

117TH CONGRESS
1ST SESSION

S. 1770

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

IN THE SENATE OF THE UNITED STATES

MAY 20, 2021

Mr. CARDIN (for himself and Mr. PORTMAN) 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 2021”.

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. Modification of participation requirements for long-term, part-time workers.
- Sec. 106. Separate application of top heavy rules to defined contribution plans covering excludible 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. Increase in credit limitation for small employer pension plan startup costs of certain employers.
- Sec. 110. Credit for re-enrollment.
- Sec. 111. Treatment of student loan payments as elective deferrals for purposes of matching contributions.
- Sec. 112. Treatment of qualified retirement planning services.
- Sec. 113. Allow additional nonelective contributions to simple plans.
- Sec. 114. Reform of the minimum participation rule.
- Sec. 115. Expansion of Employee Plans Compliance Resolution System.
- Sec. 116. Enhancement of 403(b) plans.
- Sec. 117. Eligibility for participation in retirement plans.
- Sec. 118. Small immediate financial incentives for contributing to a plan.
- Sec. 119. Indexing IRA catch-up limit.
- Sec. 120. Higher catch-up limit to apply at age 60.
- Sec. 121. Deferral of tax for certain sales of employer stock to employee stock ownership plan sponsored by S corporation.
- Sec. 122. Credit for small employers providing retirement plans for military spouses.

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. Permit plans to use base pay or rate of pay calculation.
- Sec. 308. Roth SIMPLE IRAs.
- Sec. 309. Reduction in excise tax on certain accumulations in qualified retirement plans.
- Sec. 310. Clarification of catch-up contributions with respect to separate lines of business.
- Sec. 311. Clarification of substantially equal periodic payment rule.
- Sec. 312. Clarification of treatment of distributions of annuity contracts.
- Sec. 313. Clarification regarding elective deferrals.
- Sec. 314. Tax treatment of certain nontrade or business SEP contributions.
- Sec. 315. Allow certain plan transfers and mergers.
- Sec. 316. Exception from required distributions where aggregate retirement savings do not exceed \$100,000.
- Sec. 317. Hardship rules for 403(b) plans.
- Sec. 318. IRA preservation.
- Sec. 319. Elimination of additional tax on certain distributions.
- Sec. 320. Distributions to firefighters.
- Sec. 321. Eliminating unnecessary plan requirements related to unenrolled participants.
- Sec. 322. Recovery of retirement plan overpayments.
- Sec. 323. Retirement savings lost and found.

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 is
6 amended by adding at the end the following new para-
7 graph:

8 “(16) 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)(16)),

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 (16) 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, 2021.

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. 45U. 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)(16)(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)(16) 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 (32), by striking
10 the period at the end of paragraph (33) and inserting “,
11 plus”, and by adding at the end the following new para-
12 graph:

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

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 45U (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 45T the following new item:

“Sec. 45U. 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, 2021.

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, 2021.

1 **SEC. 105. MODIFICATION OF PARTICIPATION REQUIRE-**
 2 **MENTS FOR LONG-TERM, PART-TIME WORK-**
 3 **ERS.**

4 (a) PARTICIPATION REQUIREMENT.—Clause (ii) of
 5 section 401(k)(2)(D) is amended by striking “3 consecu-
 6 tive” and inserting “2 consecutive”.

7 (b) SPECIAL RULES.—Subclause (II) of section
 8 401(k)(15)(B)(i) is amended by striking “subsection
 9 (a)(4), paragraphs (3), (12), and (13)” and inserting
 10 “paragraphs (3), (12), (13), and (16), subsection (a)(4)”.

11 (c) EFFECTIVE DATE.—The amendments made by
 12 this section shall take effect as if included in the enact-
 13 ment of section 112 of the Setting Every Community Up
 14 for Retirement Enhancement Act of 2019.

15 **SEC. 106. SEPARATE APPLICATION OF TOP HEAVY RULES**
 16 **TO DEFINED CONTRIBUTION PLANS COV-**
 17 **ERING EXCLUDIBLE EMPLOYEES.**

18 (a) IN GENERAL.—Paragraph (2) of section 416(c)
 19 is amended by adding at the end the following new sub-
 20 paragraph:

21 “(C) SEPARATE APPLICATION TO EMPLOY-
 22 EES NOT MEETING AGE AND SERVICE REQUIRE-
 23 MENTS.—If employees not meeting the age or
 24 service requirements of section 410(a)(1) (with-
 25 out regard to subparagraph (B) thereof) are
 26 covered under a plan of the employer which

1 meets the requirements of paragraphs (A) and
 2 (B) separately with respect to such employees,
 3 such employees may be excluded from consider-
 4 ation in determining whether any plan of the
 5 employer meets the requirements of subpara-
 6 graphs (A) and (B).”.

7 (b) **EFFECTIVE DATE.**—The amendment made by
 8 subsection (a) shall apply to plan years beginning after
 9 the date of the enactment of this Act.

10 **SEC. 107. 60-DAY ROLLOVER TO INHERITED INDIVIDUAL**
 11 **RETIREMENT PLAN OF NONSPOUSE BENE-**
 12 **FICIARY.**

13 (a) **IN GENERAL.**—Section 402(c)(11) is amended by
 14 redesignating subparagraph (B) as subparagraph (C) and
 15 by striking subparagraph (A) and inserting the following:

16 “(A) **IN GENERAL.**—If—

17 “(i) any portion of a distribution at-
 18 tributable to an employee is paid after the
 19 death of the employee to an individual who
 20 is a designated beneficiary (as defined by
 21 section 401(a)(9)(E)) of the employee and
 22 who is not the surviving spouse of the em-
 23 ployee, and

24 “(ii) such portion is transferred or
 25 paid to an individual retirement plan in a

1 transfer or payment meeting the require-
2 ments of subparagraph (B),
3 the preceding provisions of this subsection shall
4 apply to such distribution in the same manner
5 as if the designated beneficiary were the em-
6 ployee.

7 “(B) REQUIREMENTS FOR TRANSFER OF
8 DISTRIBUTION.—The requirements of this sub-
9 paragraph are met with respect to the portion
10 of any distribution if—

11 “(i) such portion is transferred or
12 paid to an individual retirement plan de-
13 scribed in clause (i) or (ii) of paragraph
14 (8)(B) established for the purposes of re-
15 ceiving the distribution on behalf of the
16 designated beneficiary,

17 “(ii) such individual retirement plan is
18 established as an inherited individual re-
19 tirement account or individual retirement
20 annuity (within the meaning of section
21 408(d)(3)(C)), whichever is applicable, and

22 “(iii) notice is provided to the trustee,
23 insurance company, or other provider of
24 the individual retirement plan that such in-
25 dividual retirement plan is being estab-

1 lished as an inherited individual retirement
2 account or individual retirement annuity.

3 Section 401(a)(9)(B) (other than clause (iv)
4 thereof) shall apply to such individual retire-
5 ment plan.”.

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

9 “(iii) EXCEPTION FOR QUALIFIED
10 TRANSFERS TO ANOTHER INHERITED AC-
11 COUNT.—Clause (i) shall not apply to any
12 portion of a distribution from an inherited
13 individual retirement account or inherited
14 individual retirement annuity if such por-
15 tion is paid to another such individual re-
16 tirement plan or annuity, but only if the
17 requirements of subparagraphs (A), (B),
18 and (E) of this paragraph and the require-
19 ments of section 402(c)(11)(B) are met
20 with respect to such transfer or payment.”.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to distributions made after Decem-
23 ber 31, 2021.

1 **SEC. 108. INCREASE IN AGE FOR REQUIRED BEGINNING**
 2 **DATE FOR MANDATORY DISTRIBUTIONS.**

3 (a) INCREASE IN AGE FOR REQUIRED BEGINNING
 4 DATE.—

5 (1) IN GENERAL.—Subclause (I) of section
 6 401(a)(9)(C)(i) is amended to read as follows:

7 “(I) the first calendar year in
 8 which the employee attains the appli-
 9 cable age for such calendar year, or”.

10 (2) SPECIAL RULE FOR OWNERS.—Subclause
 11 (I) of section 401(a)(9)(C)(ii) is amended by strik-
 12 ing “in which the employee attains age 72” and in-
 13 serting “described in clause (i)(I) with respect to the
 14 employee”.

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

18 “(J) APPLICABLE AGE.—For purposes of
 19 this paragraph—

20 “(i) IN GENERAL.—The applicable age
 21 is—

22 “(I) for calendar years before
 23 2032, age 72, and

24 “(II) for calendar years after
 25 2031, age 75.

1 “(ii) TRANSITION RULE.—If, as of a
2 calendar year, an employee has not at-
3 tained the applicable age with respect to
4 such year, such employee shall be treated
5 as not having attained the applicable age
6 under this paragraph for such year without
7 regard to whether, in a previous calendar
8 year, the employee had attained the appli-
9 cable age with respect to such previous cal-
10 endar year.”.

11 (c) SPOUSE BENEFICIARIES.—Subclause (I) of sec-
12 tion 401(a)(9)(B)(iv) is amended by striking “age 72” and
13 inserting “the applicable age”.

14 (d) CONFORMING AMENDMENT.—Subsection (b) of
15 section 408 is amended by striking “age 72” and inserting
16 “the applicable age determined under section 401(a)(9)(J)
17 with respect to such individual”.

18 (e) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to calendar years beginning after
20 December 31, 2021.

21 **SEC. 109. INCREASE IN CREDIT LIMITATION FOR SMALL**
22 **EMPLOYER PENSION PLAN STARTUP COSTS**
23 **OF CERTAIN EMPLOYERS.**

24 (a) IN GENERAL.—Subsection (a) of section 45E is
25 amended by inserting before the period at the end the fol-

1 lowing: “(75 percent of such costs in the case of an eligible
 2 employer, as determined by substituting ‘25’ for ‘100’ in
 3 section 408(p)(2)(C)(i))”.

4 (b) CONFORMING AMENDMENT.—Paragraph (2) of
 5 section 3511(d), as amended by this Act, is further
 6 amended—

7 (1) by redesignating subparagraphs (E), (F),
 8 (G), (H), and (I) as subparagraphs (F), (G), (H),
 9 (I), and (J), respectively, and

10 (2) by inserting after subparagraph (D) the fol-
 11 lowing new subparagraph:

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

14 (c) EFFECTIVE DATE.—The amendments made by
 15 this section shall apply to taxable years beginning after
 16 December 31, 2021.

17 **SEC. 110. CREDIT FOR RE-ENROLLMENT.**

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

21 **“SEC. 45V. CREDIT FOR RE-ENROLLMENT PROVISIONS IN**
 22 **PLANS PROVIDED BY SMALL EMPLOYERS.**

23 “(a) IN GENERAL.—For purposes of section 38, in
 24 the case of an eligible employer, the retirement re-enroll-

1 ment credit determined under this section for any taxable
2 year is an amount equal to—

3 “(1) \$500 for any taxable year occurring during
4 the credit period, and

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

6 “(b) CREDIT PERIOD.—For purposes of subsection
7 (a)—

8 “(1) IN GENERAL.—The credit period with re-
9 spect to any eligible employer is the 3-taxable-year
10 period beginning with the first taxable year for
11 which the employer includes a re-enrollment provi-
12 sion in an eligible automatic contribution arrange-
13 ment (as defined in section 414(w)(3)) in a qualified
14 employer plan (as defined in section 4972(d)) main-
15 tained by the employer.

16 “(2) MAINTENANCE OF ARRANGEMENT.—No
17 taxable year with respect to an employer shall be
18 treated as occurring within the credit period unless
19 the provision described in paragraph (1) is included
20 in the plan for such year.

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

24 “(d) RE-ENROLLMENT PROVISION.—For purposes of
25 this section, the term ‘re-enrollment provision’ means a

1 provision of an eligible automatic contribution arrange-
2 ment under which—

3 “(1) IN GENERAL.—Each employee eligible to
4 participate in the arrangement who is not contrib-
5 uting or is contributing less than the percentage ap-
6 plicable to an eligible employee in the first year of
7 eligibility is treated as being in such first year of eli-
8 gibility in each applicable year with respect to the
9 employee.

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

14 “(A) to not have such contributions made,
15 or

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

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

19 “(A) IN GENERAL.—For purposes of this
20 section, the term ‘applicable year’ means, with
21 respect to an employee, such employee’s first
22 plan year of eligibility under the arrangement,
23 and all subsequent plan years of eligibility.

24 “(B) EXCEPTION.—Following any applica-
25 ble year of an employee (determined after the

1 application of this subparagraph), the plan may
 2 elect to treat the next 1 or 2 plan years as not
 3 being applicable years with respect to such em-
 4 ployee.”.

5 (b) CREDIT TO BE PART OF GENERAL BUSINESS
 6 CREDIT.—Subsection (b) of section 38, as amended by
 7 this Act, is further amended by striking “plus” at the end
 8 of paragraph (33), by striking the period at the end of
 9 paragraph (34) and inserting “, plus”, and by adding at
 10 the end the following new paragraph:

11 “(35) in the case of an eligible employer (as de-
 12 fined in section 45V(c)), the retirement re-enroll-
 13 ment credit determined under section 45V(a).”.

14 (c) CONFORMING AMENDMENT.—Paragraph (2) of
 15 section 3511(d), as amended by this Act, is further
 16 amended—

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

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

22 “(H) section 45U (retirement re-enroll-
 23 ment 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 inserting after the item relating to section
2 45U the following new item:

“Sec. 45V. Credit for re-enrollment provisions in plans provided by small employers.”.

3 (e) **EFFECTIVE DATE.**—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 2021.

6 **SEC. 111. TREATMENT OF STUDENT LOAN PAYMENTS AS**
7 **ELECTIVE DEFERRALS FOR PURPOSES OF**
8 **MATCHING CONTRIBUTIONS.**

9 (a) **IN GENERAL.**—Subparagraph (A) of section
10 401(m)(4) is amended by striking “and” at the end of
11 clause (i), by striking the period at the end of clause (ii)
12 and inserting “, and”, and by adding at the end the fol-
13 lowing new clause:

14 “(iii) subject to the requirements of
15 paragraph (13), any employer contribution
16 made to a defined contribution plan on be-
17 half of an employee on account of a quali-
18 fied student loan payment.”.

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

22 “(D) **QUALIFIED STUDENT LOAN PAY-**
23 **MENT.**—The term ‘qualified student loan pay-
24 ment’ means a payment made by an employee

1 in repayment of a qualified education loan (as
2 defined in section 221(d)(1)) incurred by the
3 employee to pay qualified higher education ex-
4 penses, but only—

5 “(i) to the extent such payments in
6 the aggregate for the year do not exceed
7 an amount equal to—

8 “(I) the limitation applicable
9 under section 402(g) for the year (or,
10 if lesser, the employee’s compensation
11 (as defined in section 415(c)(3)) for
12 the year), reduced by

13 “(II) the elective deferrals made
14 by the employee for such year, and

15 “(ii) if the employee certifies to the
16 employer making the matching contribu-
17 tion under this paragraph that such pay-
18 ment has been made on such loan.

19 For purposes of this subparagraph, the term
20 ‘qualified higher education expenses’ means the
21 cost of attendance (as defined in section 472 of
22 the Higher Education Act of 1965, as in effect
23 on the day before the date of the enactment of
24 the Taxpayer Relief Act of 1997) at an eligible

1 educational institution (as defined in section
2 221(d)(2)).”.

3 (c) MATCHING CONTRIBUTIONS FOR QUALIFIED
4 STUDENT LOAN PAYMENTS.—Subsection (m) of section
5 401, as amended by this Act, is further amended by redesi-
6 gnating paragraph (14) as paragraph (15), and by insert-
7 ing after paragraph (13) the following new paragraph:

8 “(14) MATCHING CONTRIBUTIONS FOR QUALI-
9 FIED STUDENT LOAN PAYMENTS.—

10 “(A) IN GENERAL.—For purposes of para-
11 graph (4)(A)(iii), an employer contribution
12 made to a defined contribution plan on account
13 of a qualified student loan payment shall be
14 treated as a matching contribution for purposes
15 of this title if—

16 “(i) the plan provides matching con-
17 tributions on account of elective deferrals
18 at the same rate as contributions on ac-
19 count of qualified student loan payments,

20 “(ii) the plan provides matching con-
21 tributions on account of qualified student
22 loan payments only on behalf of employees
23 otherwise eligible to receive matching con-
24 tributions on account of elective deferrals,

1 “(iii) under the plan, all employees el-
 2 ible to receive matching contributions on
 3 account of elective deferrals are eligible to
 4 receive matching contributions on account
 5 of qualified student loan payments, and

6 “(iv) the plan provides that matching
 7 contributions on account of qualified stu-
 8 dent loan payments vest in the same man-
 9 ner as matching contributions on account
 10 of elective deferrals.

