of benefits to
10 be paid under the contract, or results
11 in a suspension of annuity payments
12 during the period being accelerated.

13 “(iii) An amount which is in the na-
14 ture of a dividend or similar distribution,
15 provided that the issuer of the contract de-
16 termines such amount based on a reason-
17 able comparison of the actuarial factors as-
18 sumed when calculating the initial annuity
19 payments and the issuer’s experience with
20 respect to those factors.

21 “(iv) A final payment upon death
22 which does not exceed the excess of—

23 “(I) the total amount of the con-
24 sideration paid for the annuity pay-
25 ments, over

1 “(II) the aggregate amount of
2 prior distributions or payments from
3 or under the contract.”.

4 (b) REGULATIONS AND ENFORCEMENT.—

5 (1) REGULATIONS.—Not later than the date
6 which is 1 year after the date of the enactment of
7 this Act, the Secretary of the Treasury (or the Sec-
8 retary’s delegate) shall amend the regulation issued
9 by the Department of the Treasury relating to “Re-
10 quired Distributions from Retirement Plans” (69
11 Fed. Reg. 33288 (June 15, 2004)), and make any
12 necessary corresponding amendments to other regu-
13 lations, in order to—

14 (A) conform such regulations to the
15 amendments made by subsection (a), including
16 by eliminating the types of payments described
17 in section 401(a)(9)(J) of the Internal Revenue
18 Code of 1986, as added by subsection (a), from
19 the scope of the requirement in Q&A–14(c) of
20 Treas. Reg. section 1.401(a)(9)–6 that the total
21 future expected payments must exceed the total
22 value being annuitized;

23 (B) amend Q&A–14(c) of such section
24 1.401(a)(9)–6 to provide that a commercial an-
25 nuity which provides an initial payment which

1 is at least equal to the initial payment which
2 would be required from an individual account
3 pursuant to Treas. Reg. section 1.401(a)(9)–5
4 will be deemed to satisfy the requirement in
5 Q&A–14(e) of such section 1.401(a)(9)–6 that
6 the total future expected payments must exceed
7 the total value being annuitized; and

8 (C) amend Q&A–14(e)(3) of Treas. Reg.
9 section 1.401(a)(9)–6 to provide that the total
10 future expected payments under a commercial
11 annuity are determined using the tables or
12 other actuarial assumptions which the issuer of
13 the contract actually uses in pricing the pre-
14 miums and benefits with respect to the con-
15 tract, provided that such tables or other actu-
16 arial assumptions are reasonable.

17 (2) EFFECTIVE DATE.—The modifications and
18 amendments required under paragraph (1) shall be
19 deemed to have been made as of the date of the en-
20 actment of this Act, and as of such date the Sec-
21 retary of the Treasury (or the Secretary’s delegate)
22 shall administer and enforce the law with respect to
23 plan years beginning before, on, or after the date of
24 the enactment of this Act in accordance with the
25 amendments made by subsection (a) and as though

1 the actions which the Secretary is required to take
2 under paragraph (1) had been taken.

3 **SEC. 203. ELIMINATING A PENALTY ON PARTIAL**
4 **ANNUITIZATION.**

5 (a) ELIMINATING A PENALTY ON PARTIAL
6 ANNUITIZATION.—The Secretary of the Treasury (or the
7 Secretary’s delegate) shall amend the regulations under
8 section 401(a)(9) of the Internal Revenue Code of 1986
9 to provide that if an employee’s benefit is in the form of
10 an individual account under a defined contribution plan,
11 the plan may allow the employee to elect to have the
12 amount required to be distributed from such account
13 under such section for a year to be calculated as the excess
14 of the total required amount for such year over the annu-
15 ity amount for such year.

16 (b) DEFINITIONS.—For purposes of this section—

17 (1) TOTAL REQUIRED AMOUNT.—The term
18 “total required amount”, with respect to a year,
19 means the amount which would be required to be
20 distributed under Treas. Reg. section 1.401(a)(9)–5
21 for the year, determined by treating the account bal-
22 ance as of the last valuation date in the immediately
23 preceding calendar year as including the value on
24 that date of all annuity contracts which were pur-
25 chased with a portion of the account and from which

1 payments are made in accordance with Treas. Reg.
2 section 1.401(a)(9)–6.

3 (2) ANNUITY AMOUNT.—The term “annuity
4 amount”, with respect to a year, is the total amount
5 distributed in the year from all annuity contracts de-
6 scribed in paragraph (1).

7 (c) CONFORMING REGULATORY AMENDMENTS.—The
8 Secretary of the Treasury (or the Secretary’s delegate)
9 shall amend the regulations under sections 403(b)(10),
10 408(a)(6), 408(b)(3), and 457(d)(2) of the Internal Rev-
11 enue Code of 1986 to conform to the amendments de-
12 scribed in subsection (a). Such conforming amendments
13 shall treat all individual retirement plans (as defined in
14 section 7701(a)(37) of such Code) which an individual
15 holds as the owner, or which an individual holds as a bene-
16 ficiary of the same decedent, as one such plan for purposes
17 of the amendments described in subsection (a). Such con-
18 forming amendments shall also treat all contracts de-
19 scribed in section 403(b) of such Code which an individual
20 holds as an employee, or which an individual holds as a
21 beneficiary of the same decedent, as one such contract for
22 such purposes.

23 (d) EFFECTIVE DATE.—The modifications and
24 amendments required under subsections (a) and (c) shall
25 be deemed to have been made as of the date of the enact-

1 ment of this Act, and as of such date all applicable laws
2 shall be applied in all respects as though the actions which
3 the Secretary of the Treasury (or the Secretary's delegate)
4 is required to take under such subsections had been taken.

5 **SEC. 204. INSURANCE-DEDICATED EXCHANGE-TRADED**
6 **FUNDS.**

7 (a) IN GENERAL.—Not later than the date which is
8 1 year after the date of the enactment of this Act, the
9 Secretary of the Treasury (or the Secretary's delegate)
10 shall amend the regulation issued by the Department of
11 the Treasury relating to “Income Tax; Diversification Re-
12 quirements for Variable Annuity, Endowment, and Life
13 Insurance Contracts”, 54 Fed. Reg. 8728 (March 2,
14 1989), and make any necessary corresponding amend-
15 ments to other regulations, in order to facilitate the use
16 of exchange-traded funds as investment options under
17 variable contracts within the meaning of section 817(d)
18 of the Internal Revenue Code of 1986, in accordance with
19 subsections (b) and (c) of this section.

20 (b) DESIGNATE CERTAIN AUTHORIZED PARTICI-
21 PANTS AND MARKET MAKERS AS ELIGIBLE INVESTORS.—
22 The Secretary of the Treasury (or the Secretary's dele-
23 gate) shall amend Treas. Reg. section 1.817-5(f)(3) to
24 provide that satisfaction of the requirements in Treas.
25 Reg. section 1.817-5(f)(2)(i) with respect to an exchange-

1 traded fund shall not be prevented by reason of beneficial
2 interests in such a fund being held by 1 or more author-
3 ized participants or market makers.

4 (c) CONFIRM THAT SIMILARITIES TO OTHER FUNDS
5 ARE IRRELEVANT.—The Secretary of the Treasury (or
6 the Secretary’s delegate) shall amend Treas. Reg. section
7 1.817–5(f) to confirm that, for Federal income tax pur-
8 poses, a regulated investment company, partnership, or
9 trust (including an exchange-traded fund) that satisfies
10 the requirements of Treas. Reg. section 1.817–5(f) (2)
11 and (3) shall not be treated as owned by the holder of
12 a variable contract pursuant to the principles of Rev. Rul.
13 81–225, 1981–2 C.B. 12, merely because another regu-
14 lated investment company, partnership, trust, or similar
15 investment vehicle follows the same investment strategy,
16 has the same investment manager, or holds the same in-
17 vestments.

18 (d) DEFINE RELEVANT TERMS.—In amending
19 Treas. Reg. section 1.817–5(f)(3) in accordance with sub-
20 sections (b) and (c) of this section, the Secretary of the
21 Treasury (or the Secretary’s delegate) shall provide defini-
22 tions consistent with the following:

23 (1) EXCHANGE-TRADED FUND.—The term “ex-
24 change-traded fund” means a regulated investment
25 company, partnership, or trust—

1 (A) that is registered with the Securities
2 and Exchange Commission as an open-end in-
3 vestment company or a unit investment trust;

4 (B) the shares of which can be purchased
5 or redeemed directly from the fund only by an
6 authorized participant; and

7 (C) the shares of which are traded
8 throughout the day on a national stock ex-
9 change at market prices that may or may not
10 be the same as the net asset value of the
11 shares.

12 (2) AUTHORIZED PARTICIPANT.—The term
13 “authorized participant” means a financial institu-
14 tion that is a member or participant of a clearing
15 agency registered under section 17A(b) of the Secu-
16 rities Exchange Act of 1934 that enters into a con-
17 tractual relationship with an exchange-traded fund
18 pursuant to which the financial institution is per-
19 mitted to purchase and redeem shares directly from
20 the fund and to sell such shares to third parties, but
21 only if the contractual arrangement or applicable law
22 precludes the financial institution from—

23 (A) purchasing the shares for its own in-
24 vestment purposes rather than for the exclusive

1 purpose of creating and redeeming such shares
2 on behalf of third parties; and

3 (B) selling the shares to third parties who
4 are not market makers or otherwise described
5 in Treas. Reg. section 1.817-5(f) (1) and (3).

