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1 (2) in section 610—

2 (A) in subsection (b)—

3 (i) in paragraph (2), by inserting
4 “and” after the semicolon;

5 (ii) by striking paragraph (3); and

6 (iii) by redesignating paragraph (4) as
7 paragraph (3); and

8 (B) in subsection (c)(4)—

9 (i) in subparagraph (A), by inserting
10 “and” after the semicolon;

11 (ii) in subparagraph (B), by striking
12 “; and” and inserting a period; and

13 (iii) by striking subparagraph (C).

14 **DIVISION T—SECURE 2.0 ACT OF**
15 **2022**

16 **SEC. 1. SHORT TITLE; ETC.**

17 (a) **SHORT TITLE.**—This division may be cited as the
18 “SECURE 2.0 Act of 2022”.

19 (b) **AMENDMENT OF 1986 CODE.**—Except as other-
20 wise expressly provided, whenever in this division an
21 amendment or repeal is expressed in terms of an amend-
22 ment to, or repeal of, a section or other provision, the ref-
23 erence shall be considered to be made to a section or other
24 provision of the Internal Revenue Code of 1986.

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

4 **SEC. 101. EXPANDING AUTOMATIC ENROLLMENT IN RE-**
5 **TIREMENT PLANS.**

6 (a) IN GENERAL.—Subpart B of part I of subchapter
7 D of chapter 1 is amended by inserting after section 414
8 the following new section:

9 **“SEC. 414A. REQUIREMENTS RELATED TO AUTOMATIC EN-**
10 **ROLLMENT.**

11 “(a) IN GENERAL.—Except as otherwise provided in
12 this section—

13 “(1) an arrangement shall not be treated as a
14 qualified cash or deferred arrangement described in
15 section 401(k) unless such arrangement meets the
16 automatic enrollment requirements of subsection (b),
17 and

18 “(2) an annuity contract otherwise described in
19 section 403(b) which is purchased under a salary re-
20 duction agreement shall not be treated as described
21 in such section unless such agreement meets the
22 automatic enrollment requirements of subsection (b).

23 “(b) AUTOMATIC ENROLLMENT REQUIREMENTS.—

24 “(1) IN GENERAL.—An arrangement or agree-
25 ment meets the requirements of this subsection if

1 such arrangement or agreement is an eligible auto-
2 matic contribution arrangement (as defined in sec-
3 tion 414(w)(3)) which meets the requirements of
4 paragraphs (2) through (4).

5 “(2) ALLOWANCE OF PERMISSIBLE WITH-
6 DRAWALS.—An eligible automatic contribution ar-
7 rangement meets the requirements of this paragraph
8 if such arrangement allows employees to make per-
9 missible withdrawals (as defined in section
10 414(w)(2)).

11 “(3) MINIMUM CONTRIBUTION PERCENTAGE.—

12 “(A) IN GENERAL.—An eligible automatic
13 contribution arrangement meets the require-
14 ments of this paragraph if—

15 “(i) the uniform percentage of com-
16 pensation contributed by the participant
17 under such arrangement during the first
18 year of participation is not less than 3 per-
19 cent and not more than 10 percent (unless
20 the participant specifically elects not to
21 have such contributions made or to have
22 such contributions made at a different per-
23 centage), and

24 “(ii) effective for the first day of each
25 plan year starting after each completed

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1 year of participation under such arrange-
2 ment such uniform percentage is increased
3 by 1 percentage point (to at least 10 per-
4 cent, but not more than 15 percent) unless
5 the participant specifically elects not to
6 have such contributions made or to have
7 such contributions made at a different per-
8 centage.

9 “(B) INITIAL REDUCED CEILING FOR CER-
10 TAIN PLANS.—In the case of any eligible auto-
11 matic contribution arrangement (other than an
12 arrangement that meets the requirements of
13 paragraph (12) or (13) of section 401(k)), for
14 plan years ending before January 1, 2025, sub-
15 paragraph (A)(ii) shall be applied by sub-
16 stituting ‘10 percent’ for ‘15 percent’.

17 “(4) INVESTMENT REQUIREMENTS.—An eligible
18 automatic contribution arrangement meets the re-
19 quirements of this paragraph if amounts contributed
20 pursuant to such arrangement, and for which no in-
21 vestment is elected by the participant, are invested
22 in accordance with the requirements of section
23 2550.404c-5 of title 29, Code of Federal Regulations
24 (or any successor regulations).

25 “(c) EXCEPTIONS.—For purposes of this section—

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1 “(1) SIMPLE PLANS.—Subsection (a) shall not
2 apply to any simple plan (within the meaning of sec-
3 tion 401(k)(11)).

4 “(2) EXCEPTION FOR PLANS OR ARRANGE-
5 MENTS ESTABLISHED BEFORE ENACTMENT OF SEC-
6 TION.—

7 “(A) IN GENERAL.—Subsection (a) shall
8 not apply to—

9 “(i) any qualified cash or deferred ar-
10 rangement established before the date of
11 the enactment of this section, or

12 “(ii) any annuity contract purchased
13 under a plan established before the date of
14 the enactment of this section.

15 “(B) POST-ENACTMENT ADOPTION OF
16 MULTIPLE EMPLOYER PLAN.—Subparagraph
17 (A) shall not apply in the case of an employer
18 adopting after such date of enactment a plan
19 maintained by more than one employer, and
20 subsection (a) shall apply with respect to such
21 employer as if such plan were a single plan.

22 “(3) EXCEPTION FOR GOVERNMENTAL AND
23 CHURCH PLANS.—Subsection (a) shall not apply to
24 any governmental plan (within the meaning of sec-

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1 tion 414(d)) or any church plan (within the meaning
2 of section 414(e)).

3 “(4) EXCEPTION FOR NEW AND SMALL BUSI-
4 NESSES.—

5 “(A) NEW BUSINESS.—Subsection (a)
6 shall not apply to any qualified cash or deferred
7 arrangement, or any annuity contract pur-
8 chased under a plan, while the employer main-
9 taining such plan (and any predecessor em-
10 ployer) has been in existence for less than 3
11 years.

12 “(B) SMALL BUSINESSES.—Subsection (a)
13 shall not apply to any qualified cash or deferred
14 arrangement, or any annuity contract pur-
15 chased under a plan, earlier than the date that
16 is 1 year after the close of the first taxable year
17 with respect to which the employer maintaining
18 the plan normally employed more than 10 em-
19 ployees.

20 “(C) TREATMENT OF MULTIPLE EM-
21 PLOYER PLANS.—In the case of a plan main-
22 tained by more than 1 employer, subparagraphs
23 (A) and (B) shall be applied separately with re-
24 spect to each such employer, and all such em-
25 ployers to which subsection (a) applies (after

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1 the application of this paragraph) shall be
2 treated as maintaining a separate plan for pur-
3 poses of this section.”.

4 (b) CLERICAL AMENDMENT.—The table of sections
5 for subpart B of part I of subchapter D of chapter 1 is
6 amended by inserting after the item relating to section
7 414 the following new item:

“Sec. 414A. Requirements related to automatic enrollment.”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to plan years beginning after De-
10 cember 31, 2024.

11 **SEC. 102. MODIFICATION OF CREDIT FOR SMALL EM-**
12 **PLOYER PENSION PLAN STARTUP COSTS.**

13 (a) INCREASE IN CREDIT PERCENTAGE FOR SMALL-
14 ER EMPLOYERS.—Section 45E(e) of is amended by adding
15 at the end the following new paragraph:

16 “(4) INCREASED CREDIT FOR CERTAIN SMALL
17 EMPLOYERS.—In the case of an employer which
18 would be an eligible employer under subsection (c) if
19 section 408(p)(2)(C)(i) was applied by substituting
20 ‘50 employees’ for ‘100 employees’, subsection (a)
21 shall be applied by substituting ‘100 percent’ for ‘50
22 percent’.”.

23 (b) ADDITIONAL CREDIT FOR EMPLOYER CONTRIBU-
24 TIONS BY CERTAIN SMALL EMPLOYERS.—Section 45E, as

1 amended by subsection (a), is amended by adding at the
2 end the following new subsection:

3 “(f) ADDITIONAL CREDIT FOR EMPLOYER CON-
4 TRIBUTIONS BY CERTAIN ELIGIBLE EMPLOYERS.—

5 “(1) IN GENERAL.—In the case of an eligible
6 employer, the credit allowed for the taxable year
7 under subsection (a) (determined without regard to
8 this subsection) shall be increased by an amount
9 equal to the applicable percentage of employer con-
10 tributions (other than any elective deferrals (as de-
11 fined in section 402(g)(3)) by the employer to an eli-
12 gible employer plan (other than a defined benefit
13 plan (as defined in section 414(j))).

14 “(2) LIMITATIONS.—

15 “(A) DOLLAR LIMITATION.—The amount
16 determined under paragraph (1) (before the ap-
17 plication of subparagraph (B)) with respect to
18 any employee of the employer shall not exceed
19 \$1,000.

20 “(B) CREDIT PHASE-IN.—In the case of
21 any eligible employer which had for the pre-
22 ceding taxable year more than 50 employees,
23 the amount determined under paragraph (1)
24 (without regard to this subparagraph) shall be

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1 reduced by an amount equal to the product
2 of—

3 “(i) the amount otherwise so deter-
4 mined under paragraph (1), multiplied by

5 “(ii) a percentage equal to 2 percent-
6 age points for each employee of the em-
7 ployer for the preceding taxable year in ex-
8 cess of 50 employees.

9 “(C) WAGE LIMITATION.—

10 “(i) IN GENERAL.—No contributions
11 with respect to any employee who receives
12 wages from the employer for the taxable
13 year in excess of \$100,000 may be taken
14 into account for such taxable year under
15 subparagraph (A).

16 “(ii) WAGES.—For purposes of the
17 preceding sentence, the term ‘wages’ has
18 the meaning given such term by section
19 3121(a).

20 “(iii) INFLATION ADJUSTMENT.—In
21 the case of any taxable year beginning in
22 a calendar year after 2023, the \$100,000
23 amount under clause (i) shall be increased
24 by an amount equal to—

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1 “(I) such dollar amount, multi-
2 plied by

3 “(II) the cost-of-living adjust-
4 ment determined under section 1(f)(3)
5 for the calendar year in which the tax-
6 able year begins, determined by sub-
7 stituting ‘calendar year 2007’ for ‘cal-
8 endar year 2016’ in subparagraph
9 (A)(ii) thereof.

10 If any amount as adjusted under this
11 clause is not a multiple of \$5,000, such
12 amount shall be rounded to the next lowest
13 multiple of \$5,000.

14 “(3) APPLICABLE PERCENTAGE.—For purposes
15 of this section, the applicable percentage for the tax-
16 able year during which the eligible employer plan is
17 established with respect to the eligible employer shall
18 be 100 percent, and for taxable years thereafter
19 shall be determined under the following table:

“In the case of the following taxable year beginning after the taxable year during which plan is established with respect to the eligible employer: The applicable percentage shall be:

1st	100%
2nd	75%
3rd	50%
4th	25%
Any taxable year thereafter	0%

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1 “(4) DETERMINATION OF ELIGIBLE EMPLOYER;
2 NUMBER OF EMPLOYEES.—For purposes of this sub-
3 section, whether an employer is an eligible employer
4 and the number of employees of an employer shall
5 be determined under the rules of subsection (c), ex-
6 cept that paragraph (2) thereof shall only apply to
7 the taxable year during which the eligible employer
8 plan to which this section applies is established with
9 respect to the eligible employer.”.

10 (c) DISALLOWANCE OF DEDUCTION.—Section
11 45E(e)(2) is amended to read as follows:

12 “(2) DISALLOWANCE OF DEDUCTION.—No de-
13 duction shall be allowed—

14 “(A) for that portion of the qualified start-
15 up costs paid or incurred for the taxable year
16 which is equal to so much of the portion of the
17 credit determined under subsection (a) as is
18 properly allocable to such costs, and

19 “(B) for that portion of the employer con-
20 tributions by the employer for the taxable year
21 which is equal to so much of the credit increase
22 determined under subsection (f) as is properly
23 allocable to such contributions.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2022.

4 **SEC. 103. SAVER'S MATCH.**

5 (a) IN GENERAL.—Subchapter B of chapter 65 is
6 amended by adding at the end the following new section:

7 **“SEC. 6433. SAVER'S MATCH.**

8 “(a) IN GENERAL.—

9 “(1) ALLOWANCE OF MATCH.—Any eligible in-
10 dividual who makes qualified retirement savings con-
11 tributions for the taxable year shall be allowed a
12 matching contribution for such taxable year in an
13 amount equal to the applicable percentage of so
14 much of the qualified retirement savings contribu-
15 tions made by such eligible individual for the taxable
16 year as does not exceed \$2,000.

17 “(2) PAYMENT OF MATCH.—

18 “(A) IN GENERAL.—Except as provided in
19 subparagraph (B), the matching contribution
20 under this section shall be allowed as a credit
21 which shall be payable by the Secretary as a
22 contribution (as soon as practicable after the el-
23 igible individual has filed a tax return making
24 a claim for such matching contribution for the

1 taxable year) to the applicable retirement sav-
2 ings vehicle of the eligible individual.

3 “(B) EXCEPTION.—In the case of an eligi-
4 ble individual who elects the application of this
5 subparagraph and with respect to whom the
6 matching contribution determined under para-
7 graph (1) is greater than zero but less than
8 \$100 for the taxable year, subparagraph (A)
9 shall not apply and such matching contribution
10 shall be treated as a credit allowed by subpart
11 C of part IV of subchapter A of chapter 1.

12 “(b) APPLICABLE PERCENTAGE.—For purposes of
13 this section—

14 “(1) IN GENERAL.—Except as provided in para-
15 graph (2), the applicable percentage is 50 percent.

16 “(2) PHASEOUT.—The percentage under para-
17 graph (1) shall be reduced (but not below zero) by
18 the number of percentage points which bears the
19 same ratio to 50 percentage points as—

20 “(A) the excess of—

21 “(i) the taxpayer’s modified adjusted
22 gross income for such taxable year, over

23 “(ii) the applicable dollar amount,
24 bears to

25 “(B) the phaseout range.

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1 If any reduction determined under this paragraph is
2 not a whole percentage point, such reduction shall be
3 rounded to the next lowest whole percentage point.

4 “(3) APPLICABLE DOLLAR AMOUNT; PHASEOUT
5 RANGE.—

6 “(A) JOINT RETURNS AND SURVIVING
7 SPOUSES.—Except as provided in subparagraph
8 (B)—

9 “(i) the applicable dollar amount is
10 \$41,000, and

11 “(ii) the phaseout range is \$30,000.

12 “(B) OTHER RETURNS.—In the case of—

13 “(i) a head of a household (as defined
14 in section 2(b)), the applicable dollar
15 amount and the phaseout range shall be $\frac{3}{4}$
16 of the amounts applicable under subpara-
17 graph (A) (as adjusted under subsection
18 (h)), and

19 “(ii) any taxpayer who is not filing a
20 joint return, who is not a head of a house-
21 hold (as so defined), and who is not a sur-
22 viving spouse (as defined in section 2(a)),
23 the applicable dollar amount and the
24 phaseout range shall be $\frac{1}{2}$ of the amounts

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1 applicable under subparagraph (A) (as so
2 adjusted).

3 “(c) ELIGIBLE INDIVIDUAL.—For purposes of this
4 section—

5 “(1) IN GENERAL.—The term ‘eligible indi-
6 vidual’ means any individual if such individual has
7 attained the age of 18 as of the close of the taxable
8 year.

9 “(2) DEPENDENTS AND FULL-TIME STUDENTS
10 NOT ELIGIBLE.—The term ‘eligible individual’ shall
11 not include—

12 “(A) any individual with respect to whom
13 a deduction under section 151 is allowed to an-
14 other taxpayer for a taxable year beginning in
15 the calendar year in which such individual’s
16 taxable year begins, and

17 “(B) any individual who is a student (as
18 defined in section 152(f)(2)).

19 “(3) NONRESIDENT ALIENS NOT ELIGIBLE.—
20 The term ‘eligible individual’ shall not include any
21 individual who is a nonresident alien individual for
22 any portion of the taxable year unless such indi-
23 vidual is treated for such taxable year as a resident
24 of the United States for purposes of chapter 1 by

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1 reason of an election under subsection (g) or (h) of
2 section 6013.

3 “(d) QUALIFIED RETIREMENT SAVINGS CONTRIBU-
4 TIONS.—For purposes of this section—

5 “(1) IN GENERAL.—The term ‘qualified retire-
6 ment savings contributions’ means, with respect to
7 any taxable year, the sum of—

8 “(A) the amount of the qualified retire-
9 ment contributions (as defined in section
10 219(e)) made by the eligible individual,

11 “(B) the amount of—

12 “(i) any elective deferrals (as defined
13 in section 402(g)(3)) of such individual,
14 and

15 “(ii) any elective deferral of com-
16 pensation by such individual under an eli-
17 gible deferred compensation plan (as de-
18 fined in section 457(b)) of an eligible em-
19 ployer described in section 457(e)(1)(A),
20 and

21 “(C) the amount of voluntary employee
22 contributions by such individual to any qualified
23 retirement plan (as defined in section 4974(c)).

24 Such term shall not include any amount attributable
25 to a payment under subsection (a)(2).

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1 “(2) REDUCTION FOR CERTAIN DISTRIBUTIONS.—

2
3 “(A) IN GENERAL.—The qualified retire-
4 ment savings contributions determined under
5 paragraph (1) for a taxable year shall be re-
6 duced (but not below zero) by the aggregate
7 distributions received by the individual during
8 the testing period from any entity of a type to
9 which contributions under paragraph (1) may
10 be made.

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

15 “(i) such taxable year,

16 “(ii) the 2 preceding taxable years,

17 and

18 “(iii) the period after such taxable
19 year and before the due date (including ex-
20 tensions) for filing the return of tax for
21 such taxable year.

22 “(C) EXCEPTED DISTRIBUTIONS.—There
23 shall not be taken into account under subpara-
24 graph (A)—

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1 “(i) any distribution referred to in
2 section 72(p), 401(k)(8), 401(m)(6),
3 402(g)(2), 404(k), or 408(d)(4),

4 “(ii) any distribution to which section
5 408(d)(3) or 408A(d)(3) applies, and

6 “(iii) any portion of a distribution if
7 such portion is transferred or paid in a
8 rollover contribution (as defined in section
9 402(e), 403(a)(4), 403(b)(8), 408A(e), or
10 457(e)(16)) to an account or plan to which
11 qualified retirement savings contributions
12 can be made.

13 “(D) TREATMENT OF DISTRIBUTIONS RE-
14 CEIVED BY SPOUSE OF INDIVIDUAL.—For pur-
15 poses of determining distributions received by
16 an individual under subparagraph (A) for any
17 taxable year, any distribution received by the
18 spouse of such individual shall be treated as re-
19 ceived by such individual if such individual and
20 spouse file a joint return for such taxable year
21 and for the taxable year during which the
22 spouse receives the distribution.

23 “(e) APPLICABLE RETIREMENT SAVINGS VEHI-
24 CLE.—

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1 “(1) IN GENERAL.—The term ‘applicable retire-
2 ment savings vehicle’ means an account or plan
3 elected by the eligible individual under paragraph
4 (2).

5 “(2) ELECTION.—Any such election to have
6 contributed the amount determined under subsection
7 (a) shall be to an account or plan which—

8 “(A) is—

9 “(i) the portion of a plan which—

10 “(I) is described in clause (v) of
11 section 402(e)(8)(B), is a qualified
12 cash or deferred arrangement (within
13 the meaning of section 401(k)), or is
14 an annuity contract described in sec-
15 tion 403(b) which is purchased under
16 a salary reduction agreement, and

17 “(II) does not consist of a quali-
18 fied Roth contribution program (as
19 defined in section 402A(b)), or

20 “(ii) an individual retirement plan
21 which is not a Roth IRA,

22 “(B) is for the benefit of the eligible indi-
23 vidual,

24 “(C) accepts contributions made under this
25 section, and

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1 “(D) is designated by such individual (in
2 such form and manner as the Secretary may
3 provide).

4 “(f) OTHER DEFINITIONS AND SPECIAL RULES.—

5 “(1) MODIFIED ADJUSTED GROSS INCOME.—

6 For purposes of this section, the term ‘modified ad-
7 justed gross income’ means adjusted gross income—

8 “(A) determined without regard to sections
9 911, 931, and 933, and

10 “(B) determined without regard to any ex-
11 clusion or deduction allowed for any qualified
12 retirement savings contribution made during
13 the taxable year.

14 “(2) TREATMENT OF CONTRIBUTIONS.—In the
15 case of any contribution under subsection (a)(2)—

16 “(A) except as otherwise provided in this
17 section or by the Secretary under regulations,
18 such contribution shall be treated as—

19 “(i) an elective deferral made by the
20 individual, if contributed to an applicable
21 retirement savings vehicle described in sub-
22 section (e)(2)(A)(i), or

23 “(ii) as an individual retirement plan
24 contribution made by such individual, if
25 contributed to such a plan,

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1 “(B) such contribution shall not be taken
2 into account with respect to any applicable limi-
3 tation under sections 402(g)(1), 403(b),
4 408(a)(1), 408(b)(2)(B), 408A(c)(2), 414(v)(2),
5 415(c), or 457(b)(2), and shall be disregarded
6 for purposes of sections 401(a)(4), 401(k)(3),
7 401(k)(11)(B)(i)(III), and 416, and

8 “(C) such contribution shall not be treated
9 as an amount that may be paid, made available,
10 or distributable to the participant under section
11 401(k)(2)(B)(i)(IV), 403(b)(7)(A)(i)(V), or
12 457(d)(1)(A)(iii).

13 “(3) TREATMENT OF QUALIFIED PLANS, ETC.—
14 A plan or arrangement to which a contribution is
15 made under this section shall not be treated as vio-
16 lating any requirement under section 401, 403, 408,
17 or 457 solely by reason of accepting such contribu-
18 tion.

19 “(4) ERRONEOUS MATCHING CONTRIBU-
20 TIONS.—

21 “(A) IN GENERAL.—If any contribution is
22 erroneously paid under subsection (a)(2), in-
23 cluding a payment that is not made to an appli-
24 cable retirement savings vehicle, the amount of
25 such erroneous payment shall be treated as an

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1 underpayment of tax (other than for purposes
2 of part II of subchapter A of chapter 68) for
3 the taxable year in which the Secretary deter-
4 mines the payment is erroneous.

5 “(B) DISTRIBUTION OF ERRONEOUS
6 MATCHING CONTRIBUTIONS.—In the case of a
7 contribution to which subparagraph (A) ap-
8 plies—

9 “(i) section 402(a), 403(a)(1),
10 403(b)(1), 408(d)(1), or 457(a)(1), which-
11 ever is applicable, shall not apply to any
12 distribution of such contribution, and sec-
13 tion 72(t) shall not apply to the distribu-
14 tion of such contribution or any income at-
15 tributable thereto, if such distribution is
16 received not later than the day prescribed
17 by law (including extensions of time) for
18 filing the individual’s return for such tax-
19 able year, and

20 “(ii) any plan or arrangement from
21 which such a distribution is made under
22 this subparagraph shall not be treated as
23 violating any requirement under section
24 401, 403, or 457 solely by reason of mak-
25 ing such distribution.

1 “(5) EXCEPTION FROM REDUCTION OR OFF-
2 SET.—Any payment made to any individual under
3 this section shall not be—

4 “(A) subject to reduction or offset pursu-
5 ant to subsection (c), (d), (e), or (f) of section
6 6402 or any similar authority permitting offset,
7 or

8 “(B) reduced or offset by other assessed
9 Federal taxes that would otherwise be subject
10 to levy or collection.

11 “(6) SAVER’S MATCH RECOVERY PAYMENTS.—

12 “(A) IN GENERAL.—In the case of an ap-
13 plicable retirement savings vehicle to which con-
14 tributions have been made under subsection
15 (a)(2), and from which a specified early dis-
16 tribution has been made during the taxable
17 year, if the aggregate amount of such contribu-
18 tions exceeds the account balance of such sav-
19 ings vehicle at the end of the such taxable year,
20 the tax imposed by chapter 1 shall be increased
21 by an amount equal to such excess (reduced by
22 the amount by which the tax under such chap-
23 ter was increased under section 72(t)(1) with
24 respect to such distribution).

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1 “(B) SPECIFIED EARLY DISTRIBUTION.—

2 For purposes of this paragraph, the term ‘spec-

3 ified early distribution’ means any portion of a

4 distribution—

5 “(i) which is from such applicable re-

6 tirement savings vehicle to which a con-

7 tribution has been made under subsection

8 (a)(2),

9 “(ii) which is includible in gross in-

10 come, and

11 “(iii) to which 72(t)(1) applies.

12 “(C) EXCESS MAY BE REPAID.—

13 “(i) IN GENERAL.—The increase in

14 tax for any taxable year under subpara-

15 graph (A) shall be reduced (but not below

16 zero) by so much of such specified early

17 distribution as the individual elects to con-

18 tribute to an applicable retirement savings

19 vehicle not later than the day prescribed by

20 law (including extensions of time) for filing

21 such individual’s return for such taxable

22 year.

23 “(ii) CONTRIBUTION OF EXCESS.—

24 Any individual who elects to contribute an

25 amount under clause (i) may make one or

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1 more contributions in an aggregate amount
2 not to exceed the amount of the specified
3 early distribution to which the election re-
4 lates to an applicable retirement savings
5 vehicle and to which a rollover contribution
6 of such distribution could be made under
7 section 402(c), 403(b)(8), 408(d)(3), or
8 457(e)(16), as the case may be.

9 “(iii) LIMITATION ON CONTRIBUTIONS
10 TO APPLICABLE RETIREMENT SAVINGS VE-
11 HICLE OTHER THAN IRAS.—The aggregate
12 amount of contributions made by an indi-
13 vidual under clause (ii) to any applicable
14 savings retirement vehicle which is not an
15 individual retirement plan shall not exceed
16 the aggregate amount of specified early re-
17 tirement distributions which are made
18 from such savings retirement vehicle to
19 such individual. Clause (ii) shall not apply
20 to contributions to any applicable retire-
21 ment savings vehicle which is not an indi-
22 vidual retirement plan unless the individual
23 is eligible to make contributions (other
24 than those described in clause (ii)) to such
25 retirement savings vehicle.

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1 “(iv) TREATMENT OF REPAYMENTS
2 OF DISTRIBUTIONS FROM APPLICABLE ELI-
3 GIBLE RETIREMENT PLANS OTHER THAN
4 IRAS.—If a contribution is made under
5 clause (ii) with respect to a specified early
6 distribution from an applicable savings re-
7 tirement vehicle other than an individual
8 retirement plan, then the taxpayer shall, to
9 the extent of the amount of the contribu-
10 tion, be treated as having received such
11 distribution in an eligible rollover distribu-
12 tion (as defined in section 402(c)(4)) and
13 as having transferred the amount to the
14 savings retirement vehicle in a direct trust-
15 ee to trustee transfer within 60 days of the
16 distribution.

17 “(v) TREATMENT OF REPAYMENTS
18 FOR DISTRIBUTIONS FROM IRAS.—If a con-
19 tribution is made under clause (ii) with re-
20 spect to a specified early distribution from
21 an individual retirement plan, then, to the
22 extent of the amount of the contribution,
23 such distribution shall be treated as a dis-
24 tribution described in section 408(d)(3)
25 and as having been transferred to the ap-

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1 plicable retirement savings vehicle in a di-
2 rect trustee to trustee transfer within 60
3 days of the distribution.

4 “(D) RULES TO ACCOUNT FOR INVEST-
5 MENT LOSS.—The Secretary shall prescribe
6 such rules as may be appropriate to reduce any
7 increase in tax otherwise made under subpara-
8 graph (A) to properly account for the extent to
9 which any portion of the excess described in
10 such subparagraph is allocable to investment
11 loss in the retirement savings vehicle.

12 “(g) PROVISION BY SECRETARY OF INFORMATION
13 RELATING TO CONTRIBUTIONS.—In the case of an
14 amount elected by an eligible individual to be contributed
15 to an account or plan under subsection (e)(2), the Sec-
16 retary shall provide general guidance applicable to the cus-
17 todian of the account or the plan sponsor, as the case may
18 be, detailing the treatment of such contribution under sub-
19 section (f)(2) and the reporting requirements with respect
20 to such contribution under section 6058, particularly as
21 such requirements are modified pursuant to section
22 102(c)(2) of the SECURE 2.0 Act of 2022.

23 “(h) INFLATION ADJUSTMENTS.—

24 “(1) IN GENERAL.—In the case of any taxable
25 year beginning in a calendar year after 2027, the

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1 \$41,000 amount in subsection (b)(3)(A)(i) shall be
2 increased by an amount equal to—

3 “(A) such dollar amount, multiplied by

4 “(B) the cost-of-living adjustment deter-
5 mined under section 1(f)(3) for the calendar
6 year in which the taxable year begins, deter-
7 mined by substituting ‘calendar year 2026’ for
8 ‘calendar year 2016’ in subparagraph (A)(ii)
9 thereof.

10 “(2) ROUNDING.—Any increase determined
11 under paragraph (1) shall be rounded to the nearest
12 multiple of \$1,000.”.

13 (b) TREATMENT OF CERTAIN POSSESSIONS.—

14 (1) PAYMENTS TO POSSESSIONS WITH MIRROR
15 CODE TAX SYSTEMS.—The Secretary of the Treas-
16 ury shall pay to each possession of the United States
17 which has a mirror code tax system amounts equal
18 to the loss (if any) to that possession by reason of
19 the amendments made by this section. Such
20 amounts shall be determined by the Secretary of the
21 Treasury based on information provided by the gov-
22 ernment of the respective possession.

23 (2) PAYMENTS TO OTHER POSSESSIONS.—The
24 Secretary of the Treasury shall pay to each posses-
25 sion of the United States which does not have a mir-

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1 ror code tax system amounts estimated by the Sec-
2 retary of the Treasury as being equal to the aggre-
3 gate benefits (if any) that would have been provided
4 to eligible residents of such possession by reason of
5 the amendments made by this section if a mirror
6 code tax system had been in effect in such posses-
7 sion. The preceding sentence shall not apply unless
8 the respective possession has a process, which has
9 been approved by the Secretary of the Treasury,
10 under which such possession promptly transfers the
11 payments directly on behalf of eligible residents to a
12 retirement savings vehicle established under the laws
13 of such possession or the United States that is sub-
14 stantially similar to a plan, or is a plan, described
15 in clause (iii), (iv), (v), or (vi) of section
16 402(c)(8)(B) of the Internal Revenue Code of 1986
17 or an individual retirement plan, and the restrictions
18 on distributions from such retirement savings vehicle
19 are substantially similar to the provisions of section
20 6433(d)(2) of such Code (as added by this section).

21 (3) COORDINATION WITH UNITED STATES
22 SAVER'S MATCH.—No matching contribution shall be
23 allowed under section 6433 of the Internal Revenue
24 Code of 1986 (as added by this section) to any per-
25 son—

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1 (A) to whom a matching contribution is
2 paid by the possession by reason of the amend-
3 ments made by this section, or

4 (B) who is eligible for a payment under a
5 plan described in paragraph (2).

6 (4) MIRROR CODE TAX SYSTEM.—For purposes
7 of this subsection, the term “mirror code tax sys-
8 tem” means, with respect to any possession of the
9 United States, the income tax system of such posses-
10 sion if the income tax liability of the residents of
11 such possession under such system is determined by
12 reference to the income tax laws of the United
13 States as if such possession were the United States.

14 (5) TREATMENT OF PAYMENTS.—For purposes
15 of section 1324 of title 31, United States Code, the
16 payments under this subsection shall be treated in
17 the same manner as a refund due from a credit pro-
18 vision referred to in subsection (b)(2) of such sec-
19 tion.

20 (c) ADMINISTRATIVE PROVISIONS.—

21 (1) DEFICIENCIES.—Section 6211(b)(4) is
22 amended by striking “and 7527A” and inserting
23 “7527A, and 6433”.

24 (2) REPORTING.—The Secretary of the Treas-
25 ury shall amend the forms relating to reports re-

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1 quired under section 6058 of the Internal Revenue
2 Code of 1986 to require—

3 (A) separate reporting of the aggregate
4 amount of contributions received by the plan
5 during the year under section 6433 of the In-
6 ternal Revenue Code of 1986 (as added by this
7 section), and

8 (B) similar reporting with respect to indi-
9 vidual retirement accounts (as defined in sec-
10 tion 408 of such Code) and individual retire-
11 ment annuities (as defined in section 408(b) of
12 such Code).

13 (d) PAYMENT AUTHORITY.—Section 1324(b)(2) of
14 title 31, United States Code, is amended by striking “or
15 7527A” and inserting “7527A, or 6433”.

16 (e) CONFORMING AMENDMENTS.—

17 (1) Paragraph (1) of section 25B(d) is amend-
18 ed by striking “the sum of—” and all that follows
19 through “the amount of contributions made before
20 January 1, 2026” and inserting “the amount of con-
21 tributions made before January 1, 2026”.

22 (2) The table of sections for subchapter B of
23 chapter 65 is amended by adding at the end the fol-
24 lowing new item:

“Sec. 6433. Saver’s Match.”.

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1 (f) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2026.

4 **SEC. 104. PROMOTION OF SAVER'S MATCH.**

5 (a) IN GENERAL.—The Secretary of the Treasury
6 shall take such steps as the Secretary determines are nec-
7 essary and appropriate to increase public awareness of the
8 matching contribution provided under section 6433 of the
9 Internal Revenue Code of 1986.

10 (b) REPORT TO CONGRESS.—

11 (1) IN GENERAL.—Not later than July 1, 2026,
12 the Secretary shall provide a report to Congress to
13 summarize the anticipated promotion efforts of the
14 Treasury under subsection (a).

15 (2) CONTENTS.—Such report shall include—

16 (A) a description of plans for—

17 (i) the development and distribution
18 of digital and print materials, including the
19 distribution of such materials to States for
20 participants in State facilitated retirement
21 savings programs,

22 (ii) the translation of such materials
23 into the 10 most commonly spoken lan-
24 guages in the United States after English
25 (as determined by reference to the most re-

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1 cent American Community Survey of the
2 Bureau of the Census), and

3 (iii) communicating the adverse con-
4 sequences of early withdrawal from an ap-
5 plicable retirement savings vehicle to which
6 a matching contribution has been paid
7 under section 6333(a)(2) of the Internal
8 Revenue Code of 1986, including the oper-
9 ation of the Saver’s Match Recovery Pay-
10 ment rules under section 6433(f)(6) of
11 such Code and associated early withdrawal
12 penalties, and

13 (B) such other information as the Sec-
14 retary determines is necessary.

15 **SEC. 105. POOLED EMPLOYER PLANS MODIFICATION.**

16 (a) IN GENERAL.—Section 3(43)(B)(ii) of the Em-
17 ployee Retirement Income Security Act of 1974 (29
18 U.S.C. 1002(43)(B)(ii)) is amended to read as follows:

19 “(ii) designate a named fiduciary
20 (other than an employer in the plan) to be
21 responsible for collecting contributions to
22 the plan and require such fiduciary to im-
23 plement written contribution collection pro-
24 cedures that are reasonable, diligent, and
25 systematic;”.

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1 (b) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to plan years beginning after De-
3 cember 31, 2022.

4 **SEC. 106. MULTIPLE EMPLOYER 403(b) PLANS.**

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

7 “(15) MULTIPLE EMPLOYER PLANS.—

8 “(A) IN GENERAL.—Except in the case of
9 a church plan, this subsection shall not be
10 treated as failing to apply to an annuity con-
11 tract solely by reason of such contract being
12 purchased under a plan maintained by more
13 than 1 employer.

14 “(B) TREATMENT OF EMPLOYERS FAILING
15 TO MEET REQUIREMENTS OF PLAN.—

16 “(i) IN GENERAL.—In the case of a
17 plan maintained by more than 1 employer,
18 this subsection shall not be treated as fail-
19 ing to apply to an annuity contract held
20 under such plan merely because of one or
21 more employers failing to meet the require-
22 ments of this subsection if such plan satis-
23 fies rules similar to the rules of section
24 413(e)(2) with respect to any such em-
25 ployer failure.

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1 “(ii) ADDITIONAL REQUIREMENTS IN
2 CASE OF NON-GOVERNMENTAL PLANS.—A
3 plan shall not be treated as meeting the re-
4 quirements of this subparagraph unless the
5 plan satisfies rules similar to the rules of
6 subparagraph (A) or (B) of section
7 413(e)(1), except in the case of a multiple
8 employer plan maintained solely by any of
9 the following: A State, a political subdivi-
10 sion of a State, or an agency or instrumen-
11 tality of any one or more of the fore-
12 going.”.

13 (b) ANNUAL REGISTRATION FOR 403(b) MULTIPLE
14 EMPLOYER PLAN.—Section 6057 is amended by redesign-
15 nating subsection (g) as subsection (h) and by inserting
16 after subsection (f) the following new subsection:

17 “(g) 403(b) MULTIPLE EMPLOYER PLANS TREATED
18 AS ONE PLAN.—In the case of annuity contracts to which
19 this section applies and to which section 403(b) applies
20 by reason of the plan under which such contracts are pur-
21 chased meeting the requirements of paragraph (15) there-
22 of, such plan shall be treated as a single plan for purposes
23 of this section.”.

24 (c) ANNUAL INFORMATION RETURNS FOR 403(b)
25 MULTIPLE EMPLOYER PLAN.—Section 6058 is amended

1 by redesignating subsection (f) as subsection (g) and by
2 inserting after subsection (e) the following new subsection:

3 “(f) 403(b) MULTIPLE EMPLOYER PLANS TREATED
4 AS ONE PLAN.—In the case of annuity contracts to which
5 this section applies and to which section 403(b) applies
6 by reason of the plan under which such contracts are pur-
7 chased meeting the requirements of paragraph (15) there-
8 of, such plan shall be treated as a single plan for purposes
9 of this section.”.

10 (d) AMENDMENTS TO EMPLOYEE RETIREMENT IN-
11 COME SECURITY ACT OF 1974.—

12 (1) IN GENERAL.—Section 3(43)(A) of the Em-
13 ployee Retirement Income Security Act of 1974 is
14 amended—

15 (A) in clause (ii), by striking “section
16 501(a) of such Code or” and inserting “section
17 501(a) of such Code, a plan that consists of an-
18 nuity contracts described in section 403(b) of
19 such Code, or”; and

20 (B) in the flush text at the end following
21 clause (iii), by striking “the plan.” and insert-
22 ing “the plan, but such term shall include any
23 plan (other than a plan excepted from the ap-
24 plication of this title by section 4(b)(2)) main-
25 tained for the benefit of the employees of more

1 than 1 employer that consists of annuity con-
2 tracts described in section 403(b) of such Code
3 and that meets the requirements of subpara-
4 graph (B) of section 413(e)(1) of such Code.”.

5 (2) CONFORMING AMENDMENTS.—Sections
6 3(43)(B)(v)(II) and 3(44)(A)(i)(I) of the Employee
7 Retirement Income Security Act of 1974 are each
8 amended by striking “section 401(a) of such Code
9 or” and inserting “section 401(a) of such Code, a
10 plan that consists of annuity contracts described in
11 section 403(b) of such Code, or”.

12 (e) REGULATIONS RELATING TO EMPLOYER FAIL-
13 URE TO MEET MULTIPLE EMPLOYER PLAN REQUIRE-
14 MENTS.—The Secretary of the Treasury (or the Sec-
15 retary’s delegate) shall prescribe such regulations as may
16 be necessary to clarify, in the case of plans to which sec-
17 tion 403(b)(15) of the Internal Revenue Code of 1986 ap-
18 plies, the treatment of an employer departing such plan
19 in connection with such employer’s failure to meet mul-
20 tiple employer plan requirements.

21 (f) MODIFICATION OF MODEL PLAN LANGUAGE,
22 ETC.—

23 (1) PLAN NOTIFICATIONS.—The Secretary of
24 the Treasury (or the Secretary’s delegate), in con-
25 sultation with the Secretary of Labor, shall modify

1 the model plan language published under section
2 413(e)(5) of the Internal Revenue Code of 1986 to
3 include language that requires participating employ-
4 ers be notified that the plan is subject to the Em-
5 ployee Retirement Income Security Act of 1974 and
6 that such employer is a plan sponsor with respect to
7 its employees participating in the multiple employer
8 plan and, as such, has certain fiduciary duties with
9 respect to the plan and to its employees.

10 (2) MODEL PLANS FOR MULTIPLE EMPLOYER
11 403(b) PLANS.—For plans to which section
12 403(b)(15)(A) of the Internal Revenue Code of 1986
13 applies (other than a plan maintained for its employ-
14 ees by a State, a political subdivision of a State, or
15 an agency or instrumentality of any one or more of
16 the foregoing), the Secretary of the Treasury (or the
17 Secretary’s delegate), in consultation with the Sec-
18 retary of Labor, shall publish model plan language
19 similar to model plan language published under sec-
20 tion 413(e)(5) of such Code.

21 (3) EDUCATIONAL OUTREACH TO EMPLOYERS
22 EXEMPT FROM TAX.—The Secretary of the Treasury
23 (or the Secretary’s delegate), in consultation with
24 the Secretary of Labor, shall provide education and
25 outreach to increase awareness to employers de-

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1 scribed in section 501(c)(3) of the Internal Revenue
2 Code of 1986, and which are exempt from tax under
3 section 501(a) of such Code, that multiple employer
4 plans are subject to the Employee Retirement In-
5 come Security Act of 1974 and that such employer
6 is a plan sponsor with respect to its employees par-
7 ticipating in the multiple employer plan and, as
8 such, has certain fiduciary duties with respect to the
9 plan and to its employees.

10 (g) NO INFERENCE WITH RESPECT TO CHURCH
11 PLANS.—Regarding any application of section 403(b) of
12 the Internal Revenue Code of 1986 to an annuity contract
13 purchased under a church plan (as defined in section
14 414(e) of such Code) maintained by more than 1 em-
15 ployer, or to any application of rules similar to section
16 413(e) of such Code to such a plan, no inference shall
17 be made from section 403(b)(15)(A) of such Code (as
18 added by this Act) not applying to such plans.

19 (h) EFFECTIVE DATE.—

20 (1) IN GENERAL.—The amendments made by
21 this section shall apply to plan years beginning after
22 December 31, 2022.

23 (2) RULE OF CONSTRUCTION.—Nothing in the
24 amendments made by subsection (a) shall be con-
25 strued as limiting the authority of the Secretary of

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1 the Treasury or the Secretary’s delegate (determined
2 without regard to such amendment) to provide for
3 the proper treatment of a failure to meet any re-
4 quirement applicable under the Internal Revenue
5 Code of 1986 with respect to one employer (and its
6 employees) in the case of a plan to which section
7 403(b)(15) of the Internal Revenue Code of 1986
8 applies.

9 **SEC. 107. INCREASE IN AGE FOR REQUIRED BEGINNING**
10 **DATE FOR MANDATORY DISTRIBUTIONS.**

11 (a) IN GENERAL.—Section 401(a)(9)(C)(i)(I) is
12 amended by striking “age 72” and inserting “the applica-
13 ble age”.

14 (b) SPOUSE BENEFICIARIES; SPECIAL RULE FOR
15 OWNERS.—Subparagraphs (B)(iv)(I) and (C)(ii)(I) of sec-
16 tion 401(a)(9) are each amended by striking “age 72” and
17 inserting “the applicable age”.

18 (c) APPLICABLE AGE.—Section 401(a)(9)(C) is
19 amended by adding at the end the following new clause:

20 “(v) APPLICABLE AGE.—

21 “(I) In the case of an individual
22 who attains age 72 after December
23 31, 2022, and age 73 before January
24 1, 2033, the applicable age is 73.

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1 “(II) In the case of an individual
2 who attains age 74 after December
3 31, 2032, the applicable age is 75.”.

4 (d) CONFORMING AMENDMENTS.—The last sentence
5 of section 408(b) is amended by striking “age 72” and
6 inserting “the applicable age (determined under section
7 401(a)(9)(C)(v) for the calendar year in which such tax-
8 able year begins)”.

9 (e) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to distributions required to be
11 made after December 31, 2022, with respect to individuals
12 who attain age 72 after such date.

13 **SEC. 108. INDEXING IRA CATCH-UP LIMIT.**

14 (a) IN GENERAL.—Subparagraph (C) of section
15 219(b)(5) is amended by adding at the end the following
16 new clause:

17 “(iii) INDEXING OF CATCH-UP LIMITA-
18 TION.—In the case of any taxable year be-
19 ginning in a calendar year after 2023, the
20 \$1,000 amount under subparagraph (B)(ii)
21 shall be increased by an amount equal to—

22 “(I) such dollar amount, multi-
23 plied by

24 “(II) the cost-of-living adjust-
25 ment determined under section 1(f)(3)

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1 for the calendar year in which the tax-
2 able year begins, determined by sub-
3 stituting ‘calendar year 2022’ for ‘cal-
4 endar year 2016’ in subparagraph
5 (A)(ii) thereof.

6 If any amount after adjustment under the
7 preceding sentence is not a multiple of
8 \$100, such amount shall be rounded to the
9 next lower multiple of \$100.”.

10 (b) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to taxable years beginning after
12 December 31, 2023.

