

106TH CONGRESS
2D SESSION

S. 2671

To amend the Internal Revenue Code of 1986 to promote pension opportunities for women, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 6, 2000

Mr. ASHCROFT introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to promote pension opportunities for women, 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 **TABLE OF CONTENTS.**

5 (a) SHORT TITLE.—This Act may be cited as the
6 “Pension Opportunities for Women’s Equality in Retire-
7 ment Act”.

8 (b) AMENDMENT OF 1986 CODE.—Except as other-
9 wise expressly provided, whenever in this Act an amend-
10 ment or repeal is expressed in terms of an amendment

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

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

Sec. 1. Short title; amendment of 1986 Code; table of contents.
 Sec. 2. Findings.

TITLE I—EXPANDING COVERAGE

Sec. 101. Increase in benefit and contribution limits.
 Sec. 102. Elective deferrals not taken into account for purposes of deduction
 limits.
 Sec. 103. Deduction limits.
 Sec. 104. Option to treat elective deferrals as after-tax contributions.
 Sec. 105. Modification of deduction limits for IRA contributions.

TITLE II—ENHANCING FAIRNESS FOR WOMEN

Sec. 201. Catchup contributions for individuals age 50 or over.
 Sec. 202. Equitable treatment for contributions of employees to defined con-
 tribution plans.
 Sec. 203. Faster vesting of certain employer matching contributions.
 Sec. 204. Clarification of tax treatment of division of section 457 plan benefits
 upon divorce.

TITLE III—INCREASING PORTABILITY FOR PARTICIPANTS

Sec. 301. Rollovers allowed among various types of plans.
 Sec. 302. Rollovers of IRAs into workplace retirement plans.
 Sec. 303. Rollovers of after-tax contributions.
 Sec. 304. Hardship exception to 60-day rule.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

8 (1) Two-thirds of women over 65 have no pen-
 9 sion other than social security.

10 (2) The median income from assets is only
 11 \$860 a year for women age 65 and over.

1 (3) Older women are twice as likely as elderly
2 men to be living near or below the Federal poverty
3 threshold.

4 (4) The median job tenure for women is 3.8
5 years, well below the 5 years most pension plans re-
6 quire for vesting.

7 (5) The poverty rates for widows, divorced
8 women, and never married women are significantly
9 higher than the rate for all elderly women.

10 (6) Fifty-nine percent of women have not fig-
11 ured out how much they need to save for retirement.

12 (7) Given the difficulties women, especially un-
13 married women, face in their retirement years, Con-
14 gress should work to ensure that retirement security
15 law provides for higher contribution limits for work-
16 ing women, easier catch-up to make up for years
17 women missed in the labor force, and increased port-
18 ability of pensions.

19 **TITLE I—EXPANDING COVERAGE**

20 **SEC. 101. INCREASE IN BENEFIT AND CONTRIBUTION LIM-** 21 **ITS.**

22 (a) DEFINED BENEFIT PLANS.—

23 (1) DOLLAR LIMIT.—

24 (A) Subparagraph (A) of section 415(b)(1)

25 (relating to limitation for defined benefit plans)

1 is amended by striking “\$90,000” and inserting
2 “\$160,000”.

3 (B) Subparagraphs (C) and (D) of section
4 415(b)(2) are each amended by striking
5 “\$90,000” each place it appears in the head-
6 ings and the text and inserting “\$160,000”.

7 (C) Paragraph (7) of section 415(b) (relat-
8 ing to benefits under certain collectively bar-
9 gained plans) is amended by striking “the
10 greater of \$68,212 or one-half the amount oth-
11 erwise applicable for such year under paragraph
12 (1)(A) for ‘\$90,000’” and inserting “one-half
13 the amount otherwise applicable for such year
14 under paragraph (1)(A) for ‘\$160,000’”.

15 (2) LIMIT REDUCED WHEN BENEFIT BEGINS
16 BEFORE AGE 62.—Subparagraph (C) of section
17 415(b)(2) is amended by striking “the social security
18 retirement age” each place it appears in the heading
19 and text and inserting “age 62”.

20 (3) LIMIT INCREASED WHEN BENEFIT BEGINS
21 AFTER AGE 65.—Subparagraph (D) of section
22 415(b)(2) is amended by striking “the social security
23 retirement age” each place it appears in the heading
24 and text and inserting “age 65”.

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

4 (A) by striking “\$90,000” in paragraph
5 (1)(A) and inserting “\$160,000”, and

6 (B) in paragraph (3)(A)—

7 (i) by striking “\$90,000” in the head-
8 ing and inserting “\$160,000”, and

9 (ii) by striking “October 1, 1986” and
10 inserting “July 1, 2000”.

11 (5) CONFORMING AMENDMENT.—Section
12 415(b)(2) is amended by striking subparagraph (F).

13 (b) DEFINED CONTRIBUTION PLANS.—

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

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

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

23 (B) in paragraph (3)(D)—

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

1 (ii) by striking “October 1, 1993” and
2 inserting “July 1, 2000”.

3 (c) QUALIFIED TRUSTS.—

4 (1) COMPENSATION LIMIT.—Sections
5 401(a)(17), 404(l), 408(k), and 505(b)(7) are each
6 amended by striking “\$150,000” each place it ap-
7 pears and inserting “\$200,000”.

8 (2) BASE PERIOD AND ROUNDING OF COST-OF-
9 LIVING ADJUSTMENT.—Subparagraph (B) of section
10 401(a)(17) is amended—

11 (A) by striking “October 1, 1993” and in-
12 serting “July 1, 2000”, and

13 (B) by striking “\$10,000” both places it
14 appears and inserting “\$5,000”.