6 (3) MARKET MAKER.—The term “market
7 maker” means a financial institution that is a reg-
8 istered broker or dealer under section 15(b) of the
9 Securities Exchange Act of 1934 that maintains li-
10 quidity for an exchange-traded fund on a national
11 stock exchange by being always ready to buy and sell
12 shares of such fund on the market, but only if the
13 financial institution is contractually or legally pre-
14 cluded from selling or buying such shares to or from
15 persons who are not authorized participants or oth-
16 erwise described in Treas. Reg. section 1.817-5(f)
17 (2) and (3).

18 (e) EFFECTIVE DATES, ENFORCEMENT, AND INTER-
19 PRETATIONS.—

20 (1) EFFECTIVE DATES.—

21 (A) Subsection (b), and the definitions
22 under subsection (d), shall apply to segregated
23 asset account investments made on or after the
24 date of enactment of this Act.

1 (B) Subsection (c) shall apply to taxable
2 years beginning after December 31, 1983.

3 (2) ENFORCEMENT AND INTERPRETATIONS.—
4 Prior to the date that the Secretary of the Treasury
5 (or the Secretary's delegate) issues final regulations
6 pursuant to this section—

7 (A) the Secretary (or delegate) shall ad-
8 minister and enforce the law in accordance with
9 this section and the effective dates in paragraph
10 (1) of this subsection; and

11 (B) taxpayers may rely upon their reason-
12 able good faith interpretations of the preceding
13 subsections of this section.

14 **TITLE III—SIMPLIFICATION AND**
15 **CLARIFICATION OF RETIRE-**
16 **MENT PLAN RULES**

17 **SEC. 301. REVIEW AND REPORT TO THE CONGRESS RELAT-**
18 **ING TO REPORTING AND DISCLOSURE RE-**
19 **QUIREMENTS.**

20 (a) STUDY.—As soon as practicable after the date of
21 the enactment of this Act, the Secretary of Labor, the Sec-
22 retary of the Treasury, and the Director of the Pension
23 Benefit Guaranty Corporation (or their delegates) shall re-
24 view the reporting and disclosure requirements of—

1 (1) title I of the Employee Retirement Income
2 Security Act of 1974, as applicable to pension plans
3 (as defined in section 3(2) of such Act); and

4 (2) the Internal Revenue Code of 1986, as ap-
5 plicable to qualified retirement plans (as defined in
6 section 4974(c) of such Code, without regard to
7 paragraphs (4) and (5) thereof).

8 (b) REPORT.—Not later than 18 months after the
9 date of the enactment of this Act, the Secretary of Labor,
10 the Secretary of the Treasury, and the Director of the
11 Pension Benefit Guaranty Corporation (or their dele-
12 gates), jointly, shall make such recommendations as may
13 be appropriate to the appropriate committees of the Con-
14 gress to consolidate, simplify, standardize, and improve
15 the applicable reporting and disclosure requirements so as
16 to simplify reporting for plans described in subsection (a)
17 and ensure that necessary, comprehensible information is
18 provided to participants and beneficiaries of such plans.

19 **SEC. 302. CONSOLIDATION OF DEFINED CONTRIBUTION**
20 **PLAN NOTICES.**

21 Not later than 18 months after the date of the enact-
22 ment of this Act, the Secretary of Labor and the Secretary
23 of the Treasury (or such Secretaries' delegates) shall
24 adopt regulations providing that a plan may, but is not
25 required to, consolidate 2 or more of the notices required

1 under sections 404(c)(5)(B) and 514(e)(3) of the Em-
2 ployee Retirement Income Security Act of 1974 (29
3 U.S.C. 1104(c)(5)(B) and 29 U.S.C. 1144(e)(3)) and sec-
4 tions 401(k)(12)(D), 401(k)(13)(E), and 414(w)(4) of the
5 Internal Revenue Code of 1986 into a single notice so long
6 as the combined notice includes the required content,
7 clearly identifies the issues addressed therein, is provided
8 at the time and with the frequency required for each such
9 notice, and is presented in a manner that is understand-
10 able and does not obscure or fail to highlight important
11 points for participants and beneficiaries.

12 **SEC. 303. PERFORMANCE BENCHMARKS FOR ASSET ALLO-**
13 **CATION FUNDS.**

14 (a) IN GENERAL.—Not later than 6 months after the
15 date of the enactment of this Act, the Secretary of Labor
16 (or the Secretary’s delegate) shall modify the regulations
17 under section 404 of the Employee Retirement Income Se-
18 curity Act of 1974 (29 U.S.C. 1104) to provide that, in
19 the case of a designated investment alternative which con-
20 tains a mix of asset classes, a plan administrator may,
21 but is not required to, use a benchmark which is a blend
22 of different broad-based securities market indices if—

23 (1) the blend is reasonably representative of the
24 asset class holdings of the designated investment al-
25 ternative;

1 “(12) DISTRIBUTIONS TO QUALIFIED PLAN OF
2 NONSPOUSE BENEFICIARY.—If, with respect to any
3 portion of a distribution from an eligible retirement
4 plan described in clause (iii), (iv), (v), or (vi) of
5 paragraph (8)(B) of a deceased employee, a direct
6 trustee-to-trustee transfer is made to another such
7 plan of an individual who is a designated beneficiary
8 (as defined by section 401(a)(9)(E)) of the employee
9 and who is not the surviving spouse of the em-
10 ployee—

11 “(A) the transfer shall be treated as an eli-
12 gible rollover distribution, and

13 “(B) section 401(a)(9)(B) (other than
14 clause (iv) thereof) shall apply to such plan.”.

15 (b) CONFORMING AMENDMENTS.—

16 (1) 403(a) PLANS.—Subparagraph (B) of sec-
17 tion 403(a)(4) is amended by striking “and (11) and
18 (9)” and inserting “, (9), (11), and (12)”.

19 (2) 403(b) PLANS.—Subparagraph (B) of sec-
20 tion 403(b)(8) is amended by striking “and (11)”
21 and inserting “(11), and (12)”.

22 (3) 457 PLANS.—Subparagraph (B) of section
23 457(e)(16) is amended by striking “and (11)” and
24 inserting “(11), and (12)”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to distributions made after the
3 date of the enactment of this Act.

4 **SEC. 305. DEFERRAL AGREEMENTS.**

5 (a) IN GENERAL.—Paragraph (4) of section 457(b)
6 of the Internal Revenue Code of 1986 is amended by in-
7 serting “, or, in the case of a plan of an eligible employer
8 described in subsection (e)(1)(A), before the date on which
9 the compensation is (but for the deferral) available” before
10 the comma at the end.

11 (b) EFFECTIVE DATE.—The amendment made by
12 this section shall apply to years beginning after December
13 31, 2019.

14 **SEC. 306. SIMPLIFYING 402(f) NOTICES.**

15 Not later than December 31, 2020, the Secretary of
16 the Treasury (or the Secretary’s delegate), in consultation
17 with the Secretary of Labor and the Director of the Pen-
18 sion Benefit Guaranty Corporation (or their delegates),
19 shall simplify the model notices issued under section
20 402(f) of the Internal Revenue Code of 1986 so as to fa-
21 cilitate better understanding by recipients of different dis-
22 tribution options and corresponding tax consequences.
23 Such model notices shall include an explanation of the ef-
24 fect of elections on spousal rights.

1 **SEC. 307. TREATMENT OF CUSTODIAL ACCOUNTS ON TER-**
2 **MINATION OF SECTION 403(b) PLANS.**

3 (a) IN GENERAL.—Not later than 6 months after the
4 date of the enactment of this Act, the Secretary of the
5 Treasury (or the Secretary’s delegate) shall issue guidance
6 to provide that, if an employer terminates the plan under
7 which amounts are contributed to a custodial account
8 under subparagraph (A) of section 403(b)(7) of the Inter-
9 nal Revenue Code of 1986—

10 (1) the plan administrator or custodian may
11 distribute an individual custodial account in kind to
12 a participant or beneficiary of the plan, and

13 (2) the distributed custodial account shall be
14 maintained by the custodian on the same basis as a
15 custodial account to which section 403(b)(7) of such
16 Code applies, similar to the treatment of fully paid
17 individual annuity contracts under Revenue Ruling
18 2011–7, until amounts are actually paid to the par-
19 ticipant or beneficiary.

20 (b) TREATMENT OF ACCOUNTS.—The guidance
21 issued under subsection (a) shall also provide that—

22 (1) the status of the distributed custodial ac-
23 count under section 403(b)(7) of the Internal Rev-
24 enue Code of 1986 is generally maintained if the
25 custodial account thereafter adheres to the require-
26 ments of section 403(b) of such Code which are in

1 effect at the time of the distribution of the account,
2 and

3 (2) a custodial account will not be considered
4 distributed to the participant or beneficiary if the
5 employer has any material retained rights under the
6 account.

7 For purposes of paragraph (2), an employer shall not be
8 treated as retaining material rights over a custodial ac-
9 count solely because the custodial account was originally
10 opened under a group contract.

11 (c) DISTRIBUTION UPON TERMINATION.—

12 (1) IN GENERAL.—Paragraph (11) of section
13 403(b) is amended by striking “or” at the end of
14 subparagraph (B), by striking the period at the end
15 of subparagraph (C) and inserting “, or”, and by in-
16 serting after subparagraph (C) the following new
17 subparagraph:

18 “(D) in the case of a termination of the
19 plan under which contributions were made,
20 without the establishment or maintenance of
21 another plan under this subsection.”.

22 (2) CUSTODIAL ACCOUNTS.—Section
23 403(b)(7)(A)(ii) is amended by striking “before the
24 employee dies” and inserting “before the termination
25 of the plan under which contributions were made to

1 the custodial account (without the establishment or
2 maintenance of another plan under this subsection),
3 or before the employee dies”.