13 **SEC. 109. HIGHER CATCH-UP LIMIT TO APPLY AT AGE 60, 61,**
14 **62, AND 63.**

15 (a) IN GENERAL.—

16 (1) PLANS OTHER THAN SIMPLE PLANS.—Sec-
17 tion 414(v)(2)(B)(i) is amended by inserting the fol-
18 lowing before the period: “(the adjusted dollar
19 amount, in the case of an eligible participant who
20 would attain age 60 but would not attain age 64 be-
21 fore the close of the taxable year)”.

22 (2) SIMPLE PLANS.—Section 414(v)(2)(B)(ii) is
23 amended by inserting the following before the pe-
24 riod: “(the adjusted dollar amount, in the case of an
25 eligible participant who would attain age 60 but

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1 would not attain age 64 before the close of the tax-
2 able year)”.
3

3 (b) ADJUSTED DOLLAR AMOUNT.—Section 414(v)(2)
4 is amended by adding at the end the following new sub-
5 paragraph:

6 “(E) ADJUSTED DOLLAR AMOUNT.—For
7 purposes of subparagraph (B), the adjusted dol-
8 lar amount is—

9 “(i) in the case of clause (i) of sub-
10 paragraph (B), the greater of—

11 “(I) \$10,000, or

12 “(II) an amount equal to 150
13 percent of the dollar amount which
14 would be in effect under such clause
15 for 2024 for eligible participants not
16 described in the parenthetical in such
17 clause, or

18 “(ii) in the case of clause (ii) of sub-
19 paragraph (B), the greater of—

20 “(I) \$5,000, or

21 “(II) an amount equal to equal
22 to 150 percent of the dollar amount
23 which would be in effect under such
24 clause for 2025 for eligible partici-

1 pants not described in the parenthet-
2 ical in such clause.”.

3 (c) COST-OF-LIVING ADJUSTMENTS.—Subparagraph
4 (C) of section 414(v)(2) is amended by adding at the end
5 the following: “In the case of a year beginning after De-
6 cember 31, 2025, the Secretary shall adjust annually the
7 adjusted dollar amounts applicable under clauses (i) and
8 (ii) of subparagraph (E) for increases in the cost-of-living
9 at the same time and in the same manner as adjustments
10 under the preceding sentence; except that the base period
11 taken into account shall be the calendar quarter beginning
12 July 1, 2024.”.

13 (d) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to taxable years beginning after
15 December 31, 2024.

16 **SEC. 110. TREATMENT OF STUDENT LOAN PAYMENTS AS**
17 **ELECTIVE DEFERRALS FOR PURPOSES OF**
18 **MATCHING CONTRIBUTIONS.**

19 (a) IN GENERAL.—Subparagraph (A) of section
20 401(m)(4) is amended by striking “and” at the end of
21 clause (i), by striking the period at the end of clause (ii)
22 and inserting “, and”, and by adding at the end the fol-
23 lowing new clause:

24 “(iii) subject to the requirements of
25 paragraph (14), any employer contribution

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

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

7 “(D) QUALIFIED STUDENT LOAN PAY-
8 MENT.—The term ‘qualified student loan pay-
9 ment’ means a payment made by an employee
10 in repayment of a qualified education loan (as
11 defined in section 221(d)(1)) incurred by the
12 employee to pay qualified higher education ex-
13 penses, but only—

14 “(i) to the extent such payments in
15 the aggregate for the year do not exceed
16 an amount equal to—

17 “(I) the limitation applicable
18 under section 402(g) for the year (or,
19 if lesser, the employee’s compensation
20 (as defined in section 415(c)(3)) for
21 the year), reduced by

22 “(II) the elective deferrals made
23 by the employee for such year, and

24 “(ii) if the employee certifies annually
25 to the employer making the matching con-

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1 tribution under this paragraph that such
2 payment has been made on such loan.

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

11 (c) MATCHING CONTRIBUTIONS FOR QUALIFIED
12 STUDENT LOAN PAYMENTS.—Section 401(m) is amended
13 by redesignating paragraph (13) as paragraph (14), and
14 by inserting after paragraph (12) the following new para-
15 graph:

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

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

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

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

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

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

13 “(iv) the plan provides that matching
14 contributions on account of qualified stu-
15 dent loan payments vest in the same man-
16 ner as matching contributions on account
17 of elective deferrals.

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

20 “(i) NONDISCRIMINATION RULES.—
21 For purposes of subparagraph (A)(iii),
22 subsection (a)(4), and section 410(b),
23 matching contributions described in para-
24 graph (4)(A)(iii) shall not fail to be treated
25 as available to an employee solely because

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1 such employee does not have debt incurred
2 under a qualified education loan (as de-
3 fined in section 221(d)(1)).

4 “(ii) STUDENT LOAN PAYMENTS NOT
5 TREATED AS PLAN CONTRIBUTION.—Ex-
6 cept as provided in clause (iii), a qualified
7 student loan payment shall not be treated
8 as a contribution to a plan under this title.

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

18 “(iv) ACTUAL DEFERRAL PERCENT-
19 AGE TESTING.—In determining whether a
20 plan meets the requirements of subsection
21 (k)(3)(A)(ii) for a plan year, the plan may
22 apply the requirements of such subsection
23 separately with respect to all employees
24 who receive matching contributions de-

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1 scribed in paragraph (4)(A)(iii) for the
2 plan year.

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

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

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

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

22 “(I) the applicable dollar amount
23 under subparagraph (E) (after appli-
24 cation of section 414(v)) for the year
25 (or, if lesser, the employee’s com-

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1 pensation (as defined in section
2 415(c)(3)) for the year), reduced by

3 “(II) any other amounts elected
4 by the employee under subparagraph
5 (A)(i)(I) for the year.

6 “(ii) QUALIFIED STUDENT LOAN PAY-
7 MENT.—For purposes of this subpara-
8 graph—

9 “(I) IN GENERAL.—The term
10 ‘qualified student loan payment’
11 means a payment made by an em-
12 ployee in repayment of a qualified
13 education loan (as defined in section
14 221(d)(1)) incurred by the employee
15 to pay qualified higher education ex-
16 penses, but only if the employee cer-
17 tifies to the employer making the
18 matching contribution that such pay-
19 ment has been made on such a loan.

20 “(II) QUALIFIED HIGHER EDU-
21 CATION EXPENSES.—The term ‘quali-
22 fied higher education expenses’ has
23 the same meaning as when used in
24 section 401(m)(4)(D).

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1 “(iii) APPLICABLE RULES.—Clause (i)
2 shall apply to an arrangement only if,
3 under the arrangement—

4 “(I) matching contributions on
5 account of qualified student loan pay-
6 ments are provided only on behalf of
7 employees otherwise eligible to elect
8 contributions under subparagraph
9 (A)(i)(I), and

10 “(II) all employees otherwise eli-
11 gible to participate in the arrange-
12 ment are eligible to receive matching
13 contributions on account of qualified
14 student loan payments.”.

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

23 (f) 457(b) PLANS.—Subsection (b) of section 457 is
24 amended by adding at the end the following: “A plan
25 which is established and maintained by an employer which

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1 is described in subsection (e)(1)(A) shall not be treated
2 as failing to meet the requirements of this subsection sole-
3 ly because the plan, or another plan maintained by the
4 employer which meets the requirements of section 401(a)
5 or 403(b), provides for matching contributions on account
6 of qualified student loan payments as described in section
7 401(m)(13).”.

8 (g) REGULATORY AUTHORITY.—The Secretary of the
9 Treasury (or such Secretary’s delegate) shall prescribe
10 regulations for purposes of implementing the amendments
11 made by this section, including regulations—

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

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

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

6 (h) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to contributions made for plan
8 years beginning after December 31, 2023.

9 **SEC. 111. APPLICATION OF CREDIT FOR SMALL EMPLOYER**
10 **PENSION PLAN STARTUP COSTS TO EMPLOY-**
11 **ERS WHICH JOIN AN EXISTING PLAN.**

12 (a) IN GENERAL.—Section 45E(d)(3)(A) is amended
13 by striking “effective” and inserting “effective with re-
14 spect to the eligible employer”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 this section shall take effect as if included in the enact-
17 ment of section 104 of the Setting Every Community Up
18 for Retirement Enhancement Act of 2019.

19 **SEC. 112. MILITARY SPOUSE RETIREMENT PLAN ELIGI-**
20 **BILITY CREDIT FOR SMALL EMPLOYERS.**

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

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1 **“SEC. 45AA. MILITARY SPOUSE RETIREMENT PLAN ELIGI-**
2 **BILITY CREDIT FOR SMALL EMPLOYERS.**

3 “(a) IN GENERAL.—For purposes of section 38, in
4 the case of any eligible small employer, the military spouse
5 retirement plan eligibility credit determined under this
6 section for any taxable year is an amount equal to the
7 sum of—

8 “(1) \$200 with respect to each military spouse
9 who is an employee of such employer and who par-
10 ticipates in an eligible defined contribution plan of
11 such employer at any time during such taxable year,
12 plus

13 “(2) so much of the contributions made by such
14 employer (other than an elective deferral (as defined
15 in section 402(g)(3)) to all such plans with respect
16 to such employee during such taxable year as do not
17 exceed \$300.

18 “(b) LIMITATION.—An individual shall only be taken
19 into account as a military spouse under subsection (a) for
20 the taxable year which includes the date on which such
21 individual began participating in the eligible defined con-
22 tribution plan of the employer and the 2 succeeding tax-
23 able years.

24 “(c) ELIGIBLE SMALL EMPLOYER.—For purposes of
25 this section, the term ‘eligible small employer’ means an
26 eligible employer (as defined in section 408(p)(2)(C)(i)(I).

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1 “(d) MILITARY SPOUSE.—For purposes of this sec-
2 tion—

3 “(1) IN GENERAL.—The term ‘military spouse’
4 means, with respect to any employer, any individual
5 who is married (within the meaning of section 7703
6 as of the first date that the employee is employed by
7 the employer) to an individual who is a member of
8 the uniformed services (as defined section 101(a)(5)
9 of title 10, United States Code) serving on active
10 duty. For purposes of this section, an employer may
11 rely on an employee’s certification that such employ-
12 ee’s spouse is a member of the uniformed services if
13 such certification provides the name, rank, and serv-
14 ice branch of such spouse.

15 “(2) EXCLUSION OF HIGHLY COMPENSATED
16 EMPLOYEES.—With respect to any employer, the
17 term ‘military spouse’ shall not include any indi-
18 vidual if such individual is a highly compensated em-
19 ployee of such employer (within the meaning of sec-
20 tion 414(q)).

21 “(e) ELIGIBLE DEFINED CONTRIBUTION PLAN.—
22 For purposes of this section, the term ‘eligible defined con-
23 tribution plan’ means, with respect to any eligible small
24 employer, any defined contribution plan (as defined in sec-

1 tion 414(i)) of such employer if, under the terms of such
2 plan—

3 “(1) military spouses employed by such em-
4 ployer are eligible to participate in such plan not
5 later than the date which is 2 months after the date
6 on which such individual begins employment with
7 such employer, and

8 “(2) military spouses who are eligible to partici-
9 pate in such plan—

10 “(A) are immediately eligible to receive an
11 amount of employer contributions under such
12 plan which is not less the amount of such con-
13 tributions that a similarly situated participant
14 who is not a military spouse would be eligible
15 to receive under such plan after 2 years of serv-
16 ice, and

17 “(B) immediately have a nonforfeitable
18 right to the employee’s accrued benefit derived
19 from employer contributions under such plan.

20 “(f) AGGREGATION RULE.—All persons treated as a
21 single employer under subsection (b), (c), (m), or (o) of
22 section 414 shall be treated as one employer for purposes
23 of this section.”.

24 (b) CREDIT ALLOWED AS PART OF GENERAL BUSI-
25 NESS CREDIT.—Section 38(b) is amended by striking

1 “plus” at the end of paragraph (39), by striking the period
2 at the end of paragraph (40) and inserting “, plus”, and
3 by adding at the end the following new paragraph:

4 “(41) in the case of an eligible small employer
5 (as defined in section 45AA(c)), the military spouse
6 retirement plan eligibility credit determined under
7 section 45AA(a).”.

8 (c) SPECIFIED CREDIT FOR PURPOSES OF CER-
9 TIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—
10 Section 3511(d)(2) is amended by redesignating subpara-
11 graphs (F), (G), and (H) as subparagraphs (G), (H), and
12 (I), respectively, and by inserting after subparagraph (E)
13 the following new subparagraph:

14 “(F) section 45AA (military spouse retire-
15 ment plan eligibility credit),”.

16 (d) CLERICAL AMENDMENT.—The table of sections
17 for subpart D of part IV of subchapter A of chapter 1
18 is amended by adding at the end the following new item:

“Sec. 45AA. Military spouse retirement plan eligibility credit for small employ-
ers.”.

19 (e) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to taxable years beginning after
21 the date of the enactment of this Act.

1 **SEC. 113. SMALL IMMEDIATE FINANCIAL INCENTIVES FOR**
2 **CONTRIBUTING TO A PLAN.**

3 (a) IN GENERAL.—Subparagraph (A) of section
4 401(k)(4) is amended by inserting “(other than a de mini-
5 mis financial incentive (not paid for with plan assets) pro-
6 vided to employees who elect to have the employer make
7 contributions under the arrangement in lieu of receiving
8 cash)” after “any other benefit”.

9 (b) SECTION 403(b) PLANS.—Subparagraph (A) of
10 section 403(b)(12), as amended by the preceding provi-
11 sions of this Act, is further amended by adding at the end
12 the following: “A plan shall not fail to satisfy clause (ii)
13 solely by reason of offering a de minimis financial incen-
14 tive (not derived from plan assets) to employees to elect
15 to have the employer make contributions pursuant to a
16 salary reduction agreement.”.

17 (c) EXEMPTION FROM PROHIBITED TRANSACTION
18 RULES.—Subsection (d) of section 4975 is amended by
19 striking “or” at the end of paragraph (22), by striking
20 the period at the end of paragraph (23) and inserting “,
21 or”, and by adding at the end the following new para-
22 graph:

23 “(24) the provision of a de minimis financial in-
24 centive described in section 401(k)(4)(A).”.

25 (d) AMENDMENT OF EMPLOYEE RETIREMENT IN-
26 COME SECURITY ACT OF 1974.—Subsection (b) of section

1 408 of the Employee Retirement Income Security Act of
2 1974 (29 U.S.C. 1108(b)) is amended by adding at the
3 end the following new paragraph:

4 “(21) The provision of a de minimis financial
5 incentive described in section 401(k)(4)(A) or sec-
6 tion 403(b)(12)(A) of the Internal Revenue Code of
7 1986.”.

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

11 **SEC. 114. DEFERRAL OF TAX FOR CERTAIN SALES OF EM-**
12 **PLOYER STOCK TO EMPLOYEE STOCK OWN-**
13 **ERSHIP PLAN SPONSORED BY S CORPORA-**
14 **TION.**

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

18 (b) 10 PERCENT LIMITATION ON APPLICATION OF
19 GAIN ON SALE OF S CORPORATION STOCK.—Section
20 1042 is amended by adding at the end the following new
21 subsection:

22 “(h) APPLICATION OF SECTION TO SALE OF STOCK
23 IN S CORPORATION.—In the case of the sale of qualified
24 securities of an S corporation, the election under sub-
25 section (a) may be made with respect to not more than

1 10 percent of the amount realized on such sale for pur-
2 poses of determining the amount of gain not recognized
3 and the extent to which (if at all) the amount realized
4 on such sale exceeds the cost of qualified replacement
5 property. The portion of adjusted basis that is properly
6 allocable to the portion of the amount realized with respect
7 to which the election is made under this subsection shall
8 be taken into account for purposes of the preceding sen-
9 tence.”.

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to sales after December 31, 2027.

12 **SEC. 115. WITHDRAWALS FOR CERTAIN EMERGENCY EX-**
13 **PENSES.**

14 (a) IN GENERAL.—Paragraph (2) of section 72(t) is
15 amended by adding at the end the following new subpara-
16 graph:

17 “(I) DISTRIBUTIONS FOR CERTAIN EMER-
18 GENCY EXPENSES.—

19 “(i) IN GENERAL.—Any emergency
20 personal expense distribution.

21 “(ii) ANNUAL LIMITATION.—Not more
22 than 1 distribution per calendar year may
23 be treated as an emergency personal ex-
24 pense distribution by any individual.

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1 “(iii) DOLLAR LIMITATION.—The
2 amount which may be treated as an emer-
3 gency personal expense distribution by any
4 individual in any calendar year shall not
5 exceed the lesser of \$1,000 or an amount
6 equal to the excess of—

7 “(I) the individual’s total non-
8 forfeitable accrued benefit under the
9 plan (the individual’s total interest in
10 the plan in the case of an individual
11 retirement plan), determined as of the
12 date of each such distribution, over

13 “(II) \$1,000.

14 “(iv) EMERGENCY PERSONAL EX-
15 PENSE DISTRIBUTION.—For purposes of
16 this subparagraph, the term ‘emergency
17 personal expense distribution’ means any
18 distribution from an applicable eligible re-
19 tirement plan (as defined in subparagraph
20 (H)(vi)(I)) to an individual for purposes of
21 meeting unforeseeable or immediate finan-
22 cial needs relating to necessary personal or
23 family emergency expenses. The adminis-
24 trator of an applicable eligible retirement
25 plan may rely on an employee’s written

1 certification that the employee satisfies the
2 conditions of the preceding sentence in de-
3 termining whether any distribution is an
4 emergency personal expense distribution.
5 The Secretary may provide by regulations
6 for exceptions to the rule of the preceding
7 sentence in cases where the plan adminis-
8 trator has actual knowledge to the con-
9 trary of the employee's certification, and
10 for procedures for addressing cases of em-
11 ployee misrepresentation.

12 “(v) TREATMENT OF PLAN DISTRIBUTIONS.—If a distribution to an individual
13 would (without regard to clause (ii) or
14 (iii)) be an emergency personal expense
15 distribution, a plan shall not be treated as
16 failing to meet any requirement of this
17 title merely because the plan treats the dis-
18 tribution as an emergency personal ex-
19 pense distribution, unless the number or
20 the aggregate amount of such distributions
21 from all plans maintained by the employer
22 (and any member of any controlled group
23 which includes the employer, determined as
24 provided in subparagraph (H)(iv)(II)) to
25

1 such individual exceeds the limitation de-
2 termined under clause (ii) or (iii).

3 “(vi) AMOUNT DISTRIBUTED MAY BE
4 REPAID.—Rules similar to the rules of sub-
5 paragraph (H)(v) shall apply with respect
6 to an individual who receives a distribution
7 to which clause (i) applies.

8 “(vii) LIMITATION ON SUBSEQUENT
9 DISTRIBUTIONS.—If a distribution is treat-
10 ed as an emergency personal expense dis-
11 tribution in any calendar year with respect
12 to a plan of the employee, no amount may
13 be treated as such a distribution during
14 the immediately following 3 calendar years
15 with respect to such plan unless—

16 “(I) such previous distribution is
17 fully repaid to such plan pursuant to
18 clause (vi), or

19 “(II) the aggregate of the elective
20 deferrals and employee contributions
21 to the plan (the total amounts con-
22 tributed to the plan in the case of an
23 individual retirement plan) subsequent
24 to such previous distribution is at
25 least equal to the amount of such pre-

1 vious distribution which has not been
2 so repaid.

3 “(viii) SPECIAL RULES.—Rules simi-
4 lar to the rules of subclauses (II) and (IV)
5 of subparagraph (H)(vi) shall apply to any
6 emergency personal expense distribution.”.

7 (b) CROSS-REFERENCE.—See section 311 of this Act
8 for amendment to section 72(t)(2)(H)(v)(I) of the Internal
9 Revenue Code of 1986 limiting repayment of distribution
10 to 3 years.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to distributions made after Decem-
13 ber 31, 2023.

14 **SEC. 116. ALLOW ADDITIONAL NONELECTIVE CONTRIBU-**
15 **TIONS TO SIMPLE PLANS.**

16 (a) IN GENERAL.—

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

22 “(iv) the employer may make nonelec-
23 tive contributions of a uniform percentage
24 (up to 10 percent) of compensation for
25 each employee who is eligible to participate

1 in the arrangement, and who has at least
2 \$5,000 of compensation from the employer
3 for the year, but such contributions with
4 respect to any employee shall not exceed
5 \$5,000 for the year, and”.

6 (2) LIMITATION.—Subparagraph (A) of section
7 408(p)(2) is amended by adding at the end the fol-
8 lowing: “The compensation taken into account under
9 clause (iv) for any year shall not exceed the limita-
10 tion in effect for such year under section
11 401(a)(17).”.

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

15 “(8) COORDINATION WITH MAXIMUM LIMITA-
16 TION.—In the case of any simple retirement ac-
17 count—

18 “(A) subsection (a)(1) shall be applied by
19 substituting for ‘the amount in effect for such
20 taxable year under section 219(b)(1)(A)’ the
21 following: ‘the sum of the dollar amount in ef-
22 fect under subsection (p)(2)(A)(ii), the em-
23 ployer contribution required under subsection
24 (p)(2)(A)(iii) or (p)(2)(B)(i), whichever is appli-
25 cable, and a contribution which meets the re-

1 requirement of subsection (p)(2)(A)(iv) with re-
2 spect to the employee’, and

3 “(B) subsection (b)(2)(B) shall be applied
4 by substituting for ‘the dollar amount in effect
5 under section 219(b)(1)(A)’ the following: ‘the
6 sum of the dollar amount in effect under sub-
7 section (p)(2)(A)(ii), the employer contribution
8 required under subsection (p)(2)(A)(iii) or
9 (p)(2)(B)(i), whichever is applicable, and a con-
10 tribution which meets the requirement of sub-
11 section (p)(2)(A)(iv) with respect to the em-
12 ployee’.”.

13 (4) ADJUSTMENT FOR INFLATION.—Paragraph
14 (2) of section 408(p), as amended by this Act, is
15 further amended by adding at the end the following
16 new subparagraph:

17 “(G) ADJUSTMENT FOR INFLATION.—In
18 the case of taxable years beginning after De-
19 cember 31, 2024, the \$5,000 amount in sub-
20 paragraph (A)(iv)(II) shall be increased by an
21 amount equal to—

22 “(i) such amount, multiplied by

23 “(ii) the cost-of-living adjustment de-
24 termined under section 1(f)(3) for the cal-
25 endar year in which the taxable year be-

1 gins, determined by substituting ‘2023’ for
2 ‘2016’ in subparagraph (A)(ii) thereof.

3 If any amount as adjusted under the preceding
4 sentence is not a multiple of \$100, such amount
5 shall be rounded to the nearest multiple of
6 \$100.”.

7 (b) CONFORMING AMENDMENTS.—

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

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

16 “(III) the employer may make
17 nonelective contributions of a uniform
18 percentage (up to 10 percent) of com-
19 pensation, but not to exceed the
20 amount in effect under section
21 408(p)(2)(A)(iv) in any year, for each
22 employee who is eligible to participate
23 in the arrangement and who has at
24 least \$5,000 of compensation from the
25 employer for the year, and”.

1 (3) Section 401(k)(11)(B)(i)(IV), as redesignig-
2 nated by paragraph (2), is amended by striking “or
3 (II)” and inserting “, (II), or (III)”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 December 31, 2023.

7 **SEC. 117. CONTRIBUTION LIMIT FOR SIMPLE PLANS.**

8 (a) IN GENERAL.—Subparagraph (E) of section
9 408(p)(2) is amended—

10 (1) by striking “amount is” and all that follows
11 in clause (i) and inserting the following: “dollar
12 amount is—

13 “(I) the adjusted dollar amount
14 in the case of an eligible employer de-
15 scribed in clause (iii) which had not
16 more than 25 employees who received
17 at least \$5,000 of compensation from
18 the employer for the preceding year,

19 “(II) the adjusted dollar amount
20 in the case of an eligible employer de-
21 scribed in clause (iii) which is not de-
22 scribed in subclause (I) and which
23 elects, at such time and in such man-
24 ner as prescribed by the Secretary,

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1 the application of this subclause for
2 the year, and

3 “(III) \$10,000 in any other
4 case.”,

5 (2) by redesignating clause (ii) as clause (iii)
6 and by inserting after clause (i) the following new
7 clause:

8 “(ii) ADJUSTED DOLLAR AMOUNT.—
9 For purposes of clause (i), the adjusted
10 dollar amount is an amount equal to 110
11 percent of the dollar amount in effect
12 under clause (i)(III) for calendar year
13 2024.”,

14 (3) by striking “ADJUSTMENT.—In the case of”
15 in clause (iii), as so redesignated, and inserting “AD-
16 JUSTMENT.—

17 “(I) CERTAIN LARGE EMPLOY-
18 ERS.—In the case of”,

19 (4) by striking “clause (i)” in such clause (iii)
20 and inserting “clause (i)(III)”, and

21 (5) by adding at the end of such clause (iii) the
22 following new subclause:

23 “(II) OTHER EMPLOYERS.—In
24 the case of a year beginning after De-
25 cember 31, 2024, the Secretary shall

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1 adjust annually the adjusted dollar
2 amount under clause (ii) in the man-
3 ner provided under subclause (I) of
4 this clause, except that the base pe-
5 riod taken into account shall be the
6 calendar quarter beginning July 1,
7 2023.”.

8 (b) CATCH-UP CONTRIBUTIONS.—Paragraph (2) of
9 section 414(v) is amended—

10 (1) in subparagraph (B)—

11 (A) by striking “the applicable” in clause
12 (ii), as amended by this Act, and inserting “ex-
13 cept as provided in clause (iii), the applicable”;
14 and

15 (B) by adding at the end the following new
16 clause:

17 “(iii) In the case of an applicable em-
18 ployer plan—

19 “(I) which is maintained by an
20 eligible employer described in section
21 408(p)(2)(E)(i)(I), or

22 “(II) to which an election under
23 section 408(p)(2)(E)(i)(II) applies for
24 the year (including a plan described in
25 section 401(k)(11) which is main-

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1 tained by an eligible employer de-
2 scribed in section 408(p)(2)(E)(i)(II)
3 and to which such election applies by
4 reason of subparagraphs (B)(i)(I) and
5 (E) of section 401(k)(11)),

6 the applicable dollar amount is an amount
7 equal to 110 percent of the dollar amount
8 in effect under clause (ii) for calendar year
9 2024.”, and

10 (2) in subparagraph (C), as amended by this
11 Act—

12 (A) by striking “ADJUSTMENT.—In the
13 case of” and inserting the following: “ADJUST-
14 MENT.—

15 “(i) CERTAIN LARGE EMPLOYERS.—In
16 the case of”, and

17 (B) by adding at the end the following new
18 clause:

19 “(ii) OTHER EMPLOYERS.—In the
20 case of a year beginning after December
21 31, 2024, the Secretary shall adjust annu-
22 ally the dollar amount described in sub-
23 paragraph (B)(iii) in the manner provided
24 under clause (i) of this subparagraph, ex-
25 cept that the base period taken into ac-

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1 count shall be the calendar quarter begin-
2 ning July 1, 2023.”.

3 (c) EMPLOYER MATCH.—Clause (ii) of section
4 408(p)(2)(C) is amended—

5 (1) by striking “The term” in subclause (I) and
6 inserting “Except as provided in subclause (IV), the
7 term”,

8 (2) by adding at the end the following new sub-
9 clause:

10 “(IV) SPECIAL RULE FOR ELECT-
11 ING LARGER EMPLOYERS.—In the
12 case of an employer which had more
13 than 25 employees who received at
14 least \$5,000 of compensation from the
15 employer for the preceding year, and
16 which makes the election under sub-
17 paragraph (E)(i)(II) for any year,
18 subclause (I) shall be applied for such
19 year by substituting ‘4 percent’ for ‘3
20 percent.’”, and

21 (3) by striking “3 percent” each place it ap-
22 pears in subclauses (II) and (III) and inserting “the
23 applicable percentage”.

24 (d) INCREASE IN NONELECTIVE EMPLOYER CON-
25 TRIBUTION FOR ELECTING LARGER EMPLOYERS.—Sub-

1 paragraph (B) of section 408(p)(2) is amended by adding
2 at the end the following new clause:

3 “(iii) SPECIAL RULE FOR ELECTING
4 LARGER EMPLOYERS.—In the case of an
5 employer which had more than 25 employ-
6 ees who received at least \$5,000 of com-
7 pensation from the employer for the pre-
8 ceding year, and which makes the election
9 under subparagraph (E)(i)(II) for any
10 year, clause (i) shall be applied for such
11 year by substituting ‘3 percent’ for ‘2 per-
12 cent’.”.

13 (e) TRANSITION RULE.—Paragraph (2) of section
14 408(p), as amended by this Act, is further amended by
15 adding at the end the following new subparagraph:

16 “(H) 2-YEAR GRACE PERIOD.—An eligible
17 employer which had not more than 25 employ-
18 ees who received at least \$5,000 of compensa-
19 tion from the employer for 1 or more years, and
20 which has more than 25 such employees for any
21 subsequent year, shall be treated for purposes
22 of subparagraph (E)(i) as having 25 such em-
23 ployees for the 2 years following the last year
24 the employer had not more than 25 such em-
25 ployees, and not as having made the election

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1 under subparagraph (E)(i)(II) for such 2 years.
2 Rules similar to the second sentence of sub-
3 paragraph (C)(i)(II) shall apply for purposes of
4 this subparagraph.”.

5 (f) AMENDMENTS APPLY ONLY IF EMPLOYER HAS
6 NOT HAD ANOTHER PLAN WITHIN 3 YEARS.—Subpara-
7 graph (E) of section 408(p)(2), as amended by subsection
8 (a), is further amended by adding at the end the following
9 new clause:

10 “(iv) EMPLOYER HAS NOT HAD AN-
11 OTHER PLAN WITHIN 3 YEARS.—An eligi-
12 ble employer is described in this clause
13 only if, during the 3-taxable-year period
14 immediately preceding the 1st year the em-
15 ployer maintains the qualified salary re-
16 duction arrangement under this paragraph,
17 neither the employer nor any member of
18 any controlled group including the em-
19 ployer (or any predecessor of either) estab-
20 lished or maintained any plan described in
21 clause (i), (ii), or (iv) of section
22 219(g)(5)(A) with respect to which con-
23 tributions were made, or benefits were ac-
24 crued, for substantially the same employees

1 as are eligible to participate in such quali-
2 fied salary reduction arrangement.”.

3 (g) CONFORMING AMENDMENTS RELATING TO SIM-
4 PLE 401(k)s.—

5 (1) Subclause (I) of section 401(k)(11)(B)(i) is
6 amended by inserting “(after the application of any
7 election under section 408(p)(2)(E)(i)(II))” before
8 the comma.

9 (2) Paragraph (11) of section 401(k) is amend-
10 ed by adding at the end the following new subpara-
11 graph:

12 “(E) EMPLOYERS ELECTING INCREASED
13 CONTRIBUTIONS.—In the case of an employer
14 which applies an election under section
15 408(p)(2)(E)(i)(II) for purposes of the con-
16 tribution requirements of this paragraph under
17 subparagraph (B)(i)(I), rules similar to the
18 rules of subparagraphs (B)(iii), (C)(ii)(IV), and
19 (G) of section 408(p)(2) shall apply for pur-
20 poses of subparagraphs (B)(i)(II) and (B)(ii) of
21 this paragraph.”.

22 (h) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years beginning after
24 December 31, 2023.

25 (i) REPORTS BY SECRETARY.—

1 (1) IN GENERAL.—The Secretary of the Treas-
2 ury shall, not later than December 31, 2024, and
3 annually thereafter, report to the Committees on Fi-
4 nance and Health, Education, Labor, and Pensions
5 of the Senate and the Committees on Ways and
6 Means and Education and Labor of the House of
7 Representatives on the data described in paragraph
8 (2), together with any recommendations the Sec-
9 retary deems appropriate.

10 (2) DATA DESCRIBED.—For purposes of the re-
11 port required under paragraph (1), the Secretary of
12 the Treasury shall collect data and information on—

13 (A) the number of plans described in sec-
14 tion 408(p) or 401(k)(11) of the Internal Rev-
15 enue Code of 1986 that are maintained or es-
16 tablished during a year;

17 (B) the number of participants eligible to
18 participate in such plans for such year;

19 (C) median contribution amounts for the
20 participants described in subparagraph (B);

21 (D) the types of investments that are most
22 common under such plans; and

23 (E) the fee levels charged in connection
24 with the maintenance of accounts under such
25 plans.

1 Such data and information shall be collected sepa-
2 rately for each type of plan. For purposes of col-
3 lecting such data, the Secretary of the Treasury may
4 use such data as is otherwise available to the Sec-
5 retary for publication and may use such approaches
6 as are appropriate under the circumstances, includ-
7 ing the use of voluntary surveys and collaboration on
8 studies.

9 **SEC. 118. TAX TREATMENT OF CERTAIN NONTRADE OR**
10 **BUSINESS SEP CONTRIBUTIONS.**

11 (a) IN GENERAL.—Subparagraph (B) of section
12 4972(c)(6) is amended—

13 (1) by striking “408(p) or” and inserting
14 “408(p),”; and

15 (2) by inserting “, or a simplified employee pen-
16 sion (within the meaning of section 408(k))” after
17 “401(k)(11)”.

18 (b) EFFECTIVE DATE.—

19 (1) IN GENERAL.—The amendments made by
20 this section shall apply to taxable years beginning
21 after the date of the enactment of this Act.

22 (2) NO INFERENCE.—Nothing in the amend-
23 ments made by this section shall be construed to
24 infer the proper treatment under section 4972(c)(6)
25 of the Internal Revenue Code of 1986 of nondeduct-

1 ible contributions to which the amendments made by
2 this section do not apply.

3 **SEC. 119. APPLICATION OF SECTION 415 LIMIT FOR CER-**
4 **TAIN EMPLOYEES OF RURAL ELECTRIC CO-**
5 **OPERATIVES.**

6 (a) IN GENERAL.—Section 415(b) is amended by
7 adding at the end the following new paragraph:

8 “(12) SPECIAL RULE FOR CERTAIN EMPLOYEES
9 OF RURAL ELECTRIC COOPERATIVES.—

10 “(A) IN GENERAL.—Subparagraph (B) of
11 paragraph (1) shall not apply to a participant
12 in an eligible rural electric cooperative plan, ex-
13 cept in the case of a participant who was a
14 highly compensated employee (as defined in sec-
15 tion 414(q)) of an employer maintaining such
16 plan for the earlier of—

17 “(i) the plan year in which the partici-
18 pant terminated employment with such
19 employer, or

20 “(ii) the plan year in which distribu-
21 tions commence under the plan with re-
22 spect to the participant, or

23 for any of the 5 plan years immediately pre-
24 ceding such earlier plan year.

1 “(B) ELIGIBLE RURAL ELECTRIC COOPER-
2 ATIVE PLAN.—For purposes of this para-
3 graph—

4 “(i) IN GENERAL.—The term ‘eligible
5 rural electric cooperative plan’ means a
6 plan maintained by more than 1 employer,
7 with respect to which at least 85 percent
8 of the employers maintaining the plan are
9 rural cooperatives described in clause (i) or
10 (ii) of section 401(k)(7)(B) or are a na-
11 tional association of such a rural coopera-
12 tive.

13 “(ii) ELECTION.—An employer main-
14 taining an eligible rural cooperative plan
15 may elect not to have subparagraph (A)
16 apply to its employees.

17 “(C) REGULATIONS.—The Secretary shall
18 prescribe such regulations and other guidance
19 as are necessary to limit the application of sub-
20 paragraph (A) such that it does not result in
21 increased benefits for highly compensated em-
22 ployees.”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 this section shall apply to limitation years ending after the
25 date of the enactment of this Act.

1 **SEC. 120. EXEMPTION FOR CERTAIN AUTOMATIC PORT-**
2 **ABILITY TRANSACTIONS.**

3 (a) IN GENERAL.—Section 4975(d), as amended by
4 the preceding provisions of this Act, is further amended
5 by striking “or” at the end of paragraph (23), by striking
6 the period at the end of paragraph (24) and inserting “,
7 or”, and by adding at the end the following new para-
8 graph:

9 “(25) the receipt of fees and compensation by
10 the automatic portability provider for services pro-
11 vided in connection with an automatic portability
12 transaction.”.

13 (b) OTHER DEFINITIONS AND SPECIAL RULES.—
14 Section 4975(f) is amended by adding at the end the fol-
15 lowing new paragraph:

16 “(12) RULES RELATING TO AUTOMATIC PORT-
17 ABILITY TRANSACTIONS.—

18 “(A) IN GENERAL.—For purposes of sub-
19 section (d)(25)—

20 “(i) AUTOMATIC PORTABILITY TRANS-
21 ACTION.—An automatic portability trans-
22 action is a transfer of assets made—

23 “(I) from an individual retire-
24 ment plan which is established on be-
25 half of an individual and to which

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1 amounts were transferred under sec-
2 tion 401(a)(31)(B)(i),

3 “(II) to an employer-sponsored
4 retirement plan described in clause
5 (iii), (iv), (v), or (vi) of section
6 402(c)(8)(B) (other than a defined
7 benefit plan) in which such individual
8 is an active participant, and

9 “(III) after such individual has
10 been given advance notice of the
11 transfer and has not affirmatively
12 opted out of such transfer.

13 “(ii) AUTOMATIC PORTABILITY PRO-
14 VIDER.—An automatic portability provider
15 is a person, other than an individual, who
16 executes transfers described in clause (i).

17 “(B) CONDITIONS FOR AUTOMATIC PORT-
18 ABILITY TRANSACTIONS.—Subsection (d)(25)
19 shall not apply to an automatic portability
20 transaction unless the following requirements
21 are satisfied:

22 “(i) ACKNOWLEDGMENT OF FIDU-
23 CIARY STATUS.—An automatic portability
24 provider shall acknowledge in writing, at
25 such time and format as specified by the

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1 Secretary of Labor, that the provider is a
2 fiduciary with respect to the individual re-
3 tirement plan described in subparagraph
4 (A)(i)(I).

5 “(ii) FEES.—The fees and compensa-
6 tion received, directly or indirectly, by the
7 automatic portability provider for services
8 provided in connection with the automatic
9 portability transaction (including any in-
10 crease in such fees or compensation and
11 any fees or compensation in connection
12 with, but received before, the trans-
13 action)—

14 “(I) shall not exceed reasonable
15 compensation, and

16 “(II) shall be fully disclosed to
17 and approved in writing in advance of
18 the transaction by a plan fiduciary of
19 the plan described in subparagraph
20 (A)(i)(II) which is independent of the
21 automatic portability provider.

22 An automatic portability provider shall not
23 receive any fees or compensation in con-
24 nection with an automatic portability
25 transaction involving a plan which is spon-

1 sored or maintained by the automatic port-
2 ability provider.

3 “(iii) DATA USAGE.—The automatic
4 portability provider shall not market or sell
5 data relating to the individual retirement
6 plan described in subparagraph (A)(i)(I) or
7 to the participants of the plan described in
8 subparagraph (A)(i)(II).

9 “(iv) OPEN PARTICIPATION.—The
10 automatic portability provider shall offer
11 automatic portability transactions on the
12 same terms to any plan described in sub-
13 paragraph (A)(i)(II).

14 “(v) PRE-TRANSACTION NOTICE.—At
15 least 60 days in advance of an automatic
16 portability transaction, the automatic port-
17 ability provider shall provide notice to the
18 individual on whose behalf the individual
19 retirement plan described in subparagraph
20 (A)(i)(I) is established which includes—

21 “(I) a description of the auto-
22 matic portability transaction and a
23 complete and accurate statement of
24 all fees which will be charged and all

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1 compensation which will be received in
2 connection with the transaction,

3 “(II) a clear and prominent de-
4 scription of the individual’s right to
5 affirmatively elect not to participate
6 in the transaction as well as the other
7 available distribution options, the
8 deadline by which the individual must
9 make an election, the procedures for
10 such an election, and a telephone
11 number for the automatic portability
12 provider that the individual may call
13 to make such election,

14 “(III) a description of the indi-
15 vidual’s right to designate a bene-
16 ficiary and the procedures to do so,
17 and

18 “(IV) such other disclosures as
19 the Secretary of Labor may require by
20 regulation.

21 “(vi) POST-TRANSACTION NOTICE.—
22 Not later than 3 business days after an
23 automatic portability transaction, the auto-
24 matic portability provider shall provide no-
25 tice to the individual on whose behalf the

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1 individual retirement plan described in
2 subparagraph (A)(i)(I) is established of—

3 “(I) the actions taken by the
4 automatic portability provider with re-
5 spect to the individual’s account,

6 “(II) all relevant information re-
7 garding the location and amount of
8 any transferred assets,

9 “(III) a statement of fees
10 charged against the account by the
11 automatic portability provider or its
12 affiliates in connection with the trans-
13 fer,

14 “(IV) a telephone number at
15 which the individual can contact the
16 automatic portability provider, and

17 “(V) such other disclosures as
18 the Secretary of Labor may require by
19 regulation.

20 “(vii) NOTICE REQUIREMENTS.—The
21 notices required under clauses (v) and (vi)
22 shall be written in a manner calculated to
23 be understood by the average person and
24 shall not include inaccurate or misleading
25 statements.

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1 “(viii) FREQUENCY OF SEARCHES.—

2 The automatic portability provider shall
3 query on at least a monthly basis whether
4 any individual with an individual retire-
5 ment plan described in subparagraph
6 (A)(i)(I) has an account in a plan de-
7 scribed in subparagraph (A)(i)(II).

8 “(ix) TIMELINESS OF EXECUTION.—

9 After liquidating the assets of an indi-
10 vidual retirement plan described in sub-
11 paragraph (A)(i)(I) to cash, an automatic
12 portability provider shall transfer the ac-
13 count balance of such plan as soon as
14 practicable to the plan described in sub-
15 paragraph (A)(i)(II).

16 “(x) LIMITATION ON EXERCISE OF

17 DISCRETION.—The automatic portability
18 provider shall neither have nor exercise dis-
19 cretion to affect the timing or amount of
20 the transfer pursuant to an automatic
21 portability transaction other than to de-
22 duct the appropriate fees as described in
23 clause (ii).

24 “(xi) RECORD RETENTION AND AU-

25 DITS.—

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1 “(I) IN GENERAL.—An automatic
2 portability provider shall, for not less
3 than 6 years after the automatic port-
4 ability transaction has occurred, main-
5 tain the records sufficient to dem-
6 onstrate the terms of this subpara-
7 graph have been met. The automatic
8 portability provider shall make such
9 records available to any authorized
10 employee of the Department of the
11 Treasury or the Department of Labor
12 within 30 calendar days of the date of
13 a written request for such records.

14 “(II) AUDITS.—An automatic
15 portability provider shall conduct an
16 annual audit, in accordance with regu-
17 lations promulgated by the Secretary
18 of Labor, of automatic portability
19 transactions occurring during the cal-
20 endar year to demonstrate compliance
21 with this paragraph and any regula-
22 tions thereunder and identify any in-
23 stances of noncompliance therewith,
24 and shall submit such audit annually
25 to the Secretary of Labor, in such

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1 form and manner as specified by such
2 Secretary.

3 “(xii) WEBSITE.—The automatic
4 portability provider shall maintain a
5 website which contains—

6 “(I) a list of recordkeepers for
7 each plan described in subparagraph
8 (A)(i)(II) with respect to which the
9 provider carries out automatic port-
10 ability transactions, and

11 “(II) a list of all fees described in
12 clause (ii)(II) paid to the provider.”.

13 (c) REGULATORY AUTHORITY.—Not later than 12
14 months after the date of the enactment of this Act, the
15 Secretary of Labor shall issue such guidance as may be
16 necessary to carry out the purposes of the amendments
17 made by this section, including regulations or other guid-
18 ance which—

19 (1) require an automatic portability provider to
20 provide a notice to individuals on whose behalf the
21 individual retirement plan described in paragraph
22 (12)(A)(i)(I) of section 4975(f) of the Internal Rev-
23 enue Code of 1986, as added by this section, is es-
24 tablished in advance of the notices specified in para-
25 graph (12)(B)(v) of such section, as so added,

1 (2) require an automatic portability provider to
2 disclose to plans described in paragraph
3 (12)(A)(i)(II) of section 4975(f) of the Internal Rev-
4 enue Code of 1986, as added by this section, infor-
5 mation required to be provided by a covered service
6 provider pursuant to section 2550.408b-2(c) of title
7 29, Code of Federal Regulations,

8 (3) require a plan described in such paragraph
9 (12)(A)(i)(II), as so added, to fully disclose fees re-
10 lated to an automatic portability transaction in its
11 summary plan description or summary of material
12 modifications, as relevant,

13 (4) require a plan described in such paragraph,
14 as so added, to invest amounts received on behalf of
15 a participant pursuant to an automatic portability
16 transaction in the participant's current investment
17 election under the plan or, if no election is made or
18 permitted, in the plan's qualified default investment
19 alternative (within the meaning of section
20 2550.404c-5 of title 29, Code of Federal Regula-
21 tions) or another investment selected by a fiduciary
22 with respect to such plan,

23 (5) prohibit or restrict the receipt or payment
24 of third party compensation (other than a direct fee
25 paid by a plan sponsor which is in lieu of a fee im-

1 posed on an individual retirement plan owner) by an
2 automatic portability provider in connection with an
3 automatic portability transaction,

4 (6) prohibit exculpatory provisions in an auto-
5 matic portability provider's contracts or communica-
6 tions with individuals disclaiming or limiting its li-
7 ability in the event that an automatic portability
8 transaction results in an improper transfer,

9 (7) require an automatic portability provider to
10 take actions necessary to reasonably ensure that
11 participant and beneficiary data is current and accu-
12 rate,

13 (8) limit the use of data related to automatic
14 portability transactions for any purpose other than
15 the execution of such transactions or locating miss-
16 ing participants, except as permitted by the Sec-
17 retary of Labor,

18 (9) provide for corrections procedures in the
19 event an auditor determines the automatic port-
20 ability provider was not in compliance with this pro-
21 vision and related regulations as specified in para-
22 graph (12)(B)(ix)(II) of section 4975(f) of such
23 Code, as so added, including deadlines, supplemental
24 audits, and corrective actions which may include a
25 temporary prohibition from relying on the exemption

1 provided by paragraph (25) of section 4975(d) of
2 such Code, as added by this section,

3 (10) ensure that the appropriate participants
4 and beneficiaries, in fact, receive all the required no-
5 tices and disclosures, and

6 (11) make clear that the exemption provided by
7 paragraph (25) of section 4975(d) of such Code, as
8 added by this section, applies solely to the automatic
9 portability transactions described therein, and, to
10 the extent the Secretary deems necessary or advis-
11 able, specify how the application of the exemption
12 relates to or coordinates with the application of
13 other statutory provisions, regulations, administra-
14 tive guidance, or exemptions.

