

105TH CONGRESS
2D SESSION

H. R. 4123

To provide for pension reform, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 24, 1998

Mr. WELLER introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To provide for pension reform, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Retirement Savings Assistance Act”.

6 (b) AMENDMENT OF 1986 CODE.—Except as other-
7 wise expressly provided, whenever in this Act an amend-
8 ment or repeal is expressed in terms of an amendment
9 to, or repeal of, a section or other provision, the reference
10 shall be considered to be made to a section or other provi-
11 sion of the Internal Revenue Code of 1986.

1 **SEC. 2. ADDITIONAL SALARY REDUCTION CATCH-UP CON-**
2 **TRIBUTIONS.**

3 (a) LIMITATION ON EXCLUSION FOR ELECTIVE DE-
4 FERRALS.—

5 (1) IN GENERAL.—Subsection (g) of section
6 402 is amended by adding at the end the following:

7 “(10) CATCH-UP CONTRIBUTIONS FOR FOR-
8 MERLY UNEMPLOYED AND OUT OF THE WORKFORCE
9 INDIVIDUALS.—In the case of an individual who has
10 attained age 35 (and not attained age 50) and who
11 has not been an active participant in a plan under
12 section 401(a), 403(b) or 457 during the five prior
13 calendar years, the limitation of paragraph (1) for
14 such year and subsequent years until attaining the
15 age of 50, after the application of paragraph (8),
16 shall be increased by \$2,000.

17 “(11) CATCH-UP CONTRIBUTIONS FOR THOSE
18 APPROACHING RETIREMENT.—In the case of an indi-
19 vidual who has attained age 50 during any taxable
20 year, the limitation of paragraph (1) for such year,
21 after the application of paragraph (8), shall be in-
22 creased by \$10,000.”

23 (2) COST-OF-LIVING ADJUSTMENT.—Paragraph
24 (5) of section 402(g) (relating to cost-of-living ad-
25 justment) is amended by inserting “and the \$2,000
26 amount under paragraph (10) and the \$10,000

1 amount under paragraph (11)” after “paragraph
2 (1)”.

3 (b) SIMPLE RETIREMENT ACCOUNTS.—

4 (1) IN GENERAL.—Paragraph (2) of section
5 408(p) (relating to qualified salary reduction ar-
6 rangement) is amended by redesignating subpara-
7 graph (E) as subparagraph (G) and by inserting
8 after subparagraph (D) the following new subpara-
9 graphs:

10 “(E) CATCH-UP CONTRIBUTIONS FOR FOR-
11 MERLY UNEMPLOYED AND OUT OF THE WORK-
12 FORCE INDIVIDUALS.—In the case of an indi-
13 vidual who has attained age 35 (and not at-
14 tained age 50) and who has not been an active
15 participant in a plan under section 401(a),
16 403(b) or 457 during the five prior calendar
17 years, the limitation of subparagraph (A)(ii) for
18 such year and subsequent years until attaining
19 the age of 50 shall be increased by \$2,000.

20 “(F) CATCH-UP CONTRIBUTIONS FOR
21 THOSE APPROACHING RETIREMENT.—In the
22 case of an individual who has attained age 50
23 during any taxable year the limitation of sub-
24 paragraph (A)(ii) for such year shall be in-
25 creased by \$10,000.”

1 (2) COST-OF-LIVING ADJUSTMENT.—Subpara-
2 graph (G) of section 408(p)(2) (as so redesignated)
3 is amended by inserting “and the \$2,000 under sub-
4 paragraph (E) and the \$10,000 under subparagraph
5 (F)” after “subparagraph (A)(ii)”.

6 (c) DEFERRED COMPENSATION PLANS OF STATE
7 AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANI-
8 ZATIONS.—

9 (1) IN GENERAL.—Subsection (b) of section
10 457 (relating to definition of eligible deferred com-
11 pensation plan) is amended by adding at the end of
12 the following new paragraphs:

13 “(7) CATCH-UP CONTRIBUTIONS FOR FOR-
14 MERLY UNEMPLOYED AND OUT OF THE WORKFORCE
15 INDIVIDUALS.—In the case of an individual who has
16 attained age 35 (and not attained age 50) and who
17 has not been an active participant in a plan under
18 section 401(a), 403(b) or 457 during the five prior
19 calendar years, the limitation of paragraph (2)(A)
20 for such year and subsequent years until attaining
21 the age of 50 shall be increased by \$2,000.”

22 “(8) CATCH-UP CONTRIBUTIONS FOR THOSE
23 APPROACHING RETIREMENT.—In the case of an indi-
24 vidual who has attained age 50 during any taxable

1 year, the limitation of paragraph (2)(A) for such
2 year shall be increased by \$10,000.”