15 (d) ELECTIVE DEFERRALS.—

16 (1) IN GENERAL.—Paragraph (1) of section
17 402(g) (relating to limitation on exclusion for elec-
18 tive deferrals) is amended to read as follows:

19 “(1) IN GENERAL.—

20 “(A) LIMITATION.—Notwithstanding sub-
21 sections (e)(3) and (h)(1)(B), the elective defer-
22 rals of any individual for any taxable year shall
23 be included in such individual’s gross income to
24 the extent the amount of such deferrals for the

1 taxable year exceeds the applicable dollar
2 amount.

3 “(B) APPLICABLE DOLLAR AMOUNT.—For
4 purposes of subparagraph (A), the applicable
5 dollar amount shall be the amount determined
6 in accordance with the following table:

“For taxable years beginning in calendar year:	The applicable dollar amount:
2001	\$11,000
2002	\$12,000
2003	\$13,000
2004	\$14,000
2005 or thereafter	\$15,000.”.

7 (2) COST-OF-LIVING ADJUSTMENT.—Paragraph
8 (5) of section 402(g) is amended to read as follows:

9 “(5) COST-OF-LIVING ADJUSTMENT.—In the
10 case of taxable years beginning after December 31,
11 2005, the Secretary shall adjust the \$15,000
12 amount under paragraph (1)(B) at the same time
13 and in the same manner as under section 415(d),
14 except that the base period shall be the calendar
15 quarter beginning July 1, 2004, and any increase
16 under this paragraph which is not a multiple of
17 \$500 shall be rounded to the next lowest multiple of
18 \$500.”.

19 (3) CONFORMING AMENDMENTS.—

20 (A) Section 402(g) (relating to limitation
21 on exclusion for elective deferrals), as amended

1 by paragraphs (1) and (2), is further amended
2 by striking paragraph (4) and redesignating
3 paragraphs (5), (6), (7), (8), and (9) as para-
4 graphs (4), (5), (6), (7), and (8), respectively.

5 (B) Paragraph (2) of section 457(c) is
6 amended by striking “402(g)(8)(A)(iii)” and in-
7 serting “402(g)(7)(A)(iii)”.

8 (C) Clause (iii) of section 501(c)(18)(D) is
9 amended by striking “(other than paragraph
10 (4) thereof)”.

11 (e) DEFERRED COMPENSATION PLANS OF STATE
12 AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANI-
13 ZATIONS.—

14 (1) IN GENERAL.—Section 457 (relating to de-
15 ferred compensation plans of State and local govern-
16 ments and tax-exempt organizations) is amended—

17 (A) in subsections (b)(2)(A) and (c)(1) by
18 striking “\$7,500” each place it appears and in-
19 serting “the applicable dollar amount”, and

20 (B) in subsection (b)(3)(A) by striking
21 “\$15,000” and inserting “twice the dollar
22 amount in effect under subsection (b)(2)(A)”.

23 (2) APPLICABLE DOLLAR AMOUNT; COST-OF-
24 LIVING ADJUSTMENT.—Paragraph (15) of section
25 457(e) is amended to read as follows:

1 “(15) APPLICABLE DOLLAR AMOUNT.—

2 “(A) IN GENERAL.—The applicable dollar
 3 amount shall be the amount determined in ac-
 4 cordance with the following table:

“For taxable years beginning in calendar year:	The applicable dollar amount:
2001	\$11,000
2002	\$12,000
2003	\$13,000
2004	\$14,000
2005 or thereafter	\$15,000.

5 “(B) COST-OF-LIVING ADJUSTMENTS.—In
 6 the case of taxable years beginning after De-
 7 cember 31, 2005, the Secretary shall adjust the
 8 \$15,000 amount specified in the table in sub-
 9 paragraph (A) at the same time and in the
 10 same manner as under section 415(d), except
 11 that the base period shall be the calendar quar-
 12 ter beginning July 1, 2004, and any increase
 13 under this paragraph which is not a multiple of
 14 \$500 shall be rounded to the next lowest mul-
 15 tiple of \$500.”.

16 (f) SIMPLE RETIREMENT ACCOUNTS.—

17 (1) LIMITATION.—Clause (ii) of section
 18 408(p)(2)(A) (relating to general rule for qualified
 19 salary reduction arrangement) is amended by strik-
 20 ing “\$6,000” and inserting “the applicable dollar
 21 amount”.

1 (2) APPLICABLE DOLLAR AMOUNT.—Subpara-
 2 graph (E) of 408(p)(2) is amended to read as fol-
 3 lows:

4 “(E) APPLICABLE DOLLAR AMOUNT; COST-
 5 OF-LIVING ADJUSTMENT.—

6 “(i) IN GENERAL.—For purposes of
 7 subparagraph (A)(ii), the applicable dollar
 8 amount shall be the amount determined in
 9 accordance with the following table:

“For taxable years beginning in calendar year:	The applicable dollar amount:
2001	\$7,000
2002	\$8,000
2003	\$9,000
2004 or thereafter	\$10,000.

10 “(ii) COST-OF-LIVING ADJUSTMENT.—
 11 In the case of a year beginning after De-
 12 cember 31, 2004, the Secretary shall ad-
 13 just the \$10,000 amount under clause (i)
 14 at the same time and in the same manner
 15 as under section 415(d), except that the
 16 base period taken into account shall be the
 17 calendar quarter beginning July 1, 2003,
 18 and any increase under this subparagraph
 19 which is not a multiple of \$500 shall be
 20 rounded to the next lower multiple of
 21 \$500.”.

22 (3) CONFORMING AMENDMENTS.—

1 (A) Clause (I) of section 401(k)(11)(B)(i)
2 is amended by striking “\$6,000” and inserting
3 “the amount in effect under section
4 408(p)(2)(A)(ii)”.