15 Any term used in this subsection which is used in para-
16 graph (12) of section 4975(f) of such Code, as added by
17 this section, has the same meaning as when used in such
18 paragraph.

19 (d) REPORT TO CONGRESS.—

20 (1) IN GENERAL.—Not later than 2 years after
21 the date of the first audit report received by the Sec-
22 retary of Labor from any automatic portability pro-
23 vider, and every 3 years thereafter, the Secretary of
24 Labor shall report to the Committees on Health,
25 Education, Labor and Pensions and Finance of the

1 Senate and the Committees on Education and Labor
2 and Ways and Means of the House of Representa-
3 tives on—

4 (A) the effectiveness of automatic port-
5 ability transactions under the exemption pro-
6 vided by paragraph (25) of section 4975(d) of
7 the Internal Revenue Code of 1986, as added
8 by this section, detailing—

9 (i) the number of automatic cash outs
10 from qualified plans to individual retire-
11 ment plans described in section
12 4975(f)(12)(A)(i)(I) of such Code,

13 (ii) the number of completed auto-
14 matic portability transactions to employer-
15 sponsored retirement plans described in
16 section 4975(f)(12)(A)(i)(II) of such Code,

17 (iii) the number of individual retire-
18 ment plans described in section
19 4975(f)(12)(A)(i)(I) of such Code which
20 have been transferred to designated bene-
21 ficiaries,

22 (iv) the number of individual retire-
23 ment plans described in section
24 4975(f)(12)(A)(i)(I) of such Code for
25 which the automatic portability provider is

1 searching for next of kin due to a deceased
2 account holder without a designated bene-
3 ficiary, and

4 (v) the number of accounts that were
5 reduced to a zero balance while in the
6 automatic portability provider's custody;

7 (B) a summary of any consumer com-
8 plaints submitted to the Employee Benefits Se-
9 curity Administration regarding automatic port-
10 ability transactions;

11 (C) a summary of compliance issues found
12 in the annual audit described in section
13 4975(f)(12)(B)(xiii)(II) of such Code, if any,
14 and their corrections;

15 (D) a summary of the fees individuals are
16 charged in connection with automatic port-
17 ability transactions, including whether those
18 fees have increased since the last report;

19 (E) recommendations of any necessary
20 statutory changes to this exemption to improve
21 the effectiveness of automatic portability trans-
22 actions, including repeal of this provision in the
23 event of a pattern of noncompliance; and

24 (F) any other information the Secretary of
25 Labor deems important.

1 The report required by this subsection shall be made
2 publicly available.

3 (2) REPORT ON NOTICES RELATING TO AUTO-
4 MATIC TRANSFERS.—Not later than 2 years after
5 the date of the enactment of this Act, the Secretary
6 of Treasury shall report to the Committee on Fi-
7 nance of the Senate and the Committee on Ways
8 and Means on the adequacy of the notices relating
9 to transfers under section 401(a)(31)(B)(i) of the
10 Internal Revenue Code of 1986.

11 (e) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to transactions occurring on or
13 after the date which is 12 months after the date of the
14 enactment of this Act.

15 **SEC. 121. STARTER 401(k) PLANS FOR EMPLOYERS WITH NO**
16 **RETIREMENT PLAN.**

17 (a) IN GENERAL.—Section 401(k) is amended by
18 adding at the end the following new paragraph:

19 “(16) STARTER 401(k) DEFERRAL-ONLY PLANS
20 FOR EMPLOYERS WITH NO RETIREMENT PLAN.—

21 “(A) IN GENERAL.—A starter 401(k) de-
22 ferral-only arrangement maintained by an eligi-
23 ble employer shall be treated as meeting the re-
24 quirements of paragraph (3)(A)(ii).

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1 “(B) STARTER 401(k) DEFERRAL-ONLY
2 ARRANGEMENT.—For purposes of this para-
3 graph, the term ‘starter 401(k) deferral-only
4 arrangement’ means any cash or deferred ar-
5 rangement which meets—

6 “(i) the automatic deferral require-
7 ments of subparagraph (C),

8 “(ii) the contribution limitations of
9 subparagraph (D), and

10 “(iii) the requirements of subpara-
11 graph (E) of paragraph (13).

12 “(C) AUTOMATIC DEFERRAL.—

13 “(i) IN GENERAL.—The requirements
14 of this subparagraph are met if, under the
15 arrangement, each eligible employee is
16 treated as having elected to have the em-
17 ployer make elective contributions in an
18 amount equal to a qualified percentage of
19 compensation.

20 “(ii) ELECTION OUT.—The election
21 treated as having been made under clause
22 (i) shall cease to apply with respect to any
23 employee if such employee makes an af-
24 firmative election—

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1 “(I) to not have such contribu-
2 tions made, or

3 “(II) to make elective contribu-
4 tions at a level specified in such af-
5 firmative election.

6 “(iii) QUALIFIED PERCENTAGE.—For
7 purposes of this subparagraph, the term
8 ‘qualified percentage’ means, with respect
9 to any employee, any percentage deter-
10 mined under the arrangement if such per-
11 centage is applied uniformly and is not less
12 than 3 or more than 15 percent.

13 “(D) CONTRIBUTION LIMITATIONS.—

14 “(i) IN GENERAL.—The requirements
15 of this subparagraph are met if, under the
16 arrangement—

17 “(I) the only contributions which
18 may be made are elective contribu-
19 tions of employees described in sub-
20 paragraph (C), and

21 “(II) the aggregate amount of
22 such elective contributions which may
23 be made with respect to any employee
24 for any calendar year shall not exceed
25 \$6,000.

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1 “(ii) COST-OF-LIVING ADJUSTMENT.—

2 In the case of any calendar year beginning
3 after December 31, 2024, the \$6,000
4 amount under clause (i) shall be adjusted
5 in the same manner as under section
6 402(g)(4), except that ‘2023’ shall be sub-
7 stituted for ‘2005’.

8 “(iii) CATCH-UP CONTRIBUTIONS FOR

9 INDIVIDUALS AGE 50 OR OVER.—In the
10 case of an individual who has attained the
11 age of 50 before the close of the taxable
12 year, the limitation under clause (i)(II)
13 shall be increased by the applicable amount
14 determined under section 219(b)(5)(B)(ii)
15 (after the application of section
16 219(b)(5)(C)(iii)).

17 “(E) ELIGIBLE EMPLOYER.—For purposes
18 of this paragraph—

19 “(i) IN GENERAL.—The term ‘eligible
20 employer’ means any employer if the em-
21 ployer does not maintain a qualified plan
22 with respect to which contributions are
23 made, or benefits are accrued, for service
24 in the year for which the determination is
25 being made. If only individuals other than

1 employees described in subparagraph (A)
2 of section 410(b)(3) are eligible to partici-
3 pate in such arrangement, then the pre-
4 ceding sentence shall be applied without
5 regard to any qualified plan in which only
6 employees described in such subparagraph
7 are eligible to participate.

8 “(ii) RELIEF FOR ACQUISITIONS,
9 ETC.—Rules similar to the rules of section
10 408(p)(10) shall apply for purposes of
11 clause (i).

12 “(iii) QUALIFIED PLAN.—The term
13 ‘qualified plan’ means a plan, contract,
14 pension, account, or trust described in sub-
15 paragraph (A) or (B) of paragraph (5) of
16 section 219(g) (determined without regard
17 to the last sentence of such paragraph
18 (5)).

19 “(F) ELIGIBLE EMPLOYEE.—For purposes
20 of this paragraph—

21 “(i) IN GENERAL.—The term ‘eligible
22 employee’ means any employee of the em-
23 ployer who meets the minimum age and
24 service conditions described in section
25 410(a)(1).

1 “(ii) EXCLUSIONS.—The employer
2 may elect to exclude from such definition
3 any employee described in paragraph (3)
4 or (4) of section 410(b).”.

5 (b) CERTAIN ANNUITY CONTRACTS.—Section
6 403(b), as amended by the preceding provision of this Act,
7 is further amended by adding at the end the following new
8 paragraph:

9 “(16) SAFE HARBOR DEFERRAL-ONLY PLANS
10 FOR EMPLOYERS WITH NO RETIREMENT PLAN.—

11 “(A) IN GENERAL.—A safe harbor deferr-
12 ral-only plan maintained by an eligible employer
13 shall be treated as meeting the requirements of
14 paragraph (12).

15 “(B) SAFE HARBOR DEFERRAL-ONLY
16 PLAN.—For purposes of this paragraph, the
17 term ‘safe harbor deferral-only plan’ means any
18 plan which meets—

19 “(i) the automatic deferral require-
20 ments of subparagraph (C),

21 “(ii) the contribution limitations of
22 subparagraph (D), and

23 “(iii) the requirements of subpara-
24 graph (E) of section 401(k)(13).

25 “(C) AUTOMATIC DEFERRAL.—

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1 “(i) IN GENERAL.—The requirements
2 of this subparagraph are met if, under the
3 plan, each eligible employee is treated as
4 having elected to have the employer make
5 elective contributions in an amount equal
6 to a qualified percentage of compensation.

7 “(ii) ELECTION OUT.—The election
8 treated as having been made under clause
9 (i) shall cease to apply with respect to any
10 eligible employee if such eligible employee
11 makes an affirmative election—

12 “(I) to not have such contribu-
13 tions made, or

14 “(II) to make elective contribu-
15 tions at a level specified in such af-
16 firmative election.

17 “(iii) QUALIFIED PERCENTAGE.—For
18 purposes of this subparagraph, the term
19 ‘qualified percentage’ means, with respect
20 to any employee, any percentage deter-
21 mined under the plan if such percentage is
22 applied uniformly and is not less than 3 or
23 more than 15 percent.

24 “(D) CONTRIBUTION LIMITATIONS.—

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1 “(i) IN GENERAL.—The requirements
2 of this subparagraph are met if, under the
3 plan—

4 “(I) the only contributions which
5 may be made are elective contribu-
6 tions of eligible employees, and

7 “(II) the aggregate amount of
8 such elective contributions which may
9 be made with respect to any employee
10 for any calendar year shall not exceed
11 \$6,000.

12 “(ii) COST-OF-LIVING ADJUSTMENT.—
13 In the case of any calendar year beginning
14 after December 31, 2024, the \$6,000
15 amount under clause (i) shall be adjusted
16 in the same manner as under section
17 402(g)(4), except that ‘2023’ shall be sub-
18 stituted for ‘2005’.

19 “(iii) CATCH-UP CONTRIBUTIONS FOR
20 INDIVIDUALS AGE 50 OR OVER.—In the
21 case of an individual who has attained the
22 age of 50 before the close of the taxable
23 year, the limitation under clause (i)(II)
24 shall be increased by the applicable amount
25 determined under section 219(b)(5)(B)(ii)

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1 (after the application of section
2 219(b)(5)(C)(iii)).

3 “(E) ELIGIBLE EMPLOYER.—For purposes
4 of this paragraph—

5 “(i) IN GENERAL.—The term ‘eligible
6 employer’ means any employer if the em-
7 ployer does not maintain a qualified plan
8 with respect to which contributions are
9 made, or benefits are accrued, for service
10 in the year for which the determination is
11 being made. If only individuals other than
12 employees described in subparagraph (A)
13 of section 410(b)(3) are eligible to partici-
14 pate in such arrangement, then the pre-
15 ceding sentence shall be applied without
16 regard to any qualified plan in which only
17 employees described in such subparagraph
18 are eligible to participate.

19 “(ii) RELIEF FOR ACQUISITIONS,
20 ETC.—Rules similar to the rules of section
21 408(p)(10) shall apply for purposes of
22 clause (i).

23 “(iii) QUALIFIED PLAN.—The term
24 ‘qualified plan’ means a plan, contract,
25 pension, account, or trust described in sub-

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1 paragraph (A) or (B) of paragraph (5) of
2 section 219(g) (determined without regard
3 to the last sentence of such paragraph
4 (5)).

5 “(F) ELIGIBLE EMPLOYEE.—For purposes
6 of this paragraph, the term ‘eligible employee’
7 means any employee of the employer other than
8 an employee who is permitted to be excluded
9 under paragraph (12)(A).”.

10 (c) STARTER AND SAFE HARBOR PLANS NOT
11 TREATED AS TOP-HEAVY PLANS.—Subparagraph (H) of
12 section 416(g)(4) is amended—

13 (1) by striking “ARRANGEMENTS” in the head-
14 ing and inserting “ARRANGEMENTS OR PLANS”,

15 (2) by striking “, and” at the end of clause (i)
16 and inserting “and matching contributions with re-
17 spect to which the requirements of paragraph (11),
18 (12), or (13) of section 401(m) are met, or”, and

19 (3) by striking clause (ii) and inserting after
20 clause (i) the following new clause:

21 “(ii) a starter 401(k) deferral-only ar-
22 rangement described in section
23 401(k)(16)(B) or a safe harbor deferral-
24 only plan described in section
25 403(b)(16).”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to plan years beginning after De-
3 cember 31, 2023.

4 **SEC. 122. ASSIST STATES IN LOCATING OWNERS OF APPLI-**
5 **CABLE SAVINGS BONDS.**

6 (a) IN GENERAL.—Section 3105 of title 31, United
7 States Code, is amended by adding at the end the fol-
8 lowing:

9 “(f)(1)(A) The Secretary shall provide each State, in
10 digital or other electronic form, with information describ-
11 ing any applicable savings bond which has an applicable
12 address that is within such State, including—

13 “(i) the name and applicable address of the reg-
14 istered owner; and

15 “(ii) the name and applicable address of any
16 registered co-owner or beneficiary.

17 “(B) The information provided under subparagraph
18 (A) may include the serial number of any applicable sav-
19 ings bond.

20 “(C)(i) For purposes of this paragraph, the term ‘ap-
21 plicable address’ means, with respect to any applicable
22 savings bond—

23 “(I) the registered address for the registered
24 owner, co-owner, or beneficiary (as applicable) of
25 such bond; or

1 “(II) if such information is available to the Sec-
2 retary, the last known address for the registered
3 owner, co-owner, or beneficiary (as applicable) of
4 such bond.

5 “(ii) For purposes of clause (i), if the information
6 described in subclause (II) of clause (i) with respect to
7 any individual is available to the Secretary, subclause (I)
8 of such clause shall not apply.

9 “(2)(A) Not later than 12 months after the date of
10 enactment of this subsection, the Secretary shall prescribe
11 such regulations or other guidance as may be necessary
12 to carry out the purposes of this subsection, including
13 rules to—

14 “(i) protect the privacy of the owners of appli-
15 cable savings bonds;

16 “(ii) prevent fraud; and

17 “(iii) ensure that any information provided to a
18 State under this subsection shall be used solely to
19 carry out the purposes of this subsection.

20 “(B) Except as deemed necessary to protect privacy
21 or prevent fraud or misuse of savings bond information,
22 any regulations or guidance prescribed by the Secretary
23 pursuant to subparagraph (A) shall not have the effect
24 of prohibiting, restricting, or otherwise preventing a State

1 from obtaining all information described in paragraph
2 (1)(A).

3 “(3) Not later than 12 months after the date of en-
4 actment of this subsection, and annually thereafter for
5 each year during the 5-year period beginning after the
6 date of enactment of this subsection, the Secretary shall
7 submit to the Committees on Appropriations of the House
8 of Representatives and the Senate, the Committee on
9 Ways and Means of the House of Representatives, and the
10 Committee on Finance of the Senate a report assessing
11 all efforts to satisfy the requirement under paragraph
12 (1)(A).

13 “(4) Any State that receives information described in
14 paragraph (1)(A) with respect to an applicable savings
15 bond may use such information to locate the owner of such
16 bond pursuant to the same standards and requirements
17 as are applicable under—

18 “(A) the abandoned property rules and regula-
19 tions of such State; and

20 “(B) any regulations or guidance promulgated
21 under this subsection.

22 “(5) For purposes of this subsection, the Secretary
23 may disclose to the public any information with respect
24 to any applicable savings bond which a State may disclose
25 to the public pursuant to paragraph (4).

1 “(6) For purposes of this subsection, the term ‘appli-
2 cable savings bond’ means a savings bond which—

3 “(A) is more than 3 years past its date of final
4 maturity;

5 “(B)(i) is in paper form; or

6 “(ii) is in paperless or electronic form and for
7 which—

8 “(I) there is no designated bank account
9 or routing information; or

10 “(II) the designated bank account or rout-
11 ing information is incorrect; and

12 “(C) has not been redeemed.”.

13 (b) EFFECTIVE DATE.—The amendment made by
14 this section shall take effect on the date of enactment of
15 this Act.

16 **SEC. 123. CERTAIN SECURITIES TREATED AS PUBLICLY**
17 **TRADED IN CASE OF EMPLOYEE STOCK OWN-**
18 **ERSHIP PLANS.**

19 (a) IN GENERAL.—Section 401(a)(35) is amended by
20 adding at the end the following new subparagraph:

21 “(I) ESOP RULES RELATING TO PUBLICLY
22 TRADED SECURITIES.—In the case of an appli-
23 cable defined contribution plan which is an em-
24 ployee stock ownership plan, an employer secu-

1 rity shall be treated as described in subpara-
2 graph (G)(v) if—

3 “(i) the security is the subject of
4 priced quotations by at least 4 dealers,
5 published and made continuously available
6 on an interdealer quotation system (as
7 such term is used in section 13 of the Se-
8 curities Exchange Act of 1934) which has
9 made the request described in section 6(j)
10 of such Act to be treated as an alternative
11 trading system,

12 “(ii) the security is not a penny stock
13 (as defined by section 3(a)(51) of such
14 Act),

15 “(iii) the security is issued by a cor-
16 poration which is not a shell company (as
17 such term is used in section 4(d)(6) of the
18 Securities Act of 1933), a blank check
19 company (as defined in section 7(b)(3) of
20 such Act), or subject to bankruptcy pro-
21 ceedings,

22 “(iv) the security has a public float
23 (as such term is used in section 240.12b-
24 2 of title 17, Code of Federal Regulations)
25 which has a fair market value of at least

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1 \$1,000,000 and constitutes at least 10 per-
2 cent of the total shares issued and out-
3 standing.

4 “(v) in the case of a security issued
5 by a domestic corporation, the issuer pub-
6 lishes, not less frequently than annually, fi-
7 nancial statements audited by an inde-
8 pendent auditor registered with the Public
9 Company Accounting Oversight Board es-
10 tablished under the Sarbanes-Oxley Act of
11 2002, and

12 “(vi) in the case of a security issued
13 by a foreign corporation, the security is
14 represented by a depositary share (as de-
15 fined under section 240.12b-2 of title 17,
16 Code of Federal Regulations), or is issued
17 by a foreign corporation incorporated in
18 Canada and readily tradeable on an estab-
19 lished securities market in Canada, and
20 the issuer—

21 “(I) is subject to, and in compli-
22 ance with, the reporting requirements
23 of section 13 or 15(d) of the Securi-
24 ties Exchange Act of 1934 (15 U.S.C.
25 78m or 78o(d)),

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1 “(II) is subject to, and in compli-
2 ance with, the reporting requirements
3 of section 230.257 of title 17, Code of
4 Federal Regulations, or

5 “(III) is exempt from such re-
6 quirements under section 240.12g3-
7 2(b) of title 17, Code of Federal Reg-
8 ulations.”.

9 (b) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to plan years beginning after De-
11 cember 31, 2027.

12 **SEC. 124. MODIFICATION OF AGE REQUIREMENT FOR**
13 **QUALIFIED ABLE PROGRAMS.**

14 (a) IN GENERAL.—Section 529A(e) is amended by
15 striking “age 26” each place it appears in paragraphs
16 (1)(A) and (2)(A)(i)(II) and inserting “age 46”.

17 (b) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to taxable years beginning after
19 December 31, 2025.

20 **SEC. 125. IMPROVING COVERAGE FOR PART-TIME WORK-**
21 **ERS.**

22 (a) IN GENERAL.—

23 (1) EMPLOYEE RETIREMENT INCOME SECURITY
24 ACT OF 1974.—Section 202 of the Employee Retirement
25 Income Security Act of 1974 (29 U.S.C. 1052)

1 is amended by adding at the end the following new
2 subsection:

3 “(c) SPECIAL RULE FOR CERTAIN PART-TIME EM-
4 PLOYEES.—

5 “(1) IN GENERAL.—A pension plan that in-
6 cludes either a qualified cash or deferred arrange-
7 ment (as defined in section 401(k) of the Internal
8 Revenue Code of 1986) or a salary reduction agree-
9 ment (as described in section 403(b) of such Code)
10 shall not require, as a condition of participation in
11 the arrangement or agreement, that an employee
12 complete a period of service with the employer (or
13 employers) maintaining the plan extending beyond
14 the close of the earlier of—

15 “(A) the period permitted under subsection
16 (a)(1) (determined without regard to subpara-
17 graph (B)(i) thereof); or

18 “(B) the first 24-month period—

19 “(i) consisting of 2 consecutive 12-
20 month periods during each of which the
21 employee has at least 500 hours of service;
22 and

23 “(ii) by the close of which the em-
24 ployee has met the requirement of sub-
25 section (a)(1)(A)(i).

1 “(2) EXCEPTION.—Paragraph (1)(B) shall not
2 apply to any employee described in section 410(b)(3)
3 of the Internal Revenue Code of 1986.

4 “(3) COORDINATION WITH TIME OF PARTICIPA-
5 TION RULES.—In the case of employees who are eli-
6 gible to participate in the arrangement or agreement
7 solely by reason of paragraph (1)(B), or by reason
8 of such paragraph and section 401(k)(2)(D)(ii) of
9 such Code, the rules of subsection (a)(4) shall apply
10 to such employees.

11 “(4) 12-MONTH PERIOD.—For purposes of this
12 subsection, 12-month periods shall be determined in
13 the same manner as under the last sentence of sub-
14 section (a)(3)(A), except that 12-month periods be-
15 ginning before January 1, 2023, shall not be taken
16 into account.”.

17 (2) INTERNAL REVENUE CODE OF 1986.—

18 (A) IN GENERAL.—Section 403(b)(12) is
19 amended by adding at the end the following
20 new subparagraph:

21 “(D) RULES RELATING TO CERTAIN PART-
22 TIME EMPLOYEES.—

23 “(i) IN GENERAL.—In the case of em-
24 ployees who are eligible to participate in
25 the agreement solely by reason of section

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1 202(c)(1)(B) of the Employee Retirement
2 Income Security Act of 1974—

3 “(I) notwithstanding section
4 401(a)(4), an employer shall not be
5 required to make nonelective or
6 matching contributions on behalf of
7 such employees even if such contribu-
8 tions are made on behalf of other em-
9 ployees eligible to participate in the
10 plan, and

11 “(II) the employer may elect to
12 exclude such employees from the ap-
13 plication of subsections (a)(4), (k)(3),
14 (k)(12), (k)(13), and (m)(2) of section
15 401 and section 410(b).”.

16 (B) CONFORMING AMENDMENT.—

17 (i) The last sentence of section
18 403(b)(12)(A), as amended by this Act, is
19 further amended by inserting “and section
20 202(c) of the Employee Retirement Income
21 Security Act of 1974” after “under section
22 410(b)(4)”.

23 (ii) Section 401(k)(15)(B)(i) is
24 amended by inserting “, or by reason of
25 such paragraph and section 202(c)(1)(B)

1 of the Employee Retirement Income Secu-
2 rity Act of 1974” after “paragraph
3 (2)(D)(ii)”.

4 (b) VESTING.—Section 203(b) of the Employee Re-
5 tirement Income Security Act of 1974 (29 U.S.C.
6 1053(b)) is amended by redesignating paragraph (4) as
7 paragraph (5) and by inserting after paragraph (3) the
8 following new paragraph:

9 “(4) PART-TIME EMPLOYEES.—For purposes of
10 determining whether an employee who became eligi-
11 ble to participate in a qualified cash or deferred ar-
12 rangement or a salary reduction agreement under a
13 plan solely by reason of section 202(c)(1)(B) has a
14 nonforfeitable right to employer contributions—

15 “(A) except as provided in subparagraph
16 (B), each 12-month period for which the em-
17 ployee has at least 500 hours of service shall be
18 treated as a year of service; and

19 “(B) paragraph (3) shall be applied by
20 substituting ‘at least 500 hours of service’ for
21 ‘more than 500 hours of service’ in subpara-
22 graph (A) thereof.

23 For purposes of this paragraph, 12-month periods
24 shall be determined in the same manner as under
25 the last sentence of section 202(a)(3)(A), except that

1 12-month periods beginning before January 1, 2023,
2 shall not be taken into account.”.

3 (c) REDUCTION IN PERIOD SERVICE REQUIREMENT
4 FOR QUALIFIED CASH AND DEFERRED ARRANGE-
5 MENTS.—Section 401(k)(2)(D)(ii) is amended by striking
6 “3” and inserting “2”.

7 (d) PRE-2021 SERVICE.—Section 112(b) of the Set-
8 ting Every Community Up for Retirement Enhancement
9 Act of 2019 (26 U.S.C. 401 note) is amended by striking
10 “section 401(k)(2)(D)(ii)” and inserting “paragraphs
11 (2)(D)(ii) and (15)(B)(iii) of section 401(k)”.

12 (e) COORDINATION WITH RULES FOR TOP-HEAVY
13 PLANS.—Subparagraph (H) of section 416(g)(4), as
14 amended by this Act, is further amended by inserting be-
15 fore “If, but” the following: “Such term shall not include
16 a plan solely because such plan does not provide nonelec-
17 tive or matching contributions to employees described in
18 section 401(k)(15)(B)(i).”.

19 (f) EFFECTIVE DATES.—

20 (1) IN GENERAL.—Except as provided in para-
21 graph (2), the amendments made by this section
22 shall apply to plan years beginning after December
23 31, 2024.

24 (2) SUBSECTION (d) AND (e).—The amend-
25 ments made by subsections (d) and (e) shall take ef-

1 fect as if included in the enactment of section 112
2 of the Setting Every Community Up for Retirement
3 Enhancement Act of 2019.

4 **SEC. 126. SPECIAL RULES FOR CERTAIN DISTRIBUTIONS**
5 **FROM LONG-TERM QUALIFIED TUITION PRO-**
6 **GRAMS TO ROTH IRAS.**

7 (a) IN GENERAL.—Paragraph (3) of section 529(c)
8 is amended by adding at the end the following new sub-
9 paragraph:

10 “(E) SPECIAL ROLLOVER TO ROTH IRAS
11 FROM LONG-TERM QUALIFIED TUITION PRO-
12 GRAMS.—

13 “(i) IN GENERAL.—In the case of a
14 distribution from a qualified tuition pro-
15 gram of a designated beneficiary which has
16 been maintained for the 15-year period
17 ending on the date of such distribution,
18 subparagraph (A) shall not apply to so
19 much the portion of such distribution
20 which—

21 “(I) does not exceed the aggre-
22 gate amount contributed to the pro-
23 gram (and earnings attributable
24 thereto) before the 5-year period end-

1 ing on the date of the distribution,
2 and

3 “**(II)** is paid in a direct trustee-
4 to-trustee transfer to a Roth IRA
5 maintained for the benefit of such
6 designated beneficiary.

7 “**(ii)** **LIMITATIONS.**—

8 “**(I)** **ANNUAL LIMITATION.**—
9 Clause (i) shall only apply to so much
10 of any distribution as does not exceed
11 the amount applicable to the des-
12 ignated beneficiary under section
13 408A(c)(2) for the taxable year (re-
14 duced by the amount of aggregate
15 contributions made during the taxable
16 year to all individual retirement plans
17 maintained for the benefit of the des-
18 ignated beneficiary).

19 “**(II)** **AGGREGATE LIMITATION.**—
20 This subparagraph shall not apply to
21 any distribution described in clause (i)
22 to the extent that the aggregate
23 amount of such distributions with re-
24 spect to the designated beneficiary for

1 such taxable year and all prior taxable
2 years exceeds \$35,000.”.

3 (b) TREATMENT UNDER ROTH IRA RULES.—

4 (1) IN GENERAL.—Paragraph (1) of section
5 408A(e) is amended—

6 (A) by striking the period at the end of
7 subparagraph (B) and inserting “, and”,

8 (B) by inserting after subparagraph (B)
9 the following new subparagraph:

10 “(C) from a qualified tuition program to
11 the extent provided in section 529(c)(3)(E).”,
12 and

13 (C) by adding at the end the following new
14 sentence: “The earnings and contributions of
15 any qualified tuition program from which a
16 qualified rollover contribution is made under
17 subparagraph (C) shall be treated in the same
18 manner as the earnings and contributions of a
19 Roth IRA from which a qualified rollover con-
20 tribution is made under subparagraph (A).”.

21 (2) APPLICATION OF CONTRIBUTION LIMITA-
22 TIONS.—

23 (A) IN GENERAL.—Section 408A(c)(5)(B)
24 is amended—

1 (i) by striking “A qualified rollover
2 contribution” and inserting the following:

3 “(i) IN GENERAL.—A qualified roll-
4 over contribution”, and

5 (ii) by adding at the end the fol-
6 lowing:

7 “(ii) EXCEPTION FOR ROLLOVERS
8 FROM QUALIFIED TUITION PROGRAMS.—
9 Clause (i) shall not apply to any qualified
10 rollover contribution described in sub-
11 section (e)(1)(C).”.

12 (B) WAIVER OF ROTH IRA INCOME LIMITA-
13 TION.—Section 408A(c)(3) is amended by add-
14 ing at the end the following new subparagraph:

15 “(E) SPECIAL RULE FOR CERTAIN TRANS-
16 FERS FROM QUALIFIED TUITION PROGRAMS.—
17 The amount determined under subparagraph
18 (A) shall be increased by the lesser of—

19 “(i) the amount of contributions de-
20 scribed in section 529(c)(3)(E) for the tax-
21 able year, or

22 “(ii) the amount of the reduction de-
23 termined under such subparagraph (deter-
24 mined without regard to this subpara-
25 graph).”.

1 (c) REPORTING.—Section 529(d) is amended—

2 (1) by striking “Each officer” and inserting the
3 following:

4 “(1) IN GENERAL.—Each officer”,

5 (2) by striking “by this subsection” and insert-
6 ing “by this paragraph”, and

7 (3) by adding at the end the following new
8 paragraph:

9 “(2) ROLLOVER DISTRIBUTIONS.—In the case
10 of any distribution described in subsection (c)(3)(E),
11 the officer or employee having control of the quali-
12 fied tuition program (or their designee) shall provide
13 a report to the trustee of the Roth IRA to which the
14 distribution is made. Such report shall be filed at
15 such time and in such manner as the Secretary may
16 require and shall include information with respect to
17 the contributions, distributions, and earnings of the
18 qualified tuition program as of the date of the dis-
19 tribution described in subsection (c)(3)(A), together
20 with such other matters as the Secretary may re-
21 quire.”.

22 (d) EFFECTIVE DATE.—The amendments made by
23 this section shall apply with respect to distributions after
24 December 31, 2023.

1 **SEC. 127. EMERGENCY SAVINGS ACCOUNTS LINKED TO IN-**
2 **DIVIDUAL ACCOUNT PLANS.**

3 (a) EMPLOYEE PENSION BENEFIT PLANS.—Section
4 3 of the Employee Retirement Income Security Act of
5 1974 (29 U.S.C. 1002) is amended by adding at the end
6 the following:

7 “(45) PENSION-LINKED EMERGENCY SAVINGS
8 ACCOUNT.—The term ‘pension-linked emergency sav-
9 ings account’ means a short-term savings account
10 established and maintained as part of an individual
11 account plan, in accordance with section 801, on be-
12 half of an eligible participant (as such term is de-
13 fined in section 801(b)) that—

14 “(A) is a designated Roth account (within
15 the meaning of section 402A of the Internal
16 Revenue Code of 1986) and accepts only partic-
17 ipant contributions, as described in section
18 801(d)(1)(A), which are designated Roth con-
19 tributions subject to the rules of section
20 402A(e) of such Code; and

21 “(B) meets the requirements of part 8 of
22 subtitle B.”.

23 (b) PENSION-LINKED EMERGENCY SAVINGS AC-
24 COUNTS.—

25 (1) IN GENERAL.—Subtitle B of title I of the
26 Employee Retirement Income Security Act of 1974

1 (29 U.S.C. 1021 et seq.) is amended by adding at
2 the end the following:

3 **“PART 8—PENSION-LINKED EMERGENCY**

4 **SAVINGS ACCOUNTS**

5 **“SEC. 801. PENSION-LINKED EMERGENCY SAVINGS AC-**
6 **COUNTS.**

7 “(a) IN GENERAL.—A plan sponsor of an individual
8 account plan may—

9 “(1) include in such individual account plan a
10 pension-linked emergency savings account meeting
11 the requirements of subsection (c); and

12 “(2)(A) offer to enroll an eligible participant in
13 such pension-linked emergency savings account; or

14 “(B) automatically enroll an eligible participant
15 in such account pursuant to an automatic contribu-
16 tion arrangement described in paragraph (2) of sub-
17 section (c).

18 “(b) ELIGIBLE PARTICIPANT.—

19 “(1) IN GENERAL.—For purposes of this part,
20 the term ‘eligible participant’, with regard to an in-
21 dividual account plan, means an individual who—

22 “(A) meets any age, service, and other eli-
23 gibility requirements of the plan; and

24 “(B) is not a highly compensated em-
25 ployee.

1 “(2) ELIGIBLE PARTICIPANT WHO BECOMES A
2 HIGHLY COMPENSATED EMPLOYEE.—Notwith-
3 standing paragraph (1)(B), an individual who is en-
4 rolled in a pension-linked emergency savings account
5 and thereafter becomes a highly compensated em-
6 ployee may not make further contributions to such
7 account, but retains the right to withdraw any ac-
8 count balance of such account in accordance with
9 subsection (c)(1)(A)(ii).

10 “(3) DEFINITION.—For purposes of this sub-
11 section, the term ‘highly compensated employee’ has
12 the meaning given the term in section 414(q) of the
13 Internal Revenue Code of 1986.

14 “(c) ACCOUNT REQUIREMENTS.—

15 “(1) IN GENERAL.—A pension-linked emer-
16 gency savings account—

17 “(A) shall—

18 “(i) not have a minimum contribution
19 or account balance requirement;

20 “(ii) allow for withdrawal by the par-
21 ticipant of the account balance, in whole or
22 in part at the discretion of the participant,
23 at least once per calendar month and for
24 distribution of such withdrawal to the par-
25 ticipant as soon as practicable from the

1 date on which the participant elects to
2 make such withdrawal; and

3 “(iii) be, as selected by the plan spon-
4 sor, held as cash, in an interest-bearing de-
5 posit account, or in an investment prod-
6 uct—

7 “(I) designed to—

8 “(aa) maintain over the
9 term of the investment, the dollar
10 value that is equal to the amount
11 invested in the product; and

12 “(bb) preserve principal and
13 provide a reasonable rate of re-
14 turn, whether or not such return
15 is guaranteed, consistent with the
16 need for liquidity; and

17 “(II) offered by a State- or feder-
18 ally-regulated financial institution;

19 “(B) may be subject to, as permitted by
20 the Secretary, reasonable restrictions; and

21 “(C)(i) may not, for not less than the first
22 4 withdrawals of funds from the account in a
23 plan year, be subject to any fees or charges
24 solely on the basis of such a withdrawal; and

1 “(ii) may, for any subsequent withdrawal
2 in a plan year, be subject to reasonable fees or
3 charges in connection with such a withdrawal,
4 including reasonable reimbursement fees im-
5 posed for the incidental costs of handling of
6 paper checks.

7 “(2) ESTABLISHMENT AND TERMINATION OF
8 ACCOUNT.—

9 “(A) ESTABLISHMENT OF ACCOUNT.—The
10 pension-linked emergency savings account fea-
11 ture shall be included in the plan document of
12 the individual account plan. Such individual ac-
13 count plan shall—

14 “(i) separately account for contribu-
15 tions to the pension-linked emergency sav-
16 ings account of the individual account plan
17 and any earnings properly allocable to the
18 contributions;

19 “(ii) maintain separate recordkeeping
20 with respect to each such pension-linked
21 emergency savings account; and

22 “(iii) allow withdrawals from such ac-
23 count in accordance with section
24 402A(e)(7) of the Internal Revenue Code
25 of 1986.

1 “(B) TERMINATION OF ACCOUNT.—A plan
2 sponsor may terminate the pension-linked emer-
3 gency savings account feature of an individual
4 account plan at any time.

5 “(d) ACCOUNT CONTRIBUTIONS.—

6 “(1) LIMITATION.—

7 “(A) IN GENERAL.—Subject to subpara-
8 graph (B), no contribution shall be accepted to
9 a pension-linked emergency savings account to
10 the extent such contribution would cause the
11 portion of the account balance attributable to
12 participant contributions to exceed the lesser
13 of—

14 “(i) \$2,500; or

15 “(ii) an amount determined by the
16 plan sponsor of the pension-linked emer-
17 gency savings account.

18 In the case of contributions made in taxable
19 years beginning after December 31, 2024, the
20 Secretary shall adjust the amount under clause
21 (i) at the same time and in the same manner
22 as the adjustment made by the Secretary of the
23 Treasury under section 415(d) of the Internal
24 Revenue Code of 1986, except that the base pe-
25 riod shall be the calendar quarter beginning

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1 July 1, 2023. Any increase under the preceding
2 sentence which is not a multiple of \$100 shall
3 be rounded to the next lowest multiple of \$100.

4 “(B) EXCESS CONTRIBUTIONS.—To the
5 extent any contribution to the pension-linked
6 emergency savings account of a participant for
7 a taxable year would exceed the limitation of
8 subparagraph (A)—

9 “(i) in the case of a participant with
10 another designated Roth account under the
11 individual account plan, such plan may
12 provide that—

13 “(I) the participant may elect to
14 increase the participant’s contribution
15 to such other account; and

16 “(II) in the absence of such a
17 participant election, the participant is
18 deemed to have elected to increase the
19 participant’s contributions to such
20 other account at the rate at which
21 contributions were being made to the
22 pension-linked emergency savings ac-
23 count; and

1 “(ii) in any other case, such plan shall
2 provide that such excess contributions will
3 not be accepted.

4 “(2) AUTOMATIC CONTRIBUTION ARRANGE-
5 MENT.—For purposes of this section—

6 “(A) IN GENERAL.—An automatic con-
7 tribution arrangement described in this para-
8 graph is an arrangement under which an eligi-
9 ble participant is treated as having elected to
10 have the plan sponsor make elective contribu-
11 tions to a pension-linked emergency savings ac-
12 count at a participant contribution rate that is
13 not more than 3 percent of the compensation of
14 the eligible participant, unless the eligible par-
15 ticipant, at any time (subject to such reasonable
16 advance notice as is required by the plan ad-
17 ministrator), affirmatively elects to—

18 “(i) make contributions at a different
19 rate or amount; or

20 “(ii) opt out of such contributions.

21 “(B) PARTICIPANT CONTRIBUTION
22 RATE.—For purposes of an automatic contribu-
23 tion arrangement described in subparagraph
24 (A), the plan sponsor—

1 “(i) shall select a participant contribu-
2 tion rate under such automatic contribu-
3 tion arrangement that meets the require-
4 ments of subparagraph (A); and

5 “(ii) may amend (prior to the plan
6 year in which an amendment would take
7 effect) such rate not more than once annu-
8 ally.

9 “(3) DISCLOSURE BY PLAN ADMINISTRATOR OF
10 CONTRIBUTIONS.—

11 “(A) IN GENERAL.—With respect to an in-
12 dividual account plan with a pension-linked
13 emergency savings account feature, the admin-
14 istrator of the plan shall, not less than 30 days
15 and not more than 90 days prior to date of the
16 first contribution to the pension-linked emer-
17 gency savings account, including any contribu-
18 tion under an automatic contribution arrange-
19 ment described in subsection (d)(2), or the date
20 of any adjustment to the participant contribu-
21 tion rate under subsection (d)(2)(B)(ii), and
22 not less than annually thereafter, shall furnish
23 to the participant a notice describing—

24 “(i) the purpose of the account, which
25 is for short-term, emergency savings;

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1 “(ii) the limits on, and tax treatment
2 of, contributions to the pension-linked
3 emergency savings account of the partici-
4 pant;

5 “(iii) any fees, expenses, restrictions,
6 or charges associated with such pension-
7 linked emergency savings account;

8 “(iv) procedures for electing to make
9 contributions to or opting out of the pen-
10 sion-linked emergency savings account, for
11 changing participant contribution rates for
12 such pension-linked emergency savings ac-
13 count, and for making participant with-
14 drawals from such pension-linked emer-
15 gency savings account, including any limits
16 on frequency;

17 “(v) as applicable, the amount of the
18 intended contribution to such pension-
19 linked emergency savings account or the
20 change in the percentage of the compensa-
21 tion of the participant of such contribu-
22 tion;

23 “(vi) the amount in the emergency
24 savings account and the amount or per-
25 centage of compensation that a participant

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1 has contributed to the pension-linked emer-
2 gency savings account;

3 “(vii) the designated investment op-
4 tion under subsection (c)(1)(A)(iii) for
5 amounts contributed to the pension-linked
6 emergency savings account;

7 “(viii) the options under subsection
8 (e) for the account balance of the pension-
9 linked emergency savings account after ter-
10 mination of the employment of the partici-
11 pant or termination by the plan sponsor of
12 the pension-linked emergency savings ac-
13 count; and

14 “(ix) the ability of a participant who
15 becomes a highly compensated employee
16 (as such term is defined in paragraph (3)
17 of subsection (b)) to, as described in para-
18 graph (2) of such subsection, withdraw any
19 account balance from a pension-linked
20 emergency savings account and the restric-
21 tion on the ability of such a participant to
22 make further contributions to the pension-
23 linked emergency savings account.

1 “(B) NOTICE REQUIREMENTS.—A notice
2 furnished to a participant under subparagraph
3 (A) shall be—

4 “(i) sufficiently accurate and com-
5 prehensive to apprise the participant of the
6 rights and obligations of the participant
7 with regard to the pension-linked emer-
8 gency savings account of the participant;
9 and

10 “(ii) written in a manner calculated to
11 be understood by the average participant.

12 “(C) CONSOLIDATED NOTICES.—The re-
13 quired notices under subparagraph (A) may be
14 included with any other notice under this Act,
15 including under section 404(c)(5)(B) or
16 514(e)(3), or under section 401(k)(13)(E) or
17 414(w)(4) of the Internal Revenue Code of
18 1986, if such other notice is provided to the
19 participant at the time required for such notice.

20 “(4) EMPLOYER MATCHING CONTRIBUTIONS TO
21 AN INDIVIDUAL ACCOUNT PLAN FOR EMPLOYEE
22 CONTRIBUTIONS TO A PENSION-LINKED EMERGENCY
23 SAVINGS ACCOUNT.—

24 “(A) IN GENERAL.—If an employer makes
25 any matching contributions to an individual ac-

1 count plan of which a pension-linked emergency
2 savings account is part, subject to the limita-
3 tions of paragraph (1)(A), the employer shall
4 make matching contributions on behalf of a
5 participant on account of the contributions by
6 the participant to the pension-linked emergency
7 savings account at the same rate as any other
8 matching contribution on account of an elective
9 contribution by such participant. The matching
10 contributions shall be made to the participant's
11 account under the individual account plan that
12 is not the pension-linked emergency savings ac-
13 count. Such matching contributions on account
14 of contributions under paragraph (1)(A) shall
15 not exceed the maximum account balance under
16 paragraph (1)(A) for such plan year.

17 “(B) COORDINATION RULE.—For purposes
18 of any applicable limitation on matching con-
19 tributions, any matching contributions made
20 under the plan shall be treated first as attrib-
21 utable to the elective deferrals of the partici-
22 pant other than contributions to a pension-
23 linked emergency savings account.

24 “(C) MATCHING CONTRIBUTIONS.—For
25 purposes of subparagraph (A), the term ‘match-

1 ing contribution’ has the meaning given such
2 term in section 401(m)(4) of the Internal Rev-
3 enue Code of 1986.