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

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

22 “(ii) STUDENT LOAN PAYMENTS NOT
 23 TREATED AS PLAN CONTRIBUTION.—Ex-
 24 cept as provided in clause (iii), a qualified

1 student loan payment shall not be treated
2 as a contribution to a plan under this title.

3 “(iii) MATCHING CONTRIBUTION
4 RULES.—Solely for purposes of meeting
5 the requirements of paragraph (11)(B),
6 (12), or (13) of this subsection, or para-
7 graph (11)(B)(i)(II), (12)(B), (13)(D), or
8 (15)(D) of subsection (k), a plan may treat
9 a qualified student loan payment as an
10 elective deferral or an elective contribution,
11 whichever is applicable.

12 “(iv) ACTUAL DEFERRAL PERCENT-
13 AGE TESTING.—In determining whether a
14 plan meets the requirements of subsection
15 (k)(3)(A)(ii) for a plan year, the plan may
16 apply the requirements of such subsection
17 separately with respect to all employees
18 who receive matching contributions de-
19 scribed in paragraph (4)(A)(iii) for the
20 plan year.

21 “(C) EMPLOYER MAY RELY ON EMPLOYEE
22 CERTIFICATION.—The employer may rely on an
23 employee certification of payment under para-
24 graph (4)(D)(ii).”.

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

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

6 “(i) IN GENERAL.—Subject to the
7 rules of clause (iii), an arrangement shall
8 not fail to be treated as meeting the re-
9 quirements of subparagraph (A)(iii) solely
10 because under the arrangement, solely for
11 purposes of such subparagraph, qualified
12 student loan payments are treated as
13 amounts elected by the employee under
14 subparagraph (A)(i)(I) to the extent such
15 payments do not exceed—

16 “(I) the applicable dollar amount
17 under subparagraph (E) (after appli-
18 cation of section 414(v)) for the year
19 (or, if lesser, the employee’s com-
20 pensation (as defined in section
21 415(c)(3)) for the year), reduced by

22 “(II) any other amounts elected
23 by the employee under subparagraph
24 (A)(i)(I) for the year.

1 “(ii) QUALIFIED STUDENT LOAN PAY-
2 MENT.—For purposes of this subpara-
3 graph—

4 “(I) IN GENERAL.—The term
5 ‘qualified student loan payment’
6 means a payment made by an em-
7 ployee in repayment of a qualified
8 education loan (as defined in section
9 221(d)(1)) incurred to pay qualified
10 higher education expenses, but only if
11 the employee certifies to the employer
12 making the matching contribution
13 that such payment has been made on
14 such a loan.

15 “(II) QUALIFIED HIGHER EDU-
16 CATION EXPENSES.—The term ‘quali-
17 fied higher education expenses’ has
18 the same meaning as when used in
19 section 401(m)(4)(D).

20 “(iii) APPLICABLE RULES.—Clause (i)
21 shall apply to an arrangement only if,
22 under the arrangement—

23 “(I) matching contributions on
24 account of qualified student loan pay-
25 ments are provided only on behalf of

1 employees otherwise eligible to elect
2 contributions under subparagraph
3 (A)(i)(I), and

4 “(II) all employees otherwise eli-
5 gible to participate in the arrange-
6 ment are eligible to receive matching
7 contributions on account of qualified
8 student loan payments.”.

9 (e) 403(b) PLANS.—Subparagraph (A) of section
10 403(b)(12) is amended by adding at the end the following:
11 “The fact that the employer offers matching contributions
12 on account of qualified student loan payments as described
13 in section 401(m)(14) shall not be taken into account in
14 determining whether the arrangement satisfies the re-
15 quirements of clause (ii) (and any regulation there-
16 under).”.

17 (f) 457(b) PLANS.—Subsection (b) of section 457 is
18 amended by adding at the end the following: “A plan
19 which is established and maintained by an employer which
20 is described in subsection (e)(1)(A) shall not be treated
21 as failing to meet the requirements of this subsection sole-
22 ly because the plan, or another plan maintained by the
23 employer which meets the requirements of section 401(a),
24 provides for matching contributions on account of quali-

1 fied student loan payments as described in section
2 401(m)(14).”.

3 (g) REGULATORY AUTHORITY.—The Secretary of the
4 Treasury (or such Secretary’s delegate) shall prescribe
5 regulations for purposes of implementing the amendments
6 made by this section, including regulations—

7 (1) permitting a plan to make matching con-
8 tributions for qualified student loan payments, as
9 defined in sections 401(m)(4)(D) and 408(p)(2)(F)
10 of the Internal Revenue Code of 1986, as added by
11 this section, at a different frequency than matching
12 contributions are otherwise made under the plan,
13 provided that the frequency is not less than annu-
14 ally;

15 (2) permitting employers to establish reasonable
16 procedures to claim matching contributions for such
17 qualified student loan payments under the plan, in-
18 cluding an annual deadline (not earlier than 3
19 months after the close of each plan year) by which
20 a claim must be made; and

21 (3) promulgating model amendments which
22 plans may adopt to implement matching contribu-
23 tions on such qualified student loan payments for
24 purposes of sections 401(m), 408(p), 403(b), and
25 457(b) of the Internal Revenue Code of 1986.

1 (h) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to contributions made for years
3 beginning after December 31, 2021.

4 **SEC. 112. TREATMENT OF QUALIFIED RETIREMENT PLAN-**
5 **NING SERVICES.**

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

9 “(4) NO CONSTRUCTIVE RECEIPT.—No amount
10 shall be included in the gross income of any em-
11 ployee solely because the employee may choose be-
12 tween any qualified retirement planning services and
13 compensation which would otherwise be includible in
14 the gross income of such employee. The preceding
15 sentence shall apply to highly compensated employ-
16 ees only if the choice described in such sentence is
17 available on substantially the same terms to each
18 member of the group of employees normally provided
19 education and information regarding the employer’s
20 qualified employer plan.”.

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

24 “(A) advice regarding investments in any
25 arrangement described in section 219(g)(5)

1 (without regard to the last sentence thereof),
2 and

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

5 (c) CONFORMING AMENDMENTS.—

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

8 (2) Section 414(s)(2) is amended by inserting
9 “132(m)(4),” after “132(f)(4),”.

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

12 (d) EFFECTIVE DATE.—The amendment made by
13 this section shall apply to taxable years beginning after
14 December 31, 2021.

15 **SEC. 113. ALLOW ADDITIONAL NONELECTIVE CONTRIBU-**
16 **TIONS TO SIMPLE PLANS.**

17 (a) IN GENERAL.—

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

23 “(iv) the employer may make nonelec-
24 tive contributions of a uniform percentage
25 (up to 10 percent) of compensation for

1 each employee who is eligible to participate
2 in the arrangement and who has at least
3 \$5,000 of compensation from the employer
4 for the year, and”.

5 (2) LIMITATION.—Subparagraph (A) of section
6 408(p)(2) is amended by adding at the end the fol-
7 lowing: “The compensation taken into account under
8 clause (iv) for any year shall not exceed the limita-
9 tion in effect for such year under section
10 401(a)(17).”.

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

14 “(8) COORDINATION WITH MAXIMUM LIMITA-
15 TION UNDER SUBSECTION (a).—In the case of any
16 simple retirement account, subsections (a)(1) and
17 (b)(2) shall be applied by substituting for ‘the dollar
18 amount in effect under section 219(b)(1)(A)’ the fol-
19 lowing: ‘the sum (but not to exceed 50 percent of
20 the amount in effect under section 415(c)(1)(A) (ex-
21 cept as provided in section 414(v))) of the dollar
22 amount in effect under paragraph (2)(A)(ii) of this
23 subsection; the employer contribution required under
24 paragraph (2)(A)(iii) or (2)(B)(i) of this subsection,
25 whichever is applicable; and the employer contribu-

1 tion made on behalf of the employee under para-
2 graph (2)(A)(iv) of this subsection’.”.

3 (b) CONFORMING AMENDMENTS.—

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

7 (2) Paragraph (8) of section 408(p) is amended
8 by inserting “, the employer contribution actually
9 made under paragraph (2)(A)(iv) of this sub-
10 section,” after “paragraph (2)(A)(ii) of this sub-
11 section”.

12 (3) Section 401(k)(11)(B)(i) is amended by
13 striking “and” at the end of subclause (II), by re-
14 designating subclause (III) as subclause (V), and by
15 inserting after subclause (II) the following new sub-
16 clauses:

17 “(III) the employer may make
18 nonelective contributions of a uniform
19 percentage (up to 10 percent) of com-
20 pensation for each employee who is el-
21 igible to participate in the arrange-
22 ment and who has at least \$5,000 of
23 compensation from the employer for
24 the year,

1 “(IV) contributions on behalf of
2 any employee for any year may not
3 exceed 50 percent of the amount in
4 effect under section 415(c)(1)(A) (ex-
5 cept as provided in section 414(v)),
6 and”.

7 (4) Section 401(k)(11)(B)(i)(V), as redesignig-
8 nated by paragraph (3), is amended by striking “or
9 (II)” and inserting “, (II), or (III)”.

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to years beginning after December
12 31, 2021.

13 **SEC. 114. REFORM OF THE MINIMUM PARTICIPATION RULE.**

14 (a) IN GENERAL.—Subparagraph (H) of section
15 401(a)(26) is amended by adding at the end the following:
16 “Not later than December 31, 2022, the Secretary shall
17 issue final regulations under which this paragraph may
18 be applied separately to bona fide separate subsidiaries or
19 divisions.”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 subsection (a) shall take effect on the date of enactment
22 of this Act.

1 **SEC. 115. EXPANSION OF EMPLOYEE PLANS COMPLIANCE**
2 **RESOLUTION SYSTEM.**

3 (a) IN GENERAL.—Except as otherwise provided in
4 regulations prescribed by the Secretary of the Treasury
5 or the Secretary’s delegate (referred to in this section as
6 the “Secretary”), any inadvertent failure to comply with
7 the rules applicable under section 401(a), 403(a), 403(b),
8 408(p), or 408(k) of the Internal Revenue Code of 1986
9 may be self-corrected under the Employee Plans Compli-
10 ance Resolution System (as described in Revenue Proce-
11 dure 2019–19 or any successor guidance), except to the
12 extent that such failure was identified by the Secretary
13 prior to any actions which demonstrate a commitment to
14 implement a self-correction. Revenue Procedure 2019–19
15 is deemed amended as of the date of the enactment of
16 this Act to provide that the correction period under section
17 9.02 of such Revenue Procedure (or any successor provi-
18 sion) for an inadvertent failure is indefinite and has no
19 last day, other than with respect to failures identified by
20 the Secretary prior to any self-correction as described in
21 the preceding sentence.

22 (b) LOAN ERROR.—The Secretary of Labor shall
23 treat any loan error corrected pursuant to subsection (a)
24 as meeting the requirements of the Voluntary Fiduciary
25 Correction Program of the Department of Labor.

1 (c) EPCRS FOR IRAS.—The Secretary shall expand
2 the Employee Plans Compliance Resolution System to
3 allow custodians of individual retirement plans to address
4 inadvertent failures for which the owner of an individual
5 retirement plan was not at fault, including (but not limited
6 to)—

7 (1) waivers of the excise tax which would other-
8 wise apply under section 4974 of the Internal Rev-
9 enue Code of 1986;

10 (2) under the self-correction component of the
11 Employee Plans Compliance Resolution System,
12 waivers of the 60-day deadline for a rollover where
13 the deadline is missed for reasons beyond the rea-
14 sonable control of the account owner; and

15 (3) rules permitting a nonspouse beneficiary to
16 return distributions to an inherited individual retire-
17 ment plan described in section 408(d)(3)(C) of the
18 Internal Revenue Code of 1986 in a case where, due
19 to an inadvertent error by a service provider, the
20 beneficiary had reason to believe that the distribu-
21 tion could be rolled over without inclusion in income
22 of any part of the distributed amount.

23 (d) REQUIRED MINIMUM DISTRIBUTION CORREC-
24 TIONS.—The Secretary shall expand the Employee Plans
25 Compliance Resolution System to allow plans to which

1 such system applies and custodians and owners of indi-
2 vidual retirement plans to self-correct, without an excise
3 tax, any inadvertent failures pursuant to which a distribu-
4 tion is made no more than 180 days after it was required
5 to be made.

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

15 (f) DEFINITIONS AND SPECIAL RULES.—

16 (1) INADVERTENT FAILURE.—For purposes of
17 this section—

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

22 (i) satisfy the standards set forth in
23 section 4.04 of Revenue Procedure 2019–
24 19 (or any successor provision); or

1 (ii) satisfy similar standards in the
2 case of an individual retirement plan.

3 (B) CORRECTION BY OWNER OF INDIVIDUAL RETIREMENT PLAN.—In the case of a
4 correction by an owner of an individual retirement
5 plan under subsection (d), the term “inadvertent failure” means a failure due to rea-
6 sonable cause.
7

8
9 (2) PLAN LOAN CORRECTIONS.—In the case of
10 an inadvertent failure relating to a loan to a partici-
11 pant from a plan, such failure may be self-corrected
12 under subsection (a) according to the rules of sec-
13 tion 6.07 of Revenue Procedure 2019–19 (or any
14 successor provision), including the provisions related
15 to whether a deemed distribution must be reported
16 on Form 1099–R.

17 **SEC. 116. ENHANCEMENT OF 403(b) PLANS.**

18 (a) IN GENERAL.—

19 (1) PERMITTED INVESTMENTS.—Subparagraph
20 (A) of section 403(b)(7) is amended by striking “the
21 amounts are to be invested in regulated investment
22 company stock to be held in that custodial account”
23 and inserting “the amounts to be held in that custo-
24 dial account are invested in regulated investment
25 company stock or a group trust intended to satisfy

1 the requirements of Internal Revenue Service Rev-
 2 enue Ruling 81–100 (or any successor guidance)”.

3 (2) CONFORMING AMENDMENT.—The heading
 4 of paragraph (7) of section 403(b) is amended by
 5 striking “FOR REGULATED INVESTMENT COMPANY
 6 STOCK”.

7 (3) EFFECTIVE DATE.—The amendments made
 8 by this subsection shall apply to amounts invested
 9 after December 31, 2021.

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

14 “(11) Any—

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

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

21 “(C) governmental plan described in sec-
 22 tion 3(a)(2)(C) of the Securities Act of 1933
 23 (15 U.S.C. 77c(a)(2)(C));

24 “(D) collective trust fund maintained by a
 25 bank consisting solely of assets of one or more

1 of such trusts, government plans, or church
2 plans, companies or accounts that are excluded
3 from the definition of an investment company
4 under paragraph (14) of this subsection;

5 “(E) plan which meets the requirements of
6 section 403(b) of the Internal Revenue Code of
7 1986 if—

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

11 “(ii) any employer making such plan
12 available agrees to serve as a fiduciary for
13 the plan with respect to the selection of the
14 plan’s investments among which partici-
15 pants can choose; or

16 “(iii) such plan is a governmental
17 plan (as defined in section 414(d) of such
18 Code); or

19 “(F) separate account the assets of which
20 are derived solely from—

21 “(i) contributions under pension or
22 profit-sharing plans which meet the re-
23 quirements of section 401 of the Internal
24 Revenue Code of 1986 or the requirements

1 for deduction of the employer's contribu-
2 tion under section 404(a)(2) of such Code;

3 “(ii) contributions under govern-
4 mental plans in connection with which in-
5 terests, participations, or securities are ex-
6 empted from the registration provisions of
7 section 5 of the Securities Act of 1933 (15
8 U.S.C. 77e) by section 3(a)(2)(C) of such
9 Act (15 U.S.C. 77e(a)(2)(C));

10 “(iii) advances made by an insurance
11 company in connection with the operation
12 of such separate account; and

13 “(iv) contributions to a plan described
14 in subparagraph (E).”.