5 (B) Section 401(k)(11) is amended by
6 striking subparagraph (E).

7 (g) ROUNDING RULE RELATING TO DEFINED BEN-
8 EFIT PLANS AND DEFINED CONTRIBUTION PLANS.—
9 Paragraph (4) of section 415(d) is amended to read as
10 follows:

11 “(4) ROUNDING.—

12 “(A) \$160,000 AMOUNT.—Any increase
13 under subparagraph (A) of paragraph (1) which
14 is not a multiple of \$5,000 shall be rounded to
15 the next lowest multiple of \$5,000.

16 “(B) \$40,000 AMOUNT.—Any increase
17 under subparagraph (C) of paragraph (1) which
18 is not a multiple of \$1,000 shall be rounded to
19 the next lowest multiple of \$1,000.”.

20 (h) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to years beginning after December
22 31, 2000.

1 **SEC. 102. ELECTIVE DEFERRALS NOT TAKEN INTO AC-**
 2 **COUNT FOR PURPOSES OF DEDUCTION LIM-**
 3 **ITS.**

4 (a) IN GENERAL.—Section 404 (relating to deduction
 5 for contributions of an employer to an employees’ trust
 6 or annuity plan and compensation under a deferred pay-
 7 ment plan) is amended by adding at the end the following
 8 new subsection:

9 “(n) ELECTIVE DEFERRALS NOT TAKEN INTO AC-
 10 COUNT FOR PURPOSES OF DEDUCTION LIMITS.—Elective
 11 deferrals (as defined in section 402(g)(3)) shall not be
 12 subject to any limitation contained in paragraph (3), (7),
 13 or (9) of subsection (a), and such elective deferrals shall
 14 not be taken into account in applying any such limitation
 15 to any other contributions.”.

16 (b) EFFECTIVE DATE.—The amendment made by
 17 this section shall apply to years beginning after December
 18 31, 2000.

19 **SEC. 103. DEDUCTION LIMITS.**

20 (a) IN GENERAL.—Section 404(a) (relating to gen-
 21 eral rule) is amended by adding at the end the following:

22 “(12) DEFINITION OF COMPENSATION.—For
 23 purposes of paragraphs (3), (7), (8), and (9), the
 24 term ‘compensation’ shall include amounts treated
 25 as participant’s compensation under subparagraph
 26 (C) or (D) of section 415(c)(3).”.

1 (b) CONFORMING AMENDMENT.—Subparagraph (B)
 2 of section 404(a)(3) is amended by striking the last sen-
 3 tence thereof.

4 (c) EFFECTIVE DATE.—The amendments made by
 5 this section shall apply to years beginning after December
 6 31, 2000.

7 **SEC. 104. OPTION TO TREAT ELECTIVE DEFERRALS AS**
 8 **AFTER-TAX CONTRIBUTIONS.**

9 (a) IN GENERAL.—Subpart A of part I of subchapter
 10 D of chapter 1 (relating to deferred compensation, etc.)
 11 is amended by inserting after section 402 the following
 12 new section:

13 **“SEC. 402A. OPTIONAL TREATMENT OF ELECTIVE DEFER-**
 14 **RALS AS PLUS CONTRIBUTIONS.**

15 “(a) GENERAL RULE.—If an applicable retirement
 16 plan includes a qualified plus contribution program—

17 “(1) any designated plus contribution made by
 18 an employee pursuant to the program shall be treat-
 19 ed as an elective deferral for purposes of this chap-
 20 ter, except that such contribution shall not be ex-
 21 cludable from gross income, and

22 “(2) such plan (and any arrangement which is
 23 part of such plan) shall not be treated as failing to
 24 meet any requirement of this chapter solely by rea-
 25 son of including such program.

1 “(b) QUALIFIED PLUS CONTRIBUTION PROGRAM.—

2 For purposes of this section—

3 “(1) IN GENERAL.—The term ‘qualified plus
4 contribution program’ means a program under which
5 an employee may elect to make designated plus con-
6 tributions in lieu of all or a portion of elective defer-
7 rals the employee is otherwise eligible to make under
8 the applicable retirement plan.

9 “(2) SEPARATE ACCOUNTING REQUIRED.—A
10 program shall not be treated as a qualified plus con-
11 tribution program unless the applicable retirement
12 plan—

13 “(A) establishes separate accounts (‘des-
14 ignated plus accounts’) for the designated plus
15 contributions of each employee and any earn-
16 ings properly allocable to the contributions, and

17 “(B) maintains separate recordkeeping
18 with respect to each account.

19 “(c) DEFINITIONS AND RULES RELATING TO DES-
20 IGNATED PLUS CONTRIBUTIONS.—For purposes of this
21 section—

22 “(1) DESIGNATED PLUS CONTRIBUTION.—The
23 term ‘designated plus contribution’ means any elec-
24 tive deferral which—

1 “(A) is excludable from gross income of an
2 employee without regard to this section, and

3 “(B) the employee designates (at such time
4 and in such manner as the Secretary may pre-
5 scribe) as not being so excludable.

6 “(2) DESIGNATION LIMITS.—The amount of
7 elective deferrals which an employee may designate
8 under paragraph (1) shall not exceed the excess (if
9 any) of—

10 “(A) the maximum amount of elective de-
11 ferrals excludable from gross income of the em-
12 ployee for the taxable year (without regard to
13 this section), over

14 “(B) the aggregate amount of elective de-
15 ferrals of the employee for the taxable year
16 which the employee does not designate under
17 paragraph (1).