4 “(e) ACCOUNT BALANCE AFTER TERMINATION.—

5 Upon termination of employment of the participant, or
6 termination by the plan sponsor of the pension-linked
7 emergency savings account, the pension-linked emergency
8 savings account of such participant in an individual ac-
9 count plan shall—

10 “(1) allow, at the election of the participant, for
11 transfer by the participant of the account balance of
12 such account, in whole or in part, into another des-
13 ignated Roth account of the participant under the
14 individual account plan; and

15 “(2) for any amounts in such account not
16 transferred under paragraph (1), make such
17 amounts available within a reasonable time to the
18 participant.

19 “(f) ANTI-ABUSE RULES.—

20 “(1) IN GENERAL.—A plan of which a pension-
21 linked emergency savings account is part—

22 “(A) may employ reasonable procedures to
23 limit the frequency or amount of matching con-
24 tributions with respect to contributions to such
25 account, solely to the extent necessary to pre-

1 vent manipulation of the rules of the plan to
2 cause matching contributions to exceed the in-
3 tended amounts or frequency; and

4 “(B) shall not be required to suspend
5 matching contributions following any partici-
6 pant withdrawal of contributions, including
7 elective deferrals and employee contributions,
8 whether or not matched and whether or not
9 made pursuant to an automatic contribution ar-
10 rangement described in section 402A(e)(4) of
11 the Internal Revenue Code of 1986.

12 “(2) REGULATIONS OR OTHER GUIDANCE.—
13 The Secretary of the Treasury, in consultation with
14 the Secretary of Labor, shall issue regulations or
15 other guidance not later than 12 months after the
16 date of the enactment of the SECURE 2.0 Act of
17 2022 with respect to the anti-abuse rules described
18 in paragraph (1).

19 **“SEC. 802. PREEMPTION OF STATE ANTI-GARNISHMENT**
20 **LAWS.**

21 “Notwithstanding any other provision of law, this
22 part shall supersede any law of a State which would di-
23 rectly or indirectly prohibit or restrict the use of an auto-
24 matic contribution arrangement, described in section
25 801(d)(2), for a pension-linked emergency savings ac-

1 count. The Secretary may promulgate regulations to es-
2 tablish minimum standards that such an arrangement
3 would be required to satisfy in order for this subsection
4 to apply with respect to such an account.

5 **“SEC. 803. REPORTING AND DISCLOSURE REQUIREMENTS.**

6 “The Secretary shall—

7 “(1) prescribe such regulations as may be nec-
8 essary to address reporting and disclosure require-
9 ments for pension-linked emergency savings ac-
10 counts; and

11 “(2) seek to prevent unnecessary reporting and
12 disclosure for such accounts under this Act, includ-
13 ing for purposes of any reporting or disclosure re-
14 lated to pension plans required by this title or under
15 the Internal Revenue Code of 1986.

16 **“SEC. 804. REPORT TO CONGRESS ON EMERGENCY SAVINGS**
17 **ACCOUNTS.**

18 “The Secretary of Labor and the Secretary of the
19 Treasury shall—

20 “(1) conduct a study on the use of emergency
21 savings from individual account plan accounts, in-
22 cluding emergency savings from a pension-linked
23 emergency savings account regarding—

24 “(A) whether the amount of the dollar lim-
25 itation under section 801(d)(1)(A) is sufficient;

1 “(B) whether the limitation on the con-
2 tribution rate under section 801(d)(2)(A) is ap-
3 propriate; and

4 “(C) the extent to which plan sponsors
5 offer such accounts and participants participate
6 in such accounts and the resulting impact on
7 participant retirement savings, including the
8 impact on retirement savings leakage and the
9 effect of such accounts on retirement plan par-
10 ticipation by low- and moderate-income house-
11 holds; and

12 “(2) not later than 7 years after the date of en-
13 actment of the SECURE 2.0 Act of 2022, submit to
14 Congress a report on the findings of the study under
15 paragraph (1).”.

16 (2) CLERICAL AMENDMENT.—The table of con-
17 tents in section 1 of the Employee Retirement In-
18 come Security Act of 1974 (29 U.S.C. 1001 note) is
19 amended by inserting after the item relating to sec-
20 tion 734 the following new items:

“PART 8. PENSION-LINKED EMERGENCY SAVINGS ACCOUNTS

“801. Pension-linked emergency savings accounts.

“802. Preemption of State anti-garnishment laws.

“803. Reporting and disclosure requirements.

“804. Report to Congress on emergency savings accounts.”.

21 (c) REPORTING FOR A PENSION-LINKED EMERGENCY
22 SAVINGS ACCOUNT.—

1 (1) ALTERNATIVE METHODS OF COMPLI-
2 ANCE.—Section 110(a) of the Employee Retirement
3 Income Security Act of 1974 (29 U.S.C. 1030(a)) is
4 amended by inserting “(including pension-linked
5 emergency savings account features within a pension
6 plan)” after “class of pension plans”.

7 (2) MINIMIZED REPORTING BURDEN FOR PEN-
8 SION-LINKED EMERGENCY SAVINGS ACCOUNTS.—
9 Section 101 of such Act (29 U.S.C. 1021) is amend-
10 ed—

11 (A) by redesignating subsection (n) as sub-
12 section (o); and

13 (B) by inserting after subsection (m) the
14 following:

15 “(n) PENSION-LINKED EMERGENCY SAVINGS AC-
16 COUNTS.—Nothing in this section shall preclude the Sec-
17 retary from providing, by regulations or otherwise, sim-
18 plified reporting procedures or requirements regarding
19 such a pension-linked emergency savings account.”.

20 (d) FIDUCIARY DUTY.—Section 404(c) of the Em-
21 ployee Retirement Income Security Act of 1974 (29
22 U.S.C. 1104(c)) is amended by adding at the end the fol-
23 lowing:

24 “(6) DEFAULT INVESTMENT ARRANGEMENTS
25 FOR A PENSION-LINKED EMERGENCY SAVINGS AC-

1 COUNT.—For purposes of paragraph (1), a partici-
2 pant in a pension-linked emergency savings account
3 shall be treated as exercising control over the assets
4 in the account with respect to the amount of con-
5 tributions and earnings which are invested in accord-
6 ance with section 801(c)(1)(A)(iii).”.

7 (e) TAX TREATMENT OF PENSION-LINKED EMER-
8 GENCY SAVINGS ACCOUNTS.—

9 (1) IN GENERAL.—Section 402A is amended by
10 redesignating subsection (e) as subsection (f) and by
11 inserting after subsection (d) the following new sub-
12 section:

13 “(e) PENSION-LINKED EMERGENCY SAVINGS AC-
14 COUNTS.—

15 “(1) IN GENERAL.—An applicable retirement
16 plan—

17 “(A) may—

18 “(i) include a pension-linked emer-
19 gency savings account established pursuant
20 to section 801 of the Employee Retirement
21 Income Security Act of 1974, which, ex-
22 cept as otherwise provided in this sub-
23 section, shall be treated for purposes of
24 this title as a designated Roth account,
25 and

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1 “(ii) either—

2 “(I) offer to enroll an eligible
3 participant in such pension-linked
4 emergency savings account, or

5 “(II) automatically enroll an eli-
6 gible participant in such account pur-
7 suant to an automatic contribution ar-
8 rangement described in paragraph
9 (4), and

10 “(B) shall—

11 “(i) separately account for contribu-
12 tions to such account and any earnings
13 properly allocable to the contributions,

14 “(ii) maintain separate recordkeeping
15 with respect to each such account, and

16 “(iii) allow withdrawals from such ac-
17 count in accordance with paragraph (7).

18 “(2) ELIGIBLE PARTICIPANT.—

19 “(A) IN GENERAL.—For purposes of this
20 subsection, the term ‘eligible participant’, with
21 regard to a defined contribution plan, means an
22 individual, without regard to whether the indi-
23 vidual is otherwise a participant in such plan,
24 who—

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1 “(i) meets any age, service, and other
2 eligibility requirements of the plan, and

3 “(ii) is not a highly compensated em-
4 ployee (as defined in section 414(q)).

5 “(B) ELIGIBLE PARTICIPANT WHO BE-
6 COMES A HIGHLY COMPENSATED EMPLOYEE.—
7 Notwithstanding subparagraph (A)(ii), an indi-
8 vidual on whose behalf a pension-linked emer-
9 gency savings account is established who there-
10 after becomes a highly compensated employee
11 (as so defined) may not make further contribu-
12 tions to such account, but retains the right to
13 withdraw any account balance of such account
14 in accordance with paragraphs (7) and (8).

15 “(3) CONTRIBUTION LIMITATION.—

16 “(A) IN GENERAL.—Subject to subpara-
17 graph (B), no contribution shall be accepted to
18 a pension-linked emergency savings account to
19 the extent such contribution would cause the
20 portion of the account balance attributable to
21 participant contributions to exceed the lesser
22 of—

23 “(i) \$2,500; or

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1 “(ii) an amount determined by the
2 plan sponsor of the pension-linked emer-
3 gency savings account.

4 In the case of contributions made in taxable
5 years beginning after December 31, 2024, the
6 Secretary shall adjust the amount under clause
7 (i) at the same time and in the same manner
8 as the adjustment made under section 415(d),
9 except that the base period shall be the cal-
10 endar quarter beginning July 1, 2023. Any in-
11 crease under the preceding sentence which is
12 not a multiple of \$100 shall be rounded to the
13 next lowest multiple of \$100.

14 “(B) EXCESS CONTRIBUTIONS.—To the
15 extent any contribution to the pension-linked
16 emergency savings account of a participant for
17 a taxable year would exceed the limitation of
18 subparagraph (A)—

19 “(i) in the case of an eligible partici-
20 pant with another designated Roth account
21 under the defined contribution plan, the
22 plan may provide that—

23 “(I) the participant may elect to
24 increase the participant’s contribution
25 to such other account, and

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1 “(II) in the absence of such a
2 participant election, the participant is
3 deemed to have elected to increase the
4 participant’s contributions to such ac-
5 count at the rate at which contribu-
6 tions were being made to the pension-
7 linked emergency savings account, and
8 “(ii) in any other case, such plan shall
9 provide that such excess contributions will
10 not be accepted.

11 “(4) AUTOMATIC CONTRIBUTION ARRANGE-
12 MENT.—For purposes of this section—

13 “(A) IN GENERAL.—An automatic con-
14 tribution arrangement described in this para-
15 graph is an arrangement under which an eligi-
16 ble participant is treated as having elected to
17 have the plan sponsor make elective contribu-
18 tions to a pension-linked emergency savings ac-
19 count at a participant contribution rate that is
20 not more than 3 percent of the compensation of
21 the eligible participant, unless the eligible par-
22 ticipant, at any time (subject to such reasonable
23 advance notice as is required by the plan ad-
24 ministrator), affirmatively elects to—

1 “(i) make contributions at a different
2 rate, or

3 “(ii) opt out of such contributions.

4 “(B) PARTICIPANT CONTRIBUTION
5 RATE.—For purposes of an automatic contribu-
6 tion arrangement described in subparagraph
7 (A), the plan sponsor—

8 “(i) shall select a participant contribu-
9 tion rate under such automatic contribu-
10 tion arrangement which meets the require-
11 ments of subparagraph (A), and

12 “(ii) may amend such rate (prior to
13 the plan year for which such amendment
14 would take effect) not more than once an-
15 nually.

16 “(5) DISCLOSURE BY PLAN SPONSOR.—

17 “(A) IN GENERAL.—With respect to a de-
18 fined contribution plan which includes a pen-
19 sion-linked emergency savings account, the ad-
20 ministrator of the plan shall, not less than 30
21 days and not more than 90 days prior to the
22 date of the first contribution to the pension-
23 linked emergency savings account, including
24 any contribution under an automatic contribu-
25 tion arrangement described in section 801(d)(2)

1 of the Employee Retirement Income Security
2 Act of 1974, or the date of any adjustment to
3 the participant contribution rate under section
4 801(d)(2)(B)(ii) of such Act, and not less than
5 annually thereafter, shall furnish to the partici-
6 pant a notice describing—

7 “(i) the purpose of the account, which
8 is for short-term, emergency savings;

9 “(ii) the limits on, and tax treatment
10 of, contributions to the pension-linked
11 emergency savings account of the partici-
12 pant;

13 “(iii) any fees, expenses, restrictions,
14 or charges associated with such pension-
15 linked emergency savings account;

16 “(iv) procedures for electing to make
17 contributions or opting out of the pension-
18 linked emergency savings account, chang-
19 ing participant contribution rates for such
20 account, and making participant with-
21 drawals from such pension-linked emer-
22 gency savings account, including any limits
23 on frequency;

24 “(v) the amount of the intended con-
25 tribution or the change in the percentage

1 of the compensation of the participant of
2 such contribution, if applicable;

3 “(vi) the amount in the pension-linked
4 emergency savings account and the amount
5 or percentage of compensation that a par-
6 ticipant has contributed to such account;

7 “(vii) the designated investment op-
8 tion under section 801(c)(1)(A)(iii) of the
9 Employee Retirement Income Security Act
10 of 1974 for amounts contributed to the
11 pension-linked emergency savings account;

12 “(viii) the options under section
13 801(e) of such Act for the account balance
14 of the pension-linked emergency savings
15 account after termination of the employ-
16 ment of the participant; and

17 “(ix) the ability of a participant who
18 becomes a highly compensated employee
19 (as such term is defined in section 414(q))
20 to, as described in section 801(b)(2) of the
21 Employee Retirement Income Security Act
22 of 1974, withdraw any account balance
23 from a pension-linked emergency savings
24 account and the restriction on the ability
25 of such a participant to make further con-

1 tributions to the pension-linked emergency
2 savings account.

3 “(B) NOTICE REQUIREMENTS.—A notice
4 furnished to a participant under subparagraph
5 (A) shall be—

6 “(i) sufficiently accurate and com-
7 prehensive to apprise the participant of the
8 rights and obligations of the participant
9 with regard to the pension-linked emer-
10 gency savings account of the participant;
11 and

12 “(ii) written in a manner calculated to
13 be understood by the average participant.

14 “(C) CONSOLIDATED NOTICES.—The re-
15 quired notices under subparagraph (A) may be
16 included with any other notice under the Em-
17 ployee Retirement Income Security Act of 1974,
18 including under section 404(c)(5)(B) or
19 514(e)(3) of such Act, or under section
20 401(k)(13)(E) or 414(w)(4), if such other no-
21 tice is provided to the participant at the time
22 required for such notice.

23 “(6) EMPLOYER MATCHING CONTRIBUTIONS TO
24 A DEFINED CONTRIBUTION PLAN FOR EMPLOYEE

1 CONTRIBUTIONS TO A PENSION-LINKED EMERGENCY
2 SAVINGS ACCOUNT.—

3 “(A) IN GENERAL.—If an employer makes
4 any matching contributions to a defined con-
5 tribution plan of which a pension-linked emer-
6 gency savings account is part, subject to the
7 limitations of paragraph (3), the employer shall
8 make matching contributions on behalf of an el-
9 igible participant on account of the partici-
10 pant’s contributions to the pension-linked emer-
11 gency savings account at the same rate as any
12 other matching contribution on account of an
13 elective contribution by such participant. The
14 matching contributions shall be made to the
15 participant’s account under the defined con-
16 tribution plan which is not the pension-linked
17 emergency savings account. Such matching con-
18 tributions on account of contributions to the
19 pension-linked emergency savings account shall
20 not exceed the maximum account balance under
21 paragraph (3)(A) for such plan year.

22 “(B) COORDINATION RULE.—For purposes
23 of any applicable limitation on matching con-
24 tributions, any matching contributions made
25 under the plan shall be treated first as attrib-

1 utable to the elective deferrals of the partici-
2 pant other than contributions to a pension-
3 linked emergency savings account.

4 “(C) MATCHING CONTRIBUTIONS.—For
5 purposes of subparagraph (A), the term ‘match-
6 ing contribution’ has the meaning given such
7 term in section 401(m)(4).

8 “(7) DISTRIBUTIONS.—

9 “(A) IN GENERAL.—A pension-linked
10 emergency savings account shall allow for with-
11 drawal by the participant on whose behalf the
12 account is established of the account balance, in
13 whole or in part at the discretion of the partici-
14 pant, at least once per calendar month and for
15 distribution of such withdrawal to the partici-
16 pant as soon as practicable after the date on
17 which the participant elects to make such with-
18 drawal.

19 “(B) TREATMENT OF DISTRIBUTIONS.—
20 Any distribution from a pension-linked emer-
21 gency savings account in accordance with sub-
22 paragraph (A)—

23 “(i) shall be treated as a qualified dis-
24 tribution for purposes of subsection (d),
25 and

1 “(ii) shall be treated as meeting the
2 requirements of sections 401(k)(2)(B)(i),
3 403(b)(7)(A)(i), 403(b)(11), and
4 457(d)(1)(A).

5 “(8) ACCOUNT BALANCE AFTER TERMI-
6 NATION.—

7 “(A) IN GENERAL.—Upon termination of
8 employment of the participant, or termination
9 by the plan sponsor of the pension-linked emer-
10 gency savings account, the pension-linked emer-
11 gency savings account of such participant in a
12 defined contribution plan shall—

13 “(i) allow, at the election of the par-
14 ticipant, for transfer by the participant of
15 the account balance of such account, in
16 whole or in part, into another designated
17 Roth account of the participant under the
18 defined contribution plan; and

19 “(ii) for any amounts in such account
20 not transferred under paragraph (1), make
21 such amounts available within a reasonable
22 time to the participant.

23 “(B) PROHIBITION OF CERTAIN TRANS-
24 FERS.—No amounts shall be transferred by the
25 participant from another account of the partici-

1 pant under any plan of the employer into the
2 pension-linked emergency savings account of
3 the participant.

4 “(C) COORDINATION WITH SECTION 72.—
5 Subparagraph (F) of section 408A(d)(3) shall
6 not apply (including by reason of subsection
7 (c)(4)(D) of this section) to any rollover con-
8 tribution of amounts in a pension-linked emer-
9 gency savings account under subparagraph (A).

10 “(9) COORDINATION WITH DISTRIBUTION OF
11 EXCESS DEFERRALS.—If any excess deferrals are
12 distributed under section 402(g)(2)(A) to a partici-
13 pant, such amounts shall be distributed first from
14 any pension-linked emergency savings account of the
15 participant to the extent contributions were made to
16 such account for the taxable year.

17 “(10) TREATMENT OF ACCOUNT BALANCES.—

18 “(A) IN GENERAL.—Except as provided in
19 subparagraph (B), a distribution from a pen-
20 sion-linked emergency savings account shall not
21 be treated as an eligible rollover distribution for
22 purposes of sections 401(a)(31), 402(f), and
23 3405.

24 “(B) TERMINATION.—In the case of termi-
25 nation of employment of the participant, or ter-

1 mination by the plan sponsor of the pension-
2 linked emergency savings account, except for
3 purposes of 401(a)(31)(B), a distribution from
4 a pension-linked emergency savings account
5 which is contributed as provided in paragraph
6 (8)(A)(i) shall be treated as an eligible rollover
7 distribution.

8 “(11) EXCEPTION TO PLAN AMENDMENT
9 RULES.—Notwithstanding section 411(d)(6), a plan
10 which includes a pension-linked emergency savings
11 account may cease to offer such accounts at any
12 time.

13 “(12) ANTI-ABUSE RULES.—A plan of which a
14 pension-linked emergency savings account is part—

15 “(A) may employ reasonable procedures to
16 limit the frequency or amount of matching con-
17 tributions with respect to contributions to such
18 account, solely to the extent necessary to pre-
19 vent manipulation of the rules of the plan to
20 cause matching contributions to exceed the in-
21 tended amounts or frequency, and

22 “(B) shall not be required to suspend
23 matching contributions following any partici-
24 pant withdrawal of contributions, including
25 elective deferrals and employee contributions,

1 whether or not matched and whether or not
2 made pursuant to an automatic contribution ar-
3 rangement described in paragraph (4).

4 The Secretary, in consultation with the Secretary of
5 Labor, shall issue regulations or other guidance not
6 later than 12 months after the date of the enact-
7 ment of the SECURE 2.0 Act of 2022 with respect
8 to the anti-abuse rules described in the preceding
9 sentence.”.

10 (2) TREATMENT FOR PURPOSES OF ADDI-
11 TIONAL TAX ON EARLY DISTRIBUTIONS.—Section
12 72(t)(2), as amended by the preceding provisions of
13 this Act, is further amended by adding at the end
14 the following new subparagraph:

15 “(J) DISTRIBUTIONS FROM PENSION-
16 LINKED EMERGENCY SAVINGS ACCOUNT.—Dis-
17 tributions from a pension-linked emergency sav-
18 ings account pursuant to section 402A(e).”.

19 (3) BASIS RECOVERY.—Section 72(d) is amend-
20 ed by adding at the end the following new para-
21 graph:

22 “(3) TREATMENT OF CONTRIBUTIONS TO A
23 PENSION-LINKED EMERGENCY SAVINGS ACCOUNT.—
24 For purposes of this section, contributions to a pen-
25 sion-linked emergency savings account to which sec-

1 tion 402A(e) applies (and any income allocable
2 thereto) may be treated as a separate contract.”.

3 (f) REGULATORY AUTHORITY.—The Secretary of
4 Labor and the Secretary of the Treasury (or a delegate
5 of either such Secretary) shall have authority to issue reg-
6 ulations or other guidance, and to coordinate in developing
7 regulations or other guidance, to carry out the purposes
8 of this Act, including—

9 (1) adjustment of the limitation under section
10 801(d)(1) of the Employee Retirement Income Secu-
11 rity Act of 1974 and section 402A(e)(3) of the In-
12 ternal Revenue Code of 1986, as added by this Act,
13 to account for inflation;

14 (2) expansion of corrections programs, if nec-
15 essary;

16 (3) model plan language and notices relating to
17 pension-linked emergency savings accounts; and

18 (4) with regard to interactions with section
19 401(k)(13) of the Internal Revenue Code of 1986.

20 (g) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to plan years beginning after De-
22 cember 31, 2023.

23 **SEC. 128. ENHANCEMENT OF 403(b) PLANS.**

24 (a) IN GENERAL.—Subparagraph (A) of section
25 403(b)(7) is amended by striking “if the amounts are to

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1 be invested in regulated investment company stock to be
2 held in that custodial account” and inserting “if the
3 amounts are to be held in that custodial account and are
4 invested in regulated investment company stock or a group
5 trust intended to satisfy the requirements of Internal Rev-
6 enue Service Revenue Ruling 81–100 (or any successor
7 guidance)”.

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

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to amounts invested after the date
13 of the enactment of this Act.

14 **TITLE II—PRESERVATION OF** 15 **INCOME**

16 **SEC. 201. REMOVE REQUIRED MINIMUM DISTRIBUTION** 17 **BARRIERS FOR LIFE ANNUITIES.**

18 (a) IN GENERAL.—Section 401(a)(9) is amended by
19 adding at the end the following new subparagraph:

20 “(J) CERTAIN INCREASES IN PAYMENTS
21 UNDER A COMMERCIAL ANNUITY.—Nothing in
22 this section shall prohibit a commercial annuity
23 (within the meaning of section 3405(e)(6)) that
24 is issued in connection with any eligible retire-
25 ment plan (within the meaning of section

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1 402(c)(8)(B), other than a defined benefit plan)
2 from providing one or more of the following
3 types of payments on or after the annuity start-
4 ing date:

5 “(i) annuity payments that increase
6 by a constant percentage, applied not less
7 frequently than annually, at a rate that is
8 less than 5 percent per year,

9 “(ii) a lump sum payment that—

10 “(I) results in a shortening of the
11 payment period with respect to an an-
12 nuity or a full or partial commutation
13 of the future annuity payments, pro-
14 vided that such lump sum is deter-
15 mined using reasonable actuarial
16 methods and assumptions, as deter-
17 mined in good faith by the issuer of
18 the contract, or

19 “(II) accelerates the receipt of
20 annuity payments that are scheduled
21 to be received within the ensuing 12
22 months, regardless of whether such
23 acceleration shortens the payment pe-
24 riod with respect to the annuity, re-
25 duces the dollar amount of benefits to

1 be paid under the contract, or results
2 in a suspension of annuity payments
3 during the period being accelerated,

4 “(iii) an amount which is in the na-
5 ture of a dividend or similar distribution,
6 provided that the issuer of the contract de-
7 termines such amount using reasonable ac-
8 tuarial methods and assumptions, as deter-
9 mined in good faith by the issuer of the
10 contract, when calculating the initial annu-
11 ity payments and the issuer’s experience
12 with respect to those factors, or

13 “(iv) a final payment upon death that
14 does not exceed the excess of the total
15 amount of the consideration paid for the
16 annuity payments, less the aggregate
17 amount of prior distributions or payments
18 from or under the contract.”.

19 (b) EFFECTIVE DATE.—This section shall apply to
20 calendar years ending after the date of the enactment of
21 this Act.

22 **SEC. 202. QUALIFYING LONGEVITY ANNUITY CONTRACTS.**

23 (a) IN GENERAL.—Not later than the date which is
24 18 months after the date of the enactment of this Act,
25 the Secretary of the Treasury (or the Secretary’s delegate)

1 shall amend the regulation issued by the Department of
2 the Treasury relating to “Longevity Annuity Contracts”
3 (79 Fed. Reg. 37633 (July 2, 2014)), as follows:

4 (1) REPEAL 25-PERCENT PREMIUM LIMIT.—The
5 Secretary (or delegate) shall amend Q&A–17(b)(3)
6 of Treas. Reg. section 1.401(a)(9)–6 and Q&A–
7 12(b)(3) of Treas. Reg. section 1.408–8 to eliminate
8 the requirement that premiums for qualifying lon-
9 gevity annuity contracts be limited to 25 percent of
10 an individual’s account balance, and to make such
11 corresponding changes to the regulations and related
12 forms as are necessary to reflect the elimination of
13 this requirement.

14 (2) INCREASE DOLLAR LIMITATION.—

15 (A) IN GENERAL.—The Secretary (or dele-
16 gate) shall amend Q&A–17(b)(2)(i) of Treas.
17 Reg. section 1.401(a)(9)–6 and Q&A–
18 12(b)(2)(i) of Treas. Reg. section 1.408–8 to
19 increase the dollar limitation on premiums for
20 qualifying longevity annuity contracts from
21 \$125,000 to \$200,000, and to make such cor-
22 responding changes to the regulations and re-
23 lated forms as are necessary to reflect this in-
24 crease in the dollar limitation.

1 (B) ADJUSTMENTS FOR INFLATION.—The
2 Secretary (or delegate) shall amend Q&A–
3 17(d)(2)(i) of Treas. Reg. section 1.401(a)(9)–
4 6 to provide that, in the case of calendar years
5 beginning on or after January 1 of the second
6 year following the year of enactment of this
7 Act, the \$200,000 dollar limitation (as in-
8 creased by subparagraph (A)) will be adjusted
9 at the same time and in the same manner as
10 the limits are adjusted under section 415(d) of
11 the Internal Revenue Code of 1986, except that
12 the base period shall be the calendar quarter
13 beginning July 1 of the year of enactment of
14 this Act, and any increase to such dollar limita-
15 tion which is not a multiple of \$10,000 will be
16 rounded to the next lowest multiple of \$10,000.

17 (3) FACILITATE JOINT AND SURVIVOR BENE-
18 FITS.—The Secretary (or delegate) shall amend
19 Q&A–17(c) of Treas. Reg. section 1.401(a)(9)–6,
20 and make such corresponding changes to the regula-
21 tions and related forms as are necessary, to provide
22 that, in the case of a qualifying longevity annuity
23 contract which was purchased with joint and sur-
24 vivor annuity benefits for the individual and the in-
25 dividual’s spouse which were permissible under the

1 regulations at the time the contract was originally
2 purchased, a divorce occurring after the original
3 purchase and before the annuity payments com-
4 mence under the contract will not affect the permis-
5 sibility of the joint and survivor annuity benefits or
6 other benefits under the contract, or require any ad-
7 justment to the amount or duration of benefits pay-
8 able under the contract, provided that any qualified
9 domestic relations order (within the meaning of sec-
10 tion 414(p) of the Internal Revenue Code of 1986)
11 or, in the case of an arrangement not subject to sec-
12 tion 414(p) of such Code or section 206(d) of the
13 Employee Retirement Income Security Act of 1974,
14 any divorce or separation instrument (as defined in
15 subsection (b))—

16 (A) provides that the former spouse is en-
17 titled to the survivor benefits under the con-
18 tract;

19 (B) provides that the former spouse is
20 treated as a surviving spouse for purposes of
21 the contract;

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

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

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

11 (b) DIVORCE OR SEPARATION INSTRUMENT.—For
12 purposes of subsection (a)(3), the term “divorce or separa-
13 tion instrument” means—

14 (1) a decree of divorce or separate maintenance
15 or a written instrument incident to such a decree;

16 (2) a written separation agreement; or

17 (3) a decree (not described in paragraph (1))
18 requiring a spouse to make payments for the sup-
19 port or maintenance of the other spouse.

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

22 (1) EFFECTIVE DATES.—

23 (A) Paragraphs (1) and (2) of subsection

24 (a) shall be effective with respect to contracts

1 purchased or received in an exchange on or
2 after the date of the enactment of this Act.

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

7 (2) ENFORCEMENT AND INTERPRETATIONS.—
8 Prior to the date on which the Secretary of the
9 Treasury issues final regulations pursuant to sub-
10 section (a)—

11 (A) the Secretary (or delegate) shall ad-
12 minister and enforce the law in accordance with
13 subsection (a) and the effective dates in para-
14 graph (1) of this subsection; and

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

17 (d) REGULATORY SUCCESSOR PROVISION.—Any ref-
18 erence to a regulation under this section shall be treated
19 as including a reference to any successor regulation there-
20 to.

21 **SEC. 203. INSURANCE-DEDICATED EXCHANGE-TRADED**
22 **FUNDS.**

23 (a) IN GENERAL.—Not later than the date which is
24 7 years after the date of the enactment of this Act, the
25 Secretary of the Treasury (or the Secretary's delegate)

1 shall amend the regulation issued by the Department of
2 the Treasury relating to “Income Tax; Diversification Re-
3 quirements for Variable Annuity, Endowment, and Life
4 Insurance Contracts”, 54 Fed. Reg. 8728 (March 2,
5 1989), and make any necessary corresponding amend-
6 ments to other regulations, in order to facilitate the use
7 of exchange-traded funds as investment options under
8 variable contracts within the meaning of section 817(d)
9 of the Internal Revenue Code of 1986, in accordance with
10 subsections (b) and (c) of this section.

11 (b) DESIGNATE CERTAIN AUTHORIZED PARTICI-
12 PANTS AND MARKET MAKERS AS ELIGIBLE INVESTORS.—
13 The Secretary of the Treasury (or the Secretary’s dele-
14 gate) shall amend Treas. Reg. section 1.817–5(f)(3) to
15 provide that satisfaction of the requirements in Treas.
16 Reg. section 1.817–5(f)(2)(i) with respect to an exchange-
17 traded fund shall not be prevented by reason of beneficial
18 interests in such a fund being held by 1 or more author-
19 ized participants or market makers.

20 (c) DEFINE RELEVANT TERMS.—In amending Treas.
21 Reg. section 1.817–5(f)(3) in accordance with subsection
22 (b), the Secretary of the Treasury (or the Secretary’s dele-
23 gate) shall provide definitions consistent with the fol-
24 lowing:

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—

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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 (d) EFFECTIVE DATE.—This section shall apply to
21 segregated asset account investments made on or after the
22 date which is 7 years after the date of the enactment of
23 this Act.

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1 **SEC. 204. ELIMINATING A PENALTY ON PARTIAL**
2 **ANNUITIZATION.**

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

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

15 (1) **TOTAL REQUIRED AMOUNT.**—The term
16 “total required amount”, with respect to a year,
17 means the amount which would be required to be
18 distributed under Treas. Reg. section 1.401(a)(9)–5
19 (or any successor regulation) for the year, deter-
20 mined by treating the account balance as of the last
21 valuation date in the immediately preceding calendar
22 year as including the value on that date of all annu-
23 ity contracts which were purchased with a portion of
24 the account and from which payments are made in
25 accordance with Treas. Reg. section 1.401(a)(9)–6.

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

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

21 (d) EFFECTIVE DATE.—The modifications and
22 amendments required under subsections (a) and (c) shall
23 be deemed to have been made as of the date of the enact-
24 ment of this Act, and as of such date—

1 (1) all applicable laws shall be applied in all re-
2 spects as though the actions which the Secretary of
3 the Treasury (or the Secretary’s delegate) is re-
4 quired to take under such subsections had been
5 taken, and

6 (2) until such time as such actions are taken,
7 taxpayers may rely upon their reasonable good faith
8 interpretations of this section.

9 **TITLE III—SIMPLIFICATION AND**
10 **CLARIFICATION OF RETIRE-**
11 **MENT PLAN RULES**

12 **SEC. 301. RECOVERY OF RETIREMENT PLAN OVERPAY-**
13 **MENTS.**

14 (a) OVERPAYMENTS UNDER ERISA.—Section 206 of
15 the Employee Retirement Income Security Act of 1974
16 (29 U.S.C. 1056) is amended by adding at the end the
17 following new subsection:

18 “(h) SPECIAL RULES APPLICABLE TO BENEFIT
19 OVERPAYMENTS.—

20 “(1) GENERAL RULE.—In the case of an inad-
21 vertent benefit overpayment by any pension plan, the
22 responsible plan fiduciary shall not be considered to
23 have failed to comply with the requirements of this
24 title merely because such fiduciary determines, in

1 the exercise of its discretion, not to seek recovery of
2 all or part of such overpayment from—

3 “(A) any participant or beneficiary,

4 “(B) any plan sponsor of, or contributing
5 employer to—

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

18 “(ii) a defined benefit pension plan
19 subject to the funding rules in part 3 of
20 this subtitle B, unless the responsible plan
21 fiduciary determines, in the exercise of its
22 fiduciary discretion, that failure to recover
23 all or part of the overpayment faster than
24 required under such funding rules would
25 materially affect the plan’s ability to pay

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1 benefits due to other participants and
2 beneficiaries, or

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

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

19 “(A) reduces future benefit payments to
20 the correct amount provided for under the
21 terms of the plan, or

22 “(B) seeks recovery from the person or
23 persons responsible for the overpayment.

24 “(3) EMPLOYER FUNDING OBLIGATIONS.—
25 Nothing in this subsection shall relieve an employer

1 of any obligation imposed on it to make contribu-
2 tions to a plan to meet the minimum funding stand-
3 ards under part 3 of this subtitle B or to prevent
4 or restore an impermissible forfeiture in accordance
5 with section 203.

6 “(4) RECOUPMENT FROM PARTICIPANTS AND
7 BENEFICIARIES.—If the responsible plan fiduciary,
8 in the exercise of its fiduciary discretion, decides to
9 seek recoupment from a participant or beneficiary of
10 all or part of an inadvertent benefit overpayment
11 made by the plan to such participant or beneficiary,
12 it may do so, subject to the following conditions:

13 “(A) No interest or other additional
14 amounts (such as collection costs or fees) are
15 sought on overpaid amounts for any period.

16 “(B) If the plan seeks to recoup past over-
17 payments of a non-decreasing annuity by reduc-
18 ing future benefit payments—

19 “(i) the reduction ceases after the
20 plan has recovered the full dollar amount
21 of the overpayment,

22 “(ii) the amount recouped each cal-
23 endar year does not exceed 10 percent of
24 the full dollar amount of the overpayment,
25 and

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1 “(iii) future benefit payments are not
2 reduced to below 90 percent of the periodic
3 amount otherwise payable under the terms
4 of the plan.

5 Alternatively, if the plan seeks to recoup past
6 overpayments of a non-decreasing annuity
7 through one or more installment payments, the
8 sum of such installment payments in any cal-
9 endar year does not exceed the sum of the re-
10 ductions that would be permitted in such year
11 under the preceding sentence.

12 “(C) If the plan seeks to recoup past over-
13 payments of a benefit other than a non-decreas-
14 ing annuity, the plan satisfies requirements de-
15 veloped by the Secretary of Labor for purposes
16 of this subparagraph.

17 “(D) Efforts to recoup overpayments are—

18 “(i) not accompanied by threats of
19 litigation, unless the responsible plan fidu-
20 ciary makes a determination that there is
21 a reasonable likelihood of success to re-
22 cover an amount greater than the cost of
23 recovery, and

24 “(ii) not made through a collection
25 agency or similar third party, unless the

1 participant or beneficiary ignores or rejects
2 efforts to recoup the overpayment following
3 either a final judgment in Federal or State
4 court or a settlement between the partici-
5 pant or beneficiary and the plan, in either
6 case authorizing such recoupment.

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

11 “(F) Recoupment may not be sought if the
12 first overpayment occurred more than 3 years
13 before the participant or beneficiary is first no-
14 tified in writing of the error, except in the case
15 of fraud or misrepresentation by the partici-
16 pant.

17 “(G) A participant or beneficiary from
18 whom recoupment is sought is entitled to con-
19 test all or part of the recoupment pursuant to
20 the claims procedures of the plan that made the
21 overpayment to the extent such procedures are
22 consistent with section 503 of this title and in
23 the case of an inadvertent benefit overpayment
24 from a plan to which paragraph (1) applies that
25 is transferred to an eligible retirement plan (as

1 defined in section 402(c)(8)(B) of the Internal
2 Revenue Code of 1986) by or on behalf of a
3 participant or beneficiary—

4 “(i) such plan shall notify the plan re-
5 ceiving the rollover of such dispute,

6 “(ii) the plan receiving the rollover
7 shall retain such overpayment on behalf of
8 the participant or beneficiary (and shall be
9 entitled to treat such overpayment as plan
10 assets) pending the outcome of such proce-
11 dures, and

12 “(iii) the portion of such overpayment
13 with respect to which recoupment is sought
14 on behalf of the plan shall be permitted to
15 be returned to such plan if it is determined
16 to be an overpayment (and the plans mak-
17 ing and receiving such transfer shall be
18 treated as permitting such transfer).

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

24 “(5) EFFECT OF CULPABILITY.—Subpara-
25 graphs (A) through (F) of paragraph (4) shall not

1 apply to protect a participant or beneficiary who is
2 culpable. For purposes of this paragraph, a partici-
3 pant or beneficiary is culpable if the individual bears
4 responsibility for the overpayment (such as through
5 misrepresentations or omissions that led to the over-
6 payment), or if the individual knew that the benefit
7 payment or payments were materially in excess of
8 the correct amount. Notwithstanding the preceding
9 sentence, an individual is not culpable merely be-
10 cause the individual believed the benefit payment or
11 payments were or might be in excess of the correct
12 amount, if the individual raised that question with
13 an authorized plan representative and was told the
14 payment or payments were not in excess of the cor-
15 rect amount.”.

16 (b) OVERPAYMENTS UNDER INTERNAL REVENUE
17 CODE OF 1986.—

18 (1) QUALIFICATION REQUIREMENTS.—Section
19 414 is amended by adding at the end the following
20 new subsection:

21 “(aa) SPECIAL RULES APPLICABLE TO BENEFIT
22 OVERPAYMENTS.—

23 “(1) IN GENERAL.—A plan shall not fail to be
24 treated as described in clause (i), (ii), (iii), or (iv)
25 of section 219(g)(5)(A) (and shall not fail to be

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1 treated as satisfying the requirements of section
2 401(a) or 403) merely because—

3 “(A) the plan fails to obtain payment from
4 any participant, beneficiary, employer, plan
5 sponsor, fiduciary, or other party on account of
6 any inadvertent benefit overpayment made by
7 the plan, or

8 “(B) the plan sponsor amends the plan to
9 increase past, or decrease future, benefit pay-
10 ments to affected participants and beneficiaries
11 in order to adjust for prior inadvertent benefit
12 overpayments.

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

18 “(A) reduces future benefit payments to
19 the correct amount provided for under the
20 terms of the plan, or

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

23 “(3) EMPLOYER FUNDING OBLIGATIONS.—
24 Nothing in this subsection shall relieve an employer
25 of any obligation imposed on it to make contribu-

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1 tions to a plan to meet the minimum funding stand-
2 ards under sections 412 and 430 or to prevent or re-
3 store an impermissible forfeiture in accordance with
4 section 411.

5 “(4) OBSERVANCE OF BENEFIT LIMITATIONS.—
6 Notwithstanding paragraph (1), a plan to which
7 paragraph (1) applies shall observe any limitations
8 imposed on it by section 401(a)(17) or 415. The
9 plan may enforce such limitations using any method
10 approved by the Secretary for recouping benefits
11 previously paid or allocations previously made in ex-
12 cess of such limitations.

13 “(5) COORDINATION WITH OTHER QUALIFICA-
14 TION REQUIREMENTS.—The Secretary may issue
15 regulations or other guidance of general applicability
16 specifying how benefit overpayments and their
17 recoupment or non-recoupment from a participant or
18 beneficiary shall be taken into account for purposes
19 of satisfying any requirement applicable to a plan to
20 which paragraph (1) applies.”

21 (2) ROLLOVERS.—Section 402(c) is amended
22 by adding at the end the following new paragraph:

23 “(12) In the case of an inadvertent benefit
24 overpayment from a plan to which section
25 414(aa)(1) applies that is transferred to an eligible

1 retirement plan by or on behalf of a participant or
2 beneficiary—

3 “(A) the portion of such overpayment with
4 respect to which recoupment is not sought on
5 behalf of the plan shall be treated as having
6 been paid in an eligible rollover distribution if
7 the payment would have been an eligible roll-
8 over distribution but for being an overpayment,
9 and

10 “(B) the portion of such overpayment with
11 respect to which recoupment is sought on behalf
12 of the plan shall be permitted to be returned to
13 such plan and in such case shall be treated as
14 an eligible rollover distribution transferred to
15 such plan by the participant or beneficiary who
16 received such overpayment (and the plans mak-
17 ing and receiving such transfer shall be treated
18 as permitting such transfer).”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply as of the date of the enactment
21 of this Act.

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

1 (1) a reasonable good faith interpretation of
2 then existing administrative guidance for inadvertent
3 benefit overpayment recoupments and recoveries
4 that commenced before the date of enactment of this
5 Act, and

6 (2) determinations made before the date of en-
7 actment of this Act by the responsible plan fidu-
8 ciary, in the exercise of its fiduciary discretion, not
9 to seek recoupment or recovery of all or part of an
10 inadvertent benefit overpayment.

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

20 **SEC. 302. REDUCTION IN EXCISE TAX ON CERTAIN ACCU-**
21 **MULATIONS IN QUALIFIED RETIREMENT**
22 **PLANS.**

23 (a) IN GENERAL.—Section 4974(a) is amended by
24 striking “50 percent” and inserting “25 percent”.

1 (b) REDUCTION IN EXCISE TAX ON FAILURES TO
2 TAKE REQUIRED MINIMUM DISTRIBUTIONS.—Section
3 4974 is amended by adding at the end the following new
4 subsection:

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

6 “(1) REDUCTION.—In the case of a taxpayer
7 who—

8 “(A) receives a distribution, during the
9 correction window, of the amount which re-
10 sulted in imposition of a tax under subsection
11 (a) from the same plan to which such tax re-
12 lates, and

13 “(B) submits a return, during the correc-
14 tion window, reflecting such tax (as modified by
15 this subsection),

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

18 “(2) CORRECTION WINDOW.—For purposes of
19 this subsection, the term ‘correction window’ means
20 the period of time beginning on the date on which
21 the tax under subsection (a) is imposed with respect
22 to a shortfall of distributions from a plan described
23 in subsection (a), and ending on the earliest of—

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1 “(A) the date of mailing a notice of defi-
2 ciency with respect to the tax imposed by sub-
3 section (a) under section 6212,

4 “(B) the date on which the tax imposed by
5 subsection (a) is assessed, or

6 “(C) the last day of the second taxable
7 year that begins after the end of the taxable
8 year in which the tax under subsection (a) is
9 imposed.”.

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to taxable years beginning after
12 the date of the enactment of this Act.

13 **SEC. 303. RETIREMENT SAVINGS LOST AND FOUND.**

14 (a) IN GENERAL.—Part 5 of subtitle B of title I of
15 the Employee Retirement Income Security Act of 1974
16 (29 U.S.C. 1131 et seq.) is amended by adding at the end
17 the following:

18 **“SEC. 523. RETIREMENT SAVINGS LOST AND FOUND.**

19 “(a) ESTABLISHMENT.—

20 “(1) IN GENERAL.—Not later than 2 years
21 after the date of the enactment of this section, the
22 Secretary, in consultation with the Secretary of the
23 Treasury, shall establish an online searchable data-
24 base (to be managed by the Secretary in accordance
25 with this section) to be known as the ‘Retirement

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1 Savings Lost and Found'. The Retirement Savings
2 Lost and Found shall—

3 “(A) allow an individual to search for in-
4 formation that enables the individual to locate
5 the administrator of any plan described in para-
6 graph (2) with respect to which the individual
7 is or was a participant or beneficiary, and pro-
8 vide contact information for the administrator
9 of any such plan;

10 “(B) allow the Secretary to assist such an
11 individual in locating any such plan of the indi-
12 vidual; and

13 “(C) allow the Secretary to make any nec-
14 essary changes to contact information on record
15 for the administrator based on any changes to
16 the plan due to merger or consolidation of the
17 plan with any other plan, division of the plan
18 into two or more plans, bankruptcy, termi-
19 nation, change in name of the plan, change in
20 name or address of the administrator, or other
21 causes.

22 “(2) PLANS DESCRIBED.—A plan described in
23 this paragraph is a plan to which the vesting stand-
24 ards of section 203 apply.