15 (c) AMENDMENTS TO THE SECURITIES ACT OF
16 1933.—Section 3(a)(2) of the Securities Act of 1933 (15
17 U.S.C. 77e(a)(2)) is amended—

18 (1) by striking “beneficiaries, or (D)” and in-
19 serting “beneficiaries, (D) a plan which meets the
20 requirements of section 403(b) of such Code if (i)
21 such plan is subject to title I of the Employee Re-
22 tirement Income Security Act of 1974 (29 U.S.C.
23 1001 et seq.), (ii) any employer making such plan
24 available agrees to serve as a fiduciary for the plan
25 with respect to the selection of the plan's invest-

1 ments among which participants can choose, or (iii)
2 such plan is a governmental plan (as defined in sec-
3 tion 414(d) of such Code), or (E)”;

4 (2) by striking “(C), or (D)” and inserting
5 “(C), (D), or (E)”; and

6 (3) by striking “(iii) which is a plan funded”
7 and inserting “(iii) in the case of a plan not de-
8 scribed in subparagraph (D), which is a plan fund-
9 ed”.

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

14 (1) by striking “or (iv)” and inserting “(iv) a
15 plan which meets the requirements of section 403(b)
16 of such Code if (I) such plan is subject to title I of
17 the Employee Retirement Income Security Act of
18 1974 (29 U.S.C. 1001 et seq.), (II) any employer
19 making such plan available agrees to serve as a fidu-
20 ciary for the plan with respect to the selection of the
21 plan’s investments among which participants can
22 choose, or (III) such plan is a governmental plan (as
23 defined in section 414(d) of such Code), or (v)”;

24 (2) by striking “(ii), or (iii)” and inserting
25 “(ii), (iii), or (iv)”; and

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

4 **SEC. 117. ELIGIBILITY FOR PARTICIPATION IN RETIRE-**
5 **MENT PLANS.**

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

12 **SEC. 118. SMALL IMMEDIATE FINANCIAL INCENTIVES FOR**
13 **CONTRIBUTING TO A PLAN.**

14 (a) **IN GENERAL.**—Subparagraph (A) of section
15 401(k)(4) is amended by inserting “(other than a de mini-
16 mis financial incentive)” after “any other benefit”.

17 (b) **SECTION 403(b) PLANS.**—Subparagraph (A) of
18 section 403(b)(12), as amended by this Act, is further
19 amended by adding at the end the following: “A plan shall
20 not fail to satisfy clause (ii) solely by reason of the offering
21 of a de minimis financial incentive for employees to elect
22 to have the employer make contributions pursuant to a
23 salary reduction agreement.”.

24 (c) **EXEMPTION FROM PROHIBITED TRANSACTION**
25 **RULES.**—Subsection (d) of section 4975 is amended by

1 striking “or” at the end of paragraph (22), by striking
2 the period at the end of paragraph (23) and inserting “,
3 or”, and by adding at the end the following new para-
4 graph:

5 “(24) the provision of a de minimis financial in-
6 centive described in section 401(k)(4)(A) or
7 403(b)(12)(A).”.

8 (d) AMENDMENT OF EMPLOYEE RETIREMENT IN-
9 COME SECURITY ACT OF 1974.—Subsection (b) of section
10 408 of the Employee Retirement Income Security Act of
11 1974 (29 U.S.C. 1108(b)) is amended by adding at the
12 end the following new paragraph:

13 “(21) The provision of a de minimis financial
14 incentive described in section 401(k)(4)(A) or
15 403(b)(12)(A) of the Internal Revenue Code of
16 1986.”.

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

20 **SEC. 119. INDEXING IRA CATCH-UP LIMIT.**

21 (a) IN GENERAL.—Subparagraph (C) of section
22 219(b)(5) is amended by adding at the end the following
23 new clause:

24 “(iii) INDEXING OF CATCH-UP LIMITA-
25 TION.—In the case of any taxable year be-

1 ginning in a calendar year after 2022, the
2 \$1,000 amount under subparagraph (B)(ii)
3 shall be increased by an amount equal to—

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

6 “(II) the cost-of-living adjust-
7 ment determined under section 1(f)(3)
8 for the calendar year in which the tax-
9 able year begins, determined by sub-
10 stituting ‘calendar year 2021’ for ‘cal-
11 endar year 2016’ in subparagraph
12 (A)(ii) thereof.

13 If any amount after adjustment under the
14 preceding sentence is not a multiple of
15 \$200, such amount shall be rounded to the
16 next lower multiple of \$200.”.

17 (b) **EFFECTIVE DATE.**—The amendments made by
18 this section shall apply to years beginning after December
19 31, 2022.

20 **SEC. 120. HIGHER CATCH-UP LIMIT TO APPLY AT AGE 60.**

21 (a) **IN GENERAL.**—

22 (1) **PLANS OTHER THAN SIMPLE PLANS.**—Sec-
23 tion 414(v)(2)(B)(i) is amended by inserting the fol-
24 lowing before the period: “(\$10,000, in the case of

1 an eligible participant who has attained age 60 be-
2 fore the close of the taxable year”.

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

8 (b) COST-OF-LIVING ADJUSTMENTS.—Subparagraph
9 (C) of section 414(v)(2) is amended by adding at the end
10 the following: “In the case of a year beginning after De-
11 cember 31, 2022, the Secretary shall adjust annually the
12 \$10,000 amount in subparagraph (B)(i) and the \$5,000
13 amount in subparagraph (B)(ii) for increases in the cost-
14 of-living at the same time and in the same manner as ad-
15 justments under the preceding sentence; except that the
16 base period taken into account shall be the calendar quar-
17 ter beginning July 1, 2021.”.

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to years beginning after December
20 31, 2021.

1 **SEC. 121. DEFERRAL OF TAX FOR CERTAIN SALES OF EM-**
 2 **EMPLOYER STOCK TO EMPLOYEE STOCK OWN-**
 3 **ERSHIP PLAN SPONSORED BY S CORPORA-**
 4 **TION.**

5 (a) IN GENERAL.—Section 1042(c)(1)(A) is amended
 6 by striking “domestic C corporation” and inserting “do-
 7 mestic corporation”.

8 (b) EFFECTIVE DATE.—The amendment made by
 9 this section shall apply to sales after the date of the enact-
 10 ment of this Act.

11 **SEC. 122. CREDIT FOR SMALL EMPLOYERS PROVIDING RE-**
 12 **TIREMENT PLANS FOR MILITARY SPOUSES.**

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

16 **“SEC. 45W. SMALL EMPLOYER PROVISION OF RETIREMENT**
 17 **SAVINGS FOR MILITARY SPOUSES.**

18 “(a) IN GENERAL.—For purposes of section 38, in
 19 the case of a covered small employer, the military spouse
 20 employee retirement plan credit determined under this
 21 section for the taxable year is an amount equal to the sum
 22 of—

23 “(1) \$200 for each eligible military spouse em-
 24 ployee who is eligible to participate in an eligible em-
 25 ployer plan during the plan year ending with or
 26 within such taxable year, plus

1 “(2) with respect to each eligible military
2 spouse employee participating in such plan, the less-
3 er of—

4 “(A) the amount of employer contributions
5 (other than any contribution described in sub-
6 paragraph (B) or (C) of section 25B(d)(1)
7 made under all eligible employer plans on behalf
8 of such eligible military spouse during the plan
9 year ending with or within such taxable year, or

10 “(B) \$300.

11 In the case of a defined benefit plan, the amount
12 treated as an employer contribution under para-
13 graph (2)(A) shall be the increase in the partici-
14 pant’s nonforfeitable accrued benefit (determined by
15 using the rules of section 417(e)(3)) reduced by the
16 amount of such increase attributable to employee
17 contributions.

18 “(b) ELIGIBLE EMPLOYER PLAN.—For purposes of
19 this section, the term ‘eligible employer plan’ means a
20 qualified employer plan (within the meaning of section
21 4972(d)) in which all eligible military spouse employees
22 of the covered small employer—

23 “(1) are eligible to participate as of the later of
24 the first day of the first plan year of the plan or the

1 date the employee has been employed for at least 2
2 months,

3 “(2) are eligible to receive matching contribu-
4 tions (as defined in section 401(m)) and nonelective
5 contributions in the same manner as an employee
6 (other than a highly compensated employee) with at
7 least 2 years of service, and

8 “(3) are fully vested in their accrued benefit
9 under the plan upon commencement of participation.

10 “(c) COVERED SMALL EMPLOYER.—For purposes of
11 this section, the term ‘covered small employer’ means an
12 eligible employer (within the meaning of section
13 408(p)(2)(C)(i)).

14 “(d) ELIGIBLE MILITARY SPOUSE EMPLOYEE.—

15 “(1) IN GENERAL.—The term ‘eligible military
16 spouse employee’ means any employee of the covered
17 small employer who—

18 “(A) has been employed by the employer
19 for more than 2 months,

20 “(B) is not a highly compensated employee
21 (within the meaning of section 414(q)), and

22 “(C) makes a certification to the small em-
23 ployer that, as of the date such employee is
24 hired by the employer, such employee is mar-
25 ried to an individual who has performed service

1 in the uniformed services (as defined in chapter
2 43 of title 38, United States Code) while on ac-
3 tive duty for a period of more than 30 days (in-
4 cluding the date such employee is hired).

5 Any certification under subparagraph (C) shall in-
6 clude the servicemember’s name, rank, and military
7 branch and the employee’s uniformed services identi-
8 fication card number.

9 “(2) LIMITATION.—An individual may not be
10 treated as an eligible military spouse with respect to
11 any covered small employer for more than 3 taxable
12 years.”.

13 (b) CREDIT TO BE PART OF GENERAL BUSINESS
14 CREDIT.—Section 38(b), as amended by this Act, is fur-
15 ther amended by striking “plus” at the end of paragraph
16 (34), by striking the period at the end of paragraph (35)
17 and inserting “, plus”, and by adding at the end the fol-
18 lowing new paragraph:

19 “(36) the military spouse employee retirement
20 plan credit determined under section 45W(a).”.

21 (c) CLERICAL AMENDMENT.—The table of sections
22 for subpart D of part IV of subchapter A of chapter 1,
23 as amended by this Act, is further amended by adding
24 at the end the following new item:

“Sec. 45W. Small employer provision of retirement savings for military spouses.”.

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

4 **TITLE II—PRESERVATION OF**
5 **INCOME**

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

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 “Longevity Annuity Contracts”
12 (79 Fed. Reg. 37633 (July 2, 2014)), as follows:

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

23 (2) INCREASE DOLLAR LIMITATION.—

24 (A) IN GENERAL.—The Secretary (or dele-
25 gate) shall amend Q&A–17(b)(2)(i) of Treas.

1 Reg. section 1.401(a)(9)–6 and Q&A–
2 12(b)(2)(i) of Treas. Reg. section 1.408–8 to
3 increase the dollar limitation on premiums for
4 qualifying longevity annuity contracts from
5 \$125,000 to \$200,000, and to make such cor-
6 responding changes to the regulations and re-
7 lated forms as are necessary to reflect this in-
8 crease in the dollar limitation.

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

1 (3) FACILITATE JOINT AND SURVIVOR BENE-
2 FITS.—The Secretary (or delegate) shall amend
3 Q&A–17(c) of Treas. Reg. section 1.401(a)(9)–6,
4 and make such corresponding changes to the regula-
5 tions and related forms as are necessary, to provide
6 that, in the case of a qualifying longevity annuity
7 contract which was purchased with joint and sur-
8 vivor annuity benefits for the individual and the in-
9 dividual’s spouse which were permissible under the
10 regulations at the time the contract was originally
11 purchased, a divorce occurring after the original
12 purchase and before the annuity payments com-
13 mence under the contract will not affect the permis-
14 sibility of the joint and survivor annuity benefits or
15 other benefits under the contract, or require any ad-
16 justment to the amount or duration of benefits pay-
17 able under the contract, provided that any qualified
18 domestic relations order (within the meaning of sec-
19 tion 414(p) of the Internal Revenue Code of 1986)
20 or any divorce or separation instrument (within the
21 meaning of section 71(b)(2) of the Internal Revenue
22 Code of 1986)—

23 (A) provides that the former spouse is en-
24 titled to the survivor benefits under the con-
25 tract;

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

4 (C) does not modify the treatment of the
5 former spouse as the measuring life for the sur-
6 vivor benefits under the contract.

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

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

23 (A) either—

1 (i) is a variable contract under section
2 817(d) of the Internal Revenue Code of
3 1986; or

4 (ii) is an indexed contract;

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

12 (C) provides for a guaranteed minimum
13 level of annuity payments irrespective of such
14 investment return, market value, or perform-
15 ance; and

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

23 For purposes of the preceding sentence, a downward
24 adjustment to the dollar amount of annuity pay-
25 ments shall not be treated as an impermissible re-

1 duction in such payments, provided that the adjust-
2 ment is made to reflect a change in annuitant that
3 is required or permitted under the Internal Revenue
4 Code of 1986 or regulations and the adjustment is
5 based on reasonable actuarial assumptions.

6 (b) EFFECTIVE DATES, ENFORCEMENT, AND INTER-
7 PRETATIONS.—

8 (1) EFFECTIVE DATES.—

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

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

17 (2) ENFORCEMENT AND INTERPRETATIONS.—

18 Prior to the date on which the Secretary of the
19 Treasury issues final regulations pursuant to sub-
20 section (a)—

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

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

3 **SEC. 202. REMOVE REQUIRED MINIMUM DISTRIBUTION**
4 **BARRIERS FOR LIFE ANNUITIES.**

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

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

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

21 “(ii) A lump sum payment which—

22 “(I) results in a shortening of the
23 payment period with respect to an an-
24 nuity or a full or partial commutation
25 of the future annuity payments, pro-

1 vided that such lump sum is deter-
2 mined using reasonable actuarial
3 methods and assumptions, as deter-
4 mined in good faith by the issuer of
5 the contract, or

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

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

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

1 “(I) the total amount of the con-
2 sideration paid for the annuity pay-
3 ments, over

4 “(II) the aggregate amount of
5 prior distributions or payments from
6 or under the contract.”.

7 (b) REGULATIONS AND ENFORCEMENT.—

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

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

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

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

20 (2) EFFECTIVE DATE.—The modifications and
21 amendments required under paragraph (1) shall be
22 deemed to have been made as of the date of the en-
23 actment of this Act, and as of such date the Sec-
24 retary of the Treasury (or the Secretary's delegate)
25 shall administer and enforce the law with respect to

1 plan years beginning before, on, or after the date of
2 the enactment of this Act in accordance with the
3 amendments made by subsection (a) and as though
4 the actions which the Secretary is required to take
5 under paragraph (1) had been taken.

6 **SEC. 203. ELIMINATING A PENALTY ON PARTIAL**
7 **ANNUITIZATION.**

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

19 (b) **DEFINITIONS.**—For purposes of this section—

20 (1) **TOTAL REQUIRED AMOUNT.**—The term
21 “total required amount”, with respect to a year,
22 means the amount which would be required to be
23 distributed under Treas. Reg. section 1.401(a)(9)–5
24 for the year, determined by treating the account bal-
25 ance as of the last valuation date in the immediately

1 preceding calendar year as including the value on
2 that date of all annuity contracts which were pur-
3 chased with a portion of the account and from which
4 payments are made in accordance with Treas. Reg.
5 section 1.401(a)(9)–6.

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

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

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

8 **SEC. 204. INSURANCE-DEDICATED EXCHANGE-TRADED**
9 **FUNDS.**

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

23 (b) DESIGNATE CERTAIN AUTHORIZED PARTICI-
24 PANTS AND MARKET MAKERS AS ELIGIBLE INVESTORS.—
25 The Secretary of the Treasury (or the Secretary’s dele-

1 gate) shall amend Treas. Reg. section 1.817-5(f)(3) to
2 provide that satisfaction of the requirements in Treas.
3 Reg. section 1.817-5(f)(2)(i) with respect to an exchange-
4 traded fund shall not be prevented by reason of beneficial
5 interests in such a fund being held by 1 or more author-
6 ized participants or market makers.

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

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

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

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

7 (B) the shares of which can be purchased
8 or redeemed directly from the fund only by an
9 authorized participant; and

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

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

1 (A) purchasing the shares for its own in-
2 vestment purposes rather than for the exclusive
3 purpose of creating and redeeming such shares
4 on behalf of third parties; and

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

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

20 (e) EFFECTIVE DATES, ENFORCEMENT, AND INTER-
21 PRETATIONS.—

22 (1) EFFECTIVE DATES.—

23 (A) Subsection (b), and the definitions
24 under subsection (d), shall apply to segregated

1 asset account investments made on or after the
2 date of enactment of this Act.