18 “(3) ROLLOVER CONTRIBUTIONS.—

19 “(A) IN GENERAL.—A rollover contribu-
20 tion of any payment or distribution from a des-
21 ignated plus account which is otherwise allow-
22 able under this chapter may be made only if the
23 contribution is to—

1 “(i) another designated plus account
2 of the individual from whose account the
3 payment or distribution was made, or

4 “(ii) a Roth IRA of such individual.

5 “(B) COORDINATION WITH LIMIT.—Any
6 rollover contribution to a designated plus ac-
7 count under subparagraph (A) shall not be
8 taken into account for purposes of paragraph
9 (1).

10 “(d) DISTRIBUTION RULES.—For purposes of this
11 title—

12 “(1) EXCLUSION.—Any qualified distribution
13 from a designated plus account shall not be includ-
14 ible in gross income.

15 “(2) QUALIFIED DISTRIBUTION.—For purposes
16 of this subsection—

17 “(A) IN GENERAL.—The term ‘qualified
18 distribution’ has the meaning given such term
19 by section 408A(d)(2)(A) (without regard to
20 clause (iv) thereof).

21 “(B) DISTRIBUTIONS WITHIN NONEXCLU-
22 SION PERIOD.—A payment or distribution from
23 a designated plus account shall not be treated
24 as a qualified distribution if such payment or

1 distribution is made within the 5-taxable-year
2 period beginning with the earlier of—

3 “(i) the first taxable year for which
4 the individual made a designated plus con-
5 tribution to any designated plus account
6 established for such individual under the
7 same applicable retirement plan, or

8 “(ii) if a rollover contribution was
9 made to such designated plus account from
10 a designated plus account previously estab-
11 lished for such individual under another
12 applicable retirement plan, the first taxable
13 year for which the individual made a des-
14 ignated plus contribution to such pre-
15 viously established account.

16 “(C) DISTRIBUTIONS OF EXCESS DEFER-
17 RALS AND EARNINGS.—The term ‘qualified dis-
18 tribution’ shall not include any distribution of
19 any excess deferral under section 402(g)(2) and
20 any income on the excess deferral.

21 “(3) AGGREGATION RULES.—Section 72 shall
22 be applied separately with respect to distributions
23 and payments from a designated plus account and
24 other distributions and payments from the plan.

1 “(e) OTHER DEFINITIONS.—For purposes of this
2 section—

3 “(1) APPLICABLE RETIREMENT PLAN.—The
4 term ‘applicable retirement plan’ means—

5 “(A) an employees’ trust described in sec-
6 tion 401(a) which is exempt from tax under
7 section 501(a), and

8 “(B) a plan under which amounts are con-
9 tributed by an individual’s employer for an an-
10 nuity contract described in section 403(b).

11 “(2) ELECTIVE DEFERRAL.—The term ‘elective
12 deferral’ means any elective deferral described in
13 subparagraph (A) or (C) of section 402(g)(3).”.

14 (b) EXCESS DEFERRALS.—Section 402(g) (relating
15 to limitation on exclusion for elective deferrals) is
16 amended—

17 (1) by adding at the end of paragraph (1) the
18 following new sentence: “The preceding sentence
19 shall not apply to so much of such excess as does
20 not exceed the designated plus contributions of the
21 individual for the taxable year.”, and

22 (2) by inserting “(or would be included but for
23 the last sentence thereof)” after “paragraph (1)” in
24 paragraph (2)(A).

1 (c) ROLLOVERS.—Subparagraph (B) of section
2 402(c)(8) is amended by adding at the end the following:

3 “If any portion of an eligible rollover distribu-
4 tion is attributable to payments or distributions
5 from a designated plus account (as defined in
6 section 402A), an eligible retirement plan with
7 respect to such portion shall include only an-
8 other designated plus account and a Roth
9 IRA.”.

10 (d) REPORTING REQUIREMENTS.—

11 (1) W-2 INFORMATION.—Section 6051(a)(8) is
12 amended by inserting “, including the amount of
13 designated plus contributions (as defined in section
14 402A)” before the comma at the end.

15 (2) INFORMATION.—Section 6047 is amended
16 by redesignating subsection (f) as subsection (g)
17 and by inserting after subsection (e) the following
18 new subsection:

19 “(f) DESIGNATED PLUS CONTRIBUTIONS.—The Sec-
20 retary shall require the plan administrator of each applica-
21 ble retirement plan (as defined in section 402A) to make
22 such returns and reports regarding designated plus con-
23 tributions (as so defined) to the Secretary, participants
24 and beneficiaries of the plan, and such other persons as
25 the Secretary may prescribe.”.

1 (e) CONFORMING AMENDMENTS.—

2 (1) Section 408A(e) is amended by adding after
3 the first sentence the following new sentence: “Such
4 term includes a rollover contribution described in
5 section 402A(c)(3)(A).”.

6 (2) The table of sections for subpart A of part
7 I of subchapter D of chapter 1 is amended by insert-
8 ing after the item relating to section 402 the fol-
9 lowing new item:

“Sec. 402A. Optional treatment of elective deferrals as plus con-
tributions.”.

10 (f) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to taxable years beginning after
12 December 31, 2000.

13 **SEC. 105. MODIFICATION OF DEDUCTION LIMITS FOR IRA**
14 **CONTRIBUTIONS.**

15 (a) INCREASE IN CONTRIBUTION LIMIT.—

16 (1) IN GENERAL.—Paragraph (1)(A) of section
17 219(b) (relating to maximum amount of deduction)
18 is amended by striking “\$2,000” and inserting “the
19 deductible amount”.

20 (2) DEDUCTIBLE AMOUNT.—Section 219(b) is
21 amended by adding at the end the following new
22 paragraph:

23 “(5) DEDUCTIBLE AMOUNT.—For purposes of
24 paragraph (1)(A)—

1 “(A) IN GENERAL.—The deductible
 2 amount shall be determined in accordance with
 3 the following table:

“For taxable years beginning in:	The deductible amount is:
2001, 2002, and 2003	\$3,000
2004 and 2005	\$4,000
2006 and thereafter	\$5,000.