4 (d) EFFECTIVE DATE.—The guidance issued under
5 subsections (a) and (b), and the amendments made by
6 subsection (c), shall apply to taxable years beginning after
7 December 31, 2008.

8 **SEC. 308. PERMIT PLANS TO USE BASE PAY OR RATE OF**
9 **PAY CALCULATION.**

10 (a) IN GENERAL.—Not later than December 31,
11 2020, the Secretary of the Treasury (or the Secretary’s
12 delegate) shall modify Treasury Regulation section
13 1.414(s)–1(d)(3) to facilitate the use of the safe harbors
14 in sections 401(k)(12), 401(k)(13), 401(k)(15),
15 401(m)(11), 401(m)(12), and 401(m)(13) of the Internal
16 Revenue Code of 1986, and in Treasury Regulation sec-
17 tion 1.401(a)(4)–3(b), by plans which use base pay or rate
18 of pay in determining contributions or benefits. Such fa-
19 cilitation shall include increased flexibility in meeting the
20 definition in section 414(s) of such Code in situations
21 where the amount of overtime compensation payable in a
22 year can vary significantly.

23 (b) EXCEPTION.—The Secretary of the Treasury (or
24 the Secretary’s delegate) may make any modification
25 under subsection (a) inapplicable to plans with respect to

1 which, on a consistent basis, overtime is a major compo-
2 nent of a substantial portion of the employees eligible to
3 participate in the plan who are not highly compensated
4 employees (as defined in section 414(q) of the Internal
5 Revenue Code of 1986).

6 **SEC. 309. ROTH SIMPLE IRAS.**

7 (a) IN GENERAL.—Section 408A(f) is amended—

8 (1) by striking “or a simple retirement ac-
9 count” in paragraph (1); and

10 (2) by striking “or account” in paragraph (2).

11 (b) CONFORMING AMENDMENTS.—Section
12 408A(c)(2) is amended by adding at the end the following
13 flush sentence:

14 “In applying this paragraph to an individual on
15 whose behalf elective employer contributions are
16 made to a simple retirement account, the amount
17 described in subparagraph (A) shall be increased by
18 the amount of elective employer contributions made
19 on behalf of the individual to such account, except
20 to the extent that such contributions exceed the ap-
21 plicable dollar amount (as defined in subsection
22 (p)(2)(E)) or cause the elective deferrals (as defined
23 in section 402(g)(3)) on behalf of such individual to
24 exceed the limitation under section 402(g)(1) (tak-
25 ing into account subparagraph (C) thereof).”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2019.

4 **SEC. 310. REDUCTION IN EXCISE TAX ON CERTAIN ACCU-**
5 **MULATIONS IN QUALIFIED RETIREMENT**
6 **PLANS.**

7 (a) IN GENERAL.—Subsection (a) of section 4974 is
8 amended by striking “50 percent” and inserting “25 per-
9 cent”.

10 (b) EFFECTIVE DATE.—The amendment made by
11 this section shall apply to taxable years beginning after
12 December 31, 2019.

13 **SEC. 311. CLARIFICATION OF CATCH-UP CONTRIBUTIONS**
14 **WITH RESPECT TO SEPARATE LINES OF BUSI-**
15 **NESS.**

16 (a) IN GENERAL.—Subparagraph (B) of section
17 414(v)(4) is amended—

18 (1) by striking “except that a plan” and insert-
19 ing “except that—

20 “(i) a plan”;

21 (2) by striking the period at the end and insert-
22 ing “, and”; and

23 (3) by adding at the end the following new
24 clause:

1 “(iii) distributions from the transferor
2 and transferee plans would in combination
3 continue to satisfy the requirements of
4 paragraph (2)(A)(iv) if they had been
5 made only from the transferor plan,
6 such transfer or rollover shall not be treated as
7 a modification under subparagraph (A)(ii), and
8 compliance with paragraph (2)(A)(iv) shall be
9 determined on the basis of the combined dis-
10 tributions described in clause (iii).”.

11 (b) NONQUALIFIED ANNUITY CONTRACTS.—Para-
12 graph (3) of section 72(q) is amended—

13 (1) by redesignating clauses (i) and (ii) of sub-
14 paragraph (B) as subclauses (I) and (II), and by
15 moving such subclauses 2 ems to the right;

16 (2) by redesignating subparagraphs (A) and
17 (B) as clauses (i) and (ii), by moving such clauses
18 2 ems to the right, and by adjusting the flush lan-
19 guage at the end accordingly;

20 (3) by striking “PAYMENTS.—If” and inserting
21 “PAYMENTS.—

22 “(A) IN GENERAL.—If—”; and

23 (4) by adding at the end the following new sub-
24 paragraph:

1 “(B) EXCHANGES TO SUBSEQUENT CON-
2 TRACTS.—If—

3 “(i) payments described in paragraph
4 (2)(D) are being made from an annuity
5 contract,

6 “(ii) an exchange of all or a portion of
7 such contract for another contract is made
8 under section 1035, and

9 “(iii) the aggregate distributions from
10 the contracts involved in the exchange con-
11 tinue to satisfy the requirements of para-
12 graph (2)(D) as if the exchange had not
13 taken place,

14 such exchange shall not be treated as a modi-
15 fication under subparagraph (A)(ii), and com-
16 pliance with paragraph (2)(D) shall be deter-
17 mined on the basis of the combined distribu-
18 tions described in clause (iii).”.

19 (c) INFORMATION REPORTING.—Section 6724 is
20 amended by inserting at the end the following new sub-
21 section:

22 “(g) SPECIAL RULE FOR REPORTING CERTAIN ADDI-
23 TIONAL TAXES.—No penalty shall be imposed under sec-
24 tion 6721 or 6722 if—

1 “(1) a person makes a return or report under
2 section 6047(d) or 408(i) with respect to any dis-
3 tribution,

4 “(2) such distribution is made following a roll-
5 over, transfer, or exchange described in section
6 72(t)(4)(C) or section 72(q)(3)(C),

7 “(3) in making such return or report the person
8 relies upon a certification provided by the taxpayer
9 that the distributions satisfy the requirements of
10 section 72(t)(4)(C)(iii) or section 72(q)(3)(B)(iii), as
11 applicable, and

12 “(4) such person does not have actual knowl-
13 edge that the distributions do not satisfy such re-
14 quirements.”.

15 (d) SAFE HARBOR FOR ANNUITY PAYMENTS.—

16 (1) QUALIFIED RETIREMENT PLANS.—Subpara-
17 graph (A) of section 72(t)(2) is amended by adding
18 at the end the following flush sentence:

19 “For purposes of clause (iv), periodic payments
20 shall not fail to be treated as substantially
21 equal merely because they are amounts received
22 as an annuity, and such periodic payments shall
23 be deemed to be substantially equal if they are
24 payable over a period described in clause (iv)

1 and satisfy the requirements applicable to an-
2 nuity payments under section 401(a)(9).”.

3 (2) OTHER ANNUITY CONTRACTS.—Paragraph
4 (2) of section 72(q) is amended by adding at the end
5 the following flush sentence:

6 “For purposes of subparagraph (D), periodic pay-
7 ments shall not fail to be treated as substantially
8 equal merely because they are amounts received as
9 an annuity, and such periodic payments shall be
10 deemed to be substantially equal if they are payable
11 over a period described in subparagraph (D) and
12 would satisfy the requirements applicable to annuity
13 payments under section 401(a)(9) if such require-
14 ments applied.”.

15 (e) EFFECTIVE DATES.—

16 (1) IN GENERAL.—The amendments made by
17 subsections (a), (b), and (c) shall apply to transfers,
18 rollovers, and exchanges occurring on or after the
19 date of the enactment of this Act.

20 (2) ANNUITY PAYMENTS.—The amendment
21 made by subsection (d) shall apply to distributions
22 commencing on or after the date of the enactment
23 of this Act.

24 (3) NO INFERENCE.—Nothing in the amend-
25 ments made by this section shall be construed to

1 create an inference with respect to the law in effect
2 prior to the effective date of such amendments.

3 **SEC. 313. CLARIFICATION OF TREATMENT OF DISTRIBUTIONS OF ANNUITY CONTRACTS.**
4

5 (a) IN GENERAL.—Clause (i) of section 402(e)(4)(D)
6 is amended by inserting after “section 401(c)(1).” at the
7 end of the second sentence the following: “A distribution
8 of an annuity contract from a trust or annuity plan re-
9 ferred to in the first sentence of this clause may be treated
10 as a part of a lump sum distribution.”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 this section shall take effect as if included in section
13 1401(b)(1) of the Small Business Job Protection Act of
14 1996.

15 **SEC. 314. CLARIFICATION REGARDING ELECTIVE DEFER- RALS.**
16

17 (a) IN GENERAL.—Not later than 6 months after the
18 date of the enactment of this Act, the Secretary of the
19 Treasury (or the Secretary’s delegate) shall amend Treas.
20 Reg. section 1.415(c)–2(e), and make any necessary con-
21 forming amendments to other Treasury Regulations, to
22 provide that plans may allow employees who have had a
23 severance from employment to make deferrals or contribu-
24 tions described in subsection (b) with respect to payments
25 of severance or back pay. The Secretary of the Treasury

1 (or delegate) may provide for such other conditions on
2 such deferrals or contributions as are necessary to carry
3 out the purposes of this section.