1 “(b) ADMINISTRATION.—The Retirement Savings
2 Lost and Found established under subsection (a) shall
3 provide individuals described in subsection (a)(1) only
4 with the ability to search for information that enables the
5 individual to locate the administrator and contact informa-
6 tion for the administrator of any plan with respect to
7 which the individual is or was a participant or beneficiary,
8 sufficient to allow the individual to locate the individual’s
9 plan in order to make a claim for benefits owing to the
10 individual under the plan.

11 “(c) SAFEGUARDING PARTICIPANT PRIVACY AND SE-
12 CURITY.—In establishing the Retirement Savings Lost
13 and Found under subsection (a), the Secretary, in con-
14 sultation with the Secretary of the Treasury, shall take
15 all necessary and proper precautions to—

16 “(1) ensure that individuals’ plan and personal
17 information maintained by the Retirement Savings
18 Lost and Found is protected; and

19 “(2) allow any individual to contact the Sec-
20 retary to opt out of inclusion in the Retirement Sav-
21 ings Lost and Found.

22 “(d) DEFINITION OF ADMINISTRATOR.—For pur-
23 poses of this section, the term ‘administrator’ has the
24 meaning given such term in section 3(16)(A).

1 “(e) INFORMATION COLLECTION FROM PLANS.—Ef-
2 fective with respect to plan years beginning after the sec-
3 ond December 31 occurring after the date of the enact-
4 ment of this subsection, the administrator of a plan to
5 which the vesting standards of section 203 apply shall sub-
6 mit to the Secretary, at such time and in such form and
7 manner as is prescribed in regulations—

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) and (B) of section 6057(a)(2) of such
13 Code;

14 “(3) the name and taxpayer identifying number
15 of each participant or former participant in the
16 plan—

17 “(A) who, during the current plan year or
18 any previous plan year, was reported under sec-
19 tion 6057(a)(2)(C) of such Code, and with re-
20 spect to whom the benefits described in clause
21 (ii) thereof were fully paid during the plan year;

22 “(B) with respect to whom any amount
23 was distributed under section 401(a)(31)(B) of
24 such Code during the plan year; or

1 “(C) with respect to whom a deferred an-
2 nuity contract was distributed during the plan
3 year; and

4 “(4) in the case of a participant or former par-
5 ticipant to whom paragraph (3) applies—

6 “(A) in the case of a participant described
7 in subparagraph (B) thereof, the name and ad-
8 dress of the designated trustee or issuer de-
9 scribed in section 401(a)(31)(B)(i) of such
10 Code and the account number of the individual
11 retirement plan to which the amount was dis-
12 tributed; and

13 “(B) in the case of a participant described
14 in subparagraph (C) thereof, the name and ad-
15 dress of the issuer of such annuity contract and
16 the contract or certificate number.

17 “(f) USE OF INFORMATION COLLECTED.—The Sec-
18 retary—

19 “(1) may use or disclose information collected
20 under this section only for the purpose described in
21 subsection (a)(1)(B), and

22 “(2) may disclose such information only to such
23 employees of the Department of Labor whose official
24 duties relate to the purpose described in such sub-
25 section.

1 “(g) PROGRAM INTEGRITY AUDIT.—On an annual
2 basis for each of the first 5 years beginning one year after
3 the establishment of the database in subsection (a)(1) and
4 every 5 years thereafter, the Inspector General of the De-
5 partment of Labor shall—

6 “(1) conduct an audit of the administration of
7 the Retirement Savings Lost and Found; and

8 “(2) submit a report on such audit to the Com-
9 mittee on Health, Education, Labor, and Pensions
10 and the Committee on Finance of the Senate and
11 the Committee on Ways and Means and the Com-
12 mittee on Education and Labor of the House of
13 Representatives.”.

14 (b) CONFORMING AMENDMENT.—The table of con-
15 tents for the Employee Retirement Income Security Act
16 of 1974 (29 U.S.C. 1001 et seq.) is amended by inserting
17 after the item relating to section 522 the following:

“Sec. 523. Retirement Savings Lost and Found.”.

18 **SEC. 304. UPDATING DOLLAR LIMIT FOR MANDATORY DIS-**
19 **TRIBUTIONS.**

20 (a) IN GENERAL.—Section 203(e)(1) of the Em-
21 ployee Retirement Income Security Act of 1974 (29
22 U.S.C. 1053(e)(1)) and sections 401(a)(31)(B)(ii) and
23 411(a)(11)(A) are each amended by striking “\$5,000”
24 and inserting “\$7,000”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to distributions made after Decem-
3 ber 31, 2023.

4 **SEC. 305. EXPANSION OF EMPLOYEE PLANS COMPLIANCE**
5 **RESOLUTION SYSTEM.**

6 (a) IN GENERAL.—Except as otherwise provided in
7 the Internal Revenue Code of 1986, regulations, or other
8 guidance of general applicability prescribed by the Sec-
9 retary of the Treasury or the Secretary’s delegate (re-
10 ferred to in this section as the “Secretary”), any eligible
11 inadvertent failure to comply with the rules applicable
12 under section 401(a), 403(a), 403(b), 408(p), or 408(k)
13 of such Code may be self-corrected under the Employee
14 Plans Compliance Resolution System (as described in Rev-
15 enue Procedure 2021–30, or any successor guidance, and
16 hereafter in this section referred to as the “EPCRS”), ex-
17 cept to the extent that (1) such failure was identified by
18 the Secretary prior to any actions which demonstrate a
19 specific commitment to implement a self-correction with
20 respect to such failure, or (2) the self-correction is not
21 completed within a reasonable period after such failure is
22 identified. For purposes of self-correction of an eligible in-
23 advertent failure, the correction period under section 9.02
24 of Revenue Procedure 2021–30 (or any successor guid-
25 ance), except as otherwise provided under such Code, reg-

1 ulations, or other guidance of general applicability pre-
2 scribed by the Secretary, is indefinite and has no last day,
3 other than with respect to failures identified by the Sec-
4 retary prior to any actions which demonstrate a specific
5 commitment to implement a self-correction with respect
6 to such failure or with respect to a self-correction that is
7 not completed within a reasonable period, as described in
8 the preceding sentence.

9 (b) LOAN ERRORS.—In the case of an eligible inad-
10 vertent failure relating to a loan from a plan to a partici-
11 pant—

12 (1) such failure may be self-corrected under
13 subsection (a) according to the rules of section 6.07
14 of Revenue Procedure 2021–30 (or any successor
15 guidance), including the provisions related to wheth-
16 er a deemed distribution must be reported on Form
17 1099–R,

18 (2) the Secretary of Labor shall treat any such
19 failure which is so self-corrected under subsection
20 (a) as meeting the requirements of the Voluntary Fi-
21 duciary Correction Program of the Department of
22 Labor if, with respect to the violation of the fidu-
23 ciary standards of the Employee Retirement Income
24 Security Act of 1974, there is a similar loan error

1 eligible for correction under EPCRS and the loan
2 error is corrected in such manner, and

3 (3) the Secretary of Labor may impose report-
4 ing or other procedural requirements with respect to
5 parties that intend to rely on the Voluntary Fidu-
6 ciary Correction Program for self-corrections de-
7 scribed in paragraph (2).

8 (c) EPCRS FOR IRAS.—The Secretary shall expand
9 the EPCRS to allow custodians of individual retirement
10 plans (as defined in section 7701(a)(37) of the Internal
11 Revenue Code of 1986) to address eligible inadvertent fail-
12 ures with respect to an individual retirement plan (as so
13 defined), including (but not limited to)—

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

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

1 (d) CORRECTION METHODS FOR ELIGIBLE INAD-
2 VERTENT FAILURES.—The Secretary shall issue guidance
3 on correction methods that are required to be used to cor-
4 rect eligible inadvertent failures, including general prin-
5 ciples of correction if a specific correction method is not
6 specified by the Secretary.

7 (e) ELIGIBLE INADVERTENT FAILURE.—For pur-
8 poses of this section—

9 (1) IN GENERAL.—Except as provided in para-
10 graph (2), the term “eligible inadvertent failure”
11 means a failure that occurs despite the existence of
12 practices and procedures which—

13 (A) satisfy the standards set forth in sec-
14 tion 4.04 of Revenue Procedure 2021–30 (or
15 any successor guidance), or

16 (B) satisfy similar standards in the case of
17 an individual retirement plan.

18 (2) EXCEPTION.—The term “eligible inad-
19 vertent failure” shall not include any failure which
20 is egregious, relates to the diversion or misuse of
21 plan assets, or is directly or indirectly related to an
22 abusive tax avoidance transaction.

23 (f) APPLICATION OF CERTAIN REQUIREMENTS FOR
24 CORRECTING ERRORS.—This section shall not apply to
25 any failure unless the correction of such failure under this

1 section is made in conformity with the general principles
2 that apply to corrections of such failures under the Inter-
3 nal Revenue Code of 1986, including regulations or other
4 guidance issued thereunder and including those principles
5 and corrections set forth in Revenue Procedure 2021–30
6 (or any successor guidance).

7 (g) ISSUANCE OF GUIDANCE.—The Secretary of the
8 Treasury, or the Secretary’s delegate, shall revise Revenue
9 Procedure 2021–30 (or any successor guidance) to take
10 into account the provisions of this section not later than
11 the date which is 2 years after the date of enactment of
12 this Act.

13 **SEC. 306. ELIMINATE THE “FIRST DAY OF THE MONTH” RE-**
14 **QUIREMENT FOR GOVERNMENTAL SECTION**
15 **457(b) PLANS.**

16 (a) IN GENERAL.—Section 457(b)(4) is amended to
17 read as follows:

18 “(4) which provides that compensation—

19 “(A) in the case of an eligible employer de-
20 scribed in subsection (e)(1)(A), will be deferred
21 only if an agreement providing for such deferral
22 has been entered into before the compensation
23 is currently available to the individual, and

24 “(B) in any other case, will be deferred for
25 any calendar month only if an agreement pro-

1 viding for such deferral has been entered into
2 before the beginning of such month.”.

3 (b) **EFFECTIVE DATE.**—The amendment made by
4 this section shall apply to taxable years beginning after
5 the date of the enactment of this Act.

6 **SEC. 307. ONE-TIME ELECTION FOR QUALIFIED CHARITABLE**
7 **TABLE DISTRIBUTION TO SPLIT-INTEREST**
8 **ENTITY; INCREASE IN QUALIFIED CHARITABLE**
9 **TABLE DISTRIBUTION LIMITATION.**

10 (a) **ONE-TIME ELECTION FOR QUALIFIED CHARITABLE**
11 **TABLE DISTRIBUTION TO SPLIT-INTEREST ENTITY.**—Sec-
12 tion 408(d)(8) is amended by adding at the end the fol-
13 lowing new subparagraph:

14 “(F) **ONE-TIME ELECTION FOR QUALIFIED**
15 **CHARITABLE DISTRIBUTION TO SPLIT-INTEREST**
16 **ENTITY.**—

17 “(i) **IN GENERAL.**—A taxpayer may
18 for a taxable year elect under this subpara-
19 graph to treat as meeting the requirement
20 of subparagraph (B)(i) any distribution
21 from an individual retirement account
22 which is made directly by the trustee to a
23 split-interest entity, but only if—

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1 “(I) an election is not in effect
2 under this subparagraph for a pre-
3 ceding taxable year,

4 “(II) the aggregate amount of
5 distributions of the taxpayer with re-
6 spect to which an election under this
7 subparagraph is made does not exceed
8 \$50,000, and

9 “(III) such distribution meets the
10 requirements of clauses (iii) and (iv).

11 “(ii) SPLIT-INTEREST ENTITY.—For
12 purposes of this subparagraph, the term
13 ‘split-interest entity’ means—

14 “(I) a charitable remainder annu-
15 ity trust (as defined in section
16 664(d)(1)), but only if such trust is
17 funded exclusively by qualified chari-
18 table distributions,

19 “(II) a charitable remainder
20 unitrust (as defined in section
21 664(d)(2)), but only if such unitrust
22 is funded exclusively by qualified chari-
23 table distributions, or

24 “(III) a charitable gift annuity
25 (as defined in section 501(m)(5)), but

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1 only if such annuity is funded exclu-
2 sively by qualified charitable distribu-
3 tions and commences fixed payments
4 of 5 percent or greater not later than
5 1 year from the date of funding.

6 “(iii) CONTRIBUTIONS MUST BE OTH-
7 ERWISE DEDUCTIBLE.—A distribution
8 meets the requirements of this clause only
9 if—

10 “(I) in the case of a distribution
11 to a charitable remainder annuity
12 trust or a charitable remainder
13 unitrust, a deduction for the entire
14 value of the remainder interest in the
15 distribution for the benefit of a speci-
16 fied charitable organization would be
17 allowable under section 170 (deter-
18 mined without regard to subsection
19 (b) thereof and this paragraph), and

20 “(II) in the case of a charitable
21 gift annuity, a deduction in an
22 amount equal to the amount of the
23 distribution reduced by the value of
24 the annuity described in section
25 501(m)(5)(B) would be allowable

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1 under section 170 (determined with-
2 out regard to subsection (b) thereof
3 and this paragraph).

4 “(iv) LIMITATION ON INCOME INTER-
5 ESTS.—A distribution meets the require-
6 ments of this clause only if—

7 “(I) no person holds an income
8 interest in the split-interest entity
9 other than the individual for whose
10 benefit such account is maintained,
11 the spouse of such individual, or both,
12 and

13 “(II) the income interest in the
14 split-interest entity is nonassignable.

15 “(v) SPECIAL RULES.—

16 “(I) CHARITABLE REMAINDER
17 TRUSTS.—Notwithstanding section
18 664(b), distributions made from a
19 trust described in subclause (I) or (II)
20 of clause (ii) shall be treated as ordi-
21 nary income in the hands of the bene-
22 ficiary to whom the annuity described
23 in section 664(d)(1)(A) or the pay-
24 ment described in section
25 664(d)(2)(A) is paid.

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1 “(II) CHARITABLE GIFT ANNU-
2 ITIES.—Qualified charitable distribu-
3 tions made to fund a charitable gift
4 annuity shall not be treated as an in-
5 vestment in the contract for purposes
6 of section 72(c).”.

7 (b) INFLATION ADJUSTMENT.—Section 408(d)(8), as
8 amended by subsection (a), is further amended by adding
9 at the end the following new subparagraph:

10 “(G) INFLATION ADJUSTMENT.—

11 “(i) IN GENERAL.—In the case of any
12 taxable year beginning after 2023, each of
13 the dollar amounts in subparagraphs (A)
14 and (F) shall be increased by an amount
15 equal to—

16 “(I) such dollar amount, multi-
17 plied by

18 “(II) the cost-of-living adjust-
19 ment determined under section 1(f)(3)
20 for the calendar year in which the tax-
21 able year begins, determined by sub-
22 stituting ‘calendar year 2022’ for ‘cal-
23 endar year 2016’ in subparagraph
24 (A)(ii) thereof.

1 “(ii) ROUNDING.—If any dollar
2 amount increased under clause (i) is not a
3 multiple of \$1,000, such dollar amount
4 shall be rounded to the nearest multiple of
5 \$1,000.”.

6 (c) EFFECTIVE DATE.—The amendment made by
7 this section shall apply to distributions made in taxable
8 years beginning after the date of the enactment of this
9 Act.

10 **SEC. 308. DISTRIBUTIONS TO FIREFIGHTERS.**

11 (a) IN GENERAL.—Subparagraph (A) of section
12 72(t)(10) is amended by striking “414(d)” and inserting
13 “414(d) or a distribution from a plan described in clause
14 (iii), (iv), or (vi) of section 402(c)(8)(B) to an employee
15 who provides firefighting services”.

16 (b) CONFORMING AMENDMENT.—The heading of
17 paragraph (10) of section 72(t) is amended by striking
18 “IN GOVERNMENTAL PLANS” and inserting “AND PRIVATE
19 SECTOR FIREFIGHTERS”.

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

1 **SEC. 309. EXCLUSION OF CERTAIN DISABILITY-RELATED**
2 **FIRST RESPONDER RETIREMENT PAYMENTS.**

3 (a) IN GENERAL.—Part III of subchapter B of chap-
4 ter 1 is amended by inserting after section 139B the fol-
5 lowing new section:

6 **“SEC. 139C. CERTAIN DISABILITY-RELATED FIRST RE-**
7 **SPONDER RETIREMENT PAYMENTS.**

8 “(a) IN GENERAL.—In the case of an individual who
9 receives qualified first responder retirement payments for
10 any taxable year, gross income shall not include so much
11 of such payments as do not exceed the annualized exclud-
12 able disability amount with respect to such individual.

13 “(b) QUALIFIED FIRST RESPONDER RETIREMENT
14 PAYMENTS.—For purposes of this section, the term ‘quali-
15 fied first responder retirement payments’ means, with re-
16 spect to any taxable year, any pension or annuity which
17 but for this section would be includible in gross income
18 for such taxable year and which is received—

19 “(1) from a plan described in clause (iii), (iv),
20 (v), or (vi) of section 402(c)(8)(B), and

21 “(2) in connection with such individual’s quali-
22 fied first responder service.

23 “(c) ANNUALIZED EXCLUDABLE DISABILITY
24 AMOUNT.—For purposes of this section—

25 “(1) IN GENERAL.—The term ‘annualized ex-
26 cludable disability amount’ means, with respect to

1 any individual, the service-connected excludable dis-
2 ability amounts which are properly attributable to
3 the 12-month period immediately preceding the date
4 on which such individual attains retirement age.

5 “(2) SERVICE-CONNECTED EXCLUDABLE DIS-
6 ABILITY AMOUNT.—The term ‘service-connected ex-
7 cludable disability amount’ means periodic payments
8 received by an individual which—

9 “(A) are not includible in such individual’s
10 gross income under section 104(a)(1),

11 “(B) are received in connection with such
12 individual’s qualified first responder service,
13 and

14 “(C) terminate when such individual at-
15 tains retirement age.

16 “(3) SPECIAL RULE FOR PARTIAL-YEAR PAY-
17 MENTS.—In the case of an individual who only re-
18 ceives service-connected excludable disability
19 amounts properly attributable to a portion of the 12-
20 month period described in paragraph (1), such para-
21 graph shall be applied by multiplying such amounts
22 by the ratio of 365 to the number of days in such
23 period to which such amounts were properly attrib-
24 utable.

1 “(d) **QUALIFIED FIRST RESPONDER SERVICE.**—For
2 purposes of this section, the term ‘qualified first responder
3 service’ means service as a law enforcement officer, fire-
4 fighter, paramedic, or emergency medical technician.”.

5 (b) **CLERICAL AMENDMENT.**—The table of sections
6 for part III of subchapter B of chapter 1 is amended by
7 inserting after the item relating to section 139B the fol-
8 lowing new item:

 “Sec. 139C. Certain disability-related first responder retirement payments.”.

9 (c) **EFFECTIVE DATE.**—The amendments made by
10 this section shall apply to amounts received with respect
11 to taxable years beginning after December 31, 2026.

12 **SEC. 310. APPLICATION OF TOP HEAVY RULES TO DEFINED**
13 **CONTRIBUTION PLANS COVERING EXCLUD-**
14 **ABLE EMPLOYEES.**

15 (a) **IN GENERAL.**—Paragraph (2) of section 416(c)
16 is amended by adding at the end the following new sub-
17 paragraph:

18 “(C) **APPLICATION TO EMPLOYEES NOT**
19 **MEETING AGE AND SERVICE REQUIREMENTS.**—
20 Any employees not meeting the age or service
21 requirements of section 410(a)(1) (without re-
22 gard to subparagraph (B) thereof) may be ex-
23 cluded from consideration in determining
24 whether any plan of the employer meets the re-
25 quirements of subparagraphs (A) and (B).”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall apply to plan years beginning after
3 December 31, 2023.

4 **SEC. 311. REPAYMENT OF QUALIFIED BIRTH OR ADOPTION**
5 **DISTRIBUTION LIMITED TO 3 YEARS.**

6 (a) IN GENERAL.—Section 72(t)(2)(H)(v)(I) is
7 amended by striking “may make” and inserting “may, at
8 any time during the 3-year period beginning on the day
9 after the date on which such distribution was received,
10 make”.

11 (b) EFFECTIVE DATE.—

12 (1) IN GENERAL.—Except as provided in para-
13 graph (2), the amendment made by this section shall
14 apply to distributions made after the date of the en-
15 actment of this Act.

16 (2) TEMPORARY RULE WITH RESPECT TO DIS-
17 TRIBUTIONS ALREADY MADE.—In the case of a
18 qualified birth or adoption distribution (as defined in
19 section 72(t)(2)(H)(iii)(I) of the Internal Revenue
20 Code of 1986) made on or before the date of the en-
21 actment of this Act, section 72(t)(2)(H)(v)(I) of
22 such Code (as amended by this Act) shall apply to
23 such distribution by substituting “after such dis-
24 tribution and before January 1, 2026” for “during

1 the 3-year period beginning on the day after the
2 date on which such distribution was received”.

3 **SEC. 312. EMPLOYER MAY RELY ON EMPLOYEE CERTI-**
4 **FYING THAT DEEMED HARDSHIP DISTRIBUTU-**
5 **TION CONDITIONS ARE MET.**

6 (a) CASH OR DEFERRED ARRANGEMENTS.—Section
7 401(k)(14) is amended by adding at the end the following
8 new subparagraph:

9 “(C) EMPLOYEE CERTIFICATION.—In de-
10 termining whether a distribution is upon the
11 hardship of an employee, the administrator of
12 the plan may rely on a written certification by
13 the employee that the distribution is—

14 “(i) on account of a financial need of
15 a type which is deemed in regulations pre-
16 scribed by the Secretary to be an imme-
17 diate and heavy financial need, and

18 “(ii) not in excess of the amount re-
19 quired to satisfy such financial need, and
20 that the employee has no alternative means rea-
21 sonably available to satisfy such financial need.
22 The Secretary may provide by regulations for
23 exceptions to the rule of the preceding sentence
24 in cases where the plan administrator has ac-
25 tual knowledge to the contrary of the employ-

1 ee's certification, and for procedures for ad-
2 dressing cases of employee misrepresentation.”.

3 (b) 403(b) PLANS.—

4 (1) CUSTODIAL ACCOUNTS.—Section 403(b)(7)
5 is amended by adding at the end the following new
6 subparagraph:

7 “(D) EMPLOYEE CERTIFICATION.—In de-
8 termining whether a distribution is upon the fi-
9 nancial hardship of an employee, the adminis-
10 trator of the plan may rely on a written certifi-
11 cation by the employee that the distribution
12 is—

13 “(i) on account of a financial need of
14 a type which is deemed in regulations pre-
15 scribed by the Secretary to be an imme-
16 diate and heavy financial need, and

17 “(ii) not in excess of the amount re-
18 quired to satisfy such financial need, and
19 that the employee has no alternative means rea-
20 sonably available to satisfy such financial need.
21 The Secretary may provide by regulations for
22 exceptions to the rule of the preceding sentence
23 in cases where the plan administrator has ac-
24 tual knowledge to the contrary of the employ-

1 ee’s certification, and for procedures for ad-
2 dressing cases of employee misrepresentation.”.

3 (2) ANNUITY CONTRACTS.—Section 403(b)(11)
4 is amended by adding at the end the following: “In
5 determining whether a distribution is upon hardship
6 of an employee, the administrator of the plan may
7 rely on a written certification by the employee that
8 the distribution is on account of a financial need of
9 a type which is deemed in regulations prescribed by
10 the Secretary to be an immediate and heavy finan-
11 cial need and is not in excess of the amount required
12 to satisfy such financial need, and that the employee
13 has no alternative means reasonably available to sat-
14 isfy such financial need. The Secretary may provide
15 by regulations for exceptions to the rule of the pre-
16 ceding sentence in cases where the plan adminis-
17 trator has actual knowledge to the contrary of the
18 employee’s certification, and for procedures for ad-
19 dressing cases of employee misrepresentation.”.

20 (c) 457(b) PLAN.—Section 457(d) is amended by
21 adding at the end the following new paragraph:

22 “(4) PARTICIPANT CERTIFICATION.—In deter-
23 mining whether a distribution to a participant is
24 made when the participant is faced with an unfore-
25 seeable emergency, the administrator of a plan

1 maintained by an eligible employer described in sub-
2 section (e)(1)(A) may rely on a written certification
3 by the participant that the distribution is—

4 “(A) made when the participant is faced
5 with an unforeseeable emergency of a type
6 which is described in regulations prescribed by
7 the Secretary as an unforeseeable emergency,
8 and

9 “(B) not in excess of the amount required
10 to satisfy the emergency need, and

11 that the participant has no alternative means rea-
12 sonably available to satisfy such emergency need.

13 The Secretary may provide by regulations for excep-
14 tions to the rule of the preceding sentence in cases
15 where the plan administrator has actual knowledge
16 to the contrary of the participant’s certification, and
17 for procedures for addressing cases of participant
18 misrepresentation.”.

19 (d) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to plan years beginning after the
21 date of the enactment of this Act.

1 **SEC. 313. INDIVIDUAL RETIREMENT PLAN STATUTE OF LIM-**
2 **ITATIONS FOR EXCISE TAX ON EXCESS CON-**
3 **TRIBUTIONS AND CERTAIN ACCUMULATIONS.**

4 (a) IN GENERAL.—Section 6501(l) is amended by
5 adding at the end the following new paragraph:

6 “(4) INDIVIDUAL RETIREMENT PLANS.—

7 “(A) IN GENERAL.—For purposes of any
8 tax imposed by section 4973 or 4974 in connec-
9 tion with an individual retirement plan, the re-
10 turn referred to in this section shall include the
11 income tax return filed by the person on whom
12 the tax under such section is imposed for the
13 year in which the act (or failure to act) giving
14 rise to the liability for such tax occurred.

15 “(B) RULE IN CASE OF INDIVIDUALS NOT
16 REQUIRED TO FILE RETURN.—In the case of a
17 person who is not required to file an income tax
18 return for such year—

19 “(i) the return referred to in this sec-
20 tion shall be the income tax return that
21 such person would have been required to
22 file but for the fact that such person was
23 not required to file such return, and

24 “(ii) the 3-year period referred to in
25 subsection (a) with respect to the return
26 shall be deemed to begin on the date by

1 which the return would have been required
2 to be filed (excluding any extension there-
3 of).

4 “(C) PERIOD FOR ASSESSMENT IN CASE
5 OF INCOME TAX RETURN.—In any case in
6 which the return with respect to a tax imposed
7 by section 4973 is the individual’s income tax
8 return for purposes of this section, subsection
9 (a) shall be applied by substituting a 6-year pe-
10 riod in lieu of the 3-year period otherwise re-
11 ferred to in such subsection.

12 “(D) EXCEPTION FOR CERTAIN ACQUISI-
13 TIONS OF PROPERTY.—In the case of any tax
14 imposed by section 4973 that is attributable to
15 acquiring property for less than fair market
16 value, subparagraph (A) shall not apply.”.

17 (b) EFFECTIVE DATE.—The amendments made by
18 this section shall take effect on the date of the enactment
19 of this Act.

20 **SEC. 314. PENALTY-FREE WITHDRAWAL FROM RETIRE-**
21 **MENT PLANS FOR INDIVIDUAL IN CASE OF**
22 **DOMESTIC ABUSE.**

23 (a) IN GENERAL.—Paragraph (2) of section 72(t), as
24 amended by this Act, is further amended by adding at the
25 end the following new subparagraph:

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1 “(K) DISTRIBUTION FROM RETIREMENT
2 PLAN IN CASE OF DOMESTIC ABUSE.—

3 “(i) IN GENERAL.—Any eligible dis-
4 tribution to a domestic abuse victim.

5 “(ii) LIMITATION.—The aggregate
6 amount which may be treated as an eligi-
7 ble distribution to a domestic abuse victim
8 by any individual shall not exceed an
9 amount equal to the lesser of—

10 “(I) \$10,000, or

11 “(II) 50 percent of the present
12 value of the nonforfeitable accrued
13 benefit of the employee under the
14 plan.

15 “(iii) ELIGIBLE DISTRIBUTION TO A
16 DOMESTIC ABUSE VICTIM.—For purposes
17 of this subparagraph—

18 “(I) IN GENERAL.—A distribu-
19 tion shall be treated as an eligible dis-
20 tribution to a domestic abuse victim if
21 such distribution is from an applicable
22 eligible retirement plan and is made
23 to an individual during the 1-year pe-
24 riod beginning on any date on which
25 the individual is a victim of domestic

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1 abuse by a spouse or domestic part-
2 ner.

3 “(II) DOMESTIC ABUSE.—The
4 term ‘domestic abuse’ means physical,
5 psychological, sexual, emotional, or
6 economic abuse, including efforts to
7 control, isolate, humiliate, or intimi-
8 date the victim, or to undermine the
9 victim’s ability to reason independ-
10 ently, including by means of abuse of
11 the victim’s child or another family
12 member living in the household.

13 “(iv) TREATMENT OF PLAN DISTRIBUTI-
14 TIONS.—If a distribution to an individual
15 would (without regard to clause (ii)) be an
16 eligible distribution to a domestic abuse
17 victim, a plan shall not be treated as fail-
18 ing to meet any requirement of this title
19 merely because the plan treats the dis-
20 tribution as an eligible distribution to a do-
21 mestic abuse victim, unless the aggregate
22 amount of such distributions from all plans
23 maintained by the employer (and any
24 member of any controlled group which in-
25 cludes the employer, determined as pro-

1 vided in subparagraph (H)(iv)(II)) to such
2 individual exceeds the limitation under
3 clause (ii).

4 “(v) AMOUNT DISTRIBUTED MAY BE
5 REPAID.—Rules similar to the rules of sub-
6 paragraph (H)(v) shall apply with respect
7 to an individual who receives a distribution
8 to which clause (i) applies.

9 “(vi) DEFINITION AND SPECIAL
10 RULES.—For purposes of this subpara-
11 graph:

12 “(I) APPLICABLE ELIGIBLE RE-
13 TIREMENT PLAN.—The term ‘applica-
14 ble eligible retirement plan’ means an
15 eligible retirement plan (as defined in
16 section 402(c)(8)(B)) other than a de-
17 fined benefit plan or a plan to which
18 sections 401(a)(11) and 417 apply.

19 “(II) EXEMPTION OF DISTRIBU-
20 TIONS FROM TRUSTEE TO TRUSTEE
21 TRANSFER AND WITHHOLDING
22 RULES.—For purposes of sections
23 401(a)(31), 402(f), and 3405, an eli-
24 gible distribution to a domestic abuse

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1 victim shall not be treated as an eligi-
2 ble rollover distribution.

3 “(III) DISTRIBUTIONS TREATED
4 AS MEETING PLAN DISTRIBUTION RE-
5 QUIREMENTS; SELF-CERTIFICATION.—
6 Any distribution which the employee
7 or participant certifies as being an eli-
8 gible distribution to a domestic abuse
9 victim shall be treated as meeting the
10 requirements of sections
11 401(k)(2)(B)(i), 403(b)(7)(A)(i),
12 403(b)(11), and 457(d)(1)(A).

13 “(vii) INFLATION ADJUSTMENT.—In
14 the case of a taxable year beginning in a
15 calendar year after 2024, the \$10,000
16 amount in clause (ii)(I) shall be increased
17 by an amount equal to—

18 “(I) such dollar amount, multi-
19 plied by

20 “(II) the cost-of-living adjust-
21 ment determined under section 1(f)(3)
22 for the calendar year in which the tax-
23 able year begins, determined by sub-
24 stituting ‘calendar year 2023’ for ‘cal-

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1 endar year 2016’ in subparagraph
2 (A)(ii) thereof.

3 If any amount after adjustment under the
4 preceding sentence is not a multiple of
5 \$100, such amount shall be rounded to the
6 nearest multiple of \$100.”.

7 (b) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to distributions made after Decem-
9 ber 31, 2023.

10 **SEC. 315. REFORM OF FAMILY ATTRIBUTION RULE.**

11 (a) IN GENERAL.—Section 414 is amended—

12 (1) in subsection (b)—

13 (A) by striking “For purposes of” and in-
14 serting the following:

15 “(1) IN GENERAL.—For purposes of”, and

16 (B) by adding at the end the following new
17 paragraphs:

18 “(2) SPECIAL RULES FOR APPLYING FAMILY
19 ATTRIBUTION.—For purposes of applying the attri-
20 bution rules under section 1563 with respect to
21 paragraph (1), the following rules apply:

22 “(A) Community property laws shall be
23 disregarded for purposes of determining owner-
24 ship.

1 “(B) Except as provided by the Secretary,
2 stock of an individual not attributed under sec-
3 tion 1563(e)(5) to such individual’s spouse shall
4 not be attributed to such spouse by reason of
5 the combined application of paragraphs (1) and
6 (6)(A) of section 1563(e).

7 “(C) Except as provided by the Secretary,
8 in the case of stock in different corporations
9 that is attributed to a child under section
10 1563(e)(6)(A) from each parent, and is not at-
11 tributed to such parents as spouses under sec-
12 tion 1563(e)(5), such attribution to the child
13 shall not by itself result in such corporations
14 being members of the same controlled group.

15 “(3) PLAN SHALL NOT FAIL TO BE TREATED AS
16 SATISFYING THIS SECTION.—If application of para-
17 graph (2) causes 2 or more entities to be a con-
18 trolled group or to no longer be in a controlled
19 group, such change shall be treated as a transaction
20 to which section 410(b)(6)(C) applies.”, and

21 (2) in subsection (m)(6)(B)—

22 (A) by striking “OWNERSHIP.—In deter-
23 mining” and inserting the following: “OWNER-
24 SHIP.—

25 “(i) IN GENERAL.—In determining”,

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1 (B) by adding at the end the following new
2 clauses:

3 “(ii) SPECIAL RULES FOR APPLYING
4 FAMILY ATTRIBUTION.—For purposes of
5 applying the attribution rules under section
6 318 with respect to clause (i), the following
7 rules apply:

8 “(I) Community property laws
9 shall be disregarded for purposes of
10 determining ownership.

11 “(II) Except as provided by the
12 Secretary, stock of an individual not
13 attributed under section
14 318(a)(1)(A)(i) to such individual’s
15 spouse shall not be attributed by rea-
16 son of the combined application of
17 paragraphs (1)(A)(ii) and (4) of sec-
18 tion 318(a) to such spouse from a
19 child who has not attained the age of
20 21 years.

21 “(III) Except as provided by the
22 Secretary, in the case of stock in dif-
23 ferent organizations which is attrib-
24 uted under section 318(a)(1)(A)(ii)
25 from each parent to a child who has

1 not attained the age of 21 years, and
2 is not attributed to such parents as
3 spouses under section 318(a)(1)(A)(i),
4 such attribution to the child shall not
5 by itself result in such organizations
6 being members of the same affiliated
7 service group.

8 “(iii) PLAN SHALL NOT FAIL TO BE
9 TREATED AS SATISFYING THIS SECTION.—
10 If the application of clause (ii) causes two
11 or more entities to be an affiliated service
12 group, or to no longer be in an affiliated
13 service group, such change shall be treated
14 as a transaction to which section
15 410(b)(6)(C) applies.”, and

16 (C) by striking “apply” in clause (i), as so
17 added, and inserting “apply, except that com-
18 munity property laws shall be disregarded for
19 purposes of determining ownership”.

20 (b) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to plan years beginning after De-
22 cember 31, 2023.

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1 **SEC. 316. AMENDMENTS TO INCREASE BENEFIT ACCRUALS**
2 **UNDER PLAN FOR PREVIOUS PLAN YEAR AL-**
3 **LOWED UNTIL EMPLOYER TAX RETURN DUE**
4 **DATE.**

5 (a) IN GENERAL.—Section 401(b) is amended by
6 adding at the end the following new paragraph:

7 “(3) RETROACTIVE PLAN AMENDMENTS THAT
8 INCREASE BENEFIT ACCRUALS.—If—

9 “(A) an employer amends a stock bonus,
10 pension, profit-sharing, or annuity plan to in-
11 crease benefits accrued under the plan effective
12 as of any date during the immediately pre-
13 ceding plan year (other than increasing the
14 amount of matching contributions (as defined
15 in subsection (m)(4)(A))),

16 “(B) such amendment would not otherwise
17 cause the plan to fail to meet any of the re-
18 quirements of this subchapter, and

19 “(C) such amendment is adopted before
20 the time prescribed by law for filing the return
21 of the employer for the taxable year (including
22 extensions thereof) which includes the date de-
23 scribed in subparagraph (A),

24 the employer may elect to treat such amendment as
25 having been adopted as of the last day of the plan
26 year in which the amendment is effective.”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to plan years beginning after De-
3 cember 31, 2023.

4 **SEC. 317. RETROACTIVE FIRST YEAR ELECTIVE DEFER-**
5 **RAIS FOR SOLE PROPRIETORS.**

6 (a) IN GENERAL.—Section 401(b)(2) is amended by
7 adding at the end the following: “In the case of an indi-
8 vidual who owns the entire interest in an unincorporated
9 trade or business, and who is the only employee of such
10 trade or business, any elective deferrals (as defined in sec-
11 tion 402(g)(3)) under a qualified cash or deferred ar-
12 rangement to which the preceding sentence applies, which
13 are made by such individual before the time for filing the
14 return of such individual for the taxable year (determined
15 without regard to any extensions) ending after or with the
16 end of the plan’s first plan year, shall be treated as having
17 been made before the end of such first plan year.”

18 (b) EFFECTIVE DATE.—The amendment made by
19 this section shall apply to plan years beginning after the
20 date of the enactment of this Act.

21 **SEC. 318. PERFORMANCE BENCHMARKS FOR ASSET ALLO-**
22 **CATION FUNDS.**

23 (a) IN GENERAL.—Not later than 2 years after the
24 date of enactment of this Act, the Secretary of Labor shall
25 promulgate regulations under section 404 of the Employee

1 Retirement Income Security Act of 1974 (29 U.S.C. 1104)
2 providing that, in the case of a designated investment al-
3 ternative that contains a mix of asset classes, the adminis-
4 trator of a plan may, but is not required to, use a bench-
5 mark that is a blend of different broad-based securities
6 market indices if—

7 (1) the blend is reasonably representative of the
8 asset class holdings of the designated investment al-
9 ternative;

10 (2) for purposes of determining the blend's re-
11 turns for 1-, 5-, and 10-calendar-year periods (or for
12 the life of the alternative, if shorter), the blend is
13 modified at least once per year if needed to reflect
14 changes in the asset class holdings of the designated
15 investment alternative;

16 (3) the blend is furnished to participants and
17 beneficiaries in a manner that is reasonably cal-
18 culated to be understood by the average plan partici-
19 pant; and

20 (4) each securities market index that is used for
21 an associated asset class would separately satisfy the
22 requirements of such regulation for such asset class.

23 (b) STUDY.—Not later than 3 years after the applica-
24 bility date of regulations issued under this section, the
25 Secretary of Labor shall deliver a report to the Commit-

1 tees on Finance and Health, Education, Labor, and Pen-
2 sions of the Senate and the Committees on Ways and
3 Means and Education and Labor of the House of Rep-
4 resentatives regarding the utilization, and participants'
5 understanding, of the benchmarking requirements under
6 this section.

7 **SEC. 319. REVIEW AND REPORT TO CONGRESS RELATING**
8 **TO REPORTING AND DISCLOSURE REQUIRE-**
9 **MENTS.**

10 (a) **STUDY.**—As soon as practicable after the date of
11 enactment of this Act, the Secretary of Labor, the Sec-
12 retary of the Treasury, and the Director of the Pension
13 Benefit Guaranty Corporation shall review the reporting
14 and disclosure requirements as applicable to each such
15 agency head, of—

16 (1) the Employee Retirement Income Security
17 Act of 1974 applicable to pension plans (as defined
18 in section 3(2) of such Act (29 U.S.C. 1002(2)) cov-
19 ered by title I of such Act; and

20 (2) the Internal Revenue Code of 1986 applica-
21 ble to qualified retirement plans (as defined in sec-
22 tion 4974(c) of such Code, without regard to para-
23 graphs (4) and (5) of such section).

24 (b) **REPORT.**—

1 (1) IN GENERAL.—Not later than 3 years after
2 the date of enactment of this Act, the Secretary of
3 Labor, the Secretary of the Treasury, and the Direc-
4 tor of the Pension Benefit Guaranty Corporation,
5 jointly, and after consultation with a balanced group
6 of participant and employer representatives, shall
7 with respect to plans referenced in subsection (a) re-
8 port on the effectiveness of the applicable reporting
9 and disclosure requirements and make such rec-
10 ommendations as may be appropriate to the Com-
11 mittee on Education and Labor and the Committee
12 on Ways and Means of the House of Representatives
13 and the Committee on Health, Education, Labor,
14 and Pensions and the Committee on Finance of the
15 Senate to consolidate, simplify, standardize, and im-
16 prove such requirements so as to simplify reporting
17 for, and disclosure from, such plans and ensure that
18 plans can furnish and participants and beneficiaries
19 timely receive and better understand the information
20 they need to monitor their plans, plan for retire-
21 ment, and obtain the benefits they have earned.

22 (2) ANALYSIS OF EFFECTIVENESS.—To assess
23 the effectiveness of the applicable reporting and dis-
24 closure requirements, the report shall include an
25 analysis of how participants and beneficiaries are

1 providing preferred contact information, the methods
2 by which plan sponsors and plans are furnishing dis-
3 closures, and the rate at which participants and
4 beneficiaries are receiving, accessing, understanding,
5 and retaining disclosures.

6 (3) COLLECTION OF INFORMATION.—The agen-
7 cies shall conduct appropriate surveys and data col-
8 lection to obtain any needed information.

9 **SEC. 320. ELIMINATING UNNECESSARY PLAN REQUIRE-**
10 **MENTS RELATED TO UNENROLLED PARTICI-**
11 **PANTS.**

12 (a) AMENDMENT OF ERISA.—

13 (1) IN GENERAL.—Part 1 of subtitle B of title
14 I of the Employee Retirement Income Security Act
15 of 1974 (29 U.S.C. 1021 et seq.) is amended by re-
16 designating section 111 as section 112 and by in-
17 serting after section 110 the following new section:

18 **“SEC. 111. ELIMINATING UNNECESSARY PLAN REQUIRE-**
19 **MENTS RELATED TO UNENROLLED PARTICI-**
20 **PANTS.**

21 “(a) IN GENERAL.—Notwithstanding any other pro-
22 vision of this title, with respect to any individual account
23 plan, no disclosure, notice, or other plan document (other
24 than the notices and documents described in paragraphs
25 (1) and (2)) shall be required to be furnished under this

1 title to any unenrolled participant if the unenrolled partici-
2 pant is furnished—

3 “(1) an annual reminder notice of such partici-
4 pant’s eligibility to participate in such plan and any
5 applicable election deadlines under the plan; and

6 “(2) any document requested by such partici-
7 pant that the participant would be entitled to receive
8 notwithstanding this section.

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

12 “(1) is eligible to participate in an individual
13 account plan;

14 “(2) has been furnished—

15 “(A) the summary plan description pursu-
16 ant to section 104(b), and

17 “(B) any other notices related to eligibility
18 under the plan required to be furnished under
19 this title, or the Internal Revenue Code of
20 1986, in connection with such participant’s ini-
21 tial eligibility to participate in such plan;

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

23 “(4) satisfies such other criteria as the Sec-
24 retary of Labor may determine appropriate, as pre-

1 scribed in guidance issued in consultation with the
2 Secretary of Treasury.

3 For purposes of this section, any eligibility to participate
4 in the plan following any period for which such employee
5 was not eligible to participate shall be treated as initial
6 eligibility.

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

12 “(1) is furnished in connection with the annual
13 open season election period with respect to the plan
14 or, if there is no such period, is furnished within a
15 reasonable period prior to the beginning of each plan
16 year;

17 “(2) notifies the unenrolled participant of—

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

20 “(B) the key benefits and rights under the
21 plan, with a focus on employer contributions
22 and vesting provisions; and

23 “(3) provides such information in a prominent
24 manner calculated to be understood by the average
25 participant.”.

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

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

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

7 (b) AMENDMENT OF INTERNAL REVENUE CODE OF
 8 1986.—Section 414, as amended by the preceding provi-
 9 sions of this Act, is amended by adding at the end the
 10 following new subsection:

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

13 “(1) IN GENERAL.—Notwithstanding any other
 14 provision of this title, with respect to any defined
 15 contribution plan, no disclosure, notice, or other plan
 16 document (other than the notices and documents de-
 17 scribed in subparagraphs (A) and (B)) shall be re-
 18 quired to be furnished under this title to any
 19 unenrolled participant if the unenrolled participant
 20 is furnished—

21 “(A) an annual reminder notice of such
 22 participant’s eligibility to participate in such
 23 plan and any applicable election deadlines under
 24 the plan, and

1 “(B) any document requested by such par-
2 ticipant that the participant would be entitled
3 to receive notwithstanding this subsection.

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

7 “(A) is eligible to participate in a defined
8 contribution plan,

9 “(B) has been furnished—

10 “(i) the summary plan description
11 pursuant to section 104(b) of the Em-
12 ployee Retirement Income Security Act of
13 1974, and

14 “(ii) any other notices related to eligi-
15 bility under the plan and required to be
16 furnished under this title, or the Employee
17 Retirement Income Security Act of 1974,
18 in connection with such participant’s initial
19 eligibility to participate in such plan,

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

21 “(D) satisfies such other criteria as the
22 Secretary of the Treasury may determine ap-
23 propriate, as prescribed in guidance issued in
24 consultation with the Secretary of Labor.