4 “(B) COST-OF-LIVING ADJUSTMENT.—

5 “(i) IN GENERAL.—In the case of any
 6 taxable year beginning in a calendar year
 7 after 2006, the \$5,000 amount under sub-
 8 paragraph (A) shall be increased by an
 9 amount equal to—

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

12 “(II) the cost-of-living adjust-
 13 ment determined under section
 14 1(f)(3) for the calendar year in which
 15 the taxable year begins, determined by
 16 substituting ‘calendar year 2005’ for
 17 ‘calendar year 1992’ in subparagraph
 18 (B) thereof.

19 “(ii) ROUNDING RULES.—If any
 20 amount after adjustment under clause (i)
 21 is not a multiple of \$100, such amount
 22 shall be rounded to the next lower multiple
 23 of \$100.”.

1 (b) CONFORMING AMENDMENTS.—

2 (1) Section 408(a)(1) is amended by striking
3 “in excess of \$2,000 on behalf of any individual”
4 and inserting “on behalf of any individual in excess
5 of the amount in effect for such taxable year under
6 section 219(b)(1)(A)”.

7 (2) Section 408(b)(2)(B) is amended by strik-
8 ing “\$2,000” and inserting “the dollar amount in
9 effect under section 219(b)(1)(A)”.

10 (3) Section 408(b) is amended by striking
11 “\$2,000” in the matter following paragraph (4) and
12 inserting “the dollar amount in effect under section
13 219(b)(1)(A)”.

14 (4) Section 408(j) is amended by striking
15 “\$2,000”.

16 (5) Section 408(p)(8) is amended by striking
17 “\$2,000” and inserting “the dollar amount in effect
18 under section 219(b)(1)(A)”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to taxable years beginning after
21 December 31, 2000.

1 **TITLE II—ENHANCING FAIRNESS**
 2 **FOR WOMEN**

3 **SEC. 201. CATCHUP CONTRIBUTIONS FOR INDIVIDUALS**
 4 **AGE 50 OR OVER.**

5 (a) IN GENERAL.—Section 414 (relating to defini-
 6 tions and special rules) is amended by adding at the end
 7 the following new subsection:

8 “(v) CATCHUP CONTRIBUTIONS FOR INDIVIDUALS
 9 AGE 50 OR OVER.—

10 “(1) IN GENERAL.—An applicable employer
 11 plan shall not be treated as failing to meet any re-
 12 quirement of this title solely because the plan per-
 13 mits an eligible participant to make additional elec-
 14 tive deferrals in any plan year.

15 “(2) LIMITATION ON AMOUNT OF ADDITIONAL
 16 DEFERRALS.—

17 “(A) IN GENERAL.—A plan shall not per-
 18 mit additional elective deferrals under para-
 19 graph (1) for any year in an amount greater
 20 than the lesser of—

21 “(i) the applicable percentage of the
 22 applicable dollar amount for such elective
 23 deferrals for such year, or

24 “(ii) the excess (if any) of—

1 “(I) the participant’s compensa-
2 tion for the year, over

3 “(II) any other elective deferrals
4 of the participant for such year which
5 are made without regard to this sub-
6 section.

7 “(B) APPLICABLE PERCENTAGE.—For
8 purposes of this paragraph, the applicable per-
9 centage shall be determined in accordance with
10 the following table:

“For taxable years beginning in:	The applicable percentage is:
2001	10 percent
2002	20 percent
2003	30 percent
2004	40 percent
2005 and thereafter	50 percent.

11 “(3) TREATMENT OF CONTRIBUTIONS.—In the
12 case of any contribution to a plan under paragraph
13 (1)—

14 “(A) such contribution shall not, with re-
15 spect to the year in which the contribution is
16 made—

17 “(i) be subject to any otherwise appli-
18 cable limitation contained in section
19 402(g), 402(h), 403(b), 404(a), 404(h),
20 408, 415, or 457, or

21 “(ii) be taken into account in applying
22 such limitations to other contributions or

1 benefits under such plan or any other such
2 plan, and

3 “(B) such plan shall not be treated as fail-
4 ing to meet the requirements of section
5 401(a)(4), 401(a)(26), 401(k)(3), 401(k)(11),
6 401(k)(12), 401(m), 403(b)(12), 408(k),
7 408(p), 408B, 410(b), or 416 by reason of the
8 making of (or the right to make) such contribu-
9 tion.

10 “(4) ELIGIBLE PARTICIPANT.—For purposes of
11 this subsection, the term ‘eligible participant’ means,
12 with respect to any plan year, a participant in a
13 plan—

14 “(A) who has attained the age of 50 before
15 the close of the plan year, and

16 “(B) with respect to whom no other elec-
17 tive deferrals may (without regard to this sub-
18 section) be made to the plan for the plan year
19 by reason of the application of any limitation or
20 other restriction described in paragraph (3) or
21 contained in the terms of the plan.

22 “(5) OTHER DEFINITIONS AND RULES.—For
23 purposes of this subsection—

24 “(A) APPLICABLE DOLLAR AMOUNT.—The
25 term ‘applicable dollar amount’ means, with re-

1 spect to any year, the amount in effect under
2 section 402(g)(1)(B), 408(p)(2)(E)(i), or
3 457(e)(15)(A), whichever is applicable to an ap-
4 plicable employer plan, for such year.