4 (b) DEFERRALS AND CONTRIBUTIONS DESCRIBED.—
5 The deferrals or contributions described in this subsection
6 are—

7 (1) elective deferrals described in subparagraph
8 (A), (B), or (C) of section 402(g)(3) of the Internal
9 Revenue Code of 1986 (other than elective deferrals
10 under section 401(k)(11) of such Code);

11 (2) elective contributions under an eligible de-
12 ferred compensation plan described in section 457(b)
13 of such Code; and

14 (3) to the extent provided by such Secretary (or
15 delegate), elective deferrals described in section
16 402(g)(3)(D) or 401(k)(11) of such Code.

17 (c) TREATMENT OF DEFERRALS.—Except as other-
18 wise determined by the Secretary of the Treasury (or the
19 Secretary's delegate) to be necessary to carry out the pur-
20 poses of this section, the rules described in subsection (a)
21 shall provide that the contributions or deferrals shall, for
22 purposes of section 457 and subchapter D of chapter 1
23 of subtitle A of the Internal Revenue Code of 1986, be
24 treated as contributions or deferrals made on behalf of ac-
25 tive employees, not on behalf of former employees.

1 **SEC. 315. TAX TREATMENT OF CERTAIN NONTRADE OR**
 2 **BUSINESS SEP CONTRIBUTIONS.**

3 (a) IN GENERAL.—Subparagraph (B) of section
 4 4972(c)(6) is amended—

5 (1) by striking “408(p) or” and inserting
 6 “408(p),”; and

7 (2) by inserting “, or a simplified employee pen-
 8 sion (within the meaning of section 408(k))” after
 9 “401(k)(11)”.

10 (b) EFFECTIVE DATE.—The amendments made by
 11 this section shall apply to taxable years beginning after
 12 December 31, 2019.

13 **SEC. 316. ALLOW CERTAIN PLAN TRANSFERS AND MERG-**
 14 **ERS.**

15 (a) AMENDMENTS TO THE INTERNAL REVENUE
 16 CODE OF 1986.—

17 (1) IN GENERAL.—Section 414 is amended by
 18 adding at the end the following new subsection:

19 “(aa) CERTAIN PLAN TRANSFERS AND MERGERS.—

20 “(1) IN GENERAL.—Under rules prescribed by
 21 the Secretary, no amount shall be includible in gross
 22 income by reason of—

23 “(A) a transfer of all or a portion of the
 24 account balance of a participant or beneficiary,
 25 whether or not vested, from a defined contribu-
 26 tion plan described in section 401(a) or section

1 403(a) of an employer to an annuity contract
2 described in section 403(b) of the same em-
3 ployer,

4 “(B) a transfer of all or a portion of the
5 account balance of a participant or beneficiary,
6 whether or not vested, from an annuity contract
7 described in section 403(b) of an employer to a
8 defined contribution plan described in section
9 401(a) or section 403(a) of the same employer,
10 or

11 “(C) a merger of a defined contribution
12 plan described in section 401(a) or section
13 403(a) of an employer with an annuity contract
14 described in section 403(b) of the same em-
15 ployer,

16 so long as the transfer or merger does not cause a
17 reduction in the vested benefit or total benefit (in-
18 cluding non-vested benefit) of any participant or
19 beneficiary. A plan or contract shall not fail to be
20 considered to be described in section 401(a), 403(a),
21 or 403(b) (as applicable) merely because such plan
22 or contract engages in a transfer or merger de-
23 scribed in this paragraph.

24 “(2) DISTRIBUTIONS.—Amounts transferred or
25 merged pursuant to paragraph (1) shall be subject

1 to the requirements of paragraphs (3) and (4) and
2 to the distribution requirements under section
3 401(a), 403(a), or 403(b) applicable to the trans-
4 feree or merged plan.

5 “(3) SPOUSAL CONSENT AND ANTI-CUTBACK
6 PROTECTION.—In the case of a transfer or merger
7 described in paragraph (1), amounts in the trans-
8 feree or merged plan that are attributable to the
9 transferor or predecessor plan shall—

10 “(A)(i) be subject to section 401(a)(11)
11 and section 205 of the Employee Retirement
12 Income Security Act of 1974 to the extent that
13 such sections applied to such amounts in the
14 transferor or predecessor plan, or

15 “(ii) be required to satisfy the require-
16 ments of section 401(a)(11)(B)(iii)(I) and sec-
17 tion 205(b)(1)(C)(i) of the Employee Retire-
18 ment Income Security Act of 1974 to the extent
19 that such sections applied to such amounts in
20 the transferor or predecessor plan, and

21 “(B) be treated as subject to section
22 411(d)(6) and section 204(g) of the Employee
23 Retirement Income Security Act of 1974 to the
24 extent that such amounts were subject to such
25 sections in the transferor or predecessor plan.

1 “(4) SPECIAL RULES.—Under rules prescribed
2 by the Secretary, to the extent amounts transferred
3 or merged pursuant to paragraph (1) were otherwise
4 entitled to grandfather treatment under the trans-
5 feror or predecessor plan, such amounts (and income
6 or loss attributable thereto) shall remain entitled to
7 such treatment under the transferee or merged plan.
8 The rules prescribed by the Secretary shall require
9 that such amounts be separately accounted for by
10 the transferee or merged plan. For purposes of this
11 paragraph, the term ‘grandfather treatment’ means
12 any special treatment under this title that is pro-
13 vided for prior benefits, prior periods of time, or cer-
14 tain individuals in connection with a change in the
15 applicable law.

16 “(5) CONSENT.—In the case of a qualified trust
17 described in section 401(a) or 403(a) and an annu-
18 ity contract described in section 403(b) with respect
19 to which transfers may be made only with the con-
20 sent of a participant or beneficiary pursuant to the
21 terms of such trust or contract or pursuant to appli-
22 cable law, such consent requirement shall apply
23 without regard to this subsection. Nothing in this
24 subsection shall affect the application of contract or

1 plan terms otherwise applicable in the case of a
2 withdrawal from the contract or plan.”.

3 (2) AGGREGATION.—Paragraph (2) of section
4 414(t) is amended by inserting “414(aa),” after
5 “274(j),”.

6 (3) TECHNICAL AMENDMENT.—The heading of
7 subsection (z) of section 414 is amended by striking
8 “PLAN” and inserting “CHURCH PLAN”.

9 (b) AMENDMENT TO THE EMPLOYEE RETIREMENT
10 INCOME SECURITY ACT OF 1974.—Section 4 of the Em-
11 ployee Retirement Income Security Act of 1974 (29
12 U.S.C. 1003) is amended by adding at the end the fol-
13 lowing new subsection:

14 “(d) This title shall apply to any plan or contract de-
15 scribed in section 414(aa) of the Internal Revenue Code
16 of 1986 to the extent necessary to comply with the re-
17 quirements of such section.”.

18 (c) EFFECTIVE DATE.—

19 (1) IN GENERAL.—The amendments made by
20 this section shall apply to transfers or mergers in
21 years beginning after the Secretary of the Treasury
22 (or the Secretary’s delegate) prescribes rules under
23 section 414(aa) of the Internal Revenue Code of
24 1986, as added by this section.

1 (2) RULES.—The Secretary of the Treasury (or
2 the Secretary’s delegate) shall issue rules under sec-
3 tion 414(aa) of the Internal Code of 1986, as so
4 added, within 1 year after the date of the enactment
5 of this Act.

6 **SEC. 317. EXCEPTION FROM REQUIRED DISTRIBUTIONS**
7 **WHERE AGGREGATE RETIREMENT SAVINGS**
8 **DO NOT EXCEED \$100,000.**

9 (a) IN GENERAL.—Section 401(a)(9), as amended by
10 this Act, is further amended by adding at the end the fol-
11 lowing new subparagraph:

12 “(K) EXCEPTION FROM REQUIRED MIN-
13 IMUM DISTRIBUTIONS DURING LIFE OF EM-
14 PLOYEE OR BENEFICIARY WHERE ASSETS DO
15 NOT EXCEED \$100,000.—

16 “(i) IN GENERAL.—If, as of a meas-
17 urement date, the aggregate value of the
18 entire interest of an employee under all ap-
19 plicable eligible retirement plans does not
20 exceed \$100,000, then, with respect to any
21 applicable eligible retirement plan of the
22 employee, during any succeeding calendar
23 year beginning before the next measure-
24 ment date the requirements of subpara-
25 graph (A) shall not apply to the employee.

1 “(ii) APPLICABLE ELIGIBLE RETIRE-
2 MENT PLAN.—For purposes of this sub-
3 paragraph, the term ‘applicable eligible re-
4 tirement plan’ means an eligible retirement
5 plan (as defined in section 402(c)(8)(B))
6 and any other plan, contract, or arrange-
7 ment to which the requirements of this
8 paragraph apply, but does not include any
9 defined benefit plan.

10 “(iii) MEASUREMENT DATE.—

11 “(I) INITIAL MEASUREMENT
12 DATES.—The initial measurement
13 date for an employee is the last day of
14 the calendar year preceding the earlier
15 of—

16 “(aa) the calendar year in
17 which the employee attains the
18 applicable age, or

19 “(bb) the calendar year in
20 which the employee dies.

21 “(II) SUBSEQUENT MEASURE-
22 MENT DATES.—If, in a calendar year,
23 an employee to whom subparagraph
24 (A) does not apply by reason of clause
25 (i) receives contributions, rollovers, or

1 transfers of amounts which were not
2 previously taken into account in ap-
3 plying this subparagraph, then the
4 last day of that calendar year shall be
5 a new measurement date and a new
6 determination shall be made as to
7 whether clause (i) applies to such em-
8 ployee.