3 (2) COST-OF-LIVING ADJUSTMENT.—Paragraph
4 (15) of section 457(e) (relating to cost-of-living ad-
5 justment) is amended by inserting “, and the \$2,000
6 amount specified in subsection (b)(7) and the
7 \$10,000 amount specified in subsection (b)(8),”
8 after “(c)(1)”.

9 (d) CONFORMING AMENDMENTS.—The additional
10 catch-up contribution amounts made by subsections (a),
11 (b) and (c) shall be deemed to satisfy IRC sections
12 401(a)(4), 401(k)(3) and 416, if these sections are other-
13 wise satisfied.

14 (e) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to plan years beginning after De-
16 cember 31, 1998.

17 **SEC. 3. INCREASE IN OVERALL AND “AFTER TAX” CON-**
18 **TRIBUTION LIMIT.**

19 (a) INCREASE IN LIMIT.—

20 (1) DOLLAR LIMIT.—Subparagraph (A) of sec-
21 tion 415(c)(1) (relating to limitation for defined con-
22 tribution plans) is amended by striking “\$30,000”
23 and inserting “\$40,000”.

1 (2) COST-OF-LIVING ADJUSTMENTS.—Sub-
2 section (d) of section 415 (related to cost-of-living
3 adjustments) is amended—

4 (A) in paragraph (1)(C) by striking
5 “\$30,000” and inserting “\$40,000”, and

6 (B) in paragraph (3)(D)—

7 (i) by striking “\$30,000” in the head-
8 ing and inserting “\$40,000,” and

9 (ii) by striking “October 1, 1993” and
10 inserting “December 31, 1998”.

11 (b) REPEAL 25 PERCENT LIMIT.—Subparagraph (B)
12 of section 415(c)(1) of the Internal Revenue Code of 1986
13 (relating to limitation for defined contribution plans) is
14 amended to read as follows:

15 “(B) the participant’s compensation.”

16 (c) CONFORMING AMENDMENTS.—

17 (1) Section 403(b) of the Internal Revenue
18 Code of 1986 is amended—

19 (A) by striking “the exclusion allowance
20 for such taxable year” in paragraph (1) and in-
21 serting “the applicable limit under section
22 415”, and

23 (B) by striking paragraph (2).

1 (2) Section 404(a)(10)(B) of such Code is
2 amended by striking “, the exclusion allowance
3 under section 403(b)(2),”.

4 (3) Section 415(a)(2) of such Code is amended
5 by striking “, and the amount of the contribution for
6 such portion shall reduce the exclusion allowance as
7 provided in section 403(b)(2)”.

8 (4) Section 415(c)(3) of such Code is amended
9 by adding at the end of the following new subpara-
10 graph:

11 “(E) ANNUITY CONTRACTS.—In the case
12 of an annuity contract described in section
13 403(b), the term ‘participant’s compensation’
14 shall mean the participant’s includable com-
15 pensation as determined under regulations pre-
16 scribed by the Secretary.”

17 (5) Section 415(c) of such Code is amended by
18 striking paragraph (4).

19 (6) Section 415(c)(7) of such Code is amended
20 to read as follows:

21 “(7) CERTAIN CONTRIBUTIONS BY CHURCH
22 PLANS NOT TREATED AS EXCEEDING LIMIT.—

23 “(A) IN GENERAL.—Notwithstanding any
24 other provision of this subsection, at the elec-
25 tion of a participant who is an employee of a

1 church, a convention or association of churches,
2 including an organization described in section
3 414(e)(3)(B)(ii), contributions and other addi-
4 tions for an annuity contract or retirement in-
5 come account described in section 403(b) with
6 respect to such participant, when expressed as
7 an annual addition to such participant's ac-
8 count, shall be treated as not exceeding the lim-
9 itation of paragraph (1) if such annual addition
10 is not in excess of \$10,000.

11 “(B) \$40,000 AGGREGATE LIMITATION.—
12 The total amount of additions with respect to
13 any participant which may be taken into ac-
14 count for purposes of this subparagraph for all
15 years may not exceed \$40,000.

16 “(C) ANNUAL ADDITION.—For purposes of
17 this paragraph, the term ‘annual addition’ has
18 the meaning given such term by paragraph
19 (2).”

20 (7) Section 415(e)(5) of such Code is amend-
21 ed—

22 (A) by striking “(except in the case of a
23 participant who has elected under subsection
24 (c)(4)(D) to have the provisions of subsection
25 (c)(4)(C) apply)”, and

1 (B) by striking the last sentence.

2 (8) Section 415(n)(2)(B) of such Code is
3 amended by striking “percentage”.

4 (d) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to years beginning after December
6 31, 1998.

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