5 “(B) APPLICABLE EMPLOYER PLAN.—The
6 term ‘applicable employer plan’ means—

7 “(i) an employees’ trust described in
8 section 401(a) which is exempt from tax
9 under section 501(a),

10 “(ii) a plan under which amounts are
11 contributed by an individual’s employer for
12 an annuity contract described in section
13 403(b),

14 “(iii) an eligible deferred compensa-
15 tion plan under section 457 of an eligible
16 employer as defined in section
17 457(e)(1)(A), and

18 “(iv) an arrangement meeting the re-
19 quirements of section 408 (k) or (p).

20 “(C) ELECTIVE DEFERRAL.—The term
21 ‘elective deferral’ has the meaning given such
22 term by subsection (u)(2)(C).

23 “(D) EXCEPTION FOR SECTION 457
24 PLANS.—This subsection shall not apply to an
25 applicable employer plan described in subpara-

1 graph (B)(iii) for any year to which section
2 457(b)(3) applies.”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 this section shall apply to contributions in taxable years
5 beginning after December 31, 2000.

6 **SEC. 202. EQUITABLE TREATMENT FOR CONTRIBUTIONS OF**
7 **EMPLOYEES TO DEFINED CONTRIBUTION**
8 **PLANS.**

9 (a) EQUITABLE TREATMENT.—

10 (1) IN GENERAL.—Subparagraph (B) of section
11 415(c)(1) (relating to limitation for defined con-
12 tribution plans) is amended by striking “25 percent”
13 and inserting “100 percent”.

14 (2) APPLICATION TO SECTION 403(b).—Section
15 403(b) is amended—

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

20 (B) by striking paragraph (2), and

21 (C) by inserting “or any amount received
22 by a former employee after the 5th taxable year
23 following the taxable year in which such em-
24 ployee was terminated” before the period at the
25 end of the second sentence of paragraph (3).

1 (3) CONFORMING AMENDMENTS.—

2 (A) Subsection (f) of section 72 is amend-
3 ed by striking “section 403(b)(2)(D)(iii)” and
4 inserting “section 403(b)(2)(D)(iii), as in effect
5 before the enactment of the Pension Opportuni-
6 ties for Women’s Equality in Retirement Act”.

7 (B) Section 404(a)(10)(B) is amended by
8 striking “, the exclusion allowance under sec-
9 tion 403(b)(2),”.

10 (C) Section 415(a)(2) is amended by strik-
11 ing “, and the amount of the contribution for
12 such portion shall reduce the exclusion allow-
13 ance as provided in section 403(b)(2)”.

14 (D) Section 415(c)(3) is amended by add-
15 ing at the end the following new subparagraph:

16 “(E) ANNUITY CONTRACTS.—In the case
17 of an annuity contract described in section
18 403(b), the term ‘participant’s compensation’
19 means the participant’s includible compensation
20 determined under section 403(b)(3).”.

21 (E) Section 415(c) is amended by striking
22 paragraph (4).

23 (F) Section 415(c)(7) is amended to read
24 as follows:

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

3 “(A) IN GENERAL.—Notwithstanding any
4 other provision of this subsection, at the elec-
5 tion of a participant who is an employee of a
6 church or a convention or association of church-
7 es, including an organization described in sec-
8 tion 414(e)(3)(B)(ii), contributions and other
9 additions for an annuity contract or retirement
10 income account described in section 403(b) with
11 respect to such participant, when expressed as
12 an annual addition to such participant’s ac-
13 count, shall be treated as not exceeding the lim-
14 itation of paragraph (1) if such annual addition
15 is not in excess of \$10,000.

16 “(B) \$40,000 AGGREGATE LIMITATION.—
17 The total amount of additions with respect to
18 any participant which may be taken into ac-
19 count for purposes of this subparagraph for all
20 years may not exceed \$40,000.

21 “(C) ANNUAL ADDITION.—For purposes of
22 this paragraph, the term ‘annual addition’ has
23 the meaning given such term by paragraph
24 (2).”.

1 (G) Subparagraph (B) of section 402(g)(7)
2 (as redesignated by section 1201) is amended
3 by inserting before the period at the end the
4 following: “(as in effect before the enactment of
5 the Pension Opportunities for Women’s Equal-
6 ity in Retirement Act)”.

7 (3) EFFECTIVE DATE.—The amendments made
8 by this subsection shall apply to years beginning
9 after December 31, 2000.

10 (b) SPECIAL RULES FOR SECTIONS 403(b) AND
11 408.—

12 (1) IN GENERAL.—Subsection (k) of section
13 415 is amended by adding at the end the following
14 new paragraph:

15 “(4) SPECIAL RULES FOR SECTIONS 403(b) AND
16 408.—For purposes of this section, any annuity con-
17 tract described in section 403(b) for the benefit of
18 a participant shall be treated as a defined contribu-
19 tion plan maintained by each employer with respect
20 to which the participant has the control required
21 under subsection (b) or (c) of section 414 (as modi-
22 fied by subsection (h)). For purposes of this section,
23 any contribution by an employer to a simplified em-
24 ployee pension plan for an individual for a taxable
25 year shall be treated as an employer contribution to

1 a defined contribution plan for such individual for
2 such year.”.

3 (2) EFFECTIVE DATE.—

4 (A) IN GENERAL.—The amendment made
5 by paragraph (1) shall apply to limitation years
6 beginning after December 31, 2000.

7 (B) EXCLUSION ALLOWANCE.—Effective
8 for limitation years beginning in 2001, in the
9 case of any annuity contract described in sec-
10 tion 403(b) of the Internal Revenue Code of
11 1986, the amount of the contribution disquali-
12 fied by reason of section 415(g) of such Code
13 shall reduce the exclusion allowance as provided
14 in section 403(b)(2) of such Code.