9 “(III) SPECIAL RULE.—In the
10 case of an employee who receives ac-
11 count statements at least annually
12 with respect to a plan, the value of
13 the employee’s interest in such plan
14 as shown on the last account state-
15 ment provided to such employee for
16 such calendar year may (at the elec-
17 tion of the employee) be treated as the
18 value of the employee’s interest in
19 such plan on the measurement date.
20 If such last account statement does
21 not include all amounts described in
22 subclause (II) for such calendar year,
23 the last day of the next calendar year
24 shall be a new measurement date in
25 accordance with subclause (II) and a

1 new determination shall be made as to
2 whether clause (i) applies to such em-
3 ployee.

4 “(iv) DETERMINATION OF VALUE.—
5 For purposes of this subparagraph, the
6 value of an employee’s interest in a plan is
7 the account balance of such plan.

8 “(v) PHASE-OUT OF EXCEPTION.—In
9 the case of an employee whose aggregate
10 balance described in clause (i) as of a
11 measurement date exceeds the dollar
12 amount in effect under such clause by less
13 than \$10,000, the required distributions
14 under this paragraph for calendar years
15 beginning after such measurement date
16 and before the next measurement date
17 shall be equal to the amount which bears
18 the same ratio to the required distributions
19 otherwise determined under this paragraph
20 as—

21 “(I) the amount by which such
22 aggregate balance exceeds such dollar
23 amount so in effect, bears to

24 “(II) \$10,000.

1 “(vi) COST-OF-LIVING ADJUST-
2 MENTS.—The Secretary shall adjust annu-
3 ally the \$100,000 amount specified in
4 clause (i) for increases in the cost-of-living
5 at the same time and in the same manner
6 as adjustments under section 415(d); ex-
7 cept that the base period shall be the cal-
8 endar quarter beginning July 1, 2019, and
9 any increase which is not a multiple of
10 \$5,000 shall be rounded to the next lowest
11 multiple of \$5,000.

12 “(vii) PLAN RELIANCE.—The plan ad-
13 ministrator of an applicable eligible retire-
14 ment plan shall be entitled to rely on a cer-
15 tification provided by an employee that
16 such employee’s interest in other applicable
17 eligible retirement plans does not prevent
18 such employee from being described in
19 clause (i). Any such certification shall
20 apply to all future years in the absence of
21 a contrary certification from the employee,
22 and shall apply to the current year if re-
23 ceived not later than March 1 of such cur-
24 rent year. If no such certification is re-
25 ceived by the plan administrator by March

1 1 of a year for which a required distribu-
2 tion is to be made under subparagraph
3 (A), the plan administrator shall be treated
4 as required to make the distribution re-
5 quired under subparagraph (A) for such
6 year.”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to initial measurement dates occur-
9 ring on or after December 31, 2019.

10 **SEC. 318. HARDSHIP RULES FOR 403(b) PLANS.**

11 (a) IN GENERAL.—Section 403(b) is amended by
12 adding at the end the following new paragraph:

13 “(15) SPECIAL RULES RELATING TO HARDSHIP
14 WITHDRAWALS.—For purposes of paragraphs (7)
15 and (11)—

16 “(A) AMOUNTS WHICH MAY BE WITH-
17 DRAWN.—The following amounts may be dis-
18 tributed upon hardship of the employee:

19 “(i) Contributions made pursuant to a
20 salary reduction agreement (within the
21 meaning of section 3121(a)(5)(D)).

22 “(ii) Qualified nonelective contribu-
23 tions (as defined in section 401(m)(4)(C)).

24 “(iii) Qualified matching contributions
25 described in section 401(k)(3)(D)(ii)(I).

1 “(iv) Earnings on any contributions
2 described in clause (i), (ii), or (iii).

3 “(B) NO REQUIREMENT TO TAKE AVAIL-
4 ABLE LOAN.—A distribution shall not be treat-
5 ed as failing to be made upon the hardship of
6 an employee solely because the employee does
7 not take any available loan under the plan.”.

8 (b) CONFORMING AMENDMENTS.—

9 (1) Section 403(b)(7)(A)(ii) is amended by
10 striking “in the case of contributions made pursuant
11 to a salary reduction agreement (within the meaning
12 of section 3121(a)(5)(D))” and inserting “subject to
13 the provisions of paragraph (15)”.

14 (2) Paragraph (11) of section 403(b), as
15 amended by this Act, is further amended—

16 (A) by striking “in” in subparagraph (B)
17 and inserting “subject to the provisions of para-
18 graph (15), in”; and

19 (B) by striking the last sentence.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to plan years beginning after De-
22 cember 31, 2019.

1 **SEC. 319. IRA PRESERVATION.**

2 (a) INFORMATION MADE AVAILABLE.—The Sec-
3 retary of the Treasury (or the Secretary’s delegate) shall
4 make available to the public the following information:

5 (1) An overview of the laws and regulations re-
6 lated to individual retirement plans (as defined in
7 section 7701(a)(37) of the Internal Revenue Code of
8 1986), including—

9 (A) limits on contributions;

10 (B) limits on deductions for contributions;

11 (C) rollovers;

12 (D) minimum required distributions;

13 (E) non-exempt prohibited transactions;

14 and

15 (F) tax consequences for early distribu-
16 tions.

17 (2) Examples of common errors by taxpayers
18 with respect to the laws and regulations described in
19 paragraph (1) and instructions on how to avoid such
20 errors.

21 (b) REDUCTION IN EXCISE TAX ON EXCESS CON-
22 TRIBUTIONS.—Section 4973 is amended by adding at the
23 end the following new subsection:

24 “(i) REDUCTION OF TAX IN CERTAIN CASES.—

25 “(1) REDUCTION.—In the case of a taxpayer
26 who—

1 “(A) corrects, during the correction win-
2 dow, an excess contribution which was made to
3 an individual retirement plan and which re-
4 sulted in imposition of a tax under paragraph
5 (1) or (3) of subsection (a), and

6 “(B) submits a return, during the correc-
7 tion window, reflecting such tax (as modified by
8 this subsection),

9 the first and second sentences of subsection (a) shall
10 be applied by substituting ‘3 percent’ for ‘6 percent’
11 each place it appears.

12 “(2) CORRECTION WINDOW.—For purposes of
13 this subsection, the term ‘correction window’ means
14 the period beginning on the date on which the tax
15 under subsection (a) is imposed with respect to an
16 excess contribution, and ending on the earlier of—

17 “(A) the date on which the Secretary initi-
18 ates an audit, or otherwise demands payment,
19 with respect to the excess contribution, or

20 “(B) the last day of the second taxable
21 year that begins after the end of the taxable
22 year in which the tax under subsection (a) is
23 imposed.”.

24 (c) REDUCTION IN EXCISE TAX ON FAILURES TO
25 TAKE REQUIRED MINIMUM DISTRIBUTIONS.—Section

1 4974, as amended by this Act, is further amended by add-
2 ing at the end the following new subsection:

3 “(e) REDUCTION OF TAX IN CERTAIN CASES.—

4 “(1) REDUCTION.—In the case of a taxpayer
5 who—

6 “(A) corrects, during the correction win-
7 dow, a shortfall of distributions from an indi-
8 vidual retirement plan which resulted in imposi-
9 tion of a tax under subsection (a), and

10 “(B) submits a return, during the correc-
11 tion window, reflecting such tax (as modified by
12 this subsection),

13 the first sentence of subsection (a) shall be applied
14 by substituting ‘10 percent’ for ‘25 percent’.

15 “(2) CORRECTION WINDOW.—For purposes of
16 this subsection, the term ‘correction window’ means
17 the period of time beginning on the date on which
18 the tax under subsection (a) is imposed with respect
19 to a shortfall of distributions from an individual re-
20 tirement plan, and ending on the earlier of—

21 “(A) the date on which the Secretary initi-
22 ates an audit, or otherwise demands payment,
23 with respect to the shortfall of distributions, or

24 “(B) the last day of the second taxable
25 year that begins after the end of the taxable

1 year in which the tax under subsection (a) is
2 imposed.”.

3 (d) REPEAL OF TAX DISQUALIFICATION PENALTY.—

4 (1) IN GENERAL.—Paragraph (2) of subsection
5 (e) of section 408 is repealed.

6 (2) CONFORMING AMENDMENTS.—

7 (A) Section 408(e)(1) is amended by strik-
8 ing “(2) or”.

9 (B) Sections 220(e)(2), 223(e)(2), and
10 530(e) are each amended by striking “para-
11 graphs (2) and (4) of section 408(e)” and in-
12 serting “section 408(e)(4)”.

13 (C) Section 4975(c)(3) is amended by
14 striking “the account ceases to be an individual
15 retirement account by reason of the application
16 of section 408(e)(2)(A) or if”.

17 (e) STATUTE OF LIMITATIONS.—Subsection (l) of
18 section 6501 of the Internal Revenue Code of 1986 is
19 amended—

20 (1) in paragraph (1), by inserting “(other than
21 with respect to an individual retirement plan)” after
22 “section 4975”; and

23 (2) by adding at the end the following new
24 paragraph:

1 “(4) INDIVIDUAL RETIREMENT PLANS.—For
2 purposes of any tax imposed by section 4973, 4974,
3 or 4975 in connection with an individual retirement
4 plan, the return referred to in this section shall be
5 the income tax return filed by the person on whom
6 the tax under such section is imposed for the year
7 in which the act (or failure to act) giving rise to the
8 liability for such tax occurred. In the case of a per-
9 son who is not required to file an income tax return
10 for such year—

11 “(A) the return referred to in this section
12 shall be the income tax return that such person
13 would have been required to file but for the fact
14 that such person was not required to file such
15 return, and

16 “(B) the 3-year period referred to in sub-
17 section (a) with respect to the return shall be
18 deemed to begin on the date by which the re-
19 turn would have been required to be filed (ex-
20 cluding any extension thereof).”.