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

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

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

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

16 **TITLE III—SIMPLIFICATION AND**
17 **CLARIFICATION OF RETIRE-**
18 **MENT PLAN RULES**

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

22 (a) STUDY.—As soon as practicable after the date of
23 the enactment of this Act, the Secretary of Labor, the Sec-
24 retary of the Treasury, and the Director of the Pension

1 Benefit Guaranty Corporation (or their delegates) shall re-
2 view the reporting and disclosure requirements of—

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

6 (2) the Internal Revenue Code of 1986 applica-
7 ble to qualified retirement plans (as defined in sec-
8 tion 4974(c) of such Code, without regard to para-
9 graphs (4) and (5) thereof).

10 (b) REPORT.—Not later than 18 months after the
11 date of the enactment of this Act, the Secretary of Labor,
12 the Secretary of the Treasury, and the Director of the
13 Pension Benefit Guaranty Corporation (or their dele-
14 gates), jointly, and after consultation with a balanced
15 group of participant and employer representatives, shall
16 with respect to plans referenced in subsection (a) report
17 on the effectiveness of the applicable reporting and disclo-
18 sure requirements and make such recommendations as
19 may be appropriate to the appropriate committees of the
20 Congress to consolidate, simplify, standardize, and im-
21 prove such requirements so as to simplify reporting for
22 such plans and ensure that plans can simply furnish and
23 participants and beneficiaries timely receive and better un-
24 derstand the information they need to monitor their plans,
25 plan for retirement, and obtain the benefits they have

1 earned. Such report shall assess the extent to which retire-
2 ment plans are retaining disclosures, work records, and
3 plan documents that are needed to ensure accurate cal-
4 culation of future benefits. To assess the effectiveness of
5 the applicable reporting and disclosure requirements, the
6 report shall include an analysis, based on plan data, of
7 how participants and beneficiaries are providing preferred
8 contact information, the methods by which plan sponsors
9 and plans are furnishing disclosures, and the rate at which
10 participants and beneficiaries (grouped by key demo-
11 graphics) are receiving, accessing, and retaining disclo-
12 sures. The agencies shall conduct appropriate surveys and
13 data collection to obtain any needed information.

14 **SEC. 302. CONSOLIDATION OF DEFINED CONTRIBUTION**
15 **PLAN NOTICES.**

16 Not later than 18 months after the date of the enact-
17 ment of this Act, the Secretary of Labor and the Secretary
18 of the Treasury (or such Secretaries' delegates) shall
19 adopt regulations providing that a plan may, but is not
20 required to, consolidate 2 or more of the notices required
21 under sections 404(c)(5)(B) and 514(e)(3) of the Em-
22 ployee Retirement Income Security Act of 1974 (29
23 U.S.C. 1104(c)(5)(B) and 29 U.S.C. 1144(e)(3)) and sec-
24 tions 401(k)(12)(D), 401(k)(13)(E), and 414(w)(4) of the
25 Internal Revenue Code of 1986 into a single notice so long

1 as the combined notice includes the required content,
2 clearly identifies the issues addressed therein, is provided
3 at the time and with the frequency required for each such
4 notice, and is presented in a manner that is understand-
5 able and does not obscure or fail to highlight important
6 points for participants and beneficiaries.

7 **SEC. 303. PERFORMANCE BENCHMARKS FOR ASSET ALLO-**
8 **CATION FUNDS.**

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

18 (1) the blend is reasonably representative of the
19 asset class holdings of the designated investment al-
20 ternative;

21 (2) for purposes of determining the blend’s re-
22 turns for 1-, 5-, and 10-calendar-year periods (or for
23 the life of the alternative, if shorter), the blend is
24 modified at least once per year to reflect changes in

1 the asset class holdings of the designated investment
2 alternative;

3 (3) the blend is presented to participants and
4 beneficiaries in a manner that is reasonably designed
5 to be understandable and helpful; and

6 (4) each securities market index which is used
7 for an associated asset class would separately satisfy
8 the requirements of such regulations for such asset
9 class.

10 (b) STUDY.—Not later than December 31, 2022, the
11 Secretary of Labor (or the Secretary’s delegate) shall de-
12 liver a report to the Committees on Ways and Means and
13 Education and Labor of the House of Representatives and
14 the Committees on Finance and Health, Education,
15 Labor, and Pensions of the Senate regarding the effective-
16 ness of the benchmarking requirements under section
17 2550.404a–5 of title 29, Code of Federal Regulations.

18 **SEC. 304. PERMIT NONSPOUSAL BENEFICIARIES TO ROLL**

19 **ASSETS TO PLANS.**

20 (a) IN GENERAL.—Section 402(c) is amended by
21 adding at the end the following new paragraph:

22 “(12) DISTRIBUTIONS TO QUALIFIED PLAN OF
23 NONSPOUSE BENEFICIARY.—If, with respect to any
24 portion of a distribution from an eligible retirement
25 plan described in clause (iii), (iv), (v), or (vi) of

1 paragraph (8)(B) of a deceased employee, a direct
2 trustee-to-trustee transfer is made to another such
3 plan of an individual who is a designated beneficiary
4 (as defined by section 401(a)(9)(E)) of the employee
5 and who is not the surviving spouse of the em-
6 ployee—

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

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

11 (b) CONFORMING AMENDMENTS.—

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

15 (2) 403(b) PLANS.—Subparagraph (B) of sec-
16 tion 403(b)(8) is amended by striking “and (11)”
17 and inserting “(11), and (12)”.

18 (3) 457 PLANS.—Subparagraph (B) of section
19 457(e)(16) is amended by striking “and (11)” and
20 inserting “(11), and (12)”.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to distributions made after the
23 date of the enactment of this Act.

1 **SEC. 305. DEFERRAL AGREEMENTS.**

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

8 (b) EFFECTIVE DATE.—The amendment made by
9 this section shall apply to years beginning after December
10 31, 2021.

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

12 Not later than December 31, 2022, the Secretary of
13 the Treasury (or the Secretary’s delegate), in consultation
14 with the Secretary of Labor and the Director of the Pen-
15 sion Benefit Guaranty Corporation (or their delegates),
16 shall simplify the model notices issued under section
17 402(f) of the Internal Revenue Code of 1986 so as to fa-
18 cilitate better understanding by recipients of different dis-
19 tribution options and corresponding tax consequences.
20 Such model notices shall include an explanation of the ef-
21 fect of elections on spousal rights.

22 **SEC. 307. PERMIT PLANS TO USE BASE PAY OR RATE OF**
23 **PAY CALCULATION.**

24 (a) IN GENERAL.—Not later than December 31,
25 2022, the Secretary of the Treasury (or the Secretary’s
26 delegate) shall modify Treasury Regulation section

1 1.414(s)–1(d)(3) to facilitate the use of the safe harbors
2 in sections 401(k)(12), 401(k)(13), 401(k)(16),
3 401(m)(11), 401(m)(12), and 401(m)(13) of the Internal
4 Revenue Code of 1986, and in Treasury Regulation sec-
5 tion 1.401(a)(4)–3(b), by plans which use base pay or rate
6 of pay in determining contributions or benefits. Such fa-
7 cilitation shall include increased flexibility in meeting the
8 definition in section 414(s) of such Code in situations
9 where the amount of overtime compensation payable in a
10 year can vary significantly.

11 (b) EXCEPTION.—The Secretary of the Treasury (or
12 the Secretary’s delegate) may make any modification
13 under subsection (a) inapplicable to plans with respect to
14 which, on a consistent basis, overtime is a major compo-
15 nent of a substantial portion of the employees eligible to
16 participate in the plan who are not highly compensated
17 employees (as defined in section 414(q) of the Internal
18 Revenue Code of 1986).

19 **SEC. 308. ROTH SIMPLE IRAS.**

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

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

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

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

4 “In applying this paragraph to an individual on
5 whose behalf elective employer contributions are
6 made to a simple retirement account, the amount
7 described in subparagraph (A) shall be increased by
8 the amount of elective employer contributions made
9 on behalf of the individual to such account, except
10 to the extent that such contributions exceed the ap-
11 plicable dollar amount (as defined in subsection
12 (p)(2)(E)) or cause the elective deferrals (as defined
13 in section 402(g)(3)) on behalf of such individual to
14 exceed the limitation under section 402(g)(1) (tak-
15 ing into account subparagraph (C) thereof).”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning after
18 December 31, 2021.

19 **SEC. 309. REDUCTION IN EXCISE TAX ON CERTAIN ACCU-**
20 **MULATIONS IN QUALIFIED RETIREMENT**
21 **PLANS.**

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

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to taxable years beginning after
3 December 31, 2021.

4 **SEC. 310. CLARIFICATION OF CATCH-UP CONTRIBUTIONS**
5 **WITH RESPECT TO SEPARATE LINES OF BUSI-**
6 **NESS.**

7 (a) IN GENERAL.—Subparagraph (B) of section
8 414(v)(4) is amended—

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

11 “(i) a plan”;

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

14 (3) by adding at the end the following new
15 clause:

16 “(ii) for any year in which an em-
17 ployer complies with section 410(b) on the
18 basis of separate lines of business pursuant
19 to section 410(b)(5), the employer may
20 apply subparagraph (A) for such year sep-
21 arately with respect to employees in each
22 separate line of business.”.

23 (b) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to taxable years beginning after
25 December 31, 2021.

1 **SEC. 311. CLARIFICATION OF SUBSTANTIALLY EQUAL PERI-**
2 **ODIC PAYMENT RULE.**

3 (a) IN GENERAL.—Paragraph (4) of section 72(t) is
4 amended by inserting at the end the following new sub-
5 paragraph:

6 “(C) ROLLOVERS TO SUBSEQUENT
7 PLAN.—If—

8 “(i) payments described in paragraph
9 (2)(A)(iv) are being made from a qualified
10 retirement plan,

11 “(ii) a transfer or a rollover from such
12 qualified retirement plan of all or a portion
13 of the taxpayer’s benefit under the plan is
14 made to another qualified retirement plan,
15 and

16 “(iii) distributions from the transferor
17 and transferee plans would in combination
18 continue to satisfy the requirements of
19 paragraph (2)(A)(iv) if they had been
20 made only from the transferor plan,

21 such transfer or rollover shall not be treated as
22 a modification under subparagraph (A)(ii), and
23 compliance with paragraph (2)(A)(iv) shall be
24 determined on the basis of the combined dis-
25 tributions described in clause (iii).”.

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

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

6 (2) by redesignating subparagraphs (A) and
7 (B) as clauses (i) and (ii), by moving such clauses
8 2 ems to the right, and by adjusting the flush lan-
9 guage at the end accordingly;

10 (3) by striking “PAYMENTS.—If” and inserting
11 “PAYMENTS.—

12 “(A) IN GENERAL.—If—”; and

13 (4) by adding at the end the following new sub-
14 paragraph:

15 “(B) EXCHANGES TO SUBSEQUENT CON-
16 TRACTS.—If—

17 “(i) payments described in paragraph
18 (2)(D) are being made from an annuity
19 contract,

20 “(ii) an exchange of all or a portion of
21 such contract for another contract is made
22 under section 1035, and

23 “(iii) the aggregate distributions from
24 the contracts involved in the exchange con-
25 tinue to satisfy the requirements of para-

1 graph (2)(D) as if the exchange had not
2 taken place,
3 such exchange shall not be treated as a modi-
4 fication under subparagraph (A)(ii), and com-
5 pliance with paragraph (2)(D) shall be deter-
6 mined on the basis of the combined distribu-
7 tions described in clause (iii).”.

8 (e) INFORMATION REPORTING.—Section 6724 is
9 amended by inserting at the end the following new sub-
10 section:

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

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

17 “(2) such distribution is made following a roll-
18 over, transfer, or exchange described in section
19 72(t)(4)(C) or section 72(q)(3)(C),

20 “(3) in making such return or report the person
21 relies upon a certification provided by the taxpayer
22 that the distributions satisfy the requirements of
23 section 72(t)(4)(C)(iii) or section 72(q)(3)(B)(iii), as
24 applicable, and

1 “(4) such person does not have actual knowl-
2 edge that the distributions do not satisfy such re-
3 quirements.”.

4 (d) SAFE HARBOR FOR ANNUITY PAYMENTS.—

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

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

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

19 “For purposes of subparagraph (D), periodic pay-
20 ments shall not fail to be treated as substantially
21 equal merely because they are amounts received as
22 an annuity, and such periodic payments shall be
23 deemed to be substantially equal if they are payable
24 over a period described in subparagraph (D) and
25 would satisfy the requirements applicable to annuity

1 payments under section 401(a)(9) if such require-
2 ments applied.”.

3 (e) EFFECTIVE DATES.—

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

8 (2) ANNUITY PAYMENTS.—The amendment
9 made by subsection (d) shall apply to distributions
10 commencing on or after the date of the enactment
11 of this Act.

12 (3) NO INFERENCE.—Nothing in the amend-
13 ments made by this section shall be construed to
14 create an inference with respect to the law in effect
15 prior to the effective date of such amendments.

16 **SEC. 312. CLARIFICATION OF TREATMENT OF DISTRIBUTIONS OF ANNUITY CONTRACTS.**

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

24 (b) EFFECTIVE DATE.—The amendment made by
25 this section shall take effect as if included in section

1 1401(b)(1) of the Small Business Job Protection Act of
2 1996.

3 **SEC. 313. CLARIFICATION REGARDING ELECTIVE DEFER-**
4 **RALS.**

5 (a) IN GENERAL.—Not later than 6 months after the
6 date of the enactment of this Act, the Secretary of the
7 Treasury (or the Secretary’s delegate) shall amend Treas.
8 Reg. section 1.415(c)–2(e), and make any necessary con-
9 forming amendments to other Treasury Regulations, to
10 provide that plans may allow employees who have had a
11 severance from employment to make deferrals or contribu-
12 tions described in subsection (b) with respect to payments
13 of severance or back pay. The Secretary of the Treasury
14 (or delegate) may provide for such other conditions on
15 such deferrals or contributions as are necessary to carry
16 out the purposes of this section.

17 (b) DEFERRALS AND CONTRIBUTIONS DESCRIBED.—
18 The deferrals or contributions described in this subsection
19 are—

20 (1) elective deferrals described in subparagraph
21 (A), (B), or (C) of section 402(g)(3) of the Internal
22 Revenue Code of 1986 (other than elective deferrals
23 under section 401(k)(11) of such Code);

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

4 (3) to the extent provided by such Secretary (or
5 delegate), elective deferrals described in section
6 402(g)(3)(D) or 401(k)(11) of such Code.

7 (c) TREATMENT OF DEFERRALS.—Except as other-
8 wise determined by the Secretary of the Treasury (or the
9 Secretary’s delegate) to be necessary to carry out the pur-
10 poses of this section, the rules described in subsection (a)
11 shall provide that the contributions or deferrals shall, for
12 purposes of section 457 and subchapter D of chapter 1
13 of subtitle A of the Internal Revenue Code of 1986, be
14 treated as contributions or deferrals made on behalf of ac-
15 tive employees, not on behalf of former employees.

16 **SEC. 314. TAX TREATMENT OF CERTAIN NONTRADE OR**
17 **BUSINESS SEP CONTRIBUTIONS.**

18 (a) IN GENERAL.—Subparagraph (B) of section
19 4972(c)(6) is amended—

20 (1) by striking “408(p)) or” and inserting
21 “408(p)),”; and

22 (2) by inserting “, or a simplified employee pen-
23 sion (within the meaning of section 408(k))” after
24 “401(k)(11))”.

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

4 **SEC. 315. ALLOW CERTAIN PLAN TRANSFERS AND MERG-**
5 **ERS.**

6 (a) AMENDMENTS TO THE INTERNAL REVENUE
7 CODE OF 1986.—

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

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

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

14 “(A) a transfer of all or a portion of the
15 account balance of a participant or beneficiary,
16 whether or not vested, from a defined contribu-
17 tion plan described in section 401(a) or section
18 403(a) of an employer to an annuity contract
19 described in section 403(b) of the same em-
20 ployer,

21 “(B) a transfer of all or a portion of the
22 account balance of a participant or beneficiary,
23 whether or not vested, from an annuity contract
24 described in section 403(b) of an employer to a
25 defined contribution plan described in section

1 401(a) or section 403(a) of the same employer,
2 or

3 “(C) a merger of a defined contribution
4 plan described in section 401(a) or section
5 403(a) of an employer with an annuity contract
6 described in section 403(b) of the same em-
7 ployer,

8 so long as the transfer or merger does not cause a
9 reduction in the vested benefit or total benefit (in-
10 cluding non-vested benefit) of any participant or
11 beneficiary. A plan or contract shall not fail to be
12 considered to be described in section 401(a), 403(a),
13 or 403(b) (as applicable) merely because such plan
14 or contract engages in a transfer or merger de-
15 scribed in this paragraph.