15 (3) MODIFICATION OF 403(b) EXCLUSION AL-
16 LOWANCE TO CONFORM TO 415 MODIFICATION.—The
17 Secretary of the Treasury shall modify the regula-
18 tions regarding the exclusion allowance under section
19 403(b)(2) of the Internal Revenue Code of 1986 to
20 render void the requirement that contributions to a
21 defined benefit pension plan be treated as previously
22 excluded amounts for purposes of the exclusion al-
23 lowance. For taxable years beginning after Decem-
24 ber 31, 2000, such regulations shall be applied as if
25 such requirement were void.

1 (c) DEFERRED COMPENSATION PLANS OF STATE
 2 AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANI-
 3 ZATIONS.—

4 (1) IN GENERAL.—Subparagraph (B) of section
 5 457(b)(2) (relating to salary limitation on eligible
 6 deferred compensation plans) is amended by striking
 7 “33 $\frac{1}{3}$ percent” and inserting “100 percent”.

8 (2) EFFECTIVE DATE.—The amendment made
 9 by this subsection shall apply to years beginning
 10 after December 31, 2000.

11 **SEC. 203. FASTER VESTING OF CERTAIN EMPLOYER**
 12 **MATCHING CONTRIBUTIONS.**

13 (a) AMENDMENTS TO 1986 CODE.—Section 411(a)
 14 (relating to minimum vesting standards) is amended—

15 (1) in paragraph (2), by striking “A plan” and
 16 inserting “Except as provided in paragraph (12), a
 17 plan”, and

18 (2) by adding at the end the following:

19 “(12) FASTER VESTING FOR MATCHING CON-
 20 TRIBUTIONS.—In the case of matching contributions
 21 (as defined in section 401(m)(4)(A)), paragraph (2)
 22 shall be applied—

23 “(A) by substituting ‘3 years’ for ‘5 years’
 24 in subparagraph (A), and

1 “(B) by substituting the following table for
 2 the table contained in subparagraph (B):

“Years of service:	The nonforfeitable percentage is:
2	20
3	40
4	60
5	80
6	100.”.

3 (b) AMENDMENTS TO ERISA.—Section 203(a) of the
 4 Employee Retirement Income Security Act of 1974 (29
 5 U.S.C. 1053(a)) is amended—

6 (1) in paragraph (2), by striking “A plan” and
 7 inserting “Except as provided in paragraph (4), a
 8 plan”, and

9 (2) by adding at the end the following:

10 “(4) FASTER VESTING FOR MATCHING CON-
 11 TRIBUTIONS.—In the case of matching contributions
 12 (as defined in section 401(m)(4)(A) of the Internal
 13 Revenue Code of 1986), paragraph (2) shall be
 14 applied—

15 “(A) by substituting ‘3 years’ for ‘5 years’
 16 in subparagraph (A), and

17 “(B) by substituting the following table for
 18 the table contained in subparagraph (B):

“Years of service:	The nonforfeitable percentage is:
2	20
3	40
4	60
5	80
6	100.”.

1 (c) EFFECTIVE DATES.—

2 (1) IN GENERAL.—Except as provided in para-
3 graph (2), the amendments made by this section
4 shall apply to contributions for plan years beginning
5 after December 31, 2000.

6 (2) COLLECTIVE BARGAINING AGREEMENTS.—

7 In the case of a plan maintained pursuant to one or
8 more collective bargaining agreements between em-
9 ployee representatives and one or more employers
10 ratified by the date of the enactment of this Act, the
11 amendments made by this section shall not apply to
12 contributions on behalf of employees covered by any
13 such agreement for plan years beginning before the
14 earlier of—

15 (A) the later of—

16 (i) the date on which the last of such
17 collective bargaining agreements termi-
18 nates (determined without regard to any
19 extension thereof on or after such date of
20 the enactment), or

21 (ii) January 1, 2001, or

22 (B) January 1, 2005.

23 (3) SERVICE REQUIRED.—With respect to any
24 plan, the amendments made by this section shall not
25 apply to any employee before the date that such em-

1 “(12) TAX TREATMENT OF PAYMENTS FROM A
 2 SECTION 457 PLAN.—If a distribution or payment
 3 from an eligible deferred compensation plan de-
 4 scribed in section 457(b) is made pursuant to a
 5 qualified domestic relations order, rules similar to
 6 the rules of section 402(e)(1)(A) shall apply to such
 7 distribution or payment.”.

8 (d) EFFECTIVE DATE.—The amendments made by
 9 this section shall apply to transfers, distributions, and
 10 payments made after December 31, 2000.

11 **TITLE III—INCREASING PORT-** 12 **ABILITY FOR PARTICIPANTS**

13 **SEC. 301. ROLLOVERS ALLOWED AMONG VARIOUS TYPES** 14 **OF PLANS.**

15 (a) ROLLOVERS FROM AND TO SECTION 457
 16 PLANS.—

17 (1) ROLLOVERS FROM SECTION 457 PLANS.—

18 (A) IN GENERAL.—Section 457(e) (relat-
 19 ing to other definitions and special rules) is
 20 amended by adding at the end the following:

21 “(16) ROLLOVER AMOUNTS.—

22 “(A) GENERAL RULE.—In the case of an
 23 eligible deferred compensation plan established
 24 and maintained by an employer described in
 25 subsection (e)(1)(A), if—

1 “(i) any portion of the balance to the
2 credit of an employee in such plan is paid
3 to such employee in an eligible rollover dis-
4 tribution (within the meaning of section
5 402(c)(4) without regard to subparagraph
6 (C) thereof),

7 “(ii) the employee transfers any por-
8 tion of the property such employee receives
9 in such distribution to an eligible retire-
10 ment plan described in section
11 402(c)(8)(B), and

12 “(iii) in the case of a distribution of
13 property other than money, the amount so
14 transferred consists of the property distrib-
15 uted,

16 then such distribution (to the extent so trans-
17 ferred) shall not be includible in gross income
18 for the taxable year in which paid.