21 (f) EFFECTIVE DATE.—

22 (1) IN GENERAL.—Subject to paragraphs (2)
23 and (3), this section and the amendments made by
24 this section shall take effect on the date of the en-
25 actment of this Act.

1 (2) TRANSITION PROVISIONS.—

2 (A) IN GENERAL.—The amendments made
3 by this section shall apply to any determination
4 of or affecting liability for taxes, interest, or
5 penalties which is made on or after the date of
6 the enactment of this Act, without regard to
7 whether the conduct upon which the determina-
8 tion is based occurred before such date of en-
9 actment.

10 (B) CALCULATION OF CORRECTION WIN-
11 DOW IN CERTAIN CASES.—In the case of an
12 error that would have been eligible for correc-
13 tion under section 4973(i) or 4974(e) of the In-
14 ternal Revenue Code of 1986 if tax had not
15 been imposed under section 4973(a) or 4974(a),
16 as the case may be, of such Code before the
17 date of the enactment of this Act, the correc-
18 tion window referred to in sections 4973(i) and
19 4974(e) of such Code (as added by this section)
20 shall be the period beginning on the date on
21 which such tax was imposed and ending on the
22 earlier of—

23 (i) the date on which the Secretary of
24 the Treasury (or the Secretary's delegate)
25 initiates an audit or otherwise demands

1 payment with respect to the conduct de-
2 scribed in section 4973(a) or 4974(a), as
3 the case may be, of such Code; or

4 (ii) the last day of the second taxable
5 year that begins after the taxable year in
6 which the date of the enactment of this
7 Act occurs.

8 (3) IMPLEMENTATION.—Subsection (a) shall be
9 implemented as soon as reasonably practicable after
10 the enactment of this Act but in no case later than
11 the date that is 1 year after such date of enactment.

12 **SEC. 320. ELIMINATION OF ADDITIONAL TAX ON CERTAIN**
13 **DISTRIBUTIONS.**

14 (a) IN GENERAL.—Subparagraph (A) of section
15 72(t)(2), as amended by this Act, is further amended—

16 (1) by striking “or” at the end of clause (vii);

17 (2) by striking the period at the end of clause
18 (viii) and inserting “, or”; and

19 (3) by inserting after clause (viii) the following
20 new clause:

21 “(ix) attributable to withdrawal of in-
22 terest or other income earned on excess
23 contributions (as defined in section
24 4973(b) (without regard to the second to

1 last sentence thereof)) to an individual re-
2 tirement plan.”.

3 (b) **EFFECTIVE DATE.**—The amendments made by
4 this section shall apply to any determination of, or affect-
5 ing, liability for taxes, interest, or penalties which is made
6 on or after the date of the enactment of this Act, without
7 regard to whether the act (or failure to act) upon which
8 the determination is based occurred before such date of
9 enactment. Notwithstanding the preceding sentence, noth-
10 ing in the amendments made by this section shall be con-
11 strued to create an inference with respect to the law in
12 effect prior to the effective date of such amendments.

13 **SEC. 321. DISTRIBUTIONS TO FIREFIGHTERS.**

14 (a) **IN GENERAL.**—Subparagraph (A) of section
15 72(t)(10) is amended by striking “414(d)” and inserting
16 “414(d) or a distribution from a plan described in clause
17 (iii), (iv), or (vi) of section 402(c)(8)(B) to an employee
18 who provides firefighting services”.

19 (b) **CONFORMING AMENDMENT.**—The heading of
20 paragraph (10) of section 72(t) is amended—

21 (1) by striking “PUBLIC”, and

22 (2) by striking “IN GOVERNMENTAL PLANS”.

23 (c) **EFFECTIVE DATE.**—The amendments made by
24 this section shall apply to distributions made after Decem-
25 ber 31, 2019.

1 **SEC. 322. ELIMINATING UNNECESSARY PLAN REQUIRE-**
2 **MENTS RELATED TO UNENROLLED PARTICI-**
3 **PANTS.**

4 (a) AMENDMENT OF EMPLOYEE RETIREMENT IN-
5 COME SECURITY ACT OF 1974.—

6 (1) IN GENERAL.—Part 1 of subtitle B of sub-
7 chapter I of the Employee Retirement Income Secu-
8 rity Act of 1974 is amended by redesignating section
9 111 as section 112 and by inserting after section
10 110 the following new section:

11 **“SEC. 111. ELIMINATING UNNECESSARY PLAN REQUIRE-**
12 **MENTS RELATED TO UNENROLLED PARTICI-**
13 **PANTS.**

14 “(a) IN GENERAL.—Notwithstanding any other pro-
15 vision of this title, with respect to any individual account
16 plan, no disclosure, notice, or other plan document (other
17 than the notices and documents described in paragraphs
18 (1) and (2)) shall be required to be furnished under this
19 title to any unenrolled participant if the unenrolled partici-
20 pant receives—

21 “(1) in connection with the annual open season
22 election period with respect to the plan or, if there
23 is no such period, within a reasonable period prior
24 to the beginning of each plan year, an annual re-
25 minder notice of such participant’s eligibility to par-

1 participate in such plan and any applicable election
2 deadlines under the plan; and

3 “(2) any document requested by such partici-
4 pant which the participant would be entitled to re-
5 ceive without regard to this section.

6 “(b) UNENROLLED PARTICIPANT.—For purposes of
7 this section, the term ‘unenrolled participant’ means an
8 employee who—

9 “(1) is eligible to participate in an individual
10 account plan;

11 “(2) has received all required notices, disclo-
12 sures, and other plan documents, including the sum-
13 mary plan description, required to be furnished
14 under this title in connection with such participant’s
15 initial eligibility to participate in such plan;

16 “(3) is not participating in such plan; and

17 “(4) does not have a balance in the plan.

18 For purposes of this section, any eligibility to participate
19 in the plan following any period for which such employee
20 was not eligible to participate shall be treated as initial
21 eligibility.

22 “(c) ANNUAL REMINDER NOTICE.—For purposes of
23 this section, the term ‘annual reminder notice’ means a
24 notice provided in accordance with section 2520.104b-1

1 of title 29, Code of Federal Regulations (or any successor
2 regulation), which—

3 “(1) is furnished in connection with the annual
4 open season election period with respect to the plan
5 or, if there is no such period, is furnished within a
6 reasonable period prior to the beginning of each plan
7 year;

8 “(2) notifies the unenrolled participant of—

9 “(A) the unenrolled participant’s eligibility
10 to participate in the plan; and

11 “(B) the key benefits under the plan and
12 the key rights and features under the plan af-
13 fecting such benefits; and

14 “(3) provides such information in a prominent
15 manner calculated to be understood by the average
16 participant.”.

17 (2) CLERICAL AMENDMENT.—The table of con-
18 tents in section 1 of the Employee Retirement In-
19 come Security Act of 1974 is amended by striking
20 the item relating to section 111 and by inserting
21 after the item relating to section 110 the following
22 new items:

“Sec. 111. Eliminating unnecessary plan requirements related to unenrolled
participants.

“Sec. 112. Repeal and effective date.”.

23 (b) AMENDMENT OF INTERNAL REVENUE CODE OF
24 1986.—Section 414, as amended by this Act, is further

1 amended by adding at the end the following new sub-
2 section:

3 “(bb) **ELIMINATING UNNECESSARY PLAN REQUIRE-**
4 **MENTS RELATED TO UNENROLLED PARTICIPANTS.—**

5 “(1) **IN GENERAL.—**Notwithstanding any other
6 provision of this title, with respect to any defined
7 contribution plan, no disclosure, notice, or other plan
8 document (other than the notices and documents de-
9 scribed in subparagraphs (A) and (B)) shall be re-
10 quired to be furnished under this title to any
11 unenrolled participant if the unenrolled participant
12 receives—

13 “(A) in connection with the annual open
14 season election period with respect to the plan
15 or, if there is no such period, within a reason-
16 able period prior to the beginning of each plan
17 year, an annual reminder notice of such partici-
18 pant’s eligibility to participate in such plan and
19 any applicable election deadlines under the
20 plan, and

21 “(B) any document requested by such par-
22 ticipant which the participant would be entitled
23 to receive without regard to this subsection.

1 “(2) UNENROLLED PARTICIPANT.—For pur-
2 poses of this subsection, the term ‘unenrolled partici-
3 pant’ means an employee who—

4 “(A) is eligible to participate in a defined
5 contribution plan,

6 “(B) has received all required notices, dis-
7 closures, and other plan documents required to
8 be furnished under this title and the summary
9 plan description as provided in section 104(b)
10 of the Employee Retirement Income Security
11 Act of 1974 in connection with such partici-
12 pant’s initial eligibility to participate in such
13 plan,

14 “(C) is not participating in such plan, and

15 “(D) does not have a balance in the plan.

16 For purposes of this subsection, any eligibility to
17 participate in the plan following any period for
18 which such employee was not eligible to participate
19 shall be treated as initial eligibility.

20 “(3) ANNUAL REMINDER NOTICE.—For pur-
21 poses of this subsection, the term ‘annual reminder
22 notice’ means the notice described in section 111(c)
23 of the Employee Retirement Income Security Act of
24 1974.”.

1 (c) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to plan years beginning after De-
 3 cember 31, 2019.

4 **TITLE IV—DEFINED BENEFIT**
 5 **PLAN REFORMS**

6 **SEC. 401. CASH BALANCE.**

7 (a) IN GENERAL.—Section 414, as amended by this
 8 Act, is further amended by adding at the end the following
 9 new subsection:

10 “(cc) PROJECTED INTEREST CREDITING RATE.—
 11 For purposes of this part, in the case of an applicable de-
 12 fined benefit plan which provides variable interest cred-
 13 iting rates, the interest crediting rate which is treated as
 14 in effect and as the projected interest crediting rate shall
 15 be a reasonable projection of such variable interest cred-
 16 iting rate, not to exceed 6 percent.”.