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1 For purposes of this subsection, any eligibility to
2 participate in the plan following any period for
3 which such employee was not eligible to participate
4 shall be treated as initial eligibility.

5 “(3) ANNUAL REMINDER NOTICE.—For pur-
6 poses of this subsection, the term ‘annual reminder
7 notice’ means the notice described in section 111(c)
8 of the Employee Retirement Income Security Act of
9 1974.”.

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to plan years beginning after De-
12 cember 31, 2022.

13 **SEC. 321. REVIEW OF PENSION RISK TRANSFER INTERPRE-**
14 **TIVE BULLETIN.**

15 Not later than 1 year after the date of enactment
16 of this Act, the Secretary of Labor shall—

17 (1) review section 2509.95–1 of title 29, Code
18 of Federal Regulations (relating to the fiduciary
19 standards under the Employee Retirement Income
20 Security Act of 1974 when selecting an annuity pro-
21 vider for a defined benefit pension plan) and consult
22 with the Advisory Council on Employee Welfare and
23 Pension Benefit Plans (established under section
24 512 of the Employee Retirement Income Security
25 Act of 1974 (29 U.S.C. 1142)), to determine wheth-

1 er amendments to section 2509.95–1 of title 29,
2 Code of Federal Regulations are warranted; and

3 (2) report to Congress on the findings of such
4 review and consultation, including an assessment of
5 any risk to participants.

6 **SEC. 322. TAX TREATMENT OF IRA INVOLVED IN A PROHIB-**
7 **ITED TRANSACTION.**

8 (a) IN GENERAL.—Section 408(e)(2)(A) is amended
9 by striking “and” at the end of clause (i), by striking the
10 period at the end of clause (ii) and inserting “, and”, and
11 by adding at the end the following new clause:

12 “(iii) each individual retirement plan
13 of the individual shall be treated as a sepa-
14 rate contract.”.

15 (b) EFFECTIVE DATE.—

16 (1) IN GENERAL.—The amendments made by
17 this section shall apply to taxable years beginning
18 after the date of the enactment of this Act.

19 (2) NO INFERENCE.—Nothing in the amend-
20 ments made by this section shall be construed to
21 infer the proper treatment under the Internal Rev-
22 enue Code of 1986 of individual retirement plans as
23 1 contract in the case of any other provision of such
24 Code to which the amendments made by this section
25 do not apply.

1 **SEC. 323. 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-

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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 (c) 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

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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 after December
7 31, 2023.

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. 324. TREASURY GUIDANCE ON ROLLOVERS.**

17 (a) IN GENERAL.—Not later than January 1, 2025,
18 the Secretary of the Treasury or the Secretary’s delegate
19 shall, to simplify, standardize, facilitate, and expedite the
20 completion of rollovers to eligible retirement plans (as de-
21 fined in section 402(c)(8)(B) of the Internal Revenue
22 Code of 1986) and trustee-to-trustee transfers from indi-
23 vidual retirement plans (as defined in section 7701(a)(37)
24 of such Code), develop and issue—

1 (1) guidance in the form of sample forms (in-
2 cluding relevant procedures and protocols) for roll-
3 overs of eligible rollover distributions from a retire-
4 ment to an eligible retirement plan which—

5 (A) are written in a manner calculated to
6 be understood by the average person, and

7 (B) can be used by both distributing eligi-
8 ble retirement plans and receiving retirement
9 plans, and

10 (2) guidance in the form of sample forms (in-
11 cluding relevant procedures and protocols) for trust-
12 ee-to-trustee transfers of amounts from an individual
13 retirement plan to another individual retirement
14 plan which—

15 (A) are written in a manner calculated to
16 be understood by the average person, and

17 (B) can be used by both transferring indi-
18 vidual retirement plans and individual retire-
19 ment plans receiving the transfer.

20 (b) OTHER REQUIREMENTS.—In developing the sam-
21 ple forms under subsection (a), the Secretary (or Sec-
22 retary's delegate) shall obtain relevant information from
23 participants and plan sponsor representatives and consider
24 potential coordination with sections 319 and 336 of this
25 Act.

1 **SEC. 325. ROTH PLAN DISTRIBUTION RULES.**

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

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

10 “(A) Section 401(a)(9)(A).

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

13 (b) EFFECTIVE DATE.—

14 (1) IN GENERAL.—Except as provided in para-
15 graph (2), the amendment made by this section shall
16 apply to taxable years beginning after December 31,
17 2023.

18 (2) SPECIAL RULE.—The amendment made by
19 this section shall not apply to distributions which are
20 required with respect to years beginning before Jan-
21 uary 1, 2024, but are permitted to be paid on or
22 after such date.

1 **SEC. 326. EXCEPTION TO PENALTY ON EARLY DISTRIBUTIONS FROM QUALIFIED PLANS FOR INDIVIDUALS WITH A TERMINAL ILLNESS.**

2
3
4 (a) IN GENERAL.—Section 72(t)(2), as amended by
5 this Act, is further amended by adding at the end the following new subparagraph:

6
7 “(L) TERMINAL ILLNESS.—

8 “(i) IN GENERAL.—Distributions
9 which are made to the employee who is a
10 terminally ill individual on or after the
11 date on which such employee has been certified by a physician as having a terminal
12 illness.
13

14 “(ii) DEFINITION.—For purposes of
15 this subparagraph, the term ‘terminally ill
16 individual’ has the same meaning given
17 such term under section 101(g)(4)(A), except that ‘84 months’ shall be substituted
18 for ‘24 months’.
19

20 “(iii) DOCUMENTATION.—For purposes of this subparagraph, an employee
21 shall not be considered to be a terminally
22 ill individual unless such employee furnishes sufficient evidence to the plan administrator in such form and manner as
23 the Secretary may require.
24
25
26

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1 “(iv) AMOUNT DISTRIBUTED MAY BE
2 REPAID.—Rules similar to the rules of sub-
3 paragraph (H)(v) shall apply with respect
4 to an individual who receives a distribution
5 to which clause (i) applies.”.

6 (b) EFFECTIVE DATE.—The amendment made by
7 this section shall apply to distributions made after the
8 date of the enactment of this Act.

9 **SEC. 327. SURVIVING SPOUSE ELECTION TO BE TREATED**
10 **AS EMPLOYEE.**

11 (a) IN GENERAL.—Section 401(a)(9)(B)(iv), as
12 amended by this Act, is further amended to read as fol-
13 lows:

14 “(iv) SPECIAL RULE FOR SURVIVING
15 SPOUSE OF EMPLOYEE.—If the designated
16 beneficiary referred to in clause (iii)(I) is
17 the surviving spouse of the employee and
18 the surviving spouse elects the treatment
19 in this clause—

20 “(I) the regulations referred to in
21 clause (iii)(II) shall treat the surviving
22 spouse as if the surviving spouse were
23 the employee,

24 “(II) the date on which the dis-
25 tributions are required to begin under

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1 clause (iii)(III) shall not be earlier
2 than the date on which the employee
3 would have attained the applicable
4 age, and

5 “(III) if the surviving spouse dies
6 before the distributions to such spouse
7 begin, this subparagraph shall be ap-
8 plied as if the surviving spouse is the
9 employee.

10 An election described in this clause shall be
11 made at such time and in such manner as
12 prescribed by the Secretary, shall include a
13 timely notice to the plan administrator,
14 and once made may not be revoked except
15 with the consent of the Secretary.”.

16 (b) EXTENSION OF ELECTION OF AT LEAST AS RAP-
17 IDLY RULE.—The Secretary shall amend Q&A–5(a) of
18 Treasury Regulation section 1.401(a)(9)–5 (or any suc-
19 cessor regulation thereto) to provide that if the surviving
20 spouse is the employee’s sole designated beneficiary and
21 the spouse elects treatment under section
22 401(a)(9)(B)(iv), then the applicable distribution period
23 for distribution calendar years after the distribution cal-
24 endar year including the employee’s date of death is deter-
25 mined under the uniform lifetime table.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to calendar years beginning after
3 December 31, 2023.

4 **SEC. 328. REPEAL OF DIRECT PAYMENT REQUIREMENT ON**
5 **EXCLUSION FROM GROSS INCOME OF DIS-**
6 **TRIBUTIONS FROM GOVERNMENTAL PLANS**
7 **FOR HEALTH AND LONG-TERM CARE INSUR-**
8 **ANCE.**

9 (a) IN GENERAL.—Section 402(l)(5)(A) is amended
10 to read as follows:

11 “(A) DIRECT PAYMENT TO INSURER PER-
12 MITTED.—

13 “(i) IN GENERAL.—Paragraph (1)
14 shall apply to a distribution without regard
15 to whether payment of the premiums is
16 made directly to the provider of the acci-
17 dent or health plan or qualified long-term
18 care insurance contract by deduction from
19 a distribution from the eligible retirement
20 plan, or is made to the employee.

21 “(ii) REPORTING.—In the case of a
22 payment made to the employee as de-
23 scribed in clause (i), the employee shall in-
24 clude with the return of tax for the taxable
25 year in which the distribution is made an

1 attestation that the distribution does not
2 exceed the amount paid by the employee
3 for qualified health insurance premiums
4 for such taxable year.”.

5 (b) **EFFECTIVE DATE.**—The amendment made by
6 this section shall apply to distributions made after the
7 date of the enactment of this Act.

8 **SEC. 329. MODIFICATION OF ELIGIBLE AGE FOR EXEMP-**
9 **TION FROM EARLY WITHDRAWAL PENALTY.**

10 (a) **IN GENERAL.**—Subparagraph (A) of section
11 72(t)(10), as amended by this Act, is further amended by
12 striking “age 50” and inserting “age 50 or 25 years of
13 service under the plan, whichever is earlier”.

14 (b) **EFFECTIVE DATE.**—The amendment made by
15 this section shall apply to distributions made after the
16 date of the enactment of this Act.

17 **SEC. 330. EXEMPTION FROM EARLY WITHDRAWAL PENALTY**
18 **FOR CERTAIN STATE AND LOCAL GOVERN-**
19 **MENT CORRECTIONS EMPLOYEES.**

20 (a) **IN GENERAL.**—Clause (i) of section 72(t)(10)(B)
21 is amended by striking “or emergency medical services”
22 and inserting “emergency medical services, or services as
23 a corrections officer or as a forensic security employee pro-
24 viding for the care, custody, and control of forensic pa-
25 tients”.

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

4 **SEC. 331. SPECIAL RULES FOR USE OF RETIREMENT FUNDS**
5 **IN CONNECTION WITH QUALIFIED FEDER-**
6 **ALLY DECLARED DISASTERS.**

7 (a) TAX-FAVORED WITHDRAWALS FROM RETIRE-
8 MENT PLANS.—

9 (1) IN GENERAL.—Paragraph (2) of section
10 72(t), as amended by this Act, is further amended
11 by adding at the end the following new subpara-
12 graph:

13 “(M) DISTRIBUTIONS FROM RETIREMENT
14 PLANS IN CONNECTION WITH FEDERALLY DE-
15 CLARED DISASTERS.—Any qualified disaster re-
16 covery distribution.”.

17 (2) QUALIFIED DISASTER RECOVERY DISTRIBU-
18 TION.—Section 72(t) is amended by adding at the
19 end the following new paragraph:

20 “(11) QUALIFIED DISASTER RECOVERY DIS-
21 TRIBUTION.—For purposes of paragraph (2)(M)—

22 “(A) IN GENERAL.—Except as provided in
23 subparagraph (B), the term ‘qualified disaster
24 recovery distribution’ means any distribution
25 made—

1 “(i) on or after the first day of the in-
2 cident period of a qualified disaster and
3 before the date that is 180 days after the
4 applicable date with respect to such dis-
5 aster, and

6 “(ii) to an individual whose principal
7 place of abode at any time during the inci-
8 dent period of such qualified disaster is lo-
9 cated in the qualified disaster area with re-
10 spect to such qualified disaster and who
11 has sustained an economic loss by reason
12 of such qualified disaster.

13 “(B) AGGREGATE DOLLAR LIMITATION.—

14 “(i) IN GENERAL.—For purposes of
15 this subsection, the aggregate amount of
16 distributions received by an individual
17 which may be treated as qualified disaster
18 recovery distributions with respect to any
19 qualified disaster in all taxable years shall
20 not exceed \$22,000.

21 “(ii) TREATMENT OF PLAN DISTRIBUTI-
22 ONS.—If a distribution to an individual
23 would (without regard to clause (i)) be a
24 qualified disaster recovery distribution, a
25 plan shall not be treated as violating any

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1 requirement of this title merely because
2 the plan treats such distribution as a
3 qualified disaster recovery distribution, un-
4 less the aggregate amount of such distribu-
5 tions from all plans maintained by the em-
6 ployer (and any member of any controlled
7 group which includes the employer) to such
8 individual exceeds \$22,000 with respect to
9 the same qualified disaster.

10 “(iii) CONTROLLED GROUP.—For pur-
11 poses of clause (ii), the term ‘controlled
12 group’ means any group treated as a single
13 employer under subsection (b), (c), (m), or
14 (o) of section 414.

15 “(C) AMOUNT DISTRIBUTED MAY BE RE-
16 PAID.—

17 “(i) IN GENERAL.—Any individual
18 who receives a qualified disaster recovery
19 distribution may, at any time during the 3-
20 year period beginning on the day after the
21 date on which such distribution was re-
22 ceived, make one or more contributions in
23 an aggregate amount not to exceed the
24 amount of such distribution to an eligible
25 retirement plan of which such individual is

1 a beneficiary and to which a rollover con-
2 tribution of such distribution could be
3 made under section 402(c), 403(a)(4),
4 403(b)(8), 408(d)(3), or 457(e)(16), as the
5 case may be.

6 “(ii) TREATMENT OF REPAYMENTS OF
7 DISTRIBUTIONS FROM ELIGIBLE RETIRE-
8 MENT PLANS OTHER THAN IRAS.—For
9 purposes of this title, if a contribution is
10 made pursuant to clause (i) with respect to
11 a qualified disaster recovery distribution
12 from a plan other than an individual re-
13 tirement plan, then the taxpayer shall, to
14 the extent of the amount of the contribu-
15 tion, be treated as having received the
16 qualified disaster recovery distribution in
17 an eligible rollover distribution (as defined
18 in section 402(c)(4)) and as having trans-
19 ferred the amount to the eligible retire-
20 ment plan in a direct trustee to trustee
21 transfer within 60 days of the distribution.

22 “(iii) TREATMENT OF REPAYMENTS
23 FOR DISTRIBUTIONS FROM IRAS.—For
24 purposes of this title, if a contribution is
25 made pursuant to clause (i) with respect to

1 a qualified disaster recovery distribution
2 from an individual retirement plan, then,
3 to the extent of the amount of the con-
4 tribution, the qualified disaster recovery
5 distribution shall be treated as a distribu-
6 tion described in section 408(d)(3) and as
7 having been transferred to the eligible re-
8 tirement plan in a direct trustee to trustee
9 transfer within 60 days of the distribution.

10 “(D) INCOME INCLUSION SPREAD OVER 3-
11 YEAR PERIOD.—

12 “(i) IN GENERAL.—In the case of any
13 qualified disaster recovery distribution, un-
14 less the taxpayer elects not to have this
15 subparagraph apply for any taxable year,
16 any amount required to be included in
17 gross income for such taxable year shall be
18 so included ratably over the 3-taxable year
19 period beginning with such taxable year.

20 “(ii) SPECIAL RULE.—For purposes of
21 clause (i), rules similar to the rules of sub-
22 paragraph (E) of section 408A(d)(3) shall
23 apply.

24 “(E) QUALIFIED DISASTER.—For purposes
25 of this paragraph and paragraph (8), the term

1 ‘qualified disaster’ means any disaster with re-
2 spect to which a major disaster has been de-
3 clared by the President under section 401 of
4 the Robert T. Stafford Disaster Relief and
5 Emergency Assistance Act after December 27,
6 2020.

7 “(F) OTHER DEFINITIONS.—For purposes
8 of this paragraph and paragraph (8)—

9 “(i) QUALIFIED DISASTER AREA.—

10 “(I) IN GENERAL.—The term
11 ‘qualified disaster area’ means, with
12 respect to any qualified disaster, the
13 area with respect to which the major
14 disaster was declared under the Rob-
15 ert T. Stafford Disaster Relief and
16 Emergency Assistance Act.

17 “(II) EXCEPTIONS.—Such term
18 shall not include any area which is a
19 qualified disaster area solely by reason
20 of section 301 of the Taxpayer Cer-
21 tainty and Disaster Tax Relief Act of
22 2020.

23 “(ii) INCIDENT PERIOD.—The term
24 ‘incident period’ means, with respect to
25 any qualified disaster, the period specified

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1 by the Federal Emergency Management
2 Agency as the period during which such
3 disaster occurred.

4 “(iii) APPLICABLE DATE.—The term
5 ‘applicable date’ means the latest of—

6 “(I) the date of the enactment of
7 this paragraph,

8 “(II) the first day of the incident
9 period with respect to the qualified
10 disaster, or

11 “(III) the date of the disaster
12 declaration with respect to the quali-
13 fied disaster.

14 “(iv) ELIGIBLE RETIREMENT PLAN.—
15 The term ‘eligible retirement plan’ shall
16 have the meaning given such term by sec-
17 tion 402(c)(8)(B).

18 “(G) SPECIAL RULES.—

19 “(i) EXEMPTION OF DISTRIBUTIONS
20 FROM TRUSTEE TO TRUSTEE TRANSFER
21 AND WITHHOLDING RULES.—For purposes
22 of sections 401(a)(31), 402(f), and 3405,
23 qualified disaster recovery distributions
24 shall not be treated as eligible rollover dis-
25 tributions.

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1 “(ii) QUALIFIED DISASTER RECOVERY
2 DISTRIBUTIONS TREATED AS MEETING
3 PLAN DISTRIBUTION REQUIREMENTS.—

4 For purposes of this title—

5 “(I) a qualified disaster recovery
6 distribution shall be treated as meet-
7 ing the requirements of sections
8 401(k)(2)(B)(i), 403(b)(7)(A)(i),
9 403(b)(11), and 457(d)(1)(A), and

10 “(II) in the case of a money pur-
11 chase pension plan, a qualified dis-
12 aster recovery distribution which is an
13 in-service withdrawal shall be treated
14 as meeting the requirements of section
15 401(a) applicable to distributions.”.

16 (3) EFFECTIVE DATE.—The amendments made
17 by this subsection shall apply to distributions with
18 respect to disasters the incident period (as defined
19 in section 72(t)(11)(F)(ii) of the Internal Revenue
20 Code of 1986, as added by this subsection) for which
21 begins on or after the date which is 30 days after
22 the date of the enactment of the Taxpayer Certainty
23 and Disaster Tax Relief Act of 2020.

24 (b) RECONTRIBUTIONS OF WITHDRAWALS FOR
25 HOME PURCHASES.—

1 (1) INDIVIDUAL RETIREMENT PLANS.—Para-
2 graph (8) of section 72(t) is amended by adding at
3 the end the following new subparagraph:

4 “(F) RECONTRIBUTIONS.—

5 “(i) GENERAL RULE.—

6 “(I) IN GENERAL.—Any indi-
7 vidual who received a qualified dis-
8 tribution may, during the applicable
9 period, make one or more contribu-
10 tions in an aggregate amount not to
11 exceed the amount of such qualified
12 distribution to an eligible retirement
13 plan (as defined in section
14 402(c)(8)(B)) of which such indi-
15 vidual is a beneficiary and to which a
16 rollover contribution of such distribu-
17 tion could be made under section
18 402(c), 403(a)(4), 403(b)(8), or
19 408(d)(3), as the case may be.

20 “(II) TREATMENT OF REPAY-
21 MENTS.—Rules similar to the rules of
22 clauses (ii) and (iii) of paragraph
23 (11)(C) shall apply for purposes of
24 this subsection.

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1 “(ii) QUALIFIED DISTRIBUTION.—For
2 purposes of this subparagraph, the term
3 ‘qualified distribution’ means any distribu-
4 tion—

5 “(I) which is a qualified first-
6 time homebuyer distribution,

7 “(II) which was to be used to
8 purchase or construct a principal resi-
9 dence in a qualified disaster area, but
10 which was not so used on account of
11 the qualified disaster with respect to
12 such area, and

13 “(III) which was received during
14 the period beginning on the date
15 which is 180 days before the first day
16 of the incident period of such qualified
17 disaster and ending on the date which
18 is 30 days after the last day of such
19 incident period.

20 “(iii) APPLICABLE PERIOD.—For pur-
21 poses of this subparagraph, the term ‘ap-
22 plicable period’ means, in the case of a
23 principal residence in a qualified disaster
24 area with respect to any qualified disaster,
25 the period beginning on the first day of the

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1 incident period of such qualified disaster
2 and ending on the date which is 180 days
3 after the applicable date with respect to
4 such disaster.”.

5 (2) QUALIFIED PLANS.—Subsection (c) of sec-
6 tion 402, as amended by this Act, is further amend-
7 ed by adding at the end the following new para-
8 graph:

9 “(13) RECONTRIBUTIONS OF WITHDRAWALS
10 FOR HOME PURCHASES.—

11 “(A) GENERAL RULE.—

12 “(i) IN GENERAL.—Any individual
13 who received a qualified distribution may,
14 during the applicable period, make one or
15 more contributions in an aggregate amount
16 not to exceed the amount of such qualified
17 distribution to an eligible retirement plan
18 (as defined in paragraph (8)(B)) of which
19 such individual is a beneficiary and to
20 which a rollover contribution of such dis-
21 tribution could be made under subsection
22 (c) or section 403(a)(4), 403(b)(8), or
23 408(d)(3), as the case may be.

24 “(ii) TREATMENT OF REPAYMENTS.—
25 Rules similar to the rules of clauses (ii)

1 and (iii) of section 72(t)(11)(C) shall apply
2 for purposes of this subsection.

3 “(B) QUALIFIED DISTRIBUTION.—For
4 purposes of this paragraph, the term ‘qualified
5 distribution’ means any distribution—

6 “(i) described in section
7 401(k)(2)(B)(i)(IV), 403(b)(7)(A)(i)(V), or
8 403(b)(11)(B),

9 “(ii) which was to be used to purchase
10 or construct a principal residence in a
11 qualified disaster area, but which was not
12 so used on account of the qualified disaster
13 with respect to such area, and

14 “(iii) which was received during the
15 period beginning on the date which is 180
16 days before the first day of the incident pe-
17 riod of such qualified disaster and ending
18 on the date which is 30 days after the last
19 day of such incident period.

20 “(C) DEFINITIONS.—For purposes of this
21 paragraph—

22 “(i) the terms ‘qualified disaster’,
23 ‘qualified disaster area’, and ‘incident pe-
24 riod’ have the meaning given such terms
25 under section 72(t)(11), and

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1 “(ii) the term ‘applicable period’ has
2 the meaning given such term under section
3 72(t)(8)(F).”.

4 (3) EFFECTIVE DATE.—The amendments made
5 by this subsection shall apply to recontributions of
6 withdrawals for home purchases with respect to dis-
7 asters the incident period (as defined in section
8 72(t)(11)(F)(ii) of the Internal Revenue Code of
9 1986, as added by this subsection) for which begins
10 on or after the date which is 30 days after the date
11 of the enactment of the Taxpayer Certainty and Dis-
12 aster Tax Relief Act of 2020.

13 (c) LOANS FROM QUALIFIED PLANS.—

14 (1) IN GENERAL.—Subsection (p) of section 72
15 is amended by adding at the end the following new
16 paragraph:

17 “(6) INCREASE IN LIMIT ON LOANS NOT TREAT-
18 ED AS DISTRIBUTIONS.—

19 “(A) IN GENERAL.—In the case of any
20 loan from a qualified employer plan to a quali-
21 fied individual made during the applicable pe-
22 riod—

23 “(i) clause (i) of paragraph (2)(A)
24 shall be applied by substituting ‘\$100,000’
25 for ‘\$50,000’, and

1 “(ii) clause (ii) of such paragraph
2 shall be applied by substituting ‘the
3 present value of the nonforfeitable accrued
4 benefit of the employee under the plan’ for
5 ‘one-half of the present value of the non-
6 forfeitable accrued benefit of the employee
7 under the plan’.

8 “(B) DELAY OF REPAYMENT.—In the case
9 of a qualified individual with respect to any
10 qualified disaster with an outstanding loan from
11 a qualified employer plan on or after the appli-
12 cable date with respect to the qualified dis-
13 aster—

14 “(i) if the due date pursuant to sub-
15 paragraph (B) or (C) of paragraph (2) for
16 any repayment with respect to such loan
17 occurs during the period beginning on the
18 first day of the incident period of such
19 qualified disaster and ending on the date
20 which is 180 days after the last day of
21 such incident period, such due date may be
22 delayed for 1 year,

23 “(ii) any subsequent repayments with
24 respect to any such loan may be appro-
25 priately adjusted to reflect the delay in the

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1 due date under clause (i) and any interest
2 accruing during such delay, and

3 “(iii) in determining the 5-year period
4 and the term of a loan under subpara-
5 graph (B) or (C) of paragraph (2), the pe-
6 riod described in clause (i) may be dis-
7 regarded.

8 “(C) DEFINITIONS.—For purposes of this
9 paragraph—

10 “(i) QUALIFIED INDIVIDUAL.—The
11 term ‘qualified individual’ means any indi-
12 vidual—

13 “(I) whose principal place of
14 abode at any time during the incident
15 period of any qualified disaster is lo-
16 cated in the qualified disaster area
17 with respect to such qualified disaster,
18 and

19 “(II) who has sustained an eco-
20 nomic loss by reason of such qualified
21 disaster.

22 “(ii) APPLICABLE PERIOD.—The ap-
23 plicable period with respect to any disaster
24 is the period—

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1 “(I) beginning on the applicable
2 date with respect to such disaster, and

3 “(II) ending on the date that is
4 180 days after such applicable date.

5 “(iii) OTHER TERMS.—For purposes
6 of this paragraph—

7 “(I) the terms ‘applicable date’,
8 ‘qualified disaster’, ‘qualified disaster
9 area’, and ‘incident period’ have the
10 meaning given such terms under sub-
11 section (t)(11), and

12 “(II) the term ‘applicable period’
13 has the meaning given such term
14 under subsection (t)(8).”.

15 (2) EFFECTIVE DATE.—The amendment made
16 by paragraph (1) shall apply to plan loans made
17 with respect to disasters the incident period (as de-
18 fined in section 72(t)(11)(F)(ii) of the Internal Rev-
19 enue Code of 1986, as added by this subsection) for
20 which begins on or after the date which is 30 days
21 after the date of the enactment of the Taxpayer Cer-
22 tainty and Disaster Tax Relief Act of 2020.

23 (d) GAO REPORT.—The Comptroller General of the
24 United States shall submit a report to the Committees on
25 Finance and Health, Education, Labor and Pensions of

1 the Senate and the Committees on Ways and Means and
2 Education and Labor of the House of Representatives on
3 taxpayer utilization of the retirement disaster relief per-
4 mitted by the amendments made by this section and or
5 permitted by prior legislation, including a comparison of
6 utilization by higher and lower income taxpayers and
7 whether the \$22,000 threshold on distributions provides
8 adequate relief for taxpayers who suffer from a disaster.

9 **SEC. 332. EMPLOYERS ALLOWED TO REPLACE SIMPLE RE-**
10 **TIREMENT ACCOUNTS WITH SAFE HARBOR**
11 **401(k) PLANS DURING A YEAR.**

12 (a) IN GENERAL.—Section 408(p) is amended by
13 adding at the end the following new paragraph:

14 “(11) REPLACEMENT OF SIMPLE RETIREMENT
15 ACCOUNTS WITH SAFE HARBOR PLANS DURING PLAN
16 YEAR.—

17 “(A) IN GENERAL.—Subject to the re-
18 quirements of this paragraph, an employer may
19 elect (in such form and manner as the Sec-
20 retary may prescribe) at any time during a year
21 to terminate the qualified salary reduction ar-
22 rangement under paragraph (2), but only if the
23 employer establishes and maintains (as of the
24 day after the termination date) a safe harbor
25 plan to replace the terminated arrangement.

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1 “(B) COMBINED LIMITS ON CONTRIBU-
2 TIONS.—The terminated arrangement and safe
3 harbor plan shall both be treated as violating
4 the requirements of paragraph (2)(A)(ii) or sec-
5 tion 401(a)(30) (whichever is applicable) if the
6 aggregate elective contributions of the employee
7 under the terminated arrangement during its
8 last plan year and under the safe harbor plan
9 during its transition year exceed the sum of—

10 “(i) the applicable dollar amount for
11 such arrangement (determined on a full-
12 year basis) under this subsection (after the
13 application of section 414(v)) with respect
14 to the employee for such last plan year
15 multiplied by a fraction equal to the num-
16 ber of days in such plan year divided by
17 365, and

18 “(ii) the applicable dollar amount (as
19 so determined) under section 402(g)(1) for
20 such safe harbor plan on such elective con-
21 tributions during the transition year multi-
22 plied by a fraction equal to the number of
23 days in such transition year divided by
24 365.

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1 “(C) TRANSITION YEAR.—For purposes of
2 this paragraph, the transition year is the period
3 beginning after the termination date and ending
4 on the last day of the calendar year during
5 which the termination occurs.

6 “(D) SAFE HARBOR PLAN.—For purposes
7 of this paragraph, the term ‘safe harbor plan’
8 means a qualified cash or deferred arrangement
9 which meets the requirements of paragraph
10 (11), (12), (13), or (16) of section 401(k).”.

11 (b) WAIVER OF 2-YEAR WITHDRAWAL LIMITATION IN
12 CASE OF PLANS CONVERTING TO 401(k) OR 403(b).—

13 (1) IN GENERAL.—Paragraph (6) of section
14 72(t) is amended—

15 (A) by striking “ACCOUNTS.—In the case
16 of” and inserting “ACCOUNTS.—

17 “(A) IN GENERAL.—In the case of”, and

18 (B) by adding at the end the following new
19 subparagraph:

20 “(B) WAIVER IN CASE OF PLAN CONVER-
21 SION TO 401(k) OR 403(b).—In the case of an
22 employee of an employer which terminates the
23 qualified salary reduction arrangement of the
24 employer under section 408(p) and establishes
25 a qualified cash or deferred arrangement de-

1 scribed in section 401(k) or purchases annuity
 2 contracts described in section 403(b), subpara-
 3 graph (A) shall not apply to any amount which
 4 is paid in a rollover contribution described in
 5 section 408(d)(3) into a qualified trust under
 6 section 401(k) (but only if such contribution is
 7 subsequently subject to the rules of section
 8 401(k)(2)(B)) or an annuity contract described
 9 in section 403(b) (but only if such contribution
 10 is subsequently subject to the rules of section
 11 403(b)(12)) for the benefit of the employee.”.

12 (2) CONFORMING AMENDMENT.—Subparagraph
 13 (G) of section 408(d)(3) is amended by striking
 14 “72(t)(6)” and inserting “72(t)(6)(A)”.

15 (c) EFFECTIVE DATE.—The amendments made by
 16 this section shall apply to plan years beginning after De-
 17 cember 31, 2023.

18 **SEC. 333. ELIMINATION OF ADDITIONAL TAX ON CORREC-**
 19 **TIVE DISTRIBUTIONS OF EXCESS CONTRIBU-**
 20 **TIONS.**

21 (a) IN GENERAL.—Subparagraph (A) of section
 22 72(t)(2) is amended—

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

24 (2) by striking the period at the end of clause

25 (viii) and inserting “, or”; and

1 (3) by inserting after clause (viii) the following
2 new clause:

3 “(ix) attributable to withdrawal of net
4 income attributable to a contribution which
5 is distributed pursuant to section
6 408(d)(4).”.

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

17 **SEC. 334. LONG-TERM CARE CONTRACTS PURCHASED WITH**
18 **RETIREMENT PLAN DISTRIBUTIONS.**

19 (a) **IN GENERAL.**—Section 401(a) is amended by in-
20 serting after paragraph (38) the following new paragraph:

21 “(39) **QUALIFIED LONG-TERM CARE DISTRIBUTIONS.**—
22 TIONS.—

23 “(A) **IN GENERAL.**—A trust forming part
24 of a defined contribution plan shall not be
25 treated as failing to constitute a qualified trust

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1 under this section solely by reason of allowing
2 qualified long-term care distributions.

3 “(B) QUALIFIED LONG-TERM CARE DIS-
4 TRIBUTION.—For purposes of this paragraph—

5 “(i) IN GENERAL.—The term ‘quali-
6 fied long-term care distribution’ means so
7 much of the distributions made during the
8 taxable year as does not exceed, in the ag-
9 gregate, the least of the following:

10 “(I) The amount paid by or as-
11 sessed to the employee during the tax-
12 able year for or with respect to cer-
13 tified long-term care insurance for the
14 employee or the employee’s spouse (or
15 other family member of the employee
16 as provided by the Secretary by regu-
17 lation).

18 “(II) An amount equal to 10 per-
19 cent of the present value of the non-
20 forfeitable accrued benefit of the em-
21 ployee under the plan.

22 “(III) \$2,500.

23 “(ii) ADJUSTMENT FOR INFLATION.—
24 In the case of taxable years beginning
25 after December 31, 2024, the \$2,500

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1 amount in clause (i)(II) shall be increased
2 by an amount equal to—

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

5 “(II) the cost-of-living adjust-
6 ment determined under section 1(f)(3)
7 for the calendar year in which the tax-
8 able year begins, determined by sub-
9 stituting ‘calendar year 2023’ for ‘cal-
10 endar year 2016’ in subparagraph
11 (A)(ii) thereof.

12 If any increase under the preceding sen-
13 tence is not a multiple of \$100, such
14 amount shall be rounded to the nearest
15 multiple of \$100.

16 “(C) CERTIFIED LONG-TERM CARE INSUR-
17 ANCE.—The term ‘certified long-term care in-
18 surance’ means—

19 “(i) a qualified long-term care insur-
20 ance contract (as defined in section
21 7702B(b)) covering qualified long-term
22 care services (as defined in section
23 7702B(e)),

24 “(ii) coverage of the risk that an in-
25 sured individual would become a chron-

1 ically ill individual (within the meaning of
2 section 101(g)(4)(B)) under a rider or
3 other provision of a life insurance contract
4 which satisfies the requirements of section
5 101(g)(3) (determined without regard to
6 subparagraph (D) thereof), or

7 “(iii) coverage of qualified long-term
8 care services (as so defined) under a rider
9 or other provision of an insurance or annu-
10 ity contract which is treated as a separate
11 contract under section 7702B(e) and satis-
12 fies the requirements of section 7702B(g),
13 if such coverage provides meaningful financial
14 assistance in the event the insured needs home-
15 based or nursing home care. For purposes of
16 the preceding sentence, coverage shall not be
17 deemed to provide meaningful financial assist-
18 ance unless benefits are adjusted for inflation
19 and consumer protections are provided, includ-
20 ing protection in the event the coverage is ter-
21 minated.

22 “(D) DISTRIBUTIONS MUST OTHERWISE
23 BE INCLUDIBLE.—Rules similar to the rules of
24 section 402(l)(3) shall apply for purposes of
25 this paragraph.

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1 “(E) LONG-TERM CARE PREMIUM STATE-
2 MENT.—

3 “(i) IN GENERAL.—No distribution
4 shall be treated as a qualified long-term
5 care distribution unless a long-term care
6 premium statement with respect to the em-
7 ployee has been filed with the plan.

8 “(ii) LONG-TERM CARE PREMIUM
9 STATEMENT.—For purposes of this para-
10 graph, a long-term care premium state-
11 ment is a statement provided by the issuer
12 of long-term care coverage, upon request
13 by the owner of such coverage, which in-
14 cludes—

15 “(I) the name and taxpayer iden-
16 tification number of such issuer,

17 “(II) a statement that the cov-
18 erage is certified long-term care insur-
19 ance,

20 “(III) identification of the em-
21 ployee as the owner of such coverage,

22 “(IV) identification of the indi-
23 vidual covered and such individual’s
24 relationship to the employee,

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1 “(V) the premiums owed for the
2 coverage for the calendar year, and

3 “(VI) such other information as
4 the Secretary may require.

5 “(iii) FILING WITH SECRETARY.—A
6 long-term care premium statement will be
7 accepted only if the issuer has completed a
8 disclosure to the Secretary for the specific
9 coverage product to which the statement
10 relates. Such disclosure shall identify the
11 issuer, type of coverage, and such other in-
12 formation as the Secretary may require
13 which is included in the filing of the prod-
14 uct with the applicable State authority.”.

15 (b) CONFORMING AMENDMENTS.—

16 (1) Section 401(k)(2)(B)(i) is amended by
17 striking “or” at the end of subclause (V), by adding
18 “or” at the end of subclause (VI), and by adding at
19 the end the following new subclause:

20 “(VII) as provided in section
21 401(a)(39),”.

22 (2) Section 403(a) is amended by adding at the
23 end the following new paragraph:

24 “(6) QUALIFIED LONG-TERM CARE DISTRIBU-
25 TIONS.—An annuity contract shall not fail to be sub-

1 ject to this subsection solely by reason of allowing
2 distributions to which section 401(a)(39) applies.”.

3 (3) Section 403(b)(7)(A)(i) is amended by
4 striking “or” at the end of subclause (V), by strik-
5 ing “and” at the end of subclause (VI) and inserting
6 “or” and by adding at the end the following new
7 subclause:

8 “(VII) as provided for distribu-
9 tions to which section 401(a)(39) ap-
10 plies, and”.

11 (4) Section 403(b)(11) is amended by striking
12 “or” at the end of subparagraph (C), by striking the
13 period at the end of subparagraph (D) and inserting
14 “, or”, and by inserting after subparagraph (D) the
15 following new subparagraph:

16 “(E) for distributions to which section
17 401(a)(39) applies.”.

18 (5) Section 457(d)(1)(A) is amended by strik-
19 ing “or” at the end of clause (iii), by striking the
20 comma at the end of clause (iv) and inserting “, or”,
21 and by adding at the end the following new clause:

22 “(v) as provided in section
23 401(a)(39),”.

24 (c) EXEMPTION FROM ADDITIONAL TAX ON EARLY
25 DISTRIBUTIONS.—Section 72(t)(2), as amended by this

1 Act, is further amended by adding at the end the following
2 new subparagraph:

3 “(N) QUALIFIED LONG-TERM CARE DIS-
4 TRIBUTIONS.—

5 “(i) IN GENERAL.—Any qualified
6 long-term care distribution to which sec-
7 tion 401(a)(39) applies.

8 “(ii) EXCEPTION.—If, with respect to
9 the plan, the individual covered by the
10 long-term care coverage to which such dis-
11 tribution relates is the spouse of the em-
12 ployee, clause (i) shall apply only if the
13 employee and the employee’s spouse file a
14 joint return.

15 “(iii) EXEMPTION OF DISTRIBUTIONS
16 FROM TRUSTEE TO TRUSTEE TRANSFER
17 AND WITHHOLDING RULES.—For purposes
18 of sections 401(a)(31), 402(f), and 3405,
19 any qualified long-term care distribution
20 described in clause (i) shall not be treated
21 as an eligible rollover distribution.”.

22 (d) REPORTING.—

23 (1) IN GENERAL.—Subpart B of part III of
24 subchapter A of chapter 61 is amended by adding at
25 the end the following new section:

1 **“SEC. 6050Z. REPORTS RELATING TO LONG-TERM CARE**
2 **PREMIUM STATEMENTS.**

3 “(a) REQUIREMENT OF REPORTING.—Any issuer of
4 certified long-term care insurance (as defined in section
5 401(a)(39)(C)) who provides a long-term care premium
6 statement with respect to any purchaser pursuant to sec-
7 tion 401(a)(39)(E) for a calendar year, shall make a re-
8 turn not later than February 1 of the succeeding calendar
9 year, according to forms or regulations prescribed by the
10 Secretary, setting forth with respect to each such pur-
11 chaser—

12 “(1) the name and taxpayer identification num-
13 ber of such issuer,

14 “(2) a statement that the coverage is certified
15 long-term care insurance as defined in section
16 401(a)(39)(C),

17 “(3) the name of the owner of such coverage,

18 “(4) identification of the individual covered and
19 such individual’s relationship to the owner,

20 “(5) the premiums paid for the coverage for the
21 calendar year, and

22 “(6) such other information as the Secretary
23 may require.

24 “(b) STATEMENT TO BE FURNISHED TO PERSONS
25 WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—
26 Every person required to make a return under subsection

1 (a) shall furnish to each individual whose name is required
2 to be set forth in such return a written statement show-
3 ing—

4 “(1) the name, address, and phone number of
5 the information contact of the issuer of the contract
6 or coverage, and

7 “(2) the aggregate amount of premiums and
8 charges paid under the contract or coverage covering
9 the insured individual during the calendar year.

10 The written statement required under the preceding sen-
11 tence shall be furnished to the individual or individuals
12 on or before January 31 of the year following the calendar
13 year for which the return required under subsection (a)
14 was required to be made.

15 “(c) CONTRACTS OR COVERAGE COVERING MORE
16 THAN ONE INSURED.—In the case of contracts or cov-
17 erage covering more than one insured, the return and
18 statement required by subsections (a) and (b) shall iden-
19 tify only the portion of the premium that is properly allo-
20 cable to the insured in respect of whom the return or
21 statement is made.

22 “(d) STATEMENT TO BE FURNISHED ON RE-
23 QUEST.—If any individual to whom a return is required
24 to be furnished under subsection (b) requests that such
25 a return be furnished at any time before the close of the

1 calendar year, the person required to make the return
2 under subsection (b) shall comply with such request and
3 shall furnish to the Secretary at such time a copy of the
4 return so provided.”.

5 (2) PENALTIES.—Section 6724(d) is amend-
6 ed—

7 (A) in paragraph (1)(B), by adding “or”
8 at the end of clause (xxvii) and by inserting
9 after such clause the following new clause:

10 “(xxviii) section 6050Z (relating to re-
11 ports relating to long-term care premium
12 statements), and”, and

13 (B) in paragraph (2)—

14 (i) by redesignating subparagraph
15 (JJ), relating to section 6050Y, as sub-
16 paragraph (KK) and moving such subpara-
17 graph to the position immediately after
18 subparagraph (JJ), relating to section
19 6226(a)(2),

20 (ii) by striking “or” at the end of sub-
21 paragraph (II),

22 (iii) by striking the period at the end
23 of subparagraph (JJ), relating to section
24 6226(a)(2), and inserting a comma,

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1 (iv) by striking the period at the end
2 of subparagraph (KK), as so redesignated,
3 and inserting “, or”, and

4 (v) by inserting after subparagraph
5 (KK), as so redesignated, the following
6 new subparagraph:

7 “(LL) section 6050Z (relating to reports
8 relating to long-term care premium state-
9 ments).”.

10 (3) CLERICAL AMENDMENT.—The table of sec-
11 tions for subpart B of part III of subchapter A of
12 chapter 61 is amended by adding after the item re-
13 lating to section 6050Y the following new item:

“Sec. 6050Z. Reports relating to long-term care premium statements.”.

14 (e) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to distributions made after the
16 date which is 3 years after the date of the enactment of
17 this Act.

18 (f) DISCLOSURE TO TREASURY OF LONG-TERM CARE
19 INSURANCE PRODUCTS.—The Secretary of the Treasury
20 (or the Secretary’s delegate) shall issue such forms and
21 guidance as are necessary to collect the filing required by
22 section 401(a)(39)(E)(iii) of the Internal Revenue Code
23 of 1986, as added by this section.

1 **SEC. 335. CORRECTIONS OF MORTALITY TABLES.**

2 (a) IN GENERAL.—Not later than 18 months after
3 the date of the enactment of this Act, the Secretary of
4 the Treasury (or the Secretary’s delegate) shall amend the
5 regulation relating to “Mortality Tables for Determining
6 Present Value Under Defined Benefit Pension Plans” (82
7 Fed. Reg. 46388 (October 5, 2017)). Under such amend-
8 ment, for valuation dates occurring during or after 2024,
9 such mortality improvement rates shall not assume for
10 years beyond the valuation date future mortality improve-
11 ments at any age which are greater than .78 percent. The
12 Secretary of the Treasury (or delegate) shall by regulation
13 modify the .78 percent figure in the preceding sentence
14 as necessary to reflect material changes in the overall rate
15 of improvement projected by the Social Security Adminis-
16 tration.

17 (b) EFFECTIVE DATE.—The amendments required
18 under subsection (a) shall be deemed to have been made
19 as of the date of the enactment of this Act, and as of
20 such date all applicable laws shall be applied in all respects
21 as though the actions which the Secretary of the Treasury
22 (or the Secretary’s delegate) is required to take under
23 such subsection had been taken.

1 **SEC. 336. REPORT TO CONGRESS ON SECTION 402(f) NO-**
2 **TICES.**

3 Not later than 18 months after the date of the enact-
4 ment of this Act, the Comptroller General of the United
5 States shall submit a report to the Committees on Finance
6 and Health, Education, Labor, and Pensions of the Senate
7 and the Committees on Ways and Means and Education
8 and Labor of the House of Representatives on the notices
9 provided by retirement plan administrators to plan partici-
10 pants under section 402(f) of the Internal Revenue Code
11 of 1986. The report shall analyze the effectiveness of such
12 notices and make recommendations, as warranted by the
13 findings, to facilitate better understanding by recipients
14 of different distribution options and corresponding tax
15 consequences, including spousal rights.