16 “(2) DISTRIBUTIONS.—Amounts transferred or
17 merged pursuant to paragraph (1) shall be subject
18 to the requirements of paragraphs (3) and (4) and
19 to the distribution requirements under section
20 401(a), 403(a), or 403(b) applicable to the trans-
21 feree or merged plan.

22 “(3) SPOUSAL CONSENT AND ANTI-CUTBACK
23 PROTECTION.—In the case of a transfer or merger
24 described in paragraph (1), amounts in the trans-

1 feree or merged plan that are attributable to the
2 transferor or predecessor plan shall—

3 “(A)(i) be subject to section 401(a)(11)
4 and section 205 of the Employee Retirement
5 Income Security Act of 1974 to the extent that
6 such sections applied to such amounts in the
7 transferor or predecessor plan, or

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

14 “(B) be treated as subject to section
15 411(d)(6) and section 204(g) of the Employee
16 Retirement Income Security Act of 1974 to the
17 extent that such amounts were subject to such
18 sections in the transferor or predecessor plan.

19 “(4) SPECIAL RULES.—Under rules prescribed
20 by the Secretary, to the extent amounts transferred
21 or merged pursuant to paragraph (1) were otherwise
22 entitled to grandfather treatment under the trans-
23 feror or predecessor plan, such amounts (and income
24 or loss attributable thereto) shall remain entitled to
25 such treatment under the transferee or merged plan.

1 The rules prescribed by the Secretary shall require
2 that such amounts be separately accounted for by
3 the transferee or merged plan. For purposes of this
4 paragraph, the term ‘grandfather treatment’ means
5 any special treatment under this title that is pro-
6 vided for prior benefits, prior periods of time, or cer-
7 tain individuals in connection with a change in the
8 applicable law.

9 “(5) CONSENT.—In the case of a qualified trust
10 described in section 401(a) or 403(a) and an annu-
11 ity contract described in section 403(b) with respect
12 to which transfers may be made only with the con-
13 sent of a participant or beneficiary pursuant to the
14 terms of such trust or contract or pursuant to appli-
15 cable law, such consent requirement shall apply
16 without regard to this subsection. Nothing in this
17 subsection shall affect the application of contract or
18 plan terms otherwise applicable in the case of a
19 withdrawal from the contract or plan.”.

20 (2) AGGREGATION.—Paragraph (2) of section
21 414(t) is amended by inserting “414(aa),” after
22 “274(j),”.

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

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

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

10 (c) EFFECTIVE DATE.—

11 (1) IN GENERAL.—The amendments made by
12 this section shall apply to transfers or mergers in
13 years beginning after the Secretary of the Treasury
14 (or the Secretary’s delegate) prescribes rules under
15 section 414(aa) of the Internal Revenue Code of
16 1986, as added by this section.

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

1 **SEC. 316. EXCEPTION FROM REQUIRED DISTRIBUTIONS**
2 **WHERE AGGREGATE RETIREMENT SAVINGS**
3 **DO NOT EXCEED \$100,000.**

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

7 “(L) EXCEPTION FROM REQUIRED MIN-
8 IMUM DISTRIBUTIONS DURING LIFE OF EM-
9 PLOYEE OR BENEFICIARY WHERE ASSETS DO
10 NOT EXCEED \$100,000.—

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

21 “(ii) APPLICABLE ELIGIBLE RETIRE-
22 MENT PLAN.—For purposes of this sub-
23 paragraph, the term ‘applicable eligible re-
24 tirement plan’ means an eligible retirement
25 plan (as defined in section 402(c)(8)(B))
26 and any other plan, contract, or arrange-

1 ment to which the requirements of this
2 paragraph apply, but does not include any
3 defined benefit plan.

4 “(iii) MEASUREMENT DATE.—

5 “(I) INITIAL MEASUREMENT
6 DATES.—The initial measurement
7 date for an employee is the last day of
8 the calendar year preceding the earlier
9 of—

10 “(aa) the calendar year in
11 which the employee attains the
12 applicable age, or

13 “(bb) the calendar year in
14 which the employee dies.

15 “(II) SUBSEQUENT MEASURE-
16 MENT DATES.—If, in a calendar year,
17 an employee to whom subparagraph
18 (A) does not apply by reason of clause
19 (i) receives contributions, rollovers, or
20 transfers of amounts which were not
21 previously taken into account in ap-
22 plying this subparagraph, then the
23 last day of that calendar year shall be
24 a new measurement date and a new
25 determination shall be made as to

1 whether clause (i) applies to such em-
2 ployee.

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

23 “(iv) DETERMINATION OF VALUE.—

24 For purposes of this subparagraph, the

1 value of an employee's interest in a plan is
2 the account balance of such plan.

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

16 “(I) the amount by which such
17 aggregate balance exceeds such dollar
18 amount so in effect, bears to

19 “(II) \$10,000.

20 “(vi) COST-OF-LIVING ADJUST-
21 MENTS.—The Secretary shall adjust annu-
22 ally the \$100,000 amount specified in
23 clause (i) for increases in the cost-of-living
24 at the same time and in the same manner
25 as adjustments under section 415(d); ex-

1 cept that the base period shall be the cal-
2 endar quarter beginning July 1, 2021, and
3 any increase which is not a multiple of
4 \$5,000 shall be rounded to the next lowest
5 multiple of \$5,000.

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

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to initial measurement dates occur-
3 ring on or after December 31, 2021.

4 **SEC. 317. HARDSHIP RULES FOR 403(b) PLANS.**

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

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

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

13 “(i) Contributions made pursuant to a
14 salary reduction agreement (within the
15 meaning of section 3121(a)(5)(D)).

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

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

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

22 “(B) NO REQUIREMENT TO TAKE AVAIL-
23 ABLE LOAN.—A distribution shall not be treat-
24 ed as failing to be made upon the hardship of

1 an employee solely because the employee does
2 not take any available loan under the plan.”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) Section 403(b)(7)(A)(i)(V) is amended by
5 striking “in the case of contributions made pursuant
6 to a salary reduction agreement (within the meaning
7 of section 3121(a)(5)(D))” and inserting “subject to
8 the provisions of paragraph (15)”.

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

11 (A) by striking “in” in subparagraph (B)
12 and inserting “subject to the provisions of para-
13 graph (15), in”; and

14 (B) by striking the last sentence.

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to plan years beginning after De-
17 cember 31, 2021.

18 **SEC. 318. IRA PRESERVATION.**

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

22 (1) An overview of the laws and regulations re-
23 lated to individual retirement plans (as defined in
24 section 7701(a)(37) of the Internal Revenue Code of
25 1986), including—

- 1 (A) limits on contributions;
2 (B) limits on deductions for contributions;
3 (C) rollovers;
4 (D) minimum required distributions;
5 (E) non-exempt prohibited transactions;
6 and
7 (F) tax consequences for early distribu-
8 tions.

9 (2) Examples of common errors by taxpayers
10 with respect to the laws and regulations described in
11 paragraph (1) and instructions on how to avoid such
12 errors.

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

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

17 “(1) REDUCTION.—In the case of a taxpayer
18 who—

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

1 “(B) submits a return, during the correc-
 2 tion window, reflecting such tax (as modified by
 3 this subsection),
 4 the first and second sentences of subsection (a) shall
 5 be applied by substituting ‘3 percent’ for ‘6 percent’
 6 each place it appears.

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

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

15 “(B) the last day of the second taxable
 16 year that begins after the end of the taxable
 17 year in which the tax under subsection (a) is
 18 imposed.”.

19 (c) REDUCTION IN EXCISE TAX ON FAILURES TO
 20 TAKE REQUIRED MINIMUM DISTRIBUTIONS.—Section
 21 4974, as amended by this Act, is further amended by add-
 22 ing at the end the following new subsection:

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

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

1 “(A) corrects, during the correction win-
 2 dow, a shortfall of distributions from an indi-
 3 vidual retirement plan which resulted in imposi-
 4 tion of a tax under subsection (a), and

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

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

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

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

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

23 (d) REPEAL OF TAX DISQUALIFICATION PENALTY.—

24 (1) IN GENERAL.—Paragraph (2) of subsection

25 (e) of section 408 is repealed.

1 (2) CONFORMING AMENDMENTS.—

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

4 (B) Sections 220(e)(2), 223(e)(2), and
5 530(e) are each amended by striking “para-
6 graphs (2) and (4) of section 408(e)” and in-
7 serting “section 408(e)(4)”.

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

12 (e) STATUTE OF LIMITATIONS.—Subsection (l) of
13 section 6501 of the Internal Revenue Code of 1986 is
14 amended—

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

18 (2) by adding at the end the following new
19 paragraph:

20 “(4) INDIVIDUAL RETIREMENT PLANS.—For
21 purposes of any tax imposed by section 4973, 4974,
22 or 4975 in connection with an individual retirement
23 plan, the return referred to in this section shall be
24 the income tax return filed by the person on whom
25 the tax under such section is imposed for the year

1 in which the act (or failure to act) giving rise to the
2 liability for such tax occurred. In the case of a per-
3 son who is not required to file an income tax return
4 for such year—

5 “(A) the return referred to in this section
6 shall be the income tax return that such person
7 would have been required to file but for the fact
8 that such person was not required to file such
9 return, and

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

15 (f) EFFECTIVE DATE.—

16 (1) IN GENERAL.—Subject to paragraphs (2)
17 and (3), this section and the amendments made by
18 this section shall take effect on the date of the en-
19 actment of this Act.

20 (2) TRANSITION PROVISIONS.—

21 (A) IN GENERAL.—The amendments made
22 by this section shall apply to any determination
23 of or affecting liability for taxes, interest, or
24 penalties which is made on or after the date of
25 the enactment of this Act, without regard to

1 whether the conduct upon which the determina-
2 tion is based occurred before such date of en-
3 actment.

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

17 (i) the date on which the Secretary of
18 the Treasury (or the Secretary's delegate)
19 initiates an audit or otherwise demands
20 payment with respect to the conduct de-
21 scribed in section 4973(a) or 4974(a), as
22 the case may be, of such Code; or

23 (ii) the last day of the second taxable
24 year that begins after the taxable year in

1 which the date of the enactment of this
2 Act occurs.

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

7 **SEC. 319. ELIMINATION OF ADDITIONAL TAX ON CERTAIN**
8 **DISTRIBUTIONS.**

9 (a) IN GENERAL.—Subparagraph (A) of section
10 72(t)(2), as amended by this Act, is further amended—

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

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

14 (3) by inserting after clause (viii) the following
15 new clause:

16 “(ix) attributable to withdrawal of in-
17 terest or other income earned on excess
18 contributions (as defined in section
19 4973(b) (without regard to the second to
20 last sentence thereof)) to an individual re-
21 tirement plan.”.

22 (b) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to any determination of, or affect-
24 ing, liability for taxes, interest, or penalties which is made
25 on or after the date of the enactment of this Act, without

1 regard to whether the act (or failure to act) upon which
 2 the determination is based occurred before such date of
 3 enactment. Notwithstanding the preceding sentence, noth-
 4 ing in the amendments made by this section shall be con-
 5 strued to create an inference with respect to the law in
 6 effect prior to the effective date of such amendments.

7 **SEC. 320. DISTRIBUTIONS TO FIREFIGHTERS.**

8 (a) **IN GENERAL.**—Subparagraph (A) of section
 9 72(t)(10) is amended by striking “414(d)” and inserting
 10 “414(d) or a distribution from a plan described in clause
 11 (iii), (iv), or (vi) of section 402(c)(8)(B) to an employee
 12 who provides firefighting services”.

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

15 (1) by striking “PUBLIC”, and

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

17 (c) **EFFECTIVE DATE.**—The amendments made by
 18 this section shall apply to distributions made after Decem-
 19 ber 31, 2021.

20 **SEC. 321. ELIMINATING UNNECESSARY PLAN REQUIRE-**
 21 **MENTS RELATED TO UNENROLLED PARTICI-**
 22 **PANTS.**

23 (a) **AMENDMENT OF EMPLOYEE RETIREMENT IN-**
 24 **COME SECURITY ACT OF 1974.**—

1 (1) IN GENERAL.—Part 1 of subtitle B of sub-
2 chapter I of the Employee Retirement Income Secu-
3 rity Act of 1974 is amended by redesignating section
4 111 as section 112 and by inserting after section
5 110 the following new section:

6 **“SEC. 111. ELIMINATING UNNECESSARY PLAN REQUIRE-**
7 **MENTS RELATED TO UNENROLLED PARTICI-**
8 **PANTS.**

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

16 “(1) in connection with the annual open season
17 election period with respect to the plan or, if there
18 is no such period, within a reasonable period prior
19 to the beginning of each plan year, an annual re-
20 minder notice of such participant’s eligibility to par-
21 ticipate in such plan and any applicable election
22 deadlines under the plan; and

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

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

4 “(1) is eligible to participate in an individual
5 account plan;

6 “(2) has received all required notices, dislo-
7 sures, and other plan documents, including the sum-
8 mary plan description, required to be furnished
9 under this title in connection with such participant’s
10 initial eligibility to participate in such plan;

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

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

13 For purposes of this section, any eligibility to participate
14 in the plan following any period for which such employee
15 was not eligible to participate shall be treated as initial
16 eligibility.

17 “(c) ANNUAL REMINDER NOTICE.—For purposes of
18 this section, the term ‘annual reminder notice’ means a
19 notice provided in accordance with section 2520.104b-1
20 of title 29, Code of Federal Regulations (or any successor
21 regulation), which—

22 “(1) is furnished in connection with the annual
23 open season election period with respect to the plan
24 or, if there is no such period, is furnished within a

1 reasonable period prior to the beginning of each plan
2 year;

3 “(2) notifies the unenrolled participant of—

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

6 “(B) the key benefits under the plan and
7 the key rights and features under the plan af-
8 fecting such benefits; and

9 “(3) provides such information in a prominent
10 manner calculated to be understood by the average
11 participant.”.

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

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

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

18 (b) AMENDMENT OF INTERNAL REVENUE CODE OF
19 1986.—Section 414, as amended by this Act, is further
20 amended by adding at the end the following new sub-
21 section:

22 “(bb) ELIMINATING UNNECESSARY PLAN REQUIRE-
23 MENTS RELATED TO UNENROLLED PARTICIPANTS.—

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

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

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

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

23 “(A) is eligible to participate in a defined
24 contribution plan,

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

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

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

11 For purposes of this subsection, any eligibility to
12 participate in the plan following any period for
13 which such employee was not eligible to participate
14 shall be treated as initial eligibility.

15 “(3) ANNUAL REMINDER NOTICE.—For pur-
16 poses of this subsection, the term ‘annual reminder
17 notice’ means the notice described in section 111(c)
18 of the Employee Retirement Income Security Act of
19 1974.”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to plan years beginning after De-
22 cember 31, 2021.

1 **SEC. 322. RECOVERY OF RETIREMENT PLAN OVERPAY-**
2 **MENTS.**

3 (a) OVERPAYMENTS UNDER INTERNAL REVENUE
4 CODE OF 1986.—

5 (1) QUALIFICATION REQUIREMENTS.—Section
6 414, as amended by the preceding provisions of this
7 Act, is further amended by adding at the end the
8 following new subsection:

9 “(cc) SPECIAL RULES APPLICABLE TO BENEFIT
10 OVERPAYMENTS.—

11 “(1) IN GENERAL.—A plan shall not fail to be
12 treated as described in clause (i), (ii), (iii), or (iv)
13 of section 219(g)(5)(A) (and shall not fail to be
14 treated as satisfying the requirements of section
15 401(a) or 403) merely because—

16 “(A) the plan fails to obtain payment from
17 any participant, beneficiary, employer, plan
18 sponsor, fiduciary, or other party on account of
19 any inadvertent benefit overpayment made by
20 the plan, or

21 “(B) the plan sponsor amends the plan to
22 increase past or future benefit payments to af-
23 fected participants and beneficiaries in order to
24 adjust for prior inadvertent benefit overpay-
25 ments.