17 (b) AMENDMENT OF EMPLOYEE RETIREMENT IN-
 18 COME SECURITY ACT OF 1974.—Section 210 of the Em-
 19 ployee Retirement Income Security Act of 1974 (29
 20 U.S.C. 1060) is amended by adding at the end the fol-
 21 lowing new subsection:

22 “(g) PROJECTED INTEREST CREDITING RATE.—For
 23 purposes of this title, in the case of an applicable defined
 24 benefit plan (within the meaning of section 203(f)(3))
 25 which provides variable interest crediting rates, the inter-

1 est crediting rate which is treated as in effect and as the
2 projected interest crediting rate shall be a reasonable pro-
3 jection of such variable interest crediting rate, not to ex-
4 ceed 6 percent.”.

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply with respect to years beginning
7 after the date of the enactment of this Act.

8 **SEC. 402. ALIGNING USE OF LOOKBACK MONTHS TO DE-**
9 **TERMINE INTEREST RATES.**

10 (a) IN GENERAL.—The Secretary of the Treasury (or
11 the Secretary’s delegate) shall modify Treasury Regula-
12 tion section 1.417(e)–1(d)(10)(ii) (or any successor provi-
13 sion) to provide that the same rule applicable to modifica-
14 tions of the time for determining the applicable interest
15 rate shall apply to modifications of the time for deter-
16 mining any interest rate used by a plan to the extent that
17 the use of such interest rate is permissible under section
18 417(e)(3) of the Internal Revenue Code of 1986. Such
19 modified regulations shall require that after any such
20 modification of such time under a plan pursuant to this
21 section, no further modifications of such time are to be
22 permitted for 5 years with respect to such plan without
23 the consent of the Secretary of the Treasury (or delegate).

24 (b) EFFECTIVE DATE.—The modifications and
25 amendments required under subsection (a) shall be

1 deemed to have been made as of the date of the enactment
2 of this Act, and as of such date all applicable laws shall
3 be applied in all respects as though the actions which the
4 Secretary of the Treasury (or the Secretary's delegate) is
5 required to take under such subsection had been taken.

6 **SEC. 403. CORRECTIONS OF MORTALITY TABLES.**

7 (a) IN GENERAL.—Not later than 6 months after the
8 date of the enactment of this Act, the Secretary of the
9 Treasury (or the Secretary's delegate) shall amend the
10 regulation relating to “Mortality Tables for Determining
11 Present Value Under Defined Benefit Pension Plans” (82
12 Fed. Reg. 46388 (October 5, 2017)). Under such amend-
13 ment—

14 (1) except as provided in paragraphs (2) and
15 (3), the mortality improvement rates for valuation
16 dates occurring during 2018 shall be based on the
17 mortality improvement rates in the Mortality Im-
18 provement Scale MP–2017 Report issued by the Re-
19 tirement Plans Experience Committee of the Society
20 of Actuaries;

21 (2) for valuation dates occurring during or after
22 2018, such mortality improvement rates shall not as-
23 sume future mortality improvements at any age
24 which are greater than .78 percent; and

1 (3) plan sponsors shall be permitted to elect for
2 the modifications under paragraphs (1) and (2) not
3 to apply to a plan for valuation dates occurring dur-
4 ing 2018.

5 The Secretary of the Treasury (or delegate) shall by regu-
6 lation modify the .78 percent figure in paragraph (2) as
7 necessary to reflect material changes in the overall rate
8 of improvement projected by the Social Security Adminis-
9 tration.

10 (b) PRESERVATION OF CURRENT LAW OPTION.—

11 Notwithstanding the modifications made under subsection
12 (a), with respect to a plan for which substitute mortality
13 tables are not used pursuant to Treas. Reg. section
14 1.430(h)(3)–2 for a plan year beginning during 2018,
15 mortality tables determined in accordance with Treas.
16 Reg. section 1.430(h)(3)–1 as in effect on December 31,
17 2017, may be used for purposes of applying the rules of
18 section 430 of the Internal Revenue Code of 1986 for a
19 valuation date occurring during 2018 if the plan spon-
20 sor—

21 (1) concludes that the use of mortality tables
22 determined in accordance with Treas. Reg. section
23 1.430(h)(3)–1 (without regard to any modification
24 under this section) for the plan year would be ad-
25 ministratively impracticable or would result in an

1 adverse business impact that is greater than de
2 minimis; and

3 (2) informs the plan actuary of the intent to
4 apply the option under this subsection.

5 (c) EFFECTIVE DATE.—The modifications and
6 amendments required under subsections (a) and (b) shall
7 be deemed to have been made as of the date of the enact-
8 ment of this Act, and as of such date all applicable laws
9 shall be applied in all respects as though the actions which
10 the Secretary of the Treasury (or the Secretary’s delegate)
11 is required to take under such subsections had been taken.

12 **SEC. 404. CEASE DOUBLE-INDEXING THE VARIABLE RATE**
13 **PREMIUM.**

14 (a) IN GENERAL.—Clause (ii) of section
15 4006(a)(3)(E) of the Employee Retirement Income Secu-
16 rity Act of 1974 (29 U.S.C. 1306(a)(3)(E)(ii)) is amended
17 by striking “the applicable dollar amount under paragraph
18 (8)” and inserting “\$38”.

19 (b) CONFORMING AMENDMENT.—Subsection (a) of
20 section 4006 of the Employee Retirement Income Security
21 Act of 1974 (29 U.S.C. 1306(a)) is amended by striking
22 paragraph (8).

23 (c) TECHNICAL AMENDMENT.—Clause (i) of section
24 4006(a)(3)(E) of the Employee Retirement Income Secu-
25 rity Act of 1974 (29 U.S.C. 1306(a)(3)(E)) is amended

1 by striking “subparagraph (H)” and inserting “subpara-
2 graph (I)”.

3 (d) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to plan years beginning after De-
5 cember 31, 2019.

6 **SEC. 405. ENHANCING RETIREE HEALTH BENEFITS IN PEN-**
7 **SION PLANS.**

8 (a) EXTENSION OF TRANSFERS OF EXCESS PENSION
9 ASSETS TO RETIREE HEALTH ACCOUNTS.—Paragraph
10 (4) of section 420(b) is amended by striking “December
11 31, 2025” and inserting “December 31, 2029”.

12 (b) DE MINIMIS TRANSFER RULE.—

13 (1) IN GENERAL.—Subsection (e) of section
14 420 is amended by adding at the end the following
15 new paragraph:

16 “(7) SPECIAL RULE FOR DE MINIMIS TRANS-
17 FERS.—

18 “(A) IN GENERAL.—In the case of a trans-
19 fer of an amount which is not more than 1.75
20 percent of the amount determined under para-
21 graph (2)(A) by a plan which meets the re-
22 quirements of subparagraph (B), paragraph
23 (2)(B) shall be applied by substituting ‘110
24 percent’ for ‘125 percent’.

1 “(B) TWO-YEAR LOOKBACK REQUIRE-
2 MENT.—A plan is described in this subpara-
3 graph if, as of any valuation date in each of the
4 2 plan years immediately preceding the plan
5 year in which the transfer occurs, the amount
6 determined under paragraph (2)(A) with re-
7 spect to such plan exceeded 110 percent of the
8 sum of the funding target and the target nor-
9 mal cost determined under section 430 for such
10 plan year.”.

11 (2) COST MAINTENANCE PERIOD.—Subpara-
12 graph (D) of section 420(c)(3) is amended by strik-
13 ing “5 taxable years” and inserting “5 taxable years
14 (7 taxable years in the case of a transfer to which
15 subsection (e)(7) applies)”.

16 (3) CONFORMING AMENDMENTS.—

17 (A) EXCESS PENSION ASSETS.—Clause (i)
18 of section 420(f)(2)(B) is amended—

19 (i) by striking “IN GENERAL.—In”
20 and inserting “IN GENERAL.—

21 “(I) DETERMINATION.—In”,

22 (ii) by striking “subsection (e)(2)”
23 and inserting “subsection (e)(2)(B)”, and

24 (iii) by adding at the end the fol-
25 lowing new subclause:

1 “(II) SPECIAL RULE FOR COL-
2 LECTIVELY BARGAINED TRANS-
3 FERS.—In determining excess pension
4 assets for purposes of a collectively
5 bargained transfer, subsection (e)(7)
6 shall not apply.”.

7 (B) MINIMUM COST.—Subclause (I) of sec-
8 tion 420(f)(2)(D)(i) is amended by striking
9 “4th year” and inserting “4th year (the 6th
10 year in the case of a transfer to which sub-
11 section (e)(7) applies)”.

12 (c) AMENDMENT OF EMPLOYEE RETIREMENT IN-
13 COME SECURITY ACT OF 1974.—

14 (1) DEFINITIONS.—Section 101(e)(3) of the
15 Employee Retirement Income Security Act of 1974
16 (29 U.S.C. 1021(e)(3)) is amended by striking “(as
17 in effect on the date of the enactment of the Surface
18 Transportation and Veterans Health Care Choice
19 Improvement Act of 2015)” and inserting “(as in ef-
20 fect on the date of the enactment of the Retirement
21 Security and Savings Act of 2019)”.