16 **SEC. 337. MODIFICATION OF REQUIRED MINIMUM DIS-**
17 **TRIBUTION RULES FOR SPECIAL NEEDS**
18 **TRUSTS.**

19 (a) IN GENERAL.—Section 401(a)(9)(H)(iv)(II) is
20 amended by striking “no individual” and inserting “no
21 beneficiary”.

22 (b) CONFORMING AMENDMENT.—Section
23 401(a)(9)(H)(v) is amended by adding at the end the fol-
24 lowing flush sentence:

25 “For purposes of the preceding sentence,
26 in the case of a trust the terms of which

1 are described in clause (iv)(II), any bene-
2 fiary which is an organization described
3 in section 408(d)(8)(B)(i) shall be treated
4 as a designated beneficiary described in
5 subclause (II).”.

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

9 **SEC. 338. REQUIREMENT TO PROVIDE PAPER STATEMENTS**
10 **IN CERTAIN CASES.**

11 (a) IN GENERAL.—Section 105(a)(2) of the Em-
12 ployee Retirement Income Security Act of 1974 (29
13 U.S.C. 1025(a)(2)) is amended—

14 (1) in subparagraph (A)(iv), by inserting “sub-
15 ject to subparagraph (E),” before “may be deliv-
16 ered”; and

17 (2) by adding at the end the following:

18 “(E) PROVISION OF PAPER STATE-
19 MENTS.—With respect to at least 1 pension
20 benefit statement furnished for a calendar year
21 with respect to an individual account plan
22 under paragraph (1)(A), and with respect to at
23 least 1 pension benefit statement furnished
24 every 3 calendar years with respect to a defined
25 benefit plan under paragraph (1)(B), such

1 statement shall be furnished on paper in writ-
2 ten form except—

3 “(i) in the case of a plan that fur-
4 nishes such statement in accordance with
5 section 2520.104b-1(c) of title 29, Code of
6 Federal Regulations; or

7 “(ii) in the case of a plan that permits
8 a participant or beneficiary to request that
9 the statements referred to in the matter
10 preceding clause (i) be furnished by elec-
11 tronic delivery, if the participant or bene-
12 ficiary requests that such statements be
13 delivered electronically and the statements
14 are so delivered.”.

15 (b) IMPLEMENTATION.—

16 (1) IN GENERAL.—The Secretary of Labor
17 shall, not later than December 31, 2024, update sec-
18 tion 2520.104b-1(c) of title 29, Code of Federal
19 Regulations, to provide that a plan may furnish the
20 statements referred to in subparagraph (E) of sec-
21 tion 105(a)(2) of the Employee Retirement Income
22 Security Act of 1974 by electronic delivery only if,
23 with respect to participants who first become eligible
24 to participate, and beneficiaries who first become eli-
25 gible for benefits, after December 31, 2025, in addi-

1 tion to meeting the other requirements under the
2 regulations such plan furnishes each participant or
3 beneficiary a one-time initial notice on paper in writ-
4 ten form, prior to the electronic delivery of any pen-
5 sion benefit statement, of their right to request that
6 all documents required to be disclosed under title I
7 of the Employee Retirement Income Security Act of
8 1974 be furnished on paper in written form.

9 (2) OTHER GUIDANCE.—In implementing the
10 amendment made by subsection (a) with respect to
11 a plan that discloses required documents or state-
12 ments electronically, in accordance with applicable
13 guidance governing electronic disclosure by the De-
14 partment of Labor (with the exception of section
15 2520.104b-1(c) of title 29, Code of Federal Regula-
16 tions), the Secretary of Labor shall, not later than
17 December 31, 2024, update such guidance to the ex-
18 tent necessary to ensure that—

19 (A) a participant or beneficiary under such
20 a plan is permitted the opportunity to request
21 that any disclosure required to be delivered on
22 paper under applicable guidance by the Depart-
23 ment of Labor shall be furnished by electronic
24 delivery;

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1 (B) each paper statement furnished under
2 such a plan pursuant to the amendment shall
3 include—

4 (i) an explanation of how to request
5 that all such statements, and any other
6 document required to be disclosed under
7 title I of the Employee Retirement Income
8 Security Act of 1974, be furnished by elec-
9 tronic delivery; and

10 (ii) contact information for the plan
11 sponsor, including a telephone number;

12 (C) the plan may not charge any fee to a
13 participant or beneficiary for the delivery of any
14 paper statements;

15 (D) each document required to be disclosed
16 that is furnished by electronic delivery under
17 such a plan shall include an explanation of how
18 to request that all such documents be furnished
19 on paper in written form; and

20 (E) a plan is permitted to furnish a dupli-
21 cate electronic statement in any case in which
22 the plan furnishes a paper pension benefit
23 statement.

1 (c) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall apply with respect to plan years begin-
3 ning after December 31, 2025.

4 **SEC. 339. RECOGNITION OF TRIBAL GOVERNMENT DOMES-**
5 **TIC RELATIONS ORDERS.**

6 (a) AMENDMENT OF INTERNAL REVENUE CODE OF
7 1986.—

8 (1) IN GENERAL.—Clause (ii) of section
9 414(p)(1)(B) is amended by inserting “or Tribal”
10 after “State”.

11 (2) CONFORMING AMENDMENT.—Subparagraph
12 (B) of section 414(p)(1) is amended by adding at
13 the end the following flush sentence:

14 “For purposes of clause (ii), the term ‘Tribal’
15 with respect to a domestic relations law means
16 such a law which is issued by or under the laws
17 of an Indian tribal government, a subdivision of
18 such an Indian tribal government, or an agency
19 or instrumentality of either.”.

20 (b) AMENDMENT OF EMPLOYEE RETIREMENT IN-
21 COME SECURITY ACT OF 1974.—

22 (1) IN GENERAL.—Section 206(d)(3)(B)(ii)(II)
23 of the Employee Retirement Income Security Act of
24 1974 (29 U.S.C. 1056(d)(3)(B)(ii)(II)) is amended
25 by inserting “or Tribal” after “State”.

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1 (2) CONFORMING AMENDMENT.—Section
2 206(d)(3)(B) of such Act is amended by adding at
3 the end the following flush sentence:

4 “For purposes of clause (ii)(II), the term ‘Trib-
5 al’ with respect to a domestic relations law
6 means such a law which is issued by or under
7 the laws of an Indian tribal government (as de-
8 fined in section 7701(a)(40) of the Internal
9 Revenue Code of 1986), a subdivision of such
10 an Indian tribal government, or an agency or
11 instrumentality of either.”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to domestic relations orders re-
14 ceived by plan administrators after December 31, 2022,
15 including any such order which is submitted for reconsid-
16 eration after such date.

17 **SEC. 340. DEFINED CONTRIBUTION PLAN FEE DISCLOSURE**
18 **IMPROVEMENTS.**

19 Not later than 3 years after the date of enactment
20 of this Act, the Secretary of Labor shall—

21 (1) review section 2550.404a–5 of title 29,
22 Code of Federal Regulations (relating to fiduciary
23 requirements for disclosure in participant-directed
24 individual account plans);

1 (2) explore, through a public request for infor-
2 mation or otherwise, how the contents and design of
3 the disclosures described in such section may be im-
4 proved to enhance participants' understanding of
5 fees and expenses related to a defined contribution
6 plan (as defined in section 3 of the Employee Retirement
7 Income Security Act of 1974 (29 U.S.C.
8 1002)) as well as the cumulative effect of such fees
9 and expenses on retirement savings over time; and
10 (3) report to the Committee on Health, Edu-
11 cation, Labor, and Pensions of the Senate and the
12 Committee on Education and Labor of the House of
13 Representatives on the findings of the exploration
14 described in paragraph (2), including beneficial edu-
15 cation for consumers on financial literacy concepts
16 as related to retirement plan fees and recommenda-
17 tions for legislative changes needed to address such
18 findings.

19 **SEC. 341. CONSOLIDATION OF DEFINED CONTRIBUTION**
20 **PLAN NOTICES.**

21 Not later than 2 years after the date of enactment
22 of this Act, the Secretary of Labor and the Secretary of
23 the Treasury (or such Secretaries' delegates) shall adopt
24 regulations providing that a plan (as defined in section
25 3 of the Employee Retirement Income Security Act of

1 1974 (29 U.S.C. 1002)) may, but is not required to, con-
2 solidate 2 or more of the notices required under sections
3 404(e)(5)(B) and 514(e)(3) of the Employee Retirement
4 Income Security Act of 1974 (29 U.S.C. 1104(c)(5)(B)
5 and 29 U.S.C. 1144(e)(3)) and sections 401(k)(12)(D),
6 401(k)(13)(E), and 414(w)(4) of the Internal Revenue
7 Code of 1986 into a single notice so long as the combined
8 notice—

9 (1) includes the required content;

10 (2) clearly identifies the issues addressed there-
11 in;

12 (3) is furnished at the time and with the fre-
13 quency required for each such notice; and

14 (4) is presented in a manner that is reasonably
15 calculated to be understood by the average plan par-
16 ticipant and that does not obscure or fail to high-
17 light the primary information required for each no-
18 tice.

19 This section shall not be interpreted as preventing the con-
20 solidation of any other notices required under the Em-
21 ployee Retirement Income Security Act of 1974, or Inter-
22 nal Revenue Code of 1986, to the extent otherwise per-
23 mitted by the Secretary of Labor or the Secretary of the
24 Treasury (or either such Secretary's delegate), as applica-
25 ble.

1 **SEC. 342. INFORMATION NEEDED FOR FINANCIAL OPTIONS**

2 **RISK MITIGATION.**

3 (a) IN GENERAL.—Part 1 of subtitle B of title I of
4 the Employee Retirement Income Security Act of 1974
5 (29 U.S.C. 1021 et seq.), as amended by the preceding
6 provisions of this title, is amended by adding at the end
7 the following:

8 **“SEC. 113. NOTICE AND DISCLOSURE REQUIREMENTS WITH**
9 **RESPECT TO LUMP SUMS.**

10 “(a) IN GENERAL.—A plan administrator of a pen-
11 sion plan that amends the plan to provide a period of time
12 during which a participant or beneficiary may elect to re-
13 ceive a lump sum, instead of future monthly payments,
14 shall furnish notice—

15 “(1) to each participant or beneficiary offered
16 such lump sum amount, in the manner in which the
17 participant and beneficiary receives the lump sum
18 offer from the plan sponsor, not later than 90 days
19 prior to the first day on which the participant or
20 beneficiary may make an election with respect to
21 such lump sum; and

22 “(2) to the Secretary and the Pension Benefit
23 Guaranty Corporation, not later than 30 days prior
24 to the first day on which participants and bene-
25 ficiaries may make an election with respect to such
26 lump sum.

1 “(b) NOTICE TO PARTICIPANTS AND BENE-
2 FICIARIES.—

3 “(1) CONTENT.—The notice required under
4 subsection (a)(1) shall include the following:

5 “(A) Available benefit options, including
6 the estimated monthly benefit that the partici-
7 pant or beneficiary would receive at normal re-
8 tirement age, whether there is a subsidized
9 early retirement option or qualified joint and
10 survivor annuity that is fully subsidized (in ac-
11 cordance with section 417(a)(5) of the Internal
12 Revenue Code of 1986, the monthly benefit
13 amount if payments begin immediately, and the
14 lump sum amount available if the participant or
15 beneficiary takes the option.

16 “(B) An explanation of how the lump sum
17 was calculated, including the interest rate, mor-
18 tality assumptions, and whether any additional
19 plan benefits were included in the lump sum,
20 such as early retirement subsidies.

21 “(C) In a manner consistent with the man-
22 ner in which a written explanation is required
23 to be given under 417(a)(3) of the Internal
24 Revenue Code of 1986, the relative value of the

1 lump sum option for a terminated vested partic-
2 ipant compared to the value of—

3 “(i) the single life annuity, (or other
4 standard form of benefit); and

5 “(ii) the qualified joint and survivor
6 annuity (as defined in section 205(d)(1));

7 “(D) A statement that—

8 “(i) a commercial annuity comparable
9 to the annuity available from the plan may
10 cost more than the amount of the lump
11 sum amount, and

12 “(ii) it may be advisable to consult an
13 advisor regarding this point if the partici-
14 pant or beneficiary is considering pur-
15 chasing a commercial annuity.

16 “(E) The potential ramifications of accept-
17 ing the lump sum, including longevity risks, loss
18 of protections guaranteed by the Pension Ben-
19 efit Guaranty Corporation (with an explanation
20 of the monthly benefit amount that would be
21 protected by the Pension Benefit Guaranty Cor-
22 poration if the plan is terminated with insuffi-
23 cient assets to pay benefits), loss of protection
24 from creditors, loss of spousal protections, and

1 other protections under this Act that would be
2 lost.

3 “(F) General tax rules related to accepting
4 a lump sum, including rollover options and
5 early distribution penalties with a disclaimer
6 that the plan does not provide tax, legal, or ac-
7 counting advice, and a suggestion that partici-
8 pants and beneficiaries consult with their own
9 tax, legal, and accounting advisors before deter-
10 mining whether to accept the offer.

11 “(G) How to accept or reject the offer, the
12 deadline for response, and whether a spouse is
13 required to consent to the election.

14 “(H) Contact information for the point of
15 contact at the plan administrator for partici-
16 pants and beneficiaries to get more information
17 or ask questions about the options.

18 “(2) PLAIN LANGUAGE.—The notice under this
19 subsection shall be written in a manner calculated to
20 be understood by the average plan participant.

21 “(3) MODEL NOTICE.—The Secretary shall
22 issue a model notice for purposes of the notice under
23 subsection (a)(1), including for information required
24 under subparagraphs (C) through (F) of paragraph
25 (1).

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1 “(c) NOTICE TO THE SECRETARY AND PENSION
2 BENEFIT GUARANTY CORPORATION.—The notice required
3 under subsection (a)(2) shall include the following:

4 “(1) The total number of participants and
5 beneficiaries eligible for such lump sum option.

6 “(2) The length of the limited period during
7 which the lump sum is offered.

8 “(3) An explanation of how the lump sum was
9 calculated, including the interest rate, mortality as-
10 sumptions, and whether any additional plan benefits
11 were included in the lump sum, such as early retire-
12 ment subsidies.

13 “(4) A sample of the notice provided to partici-
14 pants and beneficiaries under subsection (a)(1), if
15 otherwise required.

16 “(d) POST-OFFER REPORT TO THE SECRETARY AND
17 PENSION BENEFIT GUARANTY CORPORATION.—Not later
18 than 90 days after the conclusion of the limited period
19 during which participants and beneficiaries in a plan may
20 accept a plan’s offer of a lump sum, a plan sponsor shall
21 submit a report to the Secretary and the Director of the
22 Pension Benefit Guaranty Corporation that includes the
23 number of participants and beneficiaries who accepted the
24 lump sum offer and such other information as the Sec-
25 retary may require.

1 “(e) PUBLIC AVAILABILITY.—The Secretary shall
2 make the information provided in the notice to the Sec-
3 retary required under subsection (a)(2) and in the post-
4 offer reports submitted under subsection (d) publicly avail-
5 able in a form that protects the confidentiality of the infor-
6 mation provided.

7 “(f) BIENNIAL REPORT.—Not later than the last day
8 of the second calendar year after the calendar year includ-
9 ing the applicability date of the final rules under section
10 342(e) of the SECURE 2.0 Act of 2022, and every 2 years
11 thereafter, so long as the Secretary has received notices
12 and post-offer reports under subsections (c) and (d) of this
13 section, the Secretary shall submit to Congress a report
14 that summarizes such notices and post-offer reports dur-
15 ing the applicable reporting period. The applicable report-
16 ing period begins on the first day of the second calendar
17 year preceding the calendar year that the report is sub-
18 mitted to Congress and ends on the last day of the cal-
19 endar year preceding the calendar year the report is due.”.

20 (b) CLERICAL AMENDMENT.—The table of contents
21 in section 1 of the Employee Retirement Income Security
22 Act of 1974, as amended by the proceeding provisions of
23 this title, is further amended by inserting after the item
24 relating to section 112 the following new item:

Sec. 113. Notice and disclosure requirements with respect to lump sum win-
dows.

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1 (c) ENFORCEMENT.—Section 502 of the Employee
2 Retirement Income Security Act of 1974 (29 U.S.C. 1132)
3 is amended—

4 (1) in subsection (c)(1), by striking “or section
5 105(a)” and inserting “, section 105(a), or section
6 113(a)”; and

7 (2) in subsection (a)(4), by striking “105(c)”
8 and inserting “section 105(c) or 113(a)”.

9 (d) APPLICATION.—The requirements of section 113
10 of the Employee Retirement Income Security Act of 1974,
11 as added by subsection (b), shall apply beginning on the
12 applicable effective date specified in the final regulations
13 promulgated pursuant to subsection (e).

14 (e) REGULATORY AUTHORITY.—Not earlier than 1
15 year after the date of enactment of this Act, the Secretary
16 of Labor, in consultation with the Secretary of the Treas-
17 ury, shall issue regulations to implement section 113 of
18 the Employee Retirement Income Security Act of 1974,
19 as added by subsection (a). Such regulations shall be ap-
20 plicable not earlier than the issuance of a final rule and
21 not later than 1 year after issuance of a final rule.

22 **SEC. 343. DEFINED BENEFIT ANNUAL FUNDING NOTICES.**

23 (a) IN GENERAL.—Section 101(f)(2)(B) of the Em-
24 ployee Retirement Income Security Act of 1974 (29
25 U.S.C. 1021(f)(2)(B)) is amended—

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1 (1) in clause (i)(I), by striking “funding target
2 attainment percentage (as defined in section
3 303(d)(2))” and inserting “percentage of plan liabil-
4 ities funded (as described in clause (ii)(I)(bb))”;

5 (2) in clause (ii)(I)—

6 (A) by striking “, a statement of”;

7 (B) by striking item (aa);

8 (C) by redesignating item (bb) as item
9 (aa);

10 (D) in item (aa), as so redesignated—

11 (i) by inserting “a statement of” be-
12 fore “the value”,

13 (ii) by inserting “, and for the pre-
14 ceding 2 plan years as of the last day of
15 each such plan year,” before “determined
16 using”,

17 (iii) by striking “and” at the end; and

18 (E) by adding at the end the following:

19 “(bb) for purposes of the
20 statement in subparagraph
21 (B)(i)(I), the percentage of plan
22 liabilities funded, calculated as
23 the ratio between the value of the
24 plan’s assets and liabilities, as
25 determined under item (aa), for

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1 the plan year to which the notice
2 relates and for the 2 preceding
3 plan years, and

4 “(cc) if the information in
5 (aa) and (bb) is presented in tab-
6 ular form, a statement that de-
7 scribes that in the event of a plan
8 termination the corporation’s cal-
9 culation of plan liabilities may be
10 greater and that references the
11 section of the notice with the in-
12 formation required under clause
13 (x), and”;

14 (3) in clause (ii)(II), by striking “subclause
15 (I)(bb)” and inserting “subclause (I)(aa)”,

16 (4) in clause (iii), in the matter preceding sub-
17 clause (I), by inserting “for the plan year to which
18 the notice relates as of the last day of such plan
19 year and the preceding 2 plan years, in tabular for-
20 mat,” after “participants”;

21 (5) in clause (iv)—

22 (A) by striking “plan and the asset” and
23 inserting “plan, the asset”; and

24 (B) by inserting “, and the average return
25 on assets for the plan year,” after “assets)”;

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1 (6) by redesignating clauses (ix) through (xi) as
2 clause (x) through (xii), respectively;

3 (7) by inserting after clause (viii) the following:

4 “(ix) in the case of a single-employer
5 plan, a statement as to whether the plan’s
6 funded status, based on the plan’s liabil-
7 ities described under subclause (II) for the
8 plan year to which the notice relates, and
9 for the 2 preceding plan years, is at least
10 100 percent (and, if not, the actual per-
11 centages), that includes—

12 “(I) the plan’s assets, as of the
13 last day of the plan year and for the
14 2 preceding plan years, as determined
15 under clause (ii)(I)(aa),

16 “(II) the plan’s liabilities, as of
17 the last day of the plan year and for
18 the 2 preceding plan years, as deter-
19 mined under clause (ii)(1)(aa), and

20 “(III) the funded status of the
21 plan, determined as the ratio of the
22 plan’s assets and liabilities calculated
23 under subclauses (I) and (II), for the
24 plan year to which the notice relates,

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1 and for the 2 preceding plan years,”;

2 and

3 (8) in clause (x), as so redesignated, by striking
4 the comma at the end and inserting the following:
5 “and a statement that, in the case of a single-em-
6 ployer plan—

7 “(I) if plan assets are determined
8 to be sufficient to pay vested benefits
9 that are not guaranteed by the Pen-
10 sion Benefit Guaranty Corporation,
11 participants and beneficiaries may re-
12 ceive benefits in excess of the guaran-
13 teed amount, and

14 “(II) such a determination gen-
15 erally uses assumptions that result in
16 a plan having a lower funded status
17 as compared to the plan’s funded sta-
18 tus disclosed in this notice.”.

19 (b) EFFECTIVE DATE.—The amendments made by
20 subsection (a) shall apply with respect to plan years begin-
21 ning after December 31, 2023.

22 **SEC. 344. REPORT ON POOLED EMPLOYER PLANS.**

23 The Secretary of Labor shall—

24 (1) conduct a study on the pooled employer
25 plan (as such term is defined in section 3(43) of the

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1 Employee Retirement Income Security Act of 1974
2 (29 U.S.C. 1002(43)) industry, including on—

3 (A) the legal name and number of pooled
4 employer plans;

5 (B) the number of participants in such
6 plans;

7 (C) the range of investment options pro-
8 vided in such plans;

9 (D) the fees assessed in such plans;

10 (E) the manner in which employers select
11 and monitor such plans;

12 (F) the disclosures provided to participants
13 in such plans;

14 (G) the number and nature of any enforce-
15 ment actions by the Secretary of Labor on such
16 plans;

17 (H) the extent to which such plans have
18 increased retirement savings coverage in the
19 United States; and

20 (I) any additional information as the Sec-
21 retary determines is necessary; and

22 (2) not later than 5 years after the date of en-
23 actment of this Act, and every 5 years thereafter,
24 submit to Congress and make available on a publicly
25 accessible website of the Department of Labor, a re-

1 port on the findings of the study under paragraph
2 (1), including recommendations on how pooled em-
3 ployer plans can be improved, through legislation, to
4 serve and protect retirement plan participants.

5 **SEC. 345. ANNUAL AUDITS FOR GROUP OF PLANS.**

6 (a) IN GENERAL.—Section 202(a) of the Setting
7 Every Community Up for Retirement Enhancement Act
8 of 2019 (Public Law 116–94; 26 U.S.C. 6058 note) is
9 amended—

10 (1) by striking “so that all members” and in-
11 serting the following: “so that—

12 “(1) all members”;

13 (2) by striking the period and inserting “;
14 and”; and

15 (3) by adding at the end the following:

16 “(2) any opinions required by section 103(a)(3)
17 of the Employee Retirement Income Security Act of
18 1974 (29 U.S.C. 1023(a)(3)) shall relate only to
19 each individual plan which would otherwise be sub-
20 ject to the requirements of such section 103(a)(3).”.

21 (b) EFFECTIVE DATE.—The amendments made by
22 this section shall take effect on the date of the enactment
23 of this Act.

1 **SEC. 346. WORKER OWNERSHIP, READINESS, AND KNOWL-**
2 **EDGE.**

3 (a) DEFINITIONS.—In this section:

4 (1) EXISTING PROGRAM.—The term “existing
5 program” means a program, designed to promote
6 employee ownership, that exists on the date on
7 which the Secretary is carrying out a responsibility
8 authorized under this section.

9 (2) INITIATIVE.—The term “Initiative” means
10 the Employee Ownership Initiative established under
11 subsection (b).

12 (3) NEW PROGRAM.—The term “new program”
13 means a program, designed to promote employee
14 ownership, that does not exist on the date on which
15 the Secretary is carrying out a responsibility author-
16 ized under this section.

17 (4) SECRETARY.—The term “Secretary” means
18 the Secretary of Labor.

19 (5) STATE.—The term “State” has the mean-
20 ing given the term under section 3 of the Workforce
21 Innovation and Opportunity Act (29 U.S.C. 3102).

22 (b) EMPLOYEE OWNERSHIP INITIATIVE.—

23 (1) ESTABLISHMENT.—The Secretary shall es-
24 tablish within the Department of Labor an Em-
25 ployee Ownership Initiative to promote employee
26 ownership.

1 (2) FUNCTIONS.—In carrying out the Initiative,
2 the Secretary shall—

3 (A) support within the States existing pro-
4 grams designed to promote employee ownership;
5 and

6 (B) facilitate within the States the forma-
7 tion of new programs designed to promote em-
8 ployee ownership.

9 (3) DUTIES.—To carry out the functions enu-
10 merated in paragraph (2), the Secretary shall sup-
11 port new programs and existing programs by—

12 (A) making Federal grants authorized
13 under subsection (d); and

14 (B)(i) acting as a clearinghouse on tech-
15 niques employed by new programs and existing
16 programs within the States, and disseminating
17 information relating to those techniques to the
18 programs; or

19 (ii) funding projects for information gath-
20 ering on those techniques, and dissemination of
21 that information to the programs, by groups
22 outside the Department of Labor.

23 (4) CONSULTATION WITH TREASURY.—The
24 Secretary shall consult with the Secretary of the
25 Treasury, or the Secretary's delegate, in the case of

1 any employee ownership arrangements or structures
2 the administration and enforcement of which are
3 within the jurisdiction of the Department of the
4 Treasury.

5 (c) PROGRAMS REGARDING EMPLOYEE OWNER-
6 SHIP.—

7 (1) ESTABLISHMENT OF PROGRAM.—Not later
8 than 180 days after the date of enactment of this
9 Act, the Secretary shall establish a program to en-
10 courage new programs and existing programs within
11 the States to foster employee ownership throughout
12 the United States.

13 (2) PURPOSE OF PROGRAM.—The purpose of
14 the program established under paragraph (1) is to
15 encourage new and existing programs within the
16 States that focus on—

17 (A) providing education and outreach to
18 inform employees and employers about the pos-
19 sibilities and benefits of employee ownership
20 and business ownership succession planning, in-
21 cluding providing information about financial
22 education, employee teams, open-book manage-
23 ment, and other tools that enable employees to
24 share ideas and information about how their
25 businesses can succeed;

1 (B) providing technical assistance to assist
2 employee efforts to become business owners, to
3 enable employers and employees to explore and
4 assess the feasibility of transferring full or par-
5 tial ownership to employees, and to encourage
6 employees and employers to start new em-
7 ployee-owned businesses;

8 (C) training employees and employers with
9 respect to methods of employee participation in
10 open-book management, work teams, commit-
11 tees, and other approaches for seeking greater
12 employee input; and

13 (D) training other entities to apply for
14 funding under this subsection, to establish new
15 programs, and to carry out program activities.

16 (3) PROGRAM DETAILS.—The Secretary may in-
17 clude, in the program established under paragraph
18 (1), provisions that—

19 (A) in the case of activities described in
20 paragraph (2)(A)—

21 (i) target key groups, such as retiring
22 business owners, senior managers, labor
23 organizations, trade associations, commu-
24 nity organizations, and economic develop-
25 ment organizations;

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1 (ii) encourage cooperation in the orga-
2 nization of workshops and conferences; and

3 (iii) prepare and distribute materials
4 concerning employee ownership, and busi-
5 ness ownership succession planning;

6 (B) in the case of activities described in
7 paragraph (2)(B)—

8 (i) provide preliminary technical as-
9 sistance to employee groups, managers,
10 and retiring owners exploring the possi-
11 bility of employee ownership;

12 (ii) provide for the performance of
13 preliminary feasibility assessments;

14 (iii) assist in the funding of objective
15 third-party feasibility studies and prelimi-
16 nary business valuations, and in selecting
17 and monitoring professionals qualified to
18 conduct such studies; and

19 (iv) provide a data bank to help em-
20 ployees find legal, financial, and technical
21 advice in connection with business owner-
22 ship;

23 (C) in the case of activities described in
24 paragraph (2)(C)—

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1 (i) provide for courses on employee
2 participation; and

3 (ii) provide for the development and
4 fostering of networks of employee-owned
5 companies to spread the use of successful
6 participation techniques; and

7 (D) in the case of training described in
8 paragraph (2)(D)—

9 (i) provide for visits to existing pro-
10 grams by staff from new programs receiv-
11 ing funding under this section; and

12 (ii) provide materials to be used for
13 such training.

14 (4) GUIDANCE.—The Secretary shall issue for-
15 mal guidance, for—

16 (A) recipients of grants awarded under
17 subsection (d) and one-stop partners (as de-
18 fined in section 3 of the Workforce Innovation
19 and Opportunity Act (29 U.S.C. 3102)) affili-
20 ated with the workforce development systems
21 (as so defined) of the States, proposing that
22 programs and other activities funded under this
23 section be—

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1 (i) proactive in encouraging actions
2 and activities that promote employee own-
3 ership of businesses; and

4 (ii) comprehensive in emphasizing
5 both employee ownership of businesses so
6 as to increase productivity and broaden
7 capital ownership; and

8 (B) acceptable standards and procedures
9 to establish good faith fair market value for
10 shares of a business to be acquired by an em-
11 ployee stock ownership plan (as defined in sec-
12 tion 407(d)(6) of the Employee Retirement In-
13 come Security Act of 1974 (29 U.S.C.
14 1107(d)(6))).

15 The guidance under subparagraph (B) shall be pre-
16 scribed in consultation with the Secretary of the
17 Treasury.

18 (d) GRANTS.—

19 (1) IN GENERAL.—In carrying out the program
20 established under subsection (c), the Secretary may
21 make grants for use in connection with new pro-
22 grams and existing programs within a State for any
23 of the following activities:

24 (A) Education and outreach as provided in
25 subsection (c)(2)(A).

1 (B) Technical assistance as provided in
2 subsection (c)(2)(B).

3 (C) Training activities for employees and
4 employers as provided in subsection (c)(2)(C).

5 (D) Activities facilitating cooperation
6 among employee-owned firms.

7 (E) Training as provided in subsection
8 (c)(2)(D) for new programs provided by partici-
9 pants in existing programs dedicated to the ob-
10 jectives of this section, except that, for each fis-
11 cal year, the amount of the grants made for
12 such training shall not exceed 10 percent of the
13 total amount of the grants made under this sec-
14 tion.

15 (2) AMOUNTS AND CONDITIONS.—The Sec-
16 retary shall determine the amount and any condi-
17 tions for a grant made under this subsection. The
18 amount of the grant shall be subject to paragraph
19 (6), and shall reflect the capacity of the applicant
20 for the grant.

21 (3) APPLICATIONS.—Each entity desiring a
22 grant under this subsection shall submit an applica-
23 tion to the Secretary at such time, in such manner,
24 and accompanied by such information as the Sec-
25 retary may reasonably require.

1 (4) STATE APPLICATIONS.—Each State may
2 sponsor and submit an application under paragraph
3 (3) on behalf of any local entity consisting of a unit
4 of State or local government, State-supported insti-
5 tution of higher education, or nonprofit organization,
6 meeting the requirements of this section.

7 (5) APPLICATIONS BY ENTITIES.—

8 (A) ENTITY APPLICATIONS.—If a State
9 fails to support or establish a program pursu-
10 ant to this section during any fiscal year, the
11 Secretary shall, in the subsequent fiscal years,
12 allow local entities described in paragraph (4)
13 from that State to make applications for grants
14 under paragraph (3) on their own initiative.

15 (B) APPLICATION SCREENING.—Any State
16 failing to support or establish a program pursu-
17 ant to this section during any fiscal year may
18 submit applications under paragraph (3) in the
19 subsequent fiscal years but may not screen ap-
20 plications by local entities described in para-
21 graph (4) before submitting the applications to
22 the Secretary.

23 (6) LIMITATIONS.—A recipient of a grant made
24 under this subsection shall not receive, during a fis-

1 cal year, in the aggregate, more than the following
2 amounts:

3 (A) For fiscal year 2025, \$300,000.

4 (B) For fiscal year 2026, \$330,000.

5 (C) For fiscal year 2027, \$363,000.

6 (D) For fiscal year 2028, \$399,300.

7 (E) For fiscal year 2029, \$439,200.

8 (7) ANNUAL REPORT.—For each year, each re-
9 cipient of a grant under this subsection shall submit
10 to the Secretary a report describing how grant funds
11 allocated pursuant to this subsection were expended
12 during the 12-month period preceding the date of
13 the submission of the report.

14 (e) EVALUATIONS.—The Secretary is authorized to
15 reserve not more than 10 percent of the funds appro-
16 priated for a fiscal year to carry out this section, for the
17 purposes of conducting evaluations of the grant programs
18 identified in subsection (d) and to provide related technical
19 assistance.

20 (f) REPORTING.—Not later than the expiration of the
21 36-month period following the date of enactment of this
22 Act, the Secretary shall prepare and submit to Congress
23 a report—

24 (1) on progress related to employee ownership
25 in businesses in the United States; and

1 (2) containing an analysis of critical costs and
2 benefits of activities carried out under this section.

3 (g) AUTHORIZATIONS OF APPROPRIATIONS.—

4 (1) IN GENERAL.—There are authorized to be
5 appropriated for the purpose of making grants pur-
6 suant to subsection (d) the following:

7 (A) For fiscal year 2025, \$4,000,000.

8 (B) For fiscal year 2026, \$7,000,000.

9 (C) For fiscal year 2027, \$10,000,000.

10 (D) For fiscal year 2028, \$13,000,000.

11 (E) For fiscal year 2029, \$16,000,000.

12 (2) ADMINISTRATIVE EXPENSES.—There are
13 authorized to be appropriated for the purpose of
14 funding the administrative expenses related to the
15 Initiative—

16 (A) for fiscal year 2024, \$200,000, and

17 (B) for each of fiscal years 2025 through
18 2029, an amount not in excess of the lesser
19 of—

20 (i) \$350,000; or

21 (ii) 5.0 percent of the maximum
22 amount available under paragraph (1) for
23 that fiscal year.

1 **SEC. 347. REPORT BY THE SECRETARY OF LABOR ON THE**
2 **IMPACT OF INFLATION ON RETIREMENT SAV-**
3 **INGS.**

4 The Secretary of Labor, in consultation with the Sec-
5 retary of the Treasury, shall—

6 (1) conduct a study on the impact of inflation
7 on retirement savings; and

8 (2) not later than 90 days after the date of en-
9 actment of this Act, submit to Congress a report on
10 the findings of the study.

11 **SEC. 348. CASH BALANCE.**

12 (a) AMENDMENT OF INTERNAL REVENUE CODE OF
13 1986.—Section 411(b) is amended by adding at the end
14 the following new paragraph:

15 “(6) PROJECTED INTEREST CREDITING
16 RATE.—For purposes of subparagraphs (A), (B),
17 and (C) of paragraph (1), in the case of an applica-
18 ble defined benefit plan (as defined in subsection
19 (a)(13)(C)) which provides variable interest crediting
20 rates, the interest crediting rate which is treated as
21 in effect and as the projected interest crediting rate
22 shall be a reasonable projection of such variable in-
23 terest crediting rate, not to exceed 6 percent.”.

24 (b) AMENDMENT OF EMPLOYEE RETIREMENT IN-
25 COME SECURITY ACT OF 1974.—Section 204(b) of the
26 Employee Retirement Income Security Act of 1974 (29

1 U.S.C. 1060(b)) is amended by adding at the end the fol-
2 lowing new paragraph:

3 “(6) PROJECTED INTEREST CREDITING
4 RATE.—For purposes of subparagraphs (A), (B),
5 and (C) of paragraph (1), in the case of an applica-
6 ble defined benefit plan (within the meaning of sec-
7 tion 203(f)(3)) which provides variable interest cred-
8 iting rates, the interest crediting rate which is treat-
9 ed as in effect and as the projected interest crediting
10 rate shall be a reasonable projection of such variable
11 interest crediting rate, not to exceed 6 percent.”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply with respect to plan years begin-
14 ning after the date of enactment of this Act.

15 **SEC. 349. TERMINATION OF VARIABLE RATE PREMIUM IN-**
16 **DEXING.**

17 (a) IN GENERAL.—Paragraph (8) of 4006(a) of the
18 Employee Retirement Income Security Act of 1974 (29
19 U.S.C. 1306(a)) is amended by—

20 (1) in subparagraph (A)—

21 (A) in clause (vi), by striking “and”;

22 (B) in clause (vii), by striking the period
23 at the end and inserting “; and”; and

24 (C) by adding at the end the following:

1 “(viii) for plan years beginning after
2 calendar year 2023, \$52.”;

3 (2) in subparagraph (B), in the matter pre-
4 ceding clause (i), by inserting “and before 2024”
5 after “2012” ; and

6 (3) in subparagraph (D)(vii), by inserting “and
7 before 2024” after “2019”.

8 (b) TECHNICAL AMENDMENT.—Clause (i) of section
9 4006(a)(3)(E) of the Employee Retirement Income Secu-
10 rity Act of 1974 (29 U.S.C. 1306(a)(3)(E)) is amended
11 by striking “subparagraph (H)” and inserting “subpara-
12 graph (I)”.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall take effect on the date of the enactment
15 of this Act.

16 **SEC. 350. SAFE HARBOR FOR CORRECTIONS OF EMPLOYEE**
17 **ELECTIVE DEFERRAL FAILURES.**

18 (a) IN GENERAL.—Section 414, as amended by the
19 preceding provisions of this Act, is further amended by
20 adding at the end the following new subsection:

21 “(cc) CORRECTING AUTOMATIC CONTRIBUTION ER-
22 RORS.—

23 “(1) IN GENERAL.—Any plan or arrangement
24 shall not fail to be treated as a plan described in

1 sections 401(a), 403(b), 408, or 457(b), as applica-
2 ble, solely by reason of a corrected error.

3 “(2) CORRECTED ERROR DEFINED.—For pur-
4 poses of this subsection, the term ‘corrected error’
5 means a reasonable administrative error—

6 “(A)(i) made in implementing an auto-
7 matic enrollment or automatic escalation fea-
8 ture with respect to an eligible employee (or an
9 affirmative election made by an eligible em-
10 ployee covered by such feature), or

11 “(ii) made by failing to afford an eligible
12 employee the opportunity to make an affirma-
13 tive election because such employee was improper-
14 ly excluded from the plan], and

15 “(B) that is corrected prospectively by im-
16 plementing an automatic enrollment or auto-
17 matic escalation feature with respect to an eligi-
18 ble employee (or an affirmative election made
19 by an eligible employee) determined in accord-
20 ance with the terms of an eligible automatic
21 contribution arrangement (as defined under
22 subsection (w)(3)), provided that—

23 “(i) such implementation error is cor-
24 rected not later than—

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1 “(I) the date of the first payment
2 of compensation made by the em-
3 ployer to the employee on or after the
4 last day of the 9½ month-period after
5 the end of the plan year during which
6 such error with respect to the em-
7 ployee first occurred, or

8 “(II) if earlier in the case of an
9 employee who notifies the plan spon-
10 sor of such error, the date of the first
11 payment of compensation made by the
12 employer to the employee on or after
13 the last day of the month following
14 the month in which such notification
15 was made,

16 “(ii) in the case of an employee who
17 would have been entitled to additional
18 matching contributions had any missed
19 elective deferral been made, the plan spon-
20 sor makes a corrective allocation, not later
21 than the deadline specified by the Sec-
22 retary in regulations or other guidance
23 prescribed under paragraph (3), of match-
24 ing contributions on behalf of the employee
25 in an amount equal to the additional

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1 matching contributions to which the em-
2 ployee would have been so entitled (ad-
3 justed to account for earnings had the
4 missed elective deferrals been made).

5 “(iii) such implementation error is of
6 a type which is so corrected for all simi-
7 larly situated participants in a nondiscrim-
8 inatory manner,

9 “(iv) notice of such error is given to
10 the employee not later than 45 days after
11 the date on which correct deferrals begin,
12 and

13 “(v) the notice under clause (iv) satis-
14 fies such regulations or other guidance as
15 the Secretary prescribes under paragraph
16 (4).

17 Such correction may occur before or after the partic-
18 ipant has terminated employment and may occur
19 without regard to whether the error is identified by
20 the Secretary.

21 “(3) NO OBLIGATION FOR EMPLOYER TO RE-
22 STORE MISSED ELECTIVE DEFERRALS.—If the re-
23 quirements of paragraph (2)(B) are satisfied, the
24 employer will not be required to provide eligible em-
25 ployees with the missed amount of elective deferrals

1 resulting from a reasonable administrative error de-
2 scribed in paragraph (2)(A)(i) or (ii) through a
3 qualified nonelective contribution, or otherwise.

4 “(4) REGULATIONS AND GUIDANCE FOR FAVOR-
5 ABLE CORRECTION METHODS.—The Secretary shall
6 by regulations or other guidance of general applica-
7 bility prescribe—

8 “(A) the deadline for making a corrective
9 allocation of matching contributions required by
10 paragraph (2)(B)(ii),

11 “(B) the content of the notice required by
12 paragraph (2)(B)(iv),

13 “(C) the manner in which the amount of
14 the corrective allocation under paragraph
15 (2)(B)(ii) is determined,

16 “(D) the manner of adjustment to account
17 for earnings on matching contributions under
18 paragraph (2)(B)(ii), and

19 “(E) such other rules as are necessary to
20 carry out the purposes of the subsection.”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section shall apply with respect to any errors with
23 respect to which the date referred to in section 414(cc)
24 (as added by this section) is after December 31, 2023.
25 Prior to the application of any regulations or other guid-

1 ance prescribed under paragraph (3) of section 414(cc)
2 of the Internal Revenue Code of 1986 (as added by this
3 section), taxpayers may rely upon their reasonable good
4 faith interpretations of the provisions of such section.

5 **TITLE IV—TECHNICAL** 6 **AMENDMENTS**

7 **SEC. 401. AMENDMENTS RELATING TO SETTING EVERY** 8 **COMMUNITY UP FOR RETIREMENT ENHANCE-** 9 **MENT ACT OF 2019.**

10 (a) TECHNICAL AMENDMENTS.—

11 (1) AMENDMENTS RELATING TO SECTION
12 103.—Section 401(m)(12) is amended by striking
13 “and” at the end of subparagraph (A), by redesignating
14 subparagraph (B) as subparagraph (C), and
15 by inserting after subparagraph (A) (as so amended)
16 the following new subparagraph:

17 “(B) meets the notice requirements of sub-
18 section (k)(13)(E), and”.

19 (2) AMENDMENTS RELATING TO SECTION
20 112.—

21 (A) Section 401(k)(15)(B)(i)(II) is amend-
22 ed by striking “subsection (m)(2)” and insert-
23 ing “paragraphs (2), (11), and (12) of sub-
24 section (m)”.

1 (B) Section 401(k)(15)(B)(iii) is amended
2 by striking “under the arrangement” and in-
3 serting “under the plan”.

4 (C) Section 401(k)(15)(B)(iv) is amended
5 by striking “section 410(a)(1)(A)(ii)” and in-
6 serting “paragraph (2)(D)”.

7 (3) AMENDMENT RELATING TO SECTION 116.—
8 Section 4973(b) is amended by adding at the end of
9 the flush matter the following: “Such term shall not
10 include any designated nondeductible contribution
11 (as defined in subparagraph (C) of section
12 408(o)(2)) which does not exceed the nondeductible
13 limit under subparagraph (B) thereof by reason of
14 an election under section 408(o)(5).”.

15 (b) CLERICAL AMENDMENTS.—

16 (1) Section 72(t)(2)(H)(vi)(IV) is amended by
17 striking “403(b)(7)(A)(ii)” and inserting “
18 403(b)(7)(A)(i)”.

19 (2) Section 401(k)(12)(G) is amended by strik-
20 ing “the requirements under subparagraph (A)(i)”
21 and inserting “the contribution requirements under
22 subparagraph (B) or (C)”.

23 (3) Section 401(k)(13)(D)(iv) is amended by
24 striking “and (F)” and inserting “and (G)”.

1 (4) Section 408(o)(5)(A) is amended by striking
2 “subsection (b)” and inserting “section 219(b)”.

3 (5) Section 408A(c)(2)(A) is amended by strik-
4 ing “(d)(1) or”.

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall take effect as if included in the section
7 of the Setting Every Community Up for Retirement En-
8 hancement Act of 2019 to which the amendment relates.

9 **TITLE V—ADMINISTRATIVE** 10 **PROVISIONS**

11 **SEC. 501. PROVISIONS RELATING TO PLAN AMENDMENTS.**

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

14 (1) such retirement plan or contract shall be
15 treated as being operated in accordance with the
16 terms of the plan during the period described in sub-
17 section (b)(2)(A); and

18 (2) except as provided by the Secretary of the
19 Treasury (or the Secretary’s delegate), such retire-
20 ment plan shall not fail to meet the requirements of
21 section 411(d)(6) of the Internal Revenue Code of
22 1986 and section 204(g) of the Employee Retirement
23 Income Security Act of 1974 by reason of such
24 amendment.

25 (b) AMENDMENTS TO WHICH SECTION APPLIES.—

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

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

9 (B) on or before the last day of the first
10 plan year beginning on or after January 1,
11 2025, or such later date as the Secretary of the
12 Treasury may prescribe.