1 “(2) REDUCTION IN FUTURE BENEFIT PAY-
2 MENTS AND RECOVERY FROM RESPONSIBLE
3 PARTY.—Paragraph (1) shall not fail to apply to a
4 plan merely because, after discovering a benefit over-
5 payment, such plan—

6 “(A) reduces future benefit payments to
7 the correct amount provided for under the
8 terms of the plan, or

9 “(B) seeks recovery from the person or
10 persons responsible for such overpayment.

11 “(3) EMPLOYER FUNDING OBLIGATIONS.—
12 Nothing in this subsection shall relieve an employer
13 of any obligation imposed on it to make contribu-
14 tions to a plan to meet the minimum funding stand-
15 ards under sections 412 and 430 or to prevent or re-
16 store an impermissible forfeiture in accordance with
17 section 411.

18 “(4) OBSERVANCE OF BENEFIT LIMITATIONS.—
19 Notwithstanding paragraph (1), a plan to which
20 paragraph (1) applies shall observe any limitations
21 imposed on it by section 401(a)(17) or 415. The
22 plan may enforce such limitations using any method
23 approved by the Secretary for recouping benefits
24 previously paid or allocations previously made in ex-
25 cess of such limitations.

1 “(5) COORDINATION WITH OTHER QUALIFICA-
2 TION REQUIREMENTS.—The Secretary may issue
3 regulations or other guidance of general applicability
4 specifying how benefit overpayments and their
5 recoupment or non-recoupment from a participant or
6 beneficiary shall be taken into account for purposes
7 of satisfying any requirement applicable to a plan to
8 which paragraph (1) applies.”.

9 (2) ROLLOVERS.—Section 402(c), as amended
10 by this Act, is further amended by adding at the end
11 the following new paragraph:

12 “(13) In the case of an inadvertent benefit
13 overpayment from a plan to which section 414(cc)(1)
14 applies which is transferred to an eligible retirement
15 plan by or on behalf of a participant or bene-
16 ficiary—

17 “(A) the portion of such overpayment with
18 respect to which recoupment is not sought on
19 behalf of the plan shall be treated as having
20 been paid in an eligible rollover distribution if
21 the payment would have been an eligible roll-
22 over distribution but for being an overpayment,
23 and

24 “(B) the portion of such overpayment with
25 respect to which recoupment is sought on behalf

1 of the plan shall be permitted to be returned to
2 such plan and in such case shall be treated as
3 an eligible rollover distribution transferred to
4 such plan by the participant or beneficiary who
5 received such overpayment (and the plans mak-
6 ing and receiving such transfer shall be treated
7 as permitting such transfer).

8 In any case in which recoupment is sought on behalf
9 of the plan but is disputed by the participant or ben-
10 eficiary who received such overpayment, such dispute
11 shall be subject to the claims and appeals procedures
12 of the plan that made such overpayment, such plan
13 shall notify the plan receiving the rollover of such
14 dispute, and the plan receiving the rollover shall re-
15 tain such overpayment on behalf of the participant
16 or beneficiary (and shall be entitled to treat such
17 overpayment as plan assets) pending the outcome of
18 such procedures.”.

19 (b) OVERPAYMENTS UNDER ERISA.—Section 206 of
20 the Employee Retirement Income Security Act of 1974
21 (29 U.S.C. 1056) is amended by adding at the end the
22 following new subsection:

23 “(h) SPECIAL RULES APPLICABLE TO BENEFIT
24 OVERPAYMENTS.—

1 “(1) GENERAL RULE.—In the case of an inad-
2 vertent benefit overpayment by any pension plan, the
3 responsible plan fiduciary shall not be considered to
4 have failed to comply with the requirements of this
5 title merely because such fiduciary determines, in
6 the exercise of its fiduciary discretion, not to seek
7 recovery of all or part of such overpayment from—

8 “(A) any participant or beneficiary,

9 “(B) any plan sponsor of, or contributing
10 employer to—

11 “(i) an individual account plan, pro-
12 vided that the amount needed to prevent or
13 restore any impermissible forfeiture from
14 any participant’s or beneficiary’s account
15 arising in connection with the overpayment
16 is, separately from and independently of
17 the overpayment, allocated to such account
18 pursuant to the nonforfeitability require-
19 ments of section 203 (for example, out of
20 the plan’s forfeiture account, additional
21 employer contributions, or recoveries from
22 those responsible for the overpayment), or

23 “(ii) a defined benefit pension plan
24 subject to the funding rules in part 3 of
25 this subtitle B, unless the responsible plan

1 fiduciary determines, in the exercise of its
2 fiduciary discretion, that failure to recover
3 all or part of the overpayment faster than
4 required under such funding rules would
5 materially affect the plan’s ability to pay
6 benefits due to other participants and
7 beneficiaries, or

8 “(C) any fiduciary of the plan, other than
9 a fiduciary (including a plan sponsor or contrib-
10 uting employer acting in a fiduciary capacity)
11 whose breach of its fiduciary duties resulted in
12 such overpayment, provided that if the plan has
13 established prudent procedures to prevent and
14 minimize overpayment of benefits and the rel-
15 evant plan fiduciaries have followed such proce-
16 dures, an inadvertent benefit overpayment will
17 not give rise to a breach of fiduciary duty.

18 “(2) REDUCTION IN FUTURE BENEFIT PAY-
19 MENTS AND RECOVERY FROM RESPONSIBLE
20 PARTY.—Paragraph (1) shall not fail to apply with
21 respect to any inadvertent benefit overpayment
22 merely because, after discovering such overpayment,
23 the responsible plan fiduciary—

1 “(A) reduces future benefit payments to
2 the correct amount provided for under the
3 terms of the plan, or

4 “(B) seeks recovery from the person or
5 persons responsible for the overpayment.

6 “(3) EMPLOYER FUNDING OBLIGATIONS.—
7 Nothing in this subsection shall relieve an employer
8 of any obligation imposed on it to make contribu-
9 tions to a plan to meet the minimum funding stand-
10 ards under part 3 of this subtitle B or to prevent
11 or restore an impermissible forfeiture in accordance
12 with section 203.

13 “(4) RECOUPMENT FROM PARTICIPANTS AND
14 BENEFICIARIES.—If the responsible plan fiduciary,
15 in the exercise of its fiduciary discretion, decides to
16 seek recoupment from a participant or beneficiary of
17 all or part of an inadvertent benefit overpayment
18 made by the plan to such participant or beneficiary,
19 it may do so, subject to the following conditions:

20 “(A) No interest or other additional
21 amounts (such as collection costs or fees) are
22 sought on overpaid amounts.

23 “(B) If the plan seeks to recoup past over-
24 payments of a non-decreasing periodic benefit
25 by reducing future benefit payments—

1 “(i) the reduction ceases after the
2 plan has recovered the full dollar amount
3 of the overpayment,

4 “(ii) the amount recouped each cal-
5 endar year does not exceed 10 percent of
6 the full dollar amount of the overpayment,
7 and

8 “(iii) future benefit payments are not
9 reduced to below 90 percent of the periodic
10 amount otherwise payable under the terms
11 of the plan.

12 Alternatively, if the plan seeks to recoup past
13 overpayments of a non-decreasing periodic ben-
14 efit through one or more installment payments,
15 the sum of such installment payments in any
16 calendar year does not exceed the sum of the
17 reductions that would be permitted in such year
18 under the preceding sentence.

19 “(C) If the plan seeks to recoup past over-
20 payments of a benefit other than a non-decreas-
21 ing periodic benefit, the plan satisfies require-
22 ments developed by the Secretary of the Treas-
23 ury for purposes of this subparagraph.

24 “(D) Efforts to recoup overpayments are
25 not made through a collection agency or similar

1 third party and such efforts are not accom-
2 panied by threats of litigation, unless the re-
3 sponsible plan fiduciary reasonably believes it
4 could prevail in a civil action brought in Fed-
5 eral or State court to recoup the overpayments.

6 “(E) Recoupment of past overpayments to
7 a participant is not sought from any beneficiary
8 of the participant, including a spouse, surviving
9 spouse, former spouse, or other beneficiary.

10 “(F) Recoupment may not be sought if the
11 first overpayment occurred more than 3 years
12 before the participant or beneficiary is first no-
13 tified in writing of the error.

14 “(G) A participant or beneficiary from
15 whom recoupment is sought is entitled to con-
16 test all or part of the recoupment pursuant to
17 the plan’s claims and appeals procedures.

18 “(H) In determining the amount of
19 recoupment to seek, the responsible plan fidu-
20 ciary may take into account the hardship that
21 recoupment likely would impose on the partici-
22 pant or beneficiary.

23 “(5) EFFECT OF CULPABILITY.—Subpara-
24 graphs (A) through (F) of paragraph (4) shall not
25 apply to protect a participant or beneficiary who is

1 culpable. For purposes of this paragraph, a partici-
2 pant or beneficiary is culpable if the individual bears
3 responsibility for the overpayment (such as through
4 misrepresentations or omissions that led to the over-
5 payment), or if the individual knew, or had good
6 reason to know under the circumstances, that the
7 benefit payment or payments were materially in ex-
8 cess of the correct amount. Notwithstanding the pre-
9 ceding sentence, an individual is not culpable merely
10 because the individual believed the benefit payment
11 or payments were or might be in excess of the cor-
12 rect amount, if the individual raised that question
13 with an authorized plan representative and was told
14 the payment or payments were not in excess of the
15 correct amount. With respect to a culpable partici-
16 pant or beneficiary, efforts to recoup overpayments
17 shall not be made through threats of litigation, un-
18 less a lawyer for the plan could make the representa-
19 tions required under Rule 11 of the Federal Rules
20 of Civil Procedure if the litigation were brought in
21 Federal court.”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply as of the date of the enactment
24 of this Act.

1 (d) CERTAIN ACTIONS BEFORE DATE OF ENACT-
2 MENT.—Plans, fiduciaries, employers, and plan sponsors
3 are entitled to rely on—

4 (1) a good faith interpretation of then existing
5 administrative guidance for inadvertent benefit over-
6 payment recoupments and recoveries that com-
7 menced before the date of enactment of this Act,
8 and

9 (2) determinations made before such date of en-
10 actment by the responsible plan fiduciary, in the ex-
11 ercise of its fiduciary discretion, not to seek
12 recoupment or recovery of all or part of an inad-
13 vertent benefit overpayment.

14 In the case of a benefit overpayment that occurred prior
15 to the date of enactment of this Act, any installment pay-
16 ments by the participant or beneficiary to the plan or any
17 reduction in periodic benefit payments to the participant
18 or beneficiary, which were made in recoupment of such
19 overpayment and which commenced prior to such date,
20 may continue after such date. Nothing in this subsection
21 shall relieve a fiduciary from responsibility for an overpay-
22 ment that resulted from a breach of its fiduciary duties.

23 **SEC. 323. RETIREMENT SAVINGS LOST AND FOUND.**

24 (a) RETIREMENT SAVINGS LOST AND FOUND.—

25 (1) ESTABLISHMENT.—

1 (A) IN GENERAL.—Not later than 3 years
2 after the date of the enactment of this Act, the
3 Secretary of Labor, the Secretary of the Treas-
4 ury, and the Secretary of Commerce, in co-
5 operation, shall establish an online searchable
6 database (to be managed by the Pension Ben-
7 efit Guaranty Corporation in accordance with
8 section 4051 of the Employee Retirement In-
9 come Security Act of 1974) to be known as the
10 “Retirement Savings Lost and Found”. The
11 Retirement Savings Lost and Found shall—

12 (i) allow an individual to search for
13 information that enables the individual to
14 locate the plan administrator of any plans
15 with respect to which the individual is or
16 was a participant or beneficiary, and to
17 provide contact information for the plan
18 administrator of any plan described in sub-
19 paragraph (B);

20 (ii) allow the Pension Benefit Guar-
21 anty Corporation to assist such an indi-
22 vidual in locating any plan of the indi-
23 vidual; and

24 (iii) allow the Pension Benefit Guar-
25 anty Corporation to make any necessary

1 changes to contact information on record
2 for the plan administrator based on any
3 changes to the plan due to merger or con-
4 solidation of the plan with any other plan,
5 division of the plan into two or more plans,
6 bankruptcy, termination, change in name
7 of the plan, change in name or address of
8 the plan administrator, or other causes.

9 The Retirement Savings Lost and Found estab-
10 lished under this paragraph shall include infor-
11 mation reported under section 4051 of the Em-
12 ployee Retirement Income Security Act of 1974
13 and other relevant information obtained by the
14 Pension Benefit Guaranty Corporation.

15 (B) PLANS DESCRIBED.—A plan described
16 in this subparagraph is a plan to which the
17 vesting standards of section 203 of part 2 of
18 subtitle B of title I of the Employee Retirement
19 Income Security Act of 1974 apply.

20 (2) ADMINISTRATION.—The Retirement Sav-
21 ings Lost and Found established under paragraph
22 (1) shall provide individuals described in paragraph
23 (1)(A) only with the ability to view contact informa-
24 tion for the plan administrator of any plan with re-
25 spect to which the individual is or was a participant

1 or beneficiary, sufficient to allow the individual to lo-
2 cate the individual's plan in order to recover any
3 benefit owing to the individual under the plan.

4 (3) SAFEGUARDING PARTICIPANT PRIVACY AND
5 SECURITY.—In establishing the Retirement Savings
6 Lost and Found under paragraph (1), the Pension
7 Benefit Guaranty Corporation, in consultation with
8 the Secretary of Labor, the Secretary of the Treas-
9 ury, and the Secretary of Commerce, shall take all
10 necessary and proper precautions to ensure that in-
11 dividuals' plan information maintained by the Re-
12 tirement Savings Lost and Found is protected and
13 that persons other than the individual cannot fraud-
14 ulently claim the benefits to which any individual is
15 entitled, and to allow any individual to opt out of in-
16 clusion in the Retirement Savings Lost and Found
17 at the election of the individual.

18 (b) OFFICE OF THE RETIREMENT SAVINGS LOST
19 AND FOUND.—

20 (1) IN GENERAL.—Subtitle C of title IV of the
21 Employee Retirement Income Security Act of 1974
22 (29 U.S.C. 1341 et seq.) is amended by adding at
23 the end the following:

1 **“SEC. 4051. OFFICE OF THE RETIREMENT SAVINGS LOST**
2 **AND FOUND.**

3 “(a) ESTABLISHMENT; RESPONSIBILITIES OF OF-
4 FICE.—

5 “(1) IN GENERAL.—Not later than 2 years
6 after the date of the enactment of this section, the
7 Secretary of Labor, the Secretary of the Treasury,
8 and the Secretary of Commerce shall establish with-
9 in the corporation an Office of the Retirement Sav-
10 ings Lost and Found (in this section referred to as
11 the ‘Office’).

12 “(2) RESPONSIBILITIES OF OFFICE.—

13 “(A) IN GENERAL.—The Office shall—

14 “(i) carry out subsection (b) of this
15 section;

16 “(ii) maintain the Retirement Savings
17 Lost and Found established under section
18 323(a) of the Retirement Security and
19 Savings Act of 2021; and

20 “(iii) perform an annual audit of plan
21 information contained in the Retirement
22 Savings Lost and Found and ensure that
23 such information is current and accurate.

24 “(B) OPTION TO CONTRACT.—

25 “(i) IN GENERAL.—Not later than 2
26 years after the date of enactment of this

1 section, the corporation shall conduct an
2 analysis of the cost effectiveness of con-
3 tracting with a third party to carry out the
4 responsibilities under subparagraph (A)(iii)
5 and, upon a determination that such con-
6 tracting would be more cost effective than
7 carrying out such responsibilities within
8 the Office, the corporation may enter into
9 such contracts as merited by such analysis.

10 “(ii) REPORT.—The corporation shall
11 report on the results of the analysis under
12 clause (i) to the Committees on Finance
13 and Health, Education, Labor, and Pen-
14 sions of the Senate and the Committees on
15 Ways and Means and Education and
16 Labor of the House of Representatives.