22 (2) USE OF ASSETS.—Section 403(c)(1) of such
23 Act (29 U.S.C. 1103(c)(1)) is amended by striking
24 “(as in effect on the date of the enactment of the
25 Surface Transportation and Veterans Health Care

1 Choice Improvement Act of 2015)” and inserting
 2 “(as in effect on the date of the enactment of the
 3 Retirement Security and Savings Act of 2019)”.

4 (3) EXEMPTION.—Section 408(b)(13) of such
 5 Act (29 U.S.C. 1108(b)(13)) is amended—

6 (A) by striking “January 1, 2026” and in-
 7 serting “January 1, 2030”; and

8 (B) by striking “(as in effect on the date
 9 of the enactment of the Surface Transportation
 10 and Veterans Health Care Choice Improvement
 11 Act of 2015)” and inserting “(as in effect on
 12 the date of the enactment of the Retirement Se-
 13 curity and Savings Act of 2019)”.

14 (d) EFFECTIVE DATE.—The amendments made by
 15 this section shall apply to transfers made after the date
 16 of the enactment of this Act.

17 **TITLE V—REFORMING PLAN**
 18 **RULES TO HARMONIZE WITH**
 19 **IRA RULES**

20 **SEC. 501. ROTH PLAN DISTRIBUTION RULES.**

21 (a) IN GENERAL.—Subsection (d) of section 402A is
 22 amended by adding at the end the following new para-
 23 graph:

24 “(5) MANDATORY DISTRIBUTION RULES NOT
 25 TO APPLY BEFORE DEATH.—Notwithstanding sec-

1 tions 403(b)(10) and 457(d)(2), the following provi-
2 sions shall not apply to any designated Roth ac-
3 count:

4 “(A) Section 401(a)(9)(A).

5 “(B) The incidental death benefit require-
6 ments of section 401(a).”.

7 (b) EFFECTIVE DATE.—

8 (1) IN GENERAL.—Except as provided in para-
9 graph (2), the amendment made by this section shall
10 apply to taxable years beginning after December 31,
11 2019.

12 (2) SPECIAL RULE.—The amendment made by
13 this section shall not apply to distributions which are
14 required with respect to years beginning before Jan-
15 uary 1, 2020, but are permitted to be paid on or
16 after such date.

17 **SEC. 502. DISTRIBUTIONS FOR CHARITABLE PURPOSES.**

18 (a) IN GENERAL.—Section 402 is amended by adding
19 at the end the following new subsection:

20 “(m) DISTRIBUTIONS FOR CHARITABLE PUR-
21 POSES.—

22 “(1) IN GENERAL.—Gross income for any tax-
23 able year shall not include so much of the aggregate
24 amount of qualified charitable distributions made

1 with respect to a taxpayer during such taxable year
2 which does not exceed the applicable amount.

3 “(2) QUALIFIED CHARITABLE DISTRIBUTION.—

4 For purposes of this subsection, the term ‘qualified
5 charitable distribution’ means any distribution from
6 an eligible retirement plan described in clause (iii),
7 (iv), (v), or (vi) of section 402(c)(8)(B)—

8 “(A) which is made directly by the plan to
9 an organization described in section
10 170(b)(1)(A) (other than any organization de-
11 scribed in section 509(a)(3) or any fund or ac-
12 count described in section 4966(d)(2)), and

13 “(B) which is made on or after the date
14 that the individual on whose behalf the distribu-
15 tion is made has attained age 70½.

16 A distribution shall be treated as a qualified chari-
17 table distribution only to the extent that the dis-
18 tribution would be includible in gross income without
19 regard to paragraph (1).

20 “(3) SPECIAL RULES.—

21 “(A) IN GENERAL.—Rules similar to the
22 rules of subparagraphs (C) and (E) of section
23 408(d)(8) shall apply for purposes of this sub-
24 section.

1 “(B) APPLICATION OF 72.—Rules similar
2 to the rules of section 408(d)(8)(D) shall apply
3 for purposes of this subsection, by taking into
4 account all amounts in the eligible retirement
5 plan to which the taxpayer has a nonforfeitable
6 right in lieu of all amounts in all individual re-
7 tirement plans of the individual.

8 “(4) APPLICABLE AMOUNT.—For purposes of
9 this subsection, the term ‘applicable amount’ means
10 the excess of—

11 “(A) \$100,000, over

12 “(B) the total amount of any distributions
13 not includible in gross income of the taxpayer
14 for the taxable year by reason of sections
15 403(b)(16), 408(d)(8), and 457(e)(19).”.

16 (b) SEPs AND SIMPLES.—Subparagraph (B) of
17 section 408(d)(8) is amended by striking “(other than a
18 plan described in subsection (k) or (p))”.

19 (c) 403(b) PLANS.—Section 403(b), as amended by
20 this Act, is further amended by adding at the end the fol-
21 lowing new paragraph:

22 “(16) DISTRIBUTIONS FOR CHARITABLE PUR-
23 POSES.—The rules of section 402(m) shall apply to
24 distributions under an annuity contract described in
25 this subsection.”.

1 (d) 457(b) PLANS.—Subsection (e) of section 457 is
 2 amended by adding at the end the following new para-
 3 graph:

4 “(19) DISTRIBUTIONS FOR CHARITABLE PUR-
 5 POSES.—The rules of section 402(m) shall apply to
 6 distributions under an eligible deferred compensation
 7 plan established and maintained by an employer de-
 8 scribed in subsection (e)(1)(A).”.

9 (e) EFFECTIVE DATE.—The amendments made by
 10 this section shall apply to distributions made after Decem-
 11 ber 31, 2019.

12 **SEC. 503. SURVIVING SPOUSE ELECTION TO BE TREATED**
 13 **AS EMPLOYEE.**

14 (a) IN GENERAL.—Clause (iv) of section
 15 401(a)(9)(B) is amended—

16 (1) by inserting “or at the election of the sur-
 17 viving spouse,” after “begin,” in subclause (II); and

18 (2) by adding at the end the following flush
 19 sentence:

20 “An election described in subclause (II)
 21 shall be made at such time and in such
 22 manner as prescribed by the Secretary,
 23 shall include a timely notice to the plan ad-
 24 ministrators, and once made may not be re-

1 voked except with the consent of the Sec-
2 retary.”.

3 (b) **EFFECTIVE DATE.**—The amendment made by
4 this section shall apply to distributions with respect to em-
5 ployees who die after December 31, 2019.

6 **SEC. 504. ROLLOVERS FROM ROTH IRAS TO PLANS.**

7 (a) **IN GENERAL.**—Subparagraph (B) of section
8 402A(c)(3) is amended by striking “shall not” and insert-
9 ing “or, in the case of a rollover from a Roth IRA, under
10 section 408 shall not”.

11 (b) **REGULATIONS.**—The Secretary of the Treasury
12 (or the Secretary’s delegate) shall amend the regulations
13 with respect to rollovers from Roth IRAs to permit such
14 rollovers to be made to an applicable retirement plan (as
15 defined in section 402A(e)(1) of the Internal Revenue
16 Code of 1986) in accordance with the amendment made
17 by subsection (a).

18 (c) **EFFECTIVE DATE.**—

19 (1) **IN GENERAL.**—The amendment made by
20 subsection (a) shall apply to distributions made after
21 December 31, 2019.

22 (2) **EFFECTIVE DATE.**—The modifications and
23 amendments required under subsection (b) shall be
24 deemed to have been made as of January 1, 2020,
25 and as of such date all applicable laws shall be ap-

1 plied in all respects as though the actions which the
2 Secretary of the Treasury (or the Secretary's dele-
3 gate) is required to take under such subsection had
4 been taken.

5 **TITLE VI—ADMINISTRATIVE**
6 **PROVISIONS**

7 **SEC. 601. PROVISIONS RELATING TO PLAN AMENDMENTS.**

8 (a) IN GENERAL.—If this section applies to any re-
9 tirement plan or contract amendment—

10 (1) such retirement plan or contract shall be
11 treated as being operated in accordance with the
12 terms of the plan during the period described in sub-
13 section (b)(2)(A); and

14 (2) except as provided by the Secretary of the
15 Treasury (or the Secretary's delegate), such retire-
16 ment plan shall not fail to meet the requirements of
17 section 411(d)(6) of the Internal Revenue Code of
18 1986 and section 204(g) of the Employee Retire-
19 ment Income Security Act of 1974 by reason of such
20 amendment.

21 (b) AMENDMENTS TO WHICH SECTION APPLIES.—

22 (1) IN GENERAL.—This section shall apply to
23 any amendment to any retirement plan or annuity
24 contract which is made—

1 (A) pursuant to any amendment made by
2 this Act or pursuant to any regulation issued by
3 the Secretary of the Treasury or the Secretary
4 of Labor (or a delegate of either such Sec-
5 retary) under this Act; and

6 (B) on or before the last day of the first
7 plan year beginning on or after January 1,
8 2022.

9 In the case of a governmental plan (as defined in
10 section 414(d) of the Internal Revenue Code of
11 1986), this paragraph shall be applied by sub-
12 stituting “2024” for “2022”.

13 (2) CONDITIONS.—This section shall not apply
14 to any amendment unless—

15 (A) during the period—

16 (i) beginning on the date the legisla-
17 tive or regulatory amendment described in
18 paragraph (1)(A) takes effect (or in the
19 case of a plan or contract amendment not
20 required by such legislative or regulatory
21 amendment, the effective date specified by
22 the plan); and

23 (ii) ending on the date described in
24 paragraph (1)(B) (as modified by the sec-
25 ond sentence of paragraph (1)) (or, if ear-

1 lier, the date the plan or contract amend-
2 ment is adopted),
3 the plan or contract is operated as if such plan
4 or contract amendment were in effect; and
5 (B) such plan or contract amendment ap-
6 plies retroactively for such period.

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