13 In the case of a governmental plan (as defined in
14 section 414(d) of the Internal Revenue Code of
15 1986), or an applicable collectively bargained plan,
16 this paragraph shall be applied by substituting
17 “2027” for “2025”. For purposes of the preceding
18 sentence, the term “applicable collectively bargained
19 plan” means a plan maintained pursuant to 1 or
20 more collective bargaining agreements between em-
21 ployee representatives and 1 or more employers rati-
22 fied before the date of enactment of this Act.

23 (2) CONDITIONS.—This section shall not apply
24 to any amendment unless—

25 (A) during the period—

1 (i) beginning on the date the legisla-
2 tive or regulatory amendment described in
3 paragraph (1)(A) takes effect (or in the
4 case of a plan or contract amendment not
5 required by such legislative or regulatory
6 amendment, the effective date specified by
7 the plan); and

8 (ii) ending on the date described in
9 paragraph (1)(B) (as modified by the sec-
10 ond sentence of paragraph (1)) (or, if ear-
11 lier, the date the plan or contract amend-
12 ment is adopted),

13 the plan or contract is operated as if such plan
14 or contract amendment were in effect; and

15 (B) such plan or contract amendment ap-
16 plies retroactively for such period.

17 (c) COORDINATION WITH OTHER PROVISIONS RE-
18 LATING TO PLAN AMENDMENTS.—

19 (1) SECURE ACT.—Section 601(b)(1) of the
20 Setting Every Community Up for Retirement En-
21 hancement Act of 2019 is amended—

22 (A) by striking “January 1, 2022” in sub-
23 paragraph (B) and inserting “January 1,
24 2025”, and

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1 (B) by striking “substituting ‘2024’ for
2 ‘2022’.” in the flush matter at the end and in-
3 serting “substituting ‘2027’ for ‘2025’.”.

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, 2025”.

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 2025”, and

18 (ii) by striking “substituting ‘2024’
19 for ‘2022’.” in the flush matter at the end
20 and inserting “substituting ‘2027’ for
21 ‘2025’.”.

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, 2025”.

3 **TITLE VI—REVENUE**
4 **PROVISIONS**

5 **SEC. 601. SIMPLE AND SEP ROTH IRAS.**

6 (a) IN GENERAL.—Section 408A is amended by
7 striking subsection (f).

8 (b) RULES RELATING TO SIMPLIFIED EMPLOYEE
9 PENSIONS.—

10 (1) CONTRIBUTIONS.—Section 402(h)(1) is
11 amended by striking “and” at the end of subpara-
12 graph (A), by striking the period at the end of sub-
13 paragraph (B) and inserting “, and”, and by adding
14 at the end the following new subparagraph:

15 “(C) in the case of any contributions pur-
16 suant to a simplified employer pension which
17 are made to an individual retirement plan des-
18 ignated as a Roth IRA, such contribution shall
19 not be excludable from gross income.”.

20 (2) DISTRIBUTIONS.—Section 402(h)(3) is
21 amended by inserting “(or section 408A(d) in the
22 case of an individual retirement plan designated as
23 a Roth IRA)” before the period at the end.

24 (3) ELECTION REQUIRED.—Section 408(k) is
25 amended by redesignating paragraphs (7), (8), and

1 (9) as paragraphs (8), (9), and (10), respectively,
2 and by inserting after paragraph (6) the following
3 new paragraph:

4 “(7) ROTH CONTRIBUTION ELECTION.—An in-
5 dividual retirement plan which is designated as a
6 Roth IRA shall not be treated as a simplified em-
7 ployee pension under this subsection unless the em-
8 ployee elects for such plan to be so treated (at such
9 time and in such manner as the Secretary may pro-
10 vide).”.

11 (c) RULES RELATING TO SIMPLE RETIREMENT AC-
12 COUNTS.—

13 (1) ELECTION REQUIRED.—Section 408(p), as
14 amended by the preceding provisions of this Act, is
15 further amended by adding at the end the following
16 new paragraph:

17 “(12) ROTH CONTRIBUTION ELECTION.—An in-
18 dividual retirement plan which is designated as a
19 Roth IRA shall not be treated as a simple retirement
20 account under this subsection unless the employee
21 elects for such plan to be so treated (at such time
22 and in such manner as the Secretary may pro-
23 vide).”.

24 (2) ROLLOVERS.—Section 408A(e) is amended
25 by adding at the end the following new paragraph:

1 “(3) SIMPLE RETIREMENT ACCOUNTS.—In the
2 case of any payment or distribution out of a simple
3 retirement account (as defined in section 408(p))
4 with respect to which an election has been made
5 under section 408(p)(12) and to which 72(t)(6) ap-
6 plies, the term ‘qualified rollover contribution’ shall
7 not include any payment or distribution paid into an
8 account other than another simple retirement ac-
9 count (as so defined).”.

10 (d) CONFORMING AMENDMENT.—Section
11 408A(d)(2)(B) is amended by inserting “, or employer in
12 the case of a simple retirement account (as defined in sec-
13 tion 408(p)) or simplified employee pension (as defined in
14 section 408(k)),” after “individual’s spouse”.

15 (e) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to taxable years beginning after
17 December 31, 2022.

18 **SEC. 602. HARDSHIP WITHDRAWAL RULES FOR 403(b)**
19 **PLANS.**

20 (a) IN GENERAL.—Section 403(b), as amended by
21 the preceding provisions of this Act, is amended by adding
22 at the end the following new paragraph:

23 “(17) SPECIAL RULES RELATING TO HARDSHIP
24 WITHDRAWALS.—For purposes of paragraphs (7)
25 and (11)—

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

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

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

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

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

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

18 (b) CONFORMING AMENDMENTS.—

19 (1) Section 403(b)(7)(A)(i)(V) is amended by
20 striking “in the case of contributions made pursuant
21 to a salary reduction agreement (within the meaning
22 of section 3121(a)(5)(D))” and inserting “subject to
23 the provisions of paragraph (17)”.

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

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1 (A) by striking “in” in subparagraph (B)
2 and inserting “subject to the provisions of para-
3 graph (17), in”, and

4 (B) by striking the second sentence.

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to plan years beginning after De-
7 cember 31, 2023.

8 **SEC. 603. ELECTIVE DEFERRALS GENERALLY LIMITED TO**
9 **REGULAR CONTRIBUTION LIMIT.**

10 (a) APPLICABLE EMPLOYER PLANS.—Section 414(v)
11 is amended by adding at the end the following new para-
12 graph:

13 “(7) CERTAIN DEFERRALS MUST BE ROTH CON-
14 TRIBUTIONS.—

15 “(A) IN GENERAL.—Except as provided in
16 subparagraph (C), in the case of an eligible par-
17 ticipant whose wages (as defined in section
18 3121(a)) for the preceding calendar year from
19 the employer sponsoring the plan exceed
20 \$145,000, paragraph (1) shall apply only if any
21 additional elective deferrals are designated Roth
22 contributions (as defined in section 402A(c)(1))
23 made pursuant to an employee election.

24 “(B) ROTH OPTION.—In the case of an ap-
25 plicable employer plan with respect to which

1 subparagraph (A) applies to any participant for
2 a plan year, paragraph (1) shall not apply to
3 the plan unless the plan provides that any eligi-
4 ble participant may make the participant’s ad-
5 ditional elective deferrals as designated Roth
6 contributions.

7 “(C) EXCEPTION.—Subparagraph (A)
8 shall not apply in the case of an applicable em-
9 ployer plan described in paragraph (6)(A)(iv).

10 “(D) ELECTION TO CHANGE DEFER-
11 RALS.—The Secretary may provide by regula-
12 tions that an eligible participant may elect to
13 change the participant’s election to make addi-
14 tional elective deferrals if the participant’s com-
15 pensation is determined to exceed the limitation
16 under subparagraph (A) after the election is
17 made.

18 “(E) COST OF LIVING ADJUSTMENT.—In
19 the case of a year beginning after December 31,
20 2024, the Secretary shall adjust annually the
21 \$145,000 amount in subparagraph (A) for in-
22 creases in the cost-of-living at the same time
23 and in the same manner as adjustments under
24 415(d); except that the base period taken into
25 account shall be the calendar quarter beginning

1 July 1, 2023, and any increase under this sub-
2 paragraph which is not a multiple of \$5,000
3 shall be rounded to the next lower multiple of
4 \$5,000.”.

5 (b) CONFORMING AMENDMENTS.—

6 (1) Section 402(g)(1) is amended by striking
7 subparagraph (C).

8 (2) Section 457(e)(18)(A)(ii) is amended by in-
9 serting “the lesser of any designated Roth contribu-
10 tions made by the participant to the plan or” before
11 “the applicable dollar amount”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to taxable years beginning after
14 December 31, 2023.

15 **SEC. 604. OPTIONAL TREATMENT OF EMPLOYER MATCHING**
16 **OR NONELECTIVE CONTRIBUTIONS AS ROTH**
17 **CONTRIBUTIONS.**

18 (a) IN GENERAL.—Section 402A(a) is amended by
19 redesignating paragraph (2) as paragraph (4), by striking
20 “and” at the end of paragraph (1), and by inserting after
21 paragraph (1) the following new paragraphs:

22 “(2) any designated Roth contribution which
23 pursuant to the program is made by the employer on
24 the employee’s behalf on account of the employee’s
25 contribution, elective deferral, or (subject to the re-

1 requirements of section 401(m)(13)) qualified student
2 loan payment shall be treated as a matching con-
3 tribution for purposes of this chapter, except that
4 such contribution shall not be excludable from gross
5 income,

6 “(3) any designated Roth contribution which
7 pursuant to the program is made by the employer on
8 the employee’s behalf and which is a nonelective con-
9 tribution shall be nonforfeitable and shall not be ex-
10 cludable from gross income, and”.

11 (b) MATCHING INCLUDED IN QUALIFIED ROTH CON-
12 TRIBUTION PROGRAM.—Section 402A(b)(1) is amended—

13 (1) by inserting “, or to have made on the em-
14 ployee’s behalf,” after “elect to make”, and

15 (2) by inserting “, or of matching contributions
16 or nonelective contributions which may otherwise be
17 made on the employee’s behalf,” after “otherwise eli-
18 gible to make”.

19 (c) DESIGNATED ROTH MATCHING CONTRIBU-
20 TIONS.—Section 402A(c)(1) is amended by inserting “,
21 matching contribution, or nonelective contribution” after
22 “elective deferral”.

23 (d) MATCHING CONTRIBUTION DEFINED.—Section
24 402A(f), as redesignated by this Act, is amended by add-
25 ing at the end the following:

1 “(3) MATCHING CONTRIBUTION.—The term
2 ‘matching contribution’ means—

3 “(A) any matching contribution described
4 in section 401(m)(4)(A), and

5 “(B) any contribution to an eligible de-
6 ferred compensation plan (as defined in section
7 457(b)) by an eligible employer described in
8 section 457(e)(1)(A) on behalf of an employee
9 and on account of such employee’s elective de-
10 ferral under such plan,

11 but only if such contribution is nonforfeitable at the
12 time received.”.

13 (e) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to contributions made after the
15 date of the enactment of this Act.

16 **SEC. 605. CHARITABLE CONSERVATION EASEMENTS.**

17 (a) LIMITATION ON DEDUCTION.—

18 (1) IN GENERAL.—Section 170(h) is amended
19 by adding at the end the following new paragraph:

20 “(7) LIMITATION ON DEDUCTION FOR QUALI-
21 FIED CONSERVATION CONTRIBUTIONS MADE BY
22 PASS-THROUGH ENTITIES.—

23 “(A) IN GENERAL.—A contribution by a
24 partnership (whether directly or as a distribu-
25 tive share of a contribution of another partner-

1 ship) shall not be treated as a qualified con-
2 servation contribution for purposes of this sec-
3 tion if the amount of such contribution exceeds
4 2.5 times the sum of each partner’s relevant
5 basis in such partnership.

6 “(B) RELEVANT BASIS.—For purposes of
7 this paragraph—

8 “(i) IN GENERAL.—The term ‘relevant
9 basis’ means, with respect to any partner,
10 the portion of such partner’s modified
11 basis in the partnership which is allocable
12 (under rules similar to the rules of section
13 755) to the portion of the real property
14 with respect to which the contribution de-
15 scribed in subparagraph (A) is made.

16 “(ii) MODIFIED BASIS.—The term
17 ‘modified basis’ means, with respect to any
18 partner, such partner’s adjusted basis in
19 the partnership as determined—

20 “(I) immediately before the con-
21 tribution described in subparagraph
22 (A),

23 “(II) without regard to section
24 752, and

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1 “(III) by the partnership after
2 taking into account the adjustments
3 described in subclauses (I) and (II)
4 and such other adjustments as the
5 Secretary may provide.

6 “(C) EXCEPTION FOR CONTRIBUTIONS
7 OUTSIDE 3-YEAR HOLDING PERIOD.—Subpara-
8 graph (A) shall not apply to any contribution
9 which is made at least 3 years after the latest
10 of—

11 “(i) the last date on which the part-
12 nership that made such contribution ac-
13 quired any portion of the real property
14 with respect to which such contribution is
15 made,

16 “(ii) the last date on which any part-
17 ner in the partnership that made such con-
18 tribution acquired any interest in such
19 partnership, and

20 “(iii) if the interest in the partnership
21 that made such contribution is held
22 through 1 or more partnerships—

23 “(I) the last date on which any
24 such partnership acquired any interest
25 in any other such partnership, and

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1 “(II) the last date on which any
2 partner in any such partnership ac-
3 quired any interest in such partner-
4 ship.

5 “(D) EXCEPTION FOR FAMILY PARTNER-
6 SHIPS.—

7 “(i) IN GENERAL.—Subparagraph (A)
8 shall not apply with respect to any con-
9 tribution made by any partnership if sub-
10 stantially all of the partnership interests in
11 such partnership are held, directly or indi-
12 rectly, by an individual and members of
13 the family of such individual.

14 “(ii) MEMBERS OF THE FAMILY.—For
15 purposes of this subparagraph, the term
16 ‘members of the family’ means, with re-
17 spect to any individual—

18 “(I) the spouse of such indi-
19 vidual, and

20 “(II) any individual who bears a
21 relationship to such individual which
22 is described in subparagraphs (A)
23 through (G) of section 152(d)(2).

24 “(E) EXCEPTION FOR CONTRIBUTIONS TO
25 PRESERVE CERTIFIED HISTORIC STRUC-

1 TURES.—Subparagraph (A) shall not apply to
2 any qualified conservation contribution the con-
3 servation purpose of which is the preservation
4 of any building which is a certified historic
5 structure (as defined in paragraph (4)(C)).

6 “(F) APPLICATION TO OTHER PASS-
7 THROUGH ENTITIES.—Except as may be other-
8 wise provided by the Secretary, the rules of this
9 paragraph shall apply to S corporations and
10 other pass-through entities in the same manner
11 as such rules apply to partnerships.

12 “(G) REGULATIONS.—The Secretary shall
13 prescribe such regulations or other guidance as
14 may be necessary or appropriate to carry out
15 the purposes of this paragraph, including regu-
16 lations or other guidance—

17 “(i) to require reporting, including re-
18 porting related to tiered partnerships and
19 the modified basis of partners, and

20 “(ii) to prevent the avoidance of the
21 purposes of this paragraph.”.

22 (2) APPLICATION OF ACCURACY-RELATED PEN-
23 ALTIES.—

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1 (A) IN GENERAL.—Section 6662(b) is
2 amended by inserting after paragraph (9) the
3 following new paragraph:

4 “(10) Any disallowance of a deduction by rea-
5 son of section 170(h)(7).”.

6 (B) TREATMENT AS GROSS VALUATION
7 MISSTATEMENT.—Section 6662(h)(2) is amend-
8 ed by striking “and” at the end of subpara-
9 graph (B), by striking the period at the end of
10 subparagraph (C) and inserting “, and”, and by
11 adding at the end the following new subpara-
12 graph:

13 “(D) any disallowance of a deduction de-
14 scribed in subsection (b)(10).”.

15 (C) NO REASONABLE CAUSE EXCEP-
16 TION.—Section 6664(c)(2) is amended by in-
17 serting “or to any disallowance of a deduction
18 described in section 6662(b)(10)” before the pe-
19 riod at the end.

20 (D) APPROVAL OF ASSESSMENT NOT RE-
21 QUIRED.—Section 6751(b)(2)(A) is amended by
22 striking “subsection (b)(9)” and inserting
23 “paragraph (9) or (10) of subsection (b)”.

24 (3) EXTENSION OF STATUTE OF LIMITATIONS
25 FOR LISTED TRANSACTIONS.—Any contribution with

1 respect to which any deduction was disallowed by
2 reason of section 170(h)(7) of the Internal Revenue
3 Code of 1986 (as added by this subsection) shall be
4 treated for purposes of sections 6501(c)(10) and
5 6235(e)(6) of such Code as a transaction specifically
6 identified by the Secretary as a tax avoidance trans-
7 action for purposes of section 6011 of such Code.

8 (b) REPORTING REQUIREMENTS.—Section 170(f) is
9 amended by adding at the end the following new para-
10 graph:

11 “(19) CERTAIN QUALIFIED CONSERVATION
12 CONTRIBUTIONS.—

13 “(A) IN GENERAL.—In the case of a quali-
14 fied conservation contribution to which this
15 paragraph applies, no deduction shall be al-
16 lowed under subsection (a) for such contribu-
17 tion unless the partnership making such con-
18 tribution—

19 “(i) includes on its return for the tax-
20 able year in which the contribution is made
21 a statement that the partnership made
22 such a contribution, and

23 “(ii) provides such information about
24 the contribution as the Secretary may re-
25 quire.

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1 “(B) CONTRIBUTIONS TO WHICH THIS
2 PARAGRAPH APPLIES.—This paragraph shall
3 apply to any qualified conservation contribu-
4 tion—

5 “(i) the conservation purpose of which
6 is the preservation of any building which is
7 a certified historic structure (as defined in
8 subsection (h)(4)(C)),

9 “(ii) which is made by a partnership
10 (whether directly or as a distributive share
11 of a contribution of another partnership),
12 and

13 “(iii) the amount of which exceeds 2.5
14 times the sum of each partner’s relevant
15 basis (as defined in subsection (h)(7)) in
16 the partnership making the contribution.

17 “(C) APPLICATION TO OTHER PASS-
18 THROUGH ENTITIES.—Except as may be other-
19 wise provided by the Secretary, the rules of this
20 paragraph shall apply to S corporations and
21 other pass-through entities in the same manner
22 as such rules apply to partnerships.”.

23 (c) EFFECTIVE DATE.—

1 (1) IN GENERAL.—The amendments made by
2 this section shall apply to contributions made after
3 the date of the enactment of this Act.

4 (2) NO INFERENCE.—No inference is intended
5 as to the appropriate treatment of contributions
6 made in taxable years ending on or before the date
7 specified in paragraph (1), or as to any contribution
8 for which a deduction is not disallowed by reason of
9 section 170(h)(7) of the Internal Revenue Code of
10 1986, as added by this section.

11 (d) SAFE HARBORS AND OPPORTUNITY FOR DONOR
12 TO CORRECT CERTAIN DEED ERRORS.—

13 (1) IN GENERAL.—The Secretary of the Treas-
14 ury (or such Secretary’s delegate) shall, within 120
15 days after the date of the enactment of this Act,
16 publish safe harbor deed language for extinguish-
17 ment clauses and boundary line adjustments.

18 (2) OPPORTUNITY TO CORRECT.—

19 (A) IN GENERAL.—During the 90-day pe-
20 riod beginning on the date of publication of the
21 safe harbor deed language under paragraph (1),
22 a donor may amend an easement deed to sub-
23 stitute the safe harbor language for the cor-
24 responding language in the original deed if—

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1 (i) the amended deed is signed by the
2 donor and donee and recorded within such
3 90-day period, and

4 (ii) such amendment is treated as ef-
5 fective as of the date of the recording of
6 the original easement deed.

7 (B) EXCEPTIONS.—Subparagraph (A)
8 shall not apply to an easement deed relating to
9 any contribution—

10 (i) which—

11 (I) is part of a reportable trans-
12 action (as defined in section
13 6707A(c)(1) of the Internal Revenue
14 Code of 1986), or

15 (II) is described in Internal Rev-
16 enue Service Notice 2017–10,

17 (ii) which by reason of section
18 170(h)(7) of such Code, as added by this
19 section, is not treated as a qualified con-
20 servation contribution,

21 (iii) if a deduction for such contribu-
22 tion under section 170 of such Code has
23 been disallowed by the Secretary of the
24 Treasury (or such Secretary’s delegate),
25 and the donor is contesting such disallow-

1 ance in a case which is docketed in a Fed-
2 eral court on a date before the date the
3 amended deed is recorded by the donor, or
4 (iv) if a claimed deduction for such
5 contribution under section 170 of such
6 Code resulted in an underpayment to
7 which a penalty under section 6662 or
8 6663 of such Code applies and—

9 (I) such penalty has been finally
10 determined administratively, or

11 (II) if such penalty is challenged
12 in court, the judicial proceeding with
13 respect to such penalty has been con-
14 cluded by a decision or judgment
15 which has become final.

16 **SEC. 606. ENHANCING RETIREE HEALTH BENEFITS IN PEN-**
17 **SION PLANS.**

18 (a) AMENDMENTS TO INTERNAL REVENUE CODE OF
19 1986.—

20 (1) EXTENSION OF TRANSFERS OF EXCESS
21 PENSION ASSETS TO RETIREE HEALTH ACCOUNTS.—

22 Paragraph (4) of section 420(b) is amended by
23 striking “December 31, 2025” and inserting “De-
24 cember 31, 2032”.

25 (2) DE MINIMIS TRANSFER RULE.—

1 (A) IN GENERAL.—Subsection (e) of sec-
2 tion 420 is amended by adding at the end the
3 following new paragraph:

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

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

13 “(B) TWO-YEAR LOOKBACK REQUIRE-
14 MENT.—A plan is described in this subpara-
15 graph if, as of any valuation date in each of the
16 2 plan years immediately preceding the plan
17 year in which the transfer occurs, the amount
18 determined under paragraph (2)(A) exceeded
19 110 percent of the sum of the funding target
20 and the target normal cost determined under
21 section 430 for each such plan year.”.

22 (B) COST MAINTENANCE PERIOD.—Sub-
23 paragraph (D) of section 420(e)(3) is amended
24 by striking “5 taxable years” and inserting “5

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1 taxable years (7 taxable years in the case of a
2 transfer to which subsection (e)(7) applies)”.

3 (C) CONFORMING AMENDMENTS.—

4 (i) EXCESS PENSION ASSETS.—Clause
5 (i) of section 420(f)(2)(B) is amended—

6 (I) by striking “IN GENERAL.—
7 In” and inserting “IN GENERAL.—

8 “(I) DETERMINATION.—In”,

9 (II) by striking “subsection
10 (e)(2)” and inserting “subsection
11 (e)(2)(B)”, and

12 (III) by adding at the end the
13 following new subclause:

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

20 (ii) MINIMUM COST.—Subclause (I) of
21 section 420(f)(2)(D)(i) is amended by
22 striking “4th year” and inserting “4th
23 year (the 6th year in the case of a transfer
24 to which subsection (e)(7) applies)”.

1 (b) EXTENSION OF TRANSFERS OF EXCESS PENSION
2 ASSETS TO RETIREE HEALTH ACCOUNTS UNDER EM-
3 PLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

4 (1) DEFINITIONS.—Section 101(e)(3) of the
5 Employee Retirement Income Security Act of 1974
6 (29 U.S.C. 1021(e)(3)) is amended by striking “(as
7 in effect on the date of the enactment of the Surface
8 Transportation and Veterans Health Care Choice
9 Improvement Act of 2015)” and inserting “(as in ef-
10 fect on the date of enactment of the SECURE 2.0
11 Act of 2022)”.

12 (2) USE OF ASSETS.—Section 403(c)(1) of the
13 Employee Retirement Income Security Act of 1974
14 (29 U.S.C. 1103(c)(1)) is amended by striking “(as
15 in effect on the date of the enactment of the Surface
16 Transportation and Veterans Health Care Choice
17 Improvement Act of 2015)” and inserting “(as in ef-
18 fect on the date of enactment of the SECURE 2.0
19 Act of 2022)”.

20 (3) EXEMPTION.—Section 408(b)(13) of the
21 Employee Retirement Income Security Act of 1974
22 (29 U.S.C. 1108(b)(13)) is amended—

23 (A) by striking “January 1, 2026” and in-
24 serting “January 1, 2033”; and

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1 (B) by striking “(as in effect on the date
2 of the enactment of the Surface Transportation
3 and Veterans Health Care Choice Improvement
4 Act of 2015)” and inserting “(as in effect on
5 the date of enactment of the SECURE 2.0 Act
6 of 2022)”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to transfers made after the date
9 of the enactment of this Act.

10 **TITLE VII—TAX COURT**
11 **RETIREMENT PROVISIONS**

12 **SEC. 701. PROVISIONS RELATING TO JUDGES OF THE TAX**
13 **COURT.**

14 (a) THRIFT SAVINGS PLAN CONTRIBUTIONS FOR
15 JUDGES IN THE FEDERAL EMPLOYEES RETIREMENT
16 SYSTEM.—

17 (1) IN GENERAL.—Subsection (j)(3)(B) of sec-
18 tion 7447 is amended to read as follows:

19 “(B) CONTRIBUTIONS FOR BENEFIT OF
20 JUDGE.—No contributions under section
21 8432(c) of title 5, United States Code, shall be
22 made for the benefit of a judge who has filed
23 an election to receive retired pay under sub-
24 section (e).”.

1 (2) OFFSET.—Paragraph (3) of section 7447(j)
2 is amended by adding at the end the following new
3 subparagraph:

4 “(F) OFFSET.—In the case of a judge who
5 receives a distribution from the Thrift Savings
6 Plan and who later receives retired pay under
7 subsection (d), the retired pay shall be offset by
8 an amount equal to the amount of the distribu-
9 tion which represents the Government’s con-
10 tribution to the individual’s Thrift Savings Ac-
11 count during years of service as a full-time judi-
12 cial officer under the Federal Employees Retire-
13 ment System, without regard to earnings attrib-
14 utable to such amount. Where such an offset
15 would exceed 50 percent of the retired pay to
16 be received in the first year, the offset may be
17 divided equally over the first 2 years in which
18 the individual receives the annuity.”.

19 (3) EFFECTIVE DATE.—The amendments made
20 by this subsection shall apply to basic pay earned
21 while serving as a judge of the United States Tax
22 Court on or after the date of the enactment of this
23 Act.

1 (b) CHANGE IN VESTING PERIOD FOR SURVIVOR AN-
2 NUITIES AND WAIVER OF VESTING PERIOD IN THE
3 EVENT OF ASSASSINATION.—

4 (1) ELIGIBILITY IN CASE OF DEATH.—Sub-
5 section (h) of section 7448 is amended to read as
6 follows:

7 “(h) ENTITLEMENT TO ANNUITY.—

8 “(1) IN GENERAL.—

9 “(A) ANNUITY TO SURVIVING SPOUSE.—If
10 a judge or special trial judge described in para-
11 graph (2) is survived by a surviving spouse but
12 not by a dependent child, there shall be paid to
13 such surviving spouse an annuity beginning
14 with the day of the death of the judge or special
15 trial judge or following the surviving spouse’s
16 attainment of age 50, whichever is the later, in
17 an amount computed as provided in subsection
18 (m).

19 “(B) ANNUITY TO SURVIVING SPOUSE AND
20 CHILD.—If a judge or special trial judge de-
21 scribed in paragraph (2) is survived by a sur-
22 viving spouse and dependent child or children,
23 there shall be paid to such surviving spouse an
24 annuity, beginning on the day of the death of
25 the judge or special trial judge, in an amount

1 computed as provided in subsection (m), and
2 there shall also be paid to or on behalf of each
3 such child an immediate annuity equal to the
4 lesser of—

5 “(i) 10 percent of the average annual
6 salary of such judge or special trial judge
7 (determined in accordance with subsection
8 (m)), or

9 “(ii) 20 percent of such average an-
10 nual salary, divided by the number of such
11 children.

12 “(C) ANNUITY TO SURVIVING DEPENDENT
13 CHILDREN.—If a judge or special trial judge
14 described in paragraph (2) leaves no surviving
15 spouse but leaves a surviving dependent child or
16 children, there shall be paid to or on behalf of
17 each such child an immediate annuity equal to
18 the lesser of—

19 “(i) 20 percent of the average annual
20 salary of such judge or special trial judge
21 (determined in accordance with subsection
22 (m)), or

23 “(ii) 40 percent of such average an-
24 nual salary divided by the number of such
25 children.

1 “(2) COVERED JUDGES.—Paragraph (1) applies
2 to any judge or special trial judge electing under
3 subsection (b)—

4 “(A) who dies while a judge or special trial
5 judge after having rendered at least 18 months
6 of civilian service computed as prescribed in
7 subsection (n), for the last 18 months of which
8 the salary deductions provided for by subsection
9 (c)(1) or the deposits required by subsection (d)
10 have actually been made or the salary deduc-
11 tions required by the civil service retirement
12 laws have actually been made, or

13 “(B) who dies by assassination after hav-
14 ing rendered less than 18 months of civilian
15 service computed as prescribed in subsection (n)
16 if, for the period of such service, the salary de-
17 ductions provided for by subsection (c)(1) or
18 the deposits required by subsection (d) have ac-
19 tually been made.

20 “(3) TERMINATION OF ANNUITY.—

21 “(A) SURVIVING SPOUSE.—The annuity
22 payable to a surviving spouse under this sub-
23 section shall be terminable upon such surviving
24 spouse’s death or such surviving spouse’s re-
25 marriage before attaining age 55.

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1 “(B) SURVIVING CHILD.—Any annuity
2 payable to a child under this subsection shall be
3 terminable upon the earliest of—

4 “(i) the child’s attainment of age 18,

5 “(ii) the child’s marriage, or

6 “(iii) the child’s death,

7 except that if such child is incapable of self-sup-
8 port by reason of mental or physical disability
9 the child’s annuity shall be terminable only
10 upon death, marriage, or recovery from such
11 disability.

12 “(C) DEPENDENT CHILD AFTER DEATH
13 OF SURVIVING SPOUSE.—In case of the death of
14 a surviving spouse of a judge or special trial
15 judge leaving a dependent child or children of
16 the judge or special trial judge surviving such
17 spouse, the annuity of such child or children
18 shall be recomputed and paid as provided in
19 paragraph (1)(C).

20 “(D) RECOMPUTATION WITH RESPECT TO
21 OTHER DEPENDENT CHILDREN.—In any case
22 in which the annuity of a dependent child is
23 terminated under this subsection, the annuities
24 of any remaining dependent child or children
25 based upon the service of the same judge or

1 special trial judge shall be recomputed and paid
2 as though the child whose annuity was so ter-
3 minated had not survived such judge.

4 “(E) SPECIAL RULE FOR ASSASSINATED
5 JUDGES.—In the case of a survivor of a judge
6 or special trial judge described in paragraph
7 (2)(B), there shall be deducted from the annu-
8 ities otherwise payable under this section an
9 amount equal to the amount of salary deduc-
10 tions that would have been made if such deduc-
11 tions had been made for 18 months prior to the
12 death of the judge or special trial judge.”.

13 (2) DEFINITION OF ASSASSINATION.—Section
14 7448(a) is amended by adding at the end the fol-
15 lowing new paragraph:

16 “(10) The terms ‘assassinated’ and ‘assassina-
17 tion’ mean the killing of a judge or special trial
18 judge that is motivated by the performance by the
19 judge or special trial judge of his or her official du-
20 ties.”.

21 (3) DETERMINATION OF ASSASSINATION.—Sub-
22 section (i) of section 7448 is amended—

23 (A) by striking “OF DEPENDENCY AND
24 DISABILITY.—Questions” and inserting “BY
25 CHIEF JUDGE.—

1 “(1) DEPENDENCY AND DISABILITY.—Ques-
2 tions”, and

3 (B) by adding at the end the following new
4 paragraph:

5 “(2) ASSASSINATION.—The chief judge shall
6 determine whether the killing of a judge or special
7 trial judge was an assassination, subject to review
8 only by the Tax Court. The head of any Federal
9 agency that investigates the killing of a judge or
10 special trial judge shall provide to the chief judge
11 any information that would assist the chief judge in
12 making such a determination.”.

13 (4) COMPUTATION OF ANNUITIES.—Section
14 7448(m) is amended to read as follows:

15 “(m) COMPUTATION OF ANNUITIES.—The annuity of
16 the surviving spouse of a judge or special trial judge elect-
17 ing under subsection (b) shall be an amount equal to the
18 sum of—

19 “(1) the product of—

20 “(A) 1.5 percent of the average annual sal-
21 ary (whether judge’s or special trial judge’s sal-
22 ary or compensation for other allowable service)
23 received by such judge or special trial judge—

24 “(i) for judicial service (including pe-
25 riods in which he received retired pay

1 under section 7447(d), section 7447A(d),
2 or any annuity under chapter 83 or 84 of
3 title 5, United States Code) or for any
4 other prior allowable service during the pe-
5 riod of 3 consecutive years in which such
6 judge or special trial judge received the
7 largest such average annual salary, or

8 “(ii) in the case of a judge or special
9 trial judge who has served less than 3
10 years, during the total period of such serv-
11 ice prior to such judge’s or special trial
12 judge’s death, multiplied by the sum of,
13 multiplied by

14 “(B) the sum of—

15 “(i) the judge’s or special trial judge’s
16 years of such judicial service,

17 “(ii) the judge’s or special trial
18 judge’s years of prior allowable service as
19 a Senator, Representative, Delegate, or
20 Resident Commissioner in Congress,

21 “(iii) the judge’s or special trial
22 judge’s years of prior allowable service per-
23 formed as a member of the Armed Forces
24 of the United States, and

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1 “(iv) the judge’s or special trial
2 judge’s years, not exceeding 15, of prior al-
3 lowable service performed as a congres-
4 sional employee (as defined in section 2107
5 of title 5 of the United States Code), plus
6 “(2) three-fourths of 1 percent of such average
7 annual salary multiplied by the judge’s years of any
8 other prior allowable service,
9 except that such annuity shall not exceed an amount equal
10 to 50 percent of such average annual salary, nor be less
11 than an amount equal to 25 percent of such average an-
12 nual salary, and shall be further reduced in accordance
13 with subsection (d) (if applicable). In determining the pe-
14 riod of 3 consecutive years referred to in the preceding
15 sentence, there may not be taken into account any period
16 for which an election under section 7447(f)(4) is in ef-
17 fect.”.

18 (5) OTHER BENEFITS.—Section 7448 is amend-
19 ed by adding at the end the following new sub-
20 section:

21 “(u) OTHER BENEFITS IN CASE OF ASSASSINA-
22 TION.—In the case of a judge or special trial judge who
23 is assassinated, an annuity shall be paid under this section
24 notwithstanding a survivor’s eligibility for or receipt of
25 benefits under chapter 81 of title 5, United States Code,

1 except that the annuity for which a surviving spouse is
2 eligible under this section shall be reduced to the extent
3 that the total benefits paid under this section and chapter
4 81 of that title for any year would exceed the current sal-
5 ary for that year of the office of the judge or special trial
6 judge.”.

7 (c) COORDINATION OF RETIREMENT AND SURVIVOR
8 ANNUITY WITH THE FEDERAL EMPLOYEES RETIREMENT
9 SYSTEM.—

10 (1) RETIREMENT.—Section 7447 is amended—

11 (A) by striking “section 8331(8)” in sub-
12 section (g)(2)(C) and inserting “sections
13 8331(8) and 8401(19)”, and

14 (B) by striking “Civil Service Commission”
15 both places it appears in subsection (i)(2) and
16 inserting “Office of Personnel Management”.

17 (2) ANNUITIES TO SURVIVING SPOUSES AND
18 DEPENDENT CHILDREN.—Section 7448 is amend-
19 ed—

20 (A) by striking “section 8332” in sub-
21 section (d) and inserting “sections 8332 and
22 8411”, and

23 (B) by striking “section 8332” in sub-
24 section (n) and inserting “sections 8332 and
25 8411”.

1 (d) LIMIT ON TEACHING COMPENSATION OF RE-
2 TIRED JUDGES.—

3 (1) IN GENERAL.—Section 7447 is amended by
4 adding at the end the following new subsection:

5 “(k) TEACHING COMPENSATION OF RETIRED
6 JUDGES.—For purposes of the limitation under section
7 501(a) of the Ethics in Government Act of 1978 (5 U.S.C.
8 App.), any compensation for teaching approved under sec-
9 tion 502(a)(5) of such Act shall not be treated as outside
10 earned income when received by a judge of the United
11 States Tax Court who has retired under subsection (b)
12 for teaching performed during any calendar year for which
13 such a judge has met the requirements of subsection (c),
14 as certified by the chief judge, or has retired under sub-
15 section (b)(4).”.

16 (2) EFFECTIVE DATE.—The amendment made
17 by this subsection shall apply to any individual serv-
18 ing as a retired judge of the United States Tax
19 Court on or after the date of the enactment of this
20 Act.

21 (e) EFFECTIVE DATE.—Except as otherwise pro-
22 vided, the amendments made by this section shall take ef-
23 fect on the date of the enactment of this Act.

1 **SEC. 702. PROVISIONS RELATING TO SPECIAL TRIAL**
 2 **JUDGES OF THE TAX COURT.**

3 (a) RETIREMENT AND RECALL FOR SPECIAL TRIAL
 4 JUDGES.—Part I of subchapter C of chapter 76 is amend-
 5 ed by inserting after section 7447 the following new sec-
 6 tion:

7 **“SEC. 7447A. RETIREMENT FOR SPECIAL TRIAL JUDGES.**

8 “(a) IN GENERAL.—

9 “(1) RETIREMENT.—Any special trial judge ap-
 10 pointed pursuant to section 7443A may retire from
 11 service as a special trial judge if the individual meets
 12 the age and service requirements set forth in the fol-
 13 lowing table:

“If the special trial judge has attained age:	And the years of service as a special trial judge are at least:
65	15
66	14
67	13
68	12
69	11
70	10.

14 “(2) LENGTH OF SERVICE.—In making any de-
 15 termination of length of service as a special trial
 16 judge there shall be included all periods (whether or
 17 not consecutive) during which an individual served
 18 as a special trial judge

19 “(b) RETIREMENT UPON DISABILITY.—Any special
 20 trial judge appointed pursuant to section 7443A who be-

1 comes permanently disabled from performing such individ-
2 ual's duties shall retire from service as a special trial
3 judge.

4 “(c) RECALLING OF RETIRED SPECIAL TRIAL
5 JUDGES.—Any individual who has retired pursuant to
6 subsection (a) may be called upon by the chief judge to
7 perform such judicial duties with the Tax Court as may
8 be requested of such individual for a period or periods
9 specified by the chief judge, except that in the case of any
10 such individual—

11 “(1) the aggregate of such periods in any 1 cal-
12 endar year shall not (without the consent of such in-
13 dividual) exceed 90 calendar days, and

14 “(2) such individual shall be relieved of per-
15 forming such duties during any period in which ill-
16 ness or disability precludes the performance of such
17 duties.

18 Any act, or failure to act, by an individual performing ju-
19 dicial duties pursuant to this subsection shall have the
20 same force and effect as if it were the act (or failure to
21 act) of a special trial judge. Any individual who is per-
22 forming judicial duties pursuant to this subsection shall
23 be paid the same compensation (in lieu of retired pay) and
24 allowances for travel and other expenses as a special trial
25 judge.

1 “(d) RETIRED PAY.—

2 “(1) IN GENERAL.—Any individual who retires
3 pursuant to subsection (a) and elects under sub-
4 section (e) to receive retired pay under this sub-
5 section shall receive retired pay during any period of
6 retirement from service as a special trial judge at a
7 rate which bears the same ratio to the rate of the
8 salary payable to a special trial judge during such
9 period as—

10 “(A) the number of years such individual
11 has served as special trial judge bears to,

12 “(B) 15,

13 except that the rate of such retired pay shall not be
14 more than the rate of such salary for such period.

15 “(2) RETIREMENT UPON DISABILITY.—Any in-
16 dividual who retires pursuant to subsection (b) and
17 elects under subsection (e) to receive retired pay
18 under this subsection shall receive retired pay during
19 any period of retirement from service as a special
20 trial judge—

21 “(A) at a rate equal to the rate of the sal-
22 ary payable to a special trial judge during such
23 period, if the individual had at least 10 years
24 of service as a special trial judge before retire-
25 ment, and

1 “(B) at a rate equal to $\frac{1}{2}$ the rate de-
2 scribed in subparagraph (A), if the individual
3 had fewer than 10 years of service as a special
4 trial judge before retirement.

5 “(3) BEGINNING DATE AND PAYMENT.—Retired
6 pay under this subsection shall begin to accrue on
7 the day following the date on which the individual’s
8 salary as a special trial judge ceases to accrue, and
9 shall continue to accrue during the remainder of
10 such individual’s life. Retired pay under this sub-
11 section shall be paid in the same manner as the sal-
12 ary of a special trial judge.

13 “(4) PARTIAL YEARS.—In computing the rate
14 of the retired pay for an individual to whom para-
15 graph (1) applies, any portion of the aggregate num-
16 ber of years such individual has served as a special
17 trial judge which is a fractional part of 1 year shall
18 be eliminated if it is less than 6 months, or shall be
19 counted as a full year if it is 6 months or more.

20 “(5) RECALLED SERVICE.—In computing the
21 rate of the retired pay for an individual to whom
22 paragraph (1) applies, any period during which such
23 individual performs services under subsection (c) on
24 a substantially full-time basis shall be treated as a

1 period during which such individual has served as a
2 special trial judge.

3 “(e) ELECTION TO RECEIVE RETIRED PAY.—Any
4 special trial judge may elect to receive retired pay under
5 subsection (d). Such an election—

6 “(1) may be made only while an individual is a
7 special trial judge (except that in the case of an in-
8 dividual who fails to be reappointed as a special trial
9 judge, such election may be made within 60 days
10 after such individual leaves office as a special trial
11 judge),

12 “(2) once made, shall be irrevocable, and

13 “(3) shall be made by filing notice thereof in
14 writing with the chief judge.

15 The chief judge shall transmit to the Office of Personnel
16 Management a copy of each notice filed with the chief
17 judge under this subsection.

18 “(f) OTHER RULES MADE APPLICABLE.—The rules
19 of subsections (f), (g), (h)(2), (i), and (j), and the first
20 sentence of subsection (h)(1), of section 7447 shall apply
21 to a special trial judge in the same manner as a judge
22 of the Tax Court. For purposes of the preceding sentence,
23 any reference to the President in such subsections shall
24 be applied as if it were a reference to the chief judge.”.

25 (b) CONFORMING AMENDMENTS.—

1 (1) Section 3121(b)(5)(E) is amended by in-
2 serting “or special trial judge” before “of the United
3 States Tax Court”.

4 (2) Section 7448(b)(2) is amended to read as
5 follows:

6 “(2) SPECIAL TRIAL JUDGES.—Any special trial
7 judge may by written election filed with the chief
8 judge elect the application of this section. Such elec-
9 tion shall be filed while such individual is a special
10 trial judge.”.

11 (3) Section 210(a)(5)(E) of the Social Security
12 Act (42 U.S.C. 410(a)(5)(E)) is amended by insert-
13 ing “or special trial judge” before “of the United
14 States Tax Court”.

15 (c) CLERICAL AMENDMENT.—The table of sections
16 for part I of subchapter C of chapter 76 is amended by
17 inserting after the item relating to section 7447 the fol-
18 lowing new item:

 “Sec. 7447A. Retirement for special trial judges.”.

19 (d) EFFECTIVE DATE.—The amendments made by
20 this section shall take effect on the date of the enactment
21 of this Act, except that section 7447A(e) of the Internal
22 Revenue Code of 1986 (as added by this section) shall take
23 effect on the date that is 180 days after such date of en-
24 actment. Special trial judges retiring on or after the date
25 of the enactment of this Act, and before the date that is

1 180 days after the date of such enactment, may file an
 2 election under such section not later than 60 days after
 3 such date.

4 **DIVISION U—JOSEPH MAXWELL**
 5 **CLELAND AND ROBERT JO-**
 6 **SEPH DOLE MEMORIAL VET-**
 7 **ERANS BENEFITS AND**
 8 **HEALTH CARE IMPROVE-**
 9 **MENT ACT OF 2022**

10 **SEC. 1. SHORT TITLE; TABLE OF CONTENTS.**

11 (a) **SHORT TITLE.**—This division may be cited as the
 12 “Joseph Maxwell Cleland and Robert Joseph Dole Memo-
 13 rial Veterans Benefits and Health Care Improvement Act
 14 of 2022”.

15 (b) **TABLE OF CONTENTS.**—The table of contents for
 16 this division is as follows:

DIVISION U—JOSEPH MAXWELL CLELAND AND ROBERT JOSEPH
 DOLE MEMORIAL VETERANS BENEFITS AND HEALTH CARE IM-
 PROVEMENT ACT OF 2022

Sec. 1. Short title; table of contents.

TITLE I—HEALTH CARE MATTERS

Subtitle A—Access to Care

Sec. 101. Expansion of eligibility for hospital care, medical services, and nurs-
 ing home care from the Department of Veterans Affairs to in-
 clude veterans of World War II.

Sec. 102. Department of Veterans Affairs treatment and research of prostate
 cancer.

Subtitle B—Health Care Employees