17 “(b) CERTAIN NON-RESPONSIVE PARTICIPANTS EN-
18 TITLED TO SMALL BENEFITS.—

19 “(1) GENERAL RULE.—

20 “(A) TRANSFER TO THE OFFICE OF THE
21 RETIREMENT SAVINGS LOST AND FOUND.—The
22 administrator of a plan that is not terminated
23 and to which section 401(a)(31)(B) of the In-
24 ternal Revenue Code of 1986 applies shall
25 transfer to the Office the amount required to be

1 transferred under section 401(a)(31)(B)(iv) of
2 such Code for a non-responsive participant.

3 “(B) INFORMATION AND PAYMENT TO THE
4 OFFICE.—Upon making a transfer under sub-
5 paragraph (A), the plan administrator shall
6 provide such information and certifications as
7 the Office shall specify, including with respect
8 to the transferred amount and the non-respon-
9 sive participant.

10 “(C) INFORMATION REQUIREMENTS AFTER
11 TRANSFER.—In the event that, after a transfer
12 is made under subparagraph (A), the relevant
13 non-responsive participant contacts the plan ad-
14 ministrator or the plan administrator discovers
15 information that may assist the Office in locat-
16 ing the non-responsive participant, the plan ad-
17 ministrator shall notify and provide such infor-
18 mation as the Office shall specify to the Office.

19 “(D) SEARCH AND PAYMENT BY THE OF-
20 FICE FOLLOWING TRANSFER.—The Office shall
21 periodically, and upon receiving information de-
22 scribed in subparagraph (C), conduct a search
23 for the non-responsive participant for whom the
24 Office has received a transfer under subpara-
25 graph (A). Upon location of a non-responsive

1 participant who claims benefits, the Office shall
2 make a single payment to the non-responsive
3 participant in an amount equal to the sum of—

4 “(i) the amount transferred to the Of-
5 fice under subparagraph (A) for such par-
6 ticipant; and

7 “(ii) the return on the investment at-
8 tributable to such amount under section
9 4005(j)(3).

10 “(2) DEFINITION.—For purposes of this sub-
11 section, the term ‘non-responsive participant’ means
12 a participant or beneficiary of a plan described in
13 paragraph (1)(A)—

14 “(A) who is entitled to a benefit subject to
15 a mandatory transfer under section
16 401(a)(31)(B)(iii) of the Internal Revenue Code
17 of 1986; and

18 “(B) for whom the plan has satisfied the
19 conditions in section 401(a)(31)(B)(iv) of such
20 Code.

21 “(3) REGULATORY AUTHORITY.—The Office
22 shall prescribe such regulations as are necessary to
23 carry out the purposes of this section, including
24 rules relating to the amount payable to the Office
25 and the amount to be paid by the Office.

1 “(c) INFORMATION COLLECTION.—Within such pe-
2 riod after the end of a plan year as the Office may by
3 regulations prescribe, the administrator of a plan to which
4 the vesting standards of section 203 apply shall submit
5 the following information, and such other information as
6 the corporation may require, to the corporation in such
7 form as the corporation may require:

8 “(1) The information described in paragraphs
9 (1) through (4) of section 6057(b) of the Internal
10 Revenue Code of 1986.

11 “(2) The information described in subpara-
12 graphs (A), (B), (E), and (F) of section 6057(a)(2)
13 of the Internal Revenue Code of 1986.

14 “(d) EFFECTIVE DATE.—The requirements of sub-
15 sections (b) and (c) shall apply with respect to plan years
16 beginning after the second December 31 occurring after
17 the date of the enactment of this section.

18 “(e) AUTHORIZATION OF APPROPRIATIONS.—There
19 are authorized to be appropriated such sums as may be
20 necessary to carry out this section.”.

21 (2) ESTABLISHMENT OF FUND FOR TRANS-
22 FERRED ASSETS.—Section 4005 of the Employee
23 Retirement Income Security Act of 1974 (29 U.S.C.
24 1305) is amended by adding at the end the fol-
25 lowing:

1 “(j)(1) A ninth fund shall be established for the pay-
2 ment of benefits under section 4051(b)(1)(D).

3 “(2) Such fund shall be credited with the appro-
4 priate—

5 “(A) amounts transferred to the Office of the
6 Retirement Savings Lost and Found under section
7 4051(b)(1)(A); and

8 “(B) earnings on investments of the fund or on
9 assets credited to the fund.

10 “(3) Whenever the corporation determines that the
11 moneys of any fund are in excess of current needs, it may
12 request the investment of such amounts as it determines
13 advisable by the Secretary of the Treasury in obligations
14 issued or guaranteed by the United States.”.

15 (3) CONFORMING AMENDMENT.—The table of
16 contents for the Employee Retirement Income Secu-
17 rity Act of 1974 (29 U.S.C. 1001 et seq.) is amend-
18 ed by inserting after the matter relating to section
19 4050 the following:

“Sec. 4051. Certain non-responsive participants entitled to small benefits.”.

20 (c) MANDATORY TRANSFERS OF ROLLOVER DIS-
21 TRIBUTIONS.—

22 (1) INVESTMENT OPTIONS.—

23 (A) IN GENERAL.—Subparagraph (B) of
24 section 404(c)(3) of the Employee Retirement
25 Income Security Act of 1974 (29 U.S.C.

1 1104(c)(3)) is amended by striking the period
2 at the end and inserting “, and, to the extent
3 the Secretary provides in guidance or regula-
4 tions issued after the enactment of the Retirement
5 Security and Savings Act of 2021, is
6 made to—

7 “(i) a target date or life cycle fund
8 held under such account;

9 “(ii) as described in section
10 2550.404a–2 of title 29, Code of Federal
11 Regulations, an investment product held
12 under such account designed to preserve
13 principal and provide a reasonable rate of
14 return;

15 “(iii) the Office of the Retirement
16 Savings Lost and Found in accordance
17 with section 401(a)(31)(B)(iv) of the In-
18 ternal Revenue Code of 1986 and section
19 323(c)(2)(A)(ii) of the Retirement Security
20 and Savings Act of 2021; or

21 “(iv) such other option as the Sec-
22 retary may so provide.”.

23 (B) REGULATIONS.—Not later than 270
24 days after the date of the enactment of this
25 Act, the Secretary of Labor shall promulgate

1 regulations identifying the target date or life
2 cycle funds, or specifying the characteristics of
3 such a fund, that will be deemed to meet the re-
4 quirements of section 404(c)(3)(B)(i) of the
5 Employee Retirement Income Security Act of
6 1974 (29 U.S.C. 1104(c)(3)(B)), as amended
7 by subparagraph (A).

8 (2) EXPANSION OF CAP; AUTHORITY TO TRANS-
9 FER LESSER AMOUNTS.—

10 (A) CAP.—Sections 401(a)(31)(B)(ii) and
11 411(a)(11)(A) of the Internal Revenue Code of
12 1986 and section 203(e)(1) of the Employee
13 Retirement Income Security Act of 1974 are
14 each amended by striking “\$5,000” and insert-
15 ing “\$6,000”.

16 (B) DISTRIBUTION OF LARGER AMOUNTS
17 TO INDIVIDUAL RETIREMENT PLANS ONLY.—
18 Section 401(a)(31)(B)(i) of such Code is
19 amended by adding at the end the following:
20 “The Office of the Retirement Savings Lost
21 and Found established by section 323 of the
22 Retirement Security and Savings Act of 2021
23 shall not be treated as a trustee or issuer that
24 is eligible to receive such distributions.”.

1 (C) LESSER AMOUNTS.—Section
2 401(a)(31)(B) of such Code is amended by add-
3 ing at the end the following new clauses:

4 “(iii) TREATMENT OF LESSER
5 AMOUNTS.—In the case of a trust which is
6 part of an eligible plan, such trust shall
7 not be a qualified trust under this section
8 unless such plan provides that, if a partici-
9 pant in the plan separates from the service
10 covered by the plan and the nonforfeitable
11 accrued benefit described in clause (ii) is
12 not in excess of \$1,000, the plan adminis-
13 trator shall (either separately or as part of
14 the notice under section 402(f)) notify the
15 participant that the participant is entitled
16 to such benefit or attempt to pay the ben-
17 efit directly to the participant.

18 “(iv) TRANSFERS TO RETIREMENT
19 SAVINGS LOST AND FOUND.—If, after a
20 plan administrator takes the action re-
21 quired under clause (iii), the participant
22 does not—

23 “(I) within 6 months of the noti-
24 fication under such clause, make an
25 election under subparagraph (A) or

1 elect to receive a distribution of the
2 benefit directly, or

3 “(II) accept any direct payment
4 made under such clause within 6
5 months of the attempted payment,
6 the plan administrator shall transfer the
7 amount of such benefit to the Office of the
8 Retirement Savings Lost and Found in ac-
9 cordance with section 4051(b) of the Em-
10 ployee Retirement Income Security Act of
11 1974.

12 “(v) INCOME TAX TREATMENT OF
13 TRANSFERS TO RETIREMENT SAVINGS
14 LOST AND FOUND.—For purposes of deter-
15 mining the income tax treatment of trans-
16 fers to the Office of the Retirement Sav-
17 ings Lost and Found under clause (iv)—

18 “(I) such a transfer shall be
19 treated as a transfer to an individual
20 retirement plan under clause (i), and

21 “(II) the distribution of such
22 amounts by the Office of the Retire-
23 ment Savings Lost and Found shall
24 be treated as a distribution from an
25 individual retirement plan.”.

1 (D) EFFECTIVE DATE.—The amendments
2 made by this paragraph shall apply to vested
3 benefits with respect to participants who sepa-
4 rate from service connected to the plan in plan
5 years beginning after the second December 31
6 occurring after the date of the enactment of
7 this Act.

8 (d) BETTER REPORTING FOR MANDATORY TRANS-
9 FERS.—

10 (1) IN GENERAL.—Paragraph (2) of section
11 6057(a) of the Internal Revenue Code of 1986 is
12 amended—

13 (A) in subparagraph (C)—

14 (i) by striking “during such plan
15 year” in clause (i) and inserting “during
16 the plan year immediately preceding such
17 plan year”;

18 (ii) by adding “and” at the end of
19 clause (i); and

20 (iii) by striking clause (iii);

21 (B) by redesignating subparagraph (E) as
22 subparagraph (G);

23 (C) by striking “and” at the end of sub-
24 paragraph (D); and

1 (D) by inserting after subparagraph (D)
2 the following new subparagraphs:

3 “(E) the name and taxpayer identifying
4 number of each participant or former partici-
5 pant in the plan—

6 “(i) who, during the current plan year
7 or any previous plan year, was reported
8 under subparagraph (C), and with respect
9 to whom the benefits described in subpara-
10 graph (C)(ii) were fully paid during the
11 plan year,

12 “(ii) with respect to whom any
13 amount was distributed under section
14 401(a)(31)(B) during the plan year, or

15 “(iii) with respect to whom a deferred
16 annuity contract was distributed during
17 the plan year,

18 “(F) in the case of a participant or former
19 participant to whom subparagraph (E) ap-
20 plies—

21 “(i) in the case of a participant de-
22 scribed in clause (ii) thereof, the name and
23 address of the designated trustee or issuer
24 described in section 401(a)(31)(B)(i) and
25 the account number of the individual re-

1 tirement plan to which the amount was
2 distributed, and

3 “(ii) in the case of a participant de-
4 scribed in clause (iii) thereof, the name
5 and address of the issuer of such annuity
6 contract and the contract or certificate
7 number, and”.

8 (2) RULES RELATING TO DIRECT TRUSTEE-TO-
9 TRUSTEE TRANSFERS.—

10 (A) IN GENERAL.—Paragraph (6) of sec-
11 tion 402(e) of such Code is amended—

12 (i) by striking “TRANSFERS.—Any”
13 and inserting “TRANSFERS.—

14 “(A) IN GENERAL.—Any”; and

15 (ii) by adding at the end the following
16 new subparagraph:

17 “(B) NOTIFICATION OF TRUSTEE.—In the
18 case of a distribution under section
19 401(a)(31)(B), the plan administrator shall no-
20 tify the designated trustee or issuer described
21 in clause (i) thereof that the transfer is a man-
22 datory distribution required by such section.”.

23 (B) PENALTY.—Subsection (i) of section
24 6652 of such Code is amended—

1 (i) by striking “TO RECIPIENTS” in
2 the heading and inserting “OR NOTIFICA-
3 TION”;

4 (ii) by striking “402(f),” and insert-
5 ing “402(f) or a notification as required by
6 section 402(e)(6)(B),”; and

7 (iii) by striking “such written expla-
8 nation” and inserting “such written expla-
9 nation or notification”.

10 (C) REPORTS.—Subsection (i) of section
11 408 of such Code is amended—

12 (i) by redesignating subparagraphs
13 (A) and (B) of paragraph (2) as clauses (i)
14 and (ii), respectively, and by moving such
15 clauses 2 ems to the right;

16 (ii) by redesignating paragraphs (1)
17 and (2) as subparagraphs (A) and (B), re-
18 spectively, and by moving such subpara-
19 graphs 2 ems to the right; and

20 (iii) by striking “as the Secretary pre-
21 scribes” in subparagraph (B)(ii), as so re-
22 designated, and all that follows through “a
23 simple retirement account” and inserting
24 “as the Secretary prescribes.

1 “(3) SIMPLE RETIREMENT ACCOUNTS.—In the
2 case of a simple retirement account”;

3 (iv) by striking “REPORTS.—The
4 trustee of” and inserting “REPORTS.—

5 “(1) IN GENERAL.—The trustee of”;

6 (v) by striking “under paragraph (2)”
7 in paragraph (3), as redesignated by clause
8 (iii), and inserting “under paragraph
9 (1)(B)”;

10 (vi) by inserting after paragraph
11 (1)(B)(ii), as redesignated by the pre-
12 ceding clauses, the following new para-
13 graph:

14 “(2) MANDATORY DISTRIBUTIONS.—In the case
15 of an account, contract, or annuity to which a trans-
16 fer under section 401(a)(31)(B) is made (including
17 a transfer from the individual retirement plan to
18 which the original transfer under such section was
19 made to another individual retirement plan), the re-
20 port required by this subsection for the year of the
21 transfer and any year in which the information pre-
22 viously reported in subparagraph (B) changes
23 shall—

24 “(A) identify such transfer as a mandatory
25 distribution required by such section,

1 “(B) include the name, address, and tax-
2 payer identifying number of the trustee or
3 issuer of the individual retirement plan to which
4 the amount is transferred, and

5 “(C) be filed with the Pension Benefit
6 Guaranty Corporation as well as with the Sec-
7 retary.”.

8 (3) NOTIFICATION OF PARTICIPANTS UPON SEP-
9 ARATION.—Subsection (e) of section 6057 of such
10 Code is amended by inserting “, and, with respect
11 to any benefit of the individual subject to section
12 401(a)(31)(B), a notice of availability of, and the
13 contact information for, the Retirement Savings
14 Lost and Found established under section 323(a)(1)
15 of the Retirement Security and Savings Act of
16 2021” before the period at the end of the second
17 sentence.

18 (4) EFFECTIVE DATE.—The amendments made
19 by this subsection shall apply to distributions made
20 in, and returns and reports relating to, years begin-
21 ning after the second December 31 occurring after
22 the date of the enactment of this Act.

23 (e) REQUIREMENT OF ELECTRONIC FILING.—

1 (1) IN GENERAL.—Paragraph (2) of section
2 6011(e) of the Internal Revenue Code of 1986 is
3 amended—

4 (A) by redesignating subparagraphs (A)
5 and (B) as clauses (i) and (ii), respectively, and
6 by moving such clauses 2 ems to the right;

7 (B) by striking “REGULATIONS.—In pre-
8 scribing” and inserting “REGULATIONS.—

9 “(A) IN GENERAL.—In prescribing”; and

10 (C) by adding at the end the following new
11 subparagraph:

12 “(C) EXCEPTIONS.—Notwithstanding sub-
13 paragraph (A), the Secretary shall require re-
14 turns or reports required under—

15 “(i) sections 6057, 6058, and 6059,

16 and

17 “(ii) sections 408(i), 6041, and 6047

18 to the extent such return or report relates

19 to the tax treatment of a distribution from

20 a plan, account, contract, or annuity,

21 to be filed on magnetic media, but only with re-

22 spect to persons who are required to file at

23 least 50 returns during the calendar year which

24 includes the first day of the plan year to which

25 such returns or reports relate.”.

1 (2) EFFECTIVE DATE.—The amendments made
2 by this subsection shall apply to returns and reports
3 relating to years beginning after the second Decem-
4 ber 31 occurring after the date of the enactment of
5 this Act.

6 (f) RULEMAKING TO CLARIFY FIDUCIARY DUTIES.—

7 (1) REQUEST FOR INFORMATION.—Not later
8 than 1 year after the date of enactment of this Act,
9 the Secretary of Labor, in consultation with the Sec-
10 retary of the Treasury, shall issue a request for in-
11 formation relating to the rulemaking described in
12 paragraph (2).

13 (2) ISSUANCE OF FINAL RULE.—Not later than
14 3 years after such date, the Secretary of Labor, in
15 consultation with the Secretary of the Treasury,
16 shall issue a final rule that defines the following:

17 (A) The steps a plan sponsor must take to
18 locate a deferred vested participant in order to
19 meet its fiduciary duty under section 404 of the
20 Employee Retirement Income Security Act of
21 1974 with respect to locating that participant.

22 (B) The ongoing practices and procedures
23 a plan sponsor must institute in order to meet
24 such fiduciary duty with respect to maintaining

1 up-to-date contact information on deferred vest-
2 ed participants.

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

5 **SEC. 401. CASH BALANCE.**

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

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

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

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

1 projected interest crediting rate shall be a reasonable pro-
2 jection of such variable interest crediting rate, not to ex-
3 ceed 6 percent.”.

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

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

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

23 (b) EFFECTIVE DATE.—The modifications and
24 amendments required under subsection (a) shall be
25 deemed to have been made as of the date of the enactment

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

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

6 (a) IN GENERAL.—Not later than 6 months after the
7 date of the enactment of this Act, the Secretary of the
8 Treasury (or the Secretary's delegate) shall amend the
9 regulation relating to “Mortality Tables for Determining
10 Present Value Under Defined Benefit Pension Plans” (82
11 Fed. Reg. 46388 (October 5, 2017)). Under such amend-
12 ment, for valuation dates occurring during or after 2022,
13 such mortality improvement rates shall not assume future
14 mortality improvements at any age which are greater than
15 .78 percent. The Secretary of the Treasury (or delegate)
16 shall by regulation modify the .78 percent figure in the
17 preceding sentence as necessary to reflect material
18 changes in the overall rate of improvement projected by
19 the Social Security Administration.

20 (b) EFFECTIVE DATE.—The amendments required
21 under subsection (a) shall be deemed to have been made
22 as of the date of the enactment of this Act, and as of
23 such date all applicable laws shall be applied in all respects
24 as though the actions which the Secretary of the Treasury

1 (or the Secretary’s delegate) is required to take under
2 such subsections had been taken.

3 **SEC. 404. CEASE DOUBLE-INDEXING THE VARIABLE RATE**
4 **PREMIUM.**

5 (a) IN GENERAL.—Clause (ii) of section
6 4006(a)(3)(E) of the Employee Retirement Income Secu-
7 rity Act of 1974 (29 U.S.C. 1306(a)(3)(E)(ii)) is amended
8 by striking “the applicable dollar amount under paragraph
9 (8)” and inserting “\$38”.

10 (b) CONFORMING AMENDMENT.—Subsection (a) of
11 section 4006 of the Employee Retirement Income Security
12 Act of 1974 (29 U.S.C. 1306(a)) is amended by striking
13 paragraph (8).

14 (c) TECHNICAL AMENDMENT.—Clause (i) 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)) is amended
17 by striking “subparagraph (H)” and inserting “subpara-
18 graph (I)”.

19 (d) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to plan years beginning after De-
21 cember 31, 2021.

22 **SEC. 405. ENHANCING RETIREE HEALTH BENEFITS IN PEN-**
23 **SION PLANS.**

24 (a) EXTENSION OF TRANSFERS OF EXCESS PENSION
25 ASSETS TO RETIREE HEALTH ACCOUNTS.—Paragraph

1 (4) of section 420(b) is amended by striking “December
2 31, 2025” and inserting “December 31, 2031”.

3 (b) DE MINIMIS TRANSFER RULE.—

4 (1) IN GENERAL.—Subsection (e) of section
5 420 is amended by adding at the end the following
6 new paragraph:

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

9 “(A) IN GENERAL.—In the case of a trans-
10 fer of an amount which is not more than 1.75
11 percent of the amount determined under para-
12 graph (2)(A) by a plan which meets the re-
13 quirements of subparagraph (B), paragraph
14 (2)(B) shall be applied by substituting ‘110
15 percent’ for ‘125 percent’.

16 “(B) TWO-YEAR LOOKBACK REQUIRE-
17 MENT.—A plan is described in this subpara-
18 graph if, as of any valuation date in each of the
19 2 plan years immediately preceding the plan
20 year in which the transfer occurs, the amount
21 determined under paragraph (2)(A) with re-
22 spect to such plan exceeded 110 percent of the
23 sum of the funding target and the target nor-
24 mal cost determined under section 430 for such
25 plan year.”.

1 (2) COST MAINTENANCE PERIOD.—Subpara-
2 graph (D) of section 420(c)(3) is amended by strik-
3 ing “5 taxable years” and inserting “5 taxable years
4 (7 taxable years in the case of a transfer to which
5 subsection (e)(7) applies)”.

6 (3) CONFORMING AMENDMENTS.—

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

9 (i) by striking “IN GENERAL.—In”
10 and inserting “IN GENERAL.—

11 “(I) DETERMINATION.—In”,

12 (ii) by striking “subsection (e)(2)”
13 and inserting “subsection (e)(2)(B)”, and

14 (iii) by adding at the end the fol-
15 lowing new subclause:

16 “(II) SPECIAL RULE FOR COL-
17 LECTIVELY BARGAINED TRANS-
18 FERS.—In determining excess pension
19 assets for purposes of a collectively
20 bargained transfer, subsection (e)(7)
21 shall not apply.”.

22 (B) MINIMUM COST.—Subclause (I) of sec-
23 tion 420(f)(2)(D)(i) is amended by striking
24 “4th year” and inserting “4th year (the 6th

1 year in the case of a transfer to which sub-
2 section (e)(7) applies”.

3 (c) AMENDMENT OF EMPLOYEE RETIREMENT IN-
4 COME SECURITY ACT OF 1974.—

5 (1) DEFINITIONS.—Section 101(e)(3) of the
6 Employee Retirement Income Security Act of 1974
7 (29 U.S.C. 1021(e)(3)) is amended by striking “(as
8 in effect on the date of the enactment of the Surface
9 Transportation and Veterans Health Care Choice
10 Improvement Act of 2015)” and inserting “(as in ef-
11 fect on the date of the enactment of the Retirement
12 Security and Savings Act of 2021)”.

13 (2) USE OF ASSETS.—Section 403(c)(1) of such
14 Act (29 U.S.C. 1103(c)(1)) is amended by striking
15 “(as in effect on the date of the enactment of the
16 Surface Transportation and Veterans Health Care
17 Choice Improvement Act of 2015)” and inserting
18 “(as in effect on the date of the enactment of the
19 Retirement Security and Savings Act of 2021)”.

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

22 (A) by striking “January 1, 2026” and in-
23 serting “January 1, 2032”; and

24 (B) by striking “(as in effect on the date
25 of the enactment of the Surface Transportation

1 and Veterans Health Care Choice Improvement
 2 Act of 2015)” and inserting “(as in effect on
 3 the date of the enactment of the Retirement Se-
 4 curity and Savings Act of 2021)”.

5 (d) EFFECTIVE DATE.—The amendments made by
 6 this section shall apply to transfers made after the date
 7 of the enactment of this Act.

8 **TITLE V—REFORMING PLAN**
 9 **RULES TO HARMONIZE WITH**
 10 **IRA RULES**

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

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

15 “(5) MANDATORY DISTRIBUTION RULES NOT
 16 TO APPLY BEFORE DEATH.—Notwithstanding sec-
 17 tions 403(b)(10) and 457(d)(2), the following provi-
 18 sions shall not apply to any designated Roth ac-
 19 count:

20 “(A) Section 401(a)(9)(A).

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

23 (b) EFFECTIVE DATE.—

24 (1) IN GENERAL.—Except as provided in para-
 25 graph (2), the amendment made by this section shall

1 apply to taxable years beginning after December 31,
2 2021.

3 (2) SPECIAL RULE.—The amendment made by
4 this section shall not apply to distributions which are
5 required with respect to years beginning before Jan-
6 uary 1, 2022, but are permitted to be paid on or
7 after such date.

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

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

11 “(m) DISTRIBUTIONS FOR CHARITABLE PUR-
12 POSES.—

13 “(1) IN GENERAL.—Gross income for any tax-
14 able year shall not include so much of the aggregate
15 amount of qualified charitable distributions made
16 with respect to a taxpayer during such taxable year
17 which does not exceed the applicable amount.

18 “(2) QUALIFIED CHARITABLE DISTRIBUTION.—
19 For purposes of this subsection, the term ‘qualified
20 charitable distribution’ means any distribution from
21 an eligible retirement plan described in clause (iii),
22 (iv), (v), or (vi) of section 402(c)(8)(B)—

23 “(A) which is made directly by the plan to
24 an organization described in section
25 170(b)(1)(A) (other than any organization de-

1 scribed in section 509(a)(3) or any fund or ac-
2 count described in section 4966(d)(2)), and

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

6 A distribution shall be treated as a qualified chari-
7 table distribution only to the extent that the dis-
8 tribution would be includible in gross income without
9 regard to paragraph (1).

10 “(3) SPECIAL RULES.—

11 “(A) IN GENERAL.—Rules similar to the
12 rules of subparagraphs (C) and (E) of section
13 408(d)(8) shall apply for purposes of this sub-
14 section.

15 “(B) APPLICATION OF 72.—Rules similar
16 to the rules of section 408(d)(8)(D) shall apply
17 for purposes of this subsection, by taking into
18 account all amounts in the eligible retirement
19 plan to which the taxpayer has a nonforfeitable
20 right in lieu of all amounts in all individual re-
21 tirement plans of the individual.

22 “(4) APPLICABLE AMOUNT.—For purposes of
23 this subsection, the term ‘applicable amount’ means
24 the excess of—

25 “(A) \$100,000, over

1 “(B) the total amount of any distributions
2 not includible in gross income of the taxpayer
3 for the taxable year by reason of sections
4 403(b)(16), 408(d)(8), and 457(e)(19).”.

5 (b) SEPS AND SIMPLES.—Subparagraph (B) of
6 section 408(d)(8) is amended by striking “(other than a
7 plan described in subsection (k) or (p))”.

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

11 “(16) DISTRIBUTIONS FOR CHARITABLE PUR-
12 POSES.—The rules of section 402(m) shall apply to
13 distributions under an annuity contract described in
14 this subsection.”.

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

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

23 (e) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to distributions made after Decem-
25 ber 31, 2021.

1 **SEC. 503. SURVIVING SPOUSE ELECTION TO BE TREATED**
2 **AS EMPLOYEE.**

3 (a) IN GENERAL.—Clause (iv) of section
4 401(a)(9)(B) is amended—

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

7 (2) by adding at the end the following flush
8 sentence:

9 “An election described in subclause (II)
10 shall be made at such time and in such
11 manner as prescribed by the Secretary,
12 shall include a timely notice to the plan ad-
13 ministrator, and once made may not be re-
14 voked except with the consent of the Sec-
15 retary.”.

16 (b) EFFECTIVE DATE.—The amendment made by
17 this section shall apply to distributions with respect to em-
18 ployees who die after December 31, 2021.

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

20 (a) IN GENERAL.—Subparagraph (B) of section
21 402A(c)(3) is amended by striking “shall not” and insert-
22 ing “or, in the case of a rollover from a Roth IRA, under
23 section 408 shall not”.

24 (b) REGULATIONS.—The Secretary of the Treasury
25 (or the Secretary’s delegate) shall amend the regulations
26 with respect to rollovers from Roth IRAs to permit such

1 rollovers to be made to an applicable retirement plan (as
2 defined in section 402A(e)(1) of the Internal Revenue
3 Code of 1986) in accordance with the amendment made
4 by subsection (a).

5 (c) EFFECTIVE DATE.—

6 (1) IN GENERAL.—The amendment made by
7 subsection (a) shall apply to distributions made after
8 December 31, 2021.

9 (2) EFFECTIVE DATE.—The modifications and
10 amendments required under subsection (b) shall be
11 deemed to have been made as of January 1, 2022,
12 and as of such date all applicable laws shall be ap-
13 plied in all respects as though the actions which the
14 Secretary of the Treasury (or the Secretary's dele-
15 gate) is required to take under such subsection had
16 been taken.

17 **TITLE VI—ADMINISTRATIVE** 18 **PROVISIONS**

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

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

22 (1) such retirement plan or contract shall be
23 treated as being operated in accordance with the
24 terms of the plan during the period described in sub-
25 section (b)(2)(A); and

1 (2) except as provided by the Secretary of the
2 Treasury (or the Secretary's delegate), such retire-
3 ment plan shall not fail to meet the requirements of
4 section 411(d)(6) of the Internal Revenue Code of
5 1986 and section 204(g) of the Employee Retirement
6 Income Security Act of 1974 by reason of such
7 amendment.

8 (b) AMENDMENTS TO WHICH SECTION APPLIES.—

9 (1) IN GENERAL.—This section shall apply to
10 any amendment to any retirement plan or annuity
11 contract which is made—

12 (A) pursuant to any amendment made by
13 this Act or pursuant to any regulation issued by
14 the Secretary of the Treasury or the Secretary
15 of Labor (or a delegate of either such Sec-
16 retary) under this Act; and

17 (B) on or before the last day of the first
18 plan year beginning on or after January 1,
19 2023.

20 In the case of a governmental plan (as defined in
21 section 414(d) of the Internal Revenue Code of
22 1986), this paragraph shall be applied by sub-
23 stituting “2025” for “2023”.

24 (2) CONDITIONS.—This section shall not apply
25 to any amendment unless—

1 (A) during the period—

2 (i) beginning on the date the legisla-
3 tive or regulatory amendment described in
4 paragraph (1)(A) takes effect (or in the
5 case of a plan or contract amendment not
6 required by such legislative or regulatory
7 amendment, the effective date specified by
8 the plan); and

9 (ii) ending on the date described in
10 paragraph (1)(B) (as modified by the sec-
11 ond sentence of paragraph (1)) (or, if ear-
12 lier, the date the plan or contract amend-
13 ment is adopted),

14 the plan or contract is operated as if such plan
15 or contract amendment were in effect; and

16 (B) such plan or contract amendment ap-
17 plies retroactively for such period.

18 (c) COORDINATION WITH OTHER PROVISIONS RE-
19 LATING TO PLAN AMENDMENTS.—

20 (1) SECURE ACT.—Section 601(b)(1) of the
21 Setting Every Community Up for Retirement En-
22 hancement Act of 2019 is amended—

23 (A) by striking “January 1, 2022” in sub-
24 paragraph (B) and inserting “January 1,
25 2023”, and

1 (B) by striking “substituting ‘2024’ for
2 ‘2022’.” in the flush matter at the end and in-
3 serting “substituting ‘2025’ for ‘2023’.”.

4 (2) CARES ACT.—

5 (A) SPECIAL RULES FOR USE OF RETIRE-
6 MENT FUNDS.—Section 2202(c)(2)(A) of the
7 CARES Act is amended by striking “January
8 1, 2022” in clause (ii) and inserting “January
9 1, 2023”.

10 (B) TEMPORARY WAIVER OF REQUIRED
11 MINIMUM DISTRIBUTIONS RULES FOR CERTAIN
12 RETIREMENT PLANS AND ACCOUNTS.—Section
13 2203(c)(2)(B)(i) of the CARES Act is amend-
14 ed—

15 (i) by striking “January 1, 2022” in
16 subclause (II) and inserting “January 1,
17 2023”, and

18 (ii) by striking “substituting ‘2024’
19 for ‘2022’.” in the flush matter at the end
20 and inserting “substituting ‘2025’ for
21 ‘2023’.”.

22 (C) TAXPAYER CERTAINTY AND DISASTER
23 TAX RELIEF ACT OF 2020.—Section
24 302(d)(2)(A) of the Taxpayer Certainty and
25 Disaster Tax Relief Act of 2020 is amended by

- 1 striking “January 1, 2022” in clause (ii) and
- 2 inserting “January 1, 2023”.

○