19 “(B) CERTAIN RULES MADE APPLICA-
20 BLE.—The rules of paragraphs (2) through (7)
21 (other than paragraph (4)(C)) and (9) of sec-
22 tion 402(c) and section 402(f) shall apply for
23 purposes of subparagraph (A).

24 “(C) REPORTING.—Rollovers under this
25 paragraph shall be reported to the Secretary in

1 the same manner as rollovers from qualified re-
2 tirement plans (as defined in section
3 4974(c)).”.

4 (B) DEFERRAL LIMIT DETERMINED WITH-
5 OUT REGARD TO ROLLOVER AMOUNTS.—Section
6 457(b)(2) (defining eligible deferred compensa-
7 tion plan) is amended by inserting “(other than
8 rollover amounts)” after “taxable year”.

9 (C) DIRECT ROLLOVER.—Paragraph (1) of
10 section 457(d) is amended by striking “and” at
11 the end of subparagraph (A), by striking the
12 period at the end of subparagraph (B) and in-
13 serting “, and”, and by inserting after subpara-
14 graph (B) the following:

15 “(C) in the case of a plan maintained by
16 an employer described in subsection (e)(1)(A),
17 the plan meets requirements similar to the re-
18 quirements of section 401(a)(31).

19 Any amount transferred in a direct trustee-to-trust-
20 ee transfer in accordance with section 401(a)(31)
21 shall not be includible in gross income for the tax-
22 able year of transfer.”.

23 (D) WITHHOLDING.—

1 (i) Paragraph (12) of section 3401(a)
2 is amended by adding at the end the fol-
3 lowing:

4 “(E) under or to an eligible deferred com-
5 pensation plan which, at the time of such pay-
6 ment, is a plan described in section 457(b)
7 maintained by an employer described in section
8 457(e)(1)(A); or”.

9 (ii) Paragraph (3) of section 3405(c)
10 is amended to read as follows:

11 “(3) ELIGIBLE ROLLOVER DISTRIBUTION.—For
12 purposes of this subsection, the term ‘eligible roll-
13 over distribution’ has the meaning given such term
14 by section 402(f)(2)(A).”.

15 (iii) LIABILITY FOR WITHHOLDING.—
16 Subparagraph (B) of section 3405(d)(2) is
17 amended by striking “or” at the end of
18 clause (ii), by striking the period at the
19 end of clause (iii) and inserting “, or”, and
20 by adding at the end the following:

21 “(iv) section 457(b).”.

22 (2) ROLLOVERS TO SECTION 457 PLANS.—

23 (A) IN GENERAL.—Section 402(c)(8)(B)
24 (defining eligible retirement plan) is amended
25 by striking “and” at the end of clause (iii), by

1 striking the period at the end of clause (iv) and
2 inserting “, and”, and by inserting after clause
3 (iv) the following new clause:

4 “(v) an eligible deferred compensation
5 plan described in section 457(b) of an em-
6 ployer described in section 457(e)(1)(A).”.

7 (B) SEPARATE ACCOUNTING.—Section
8 402(c) is amended by adding at the end the fol-
9 lowing new paragraph:

10 “(11) SEPARATE ACCOUNTING.—Unless a plan
11 described in clause (v) of paragraph (8)(B) agrees to
12 separately account for amounts rolled into such plan
13 from eligible retirement plans not described in such
14 clause, the plan described in such clause may not ac-
15 cept transfers or rollovers from such retirement
16 plans.”.

17 (C) 10 PERCENT ADDITIONAL TAX.—Sub-
18 section (t) of section 72 (relating to 10-percent
19 additional tax on early distributions from quali-
20 fied retirement plans) is amended by adding at
21 the end the following new paragraph:

22 “(9) SPECIAL RULE FOR ROLLOVERS TO SEC-
23 TION 457 PLANS.—For purposes of this subsection,
24 a distribution from an eligible deferred compensation
25 plan (as defined in section 457(b)) of an employer

1 described in section 457(e)(1)(A) shall be treated as
2 a distribution from a qualified retirement plan de-
3 scribed in 4974(c)(1) to the extent that such dis-
4 tribution is attributable to an amount transferred to
5 an eligible deferred compensation plan from a quali-
6 fied retirement plan (as defined in section
7 4974(c)).”.

8 (b) ALLOWANCE OF ROLLOVERS FROM AND TO 403
9 (b) PLANS.—

10 (1) ROLLOVERS FROM SECTION 403 (b)
11 PLANS.—Section 403(b)(8)(A)(ii) (relating to roll-
12 over amounts) is amended by striking “such dis-
13 tribution” and all that follows and inserting “such
14 distribution to an eligible retirement plan described
15 in section 402(c)(8)(B), and”.

16 (2) ROLLOVERS TO SECTION 403 (b) PLANS.—
17 Section 402(c)(8)(B) (defining eligible retirement
18 plan), as amended by subsection (a), is amended by
19 striking “and” at the end of clause (iv), by striking
20 the period at the end of clause (v) and inserting “,
21 and”, and by inserting after clause (v) the following
22 new clause:

23 “(vi) an annuity contract described in
24 section 403(b).”.

1 (c) EXPANDED EXPLANATION TO RECIPIENTS OF
2 ROLLOVER DISTRIBUTIONS.—Paragraph (1) of section
3 402(f) (relating to written explanation to recipients of dis-
4 tributions eligible for rollover treatment) is amended by
5 striking “and” at the end of subparagraph (C), by striking
6 the period at the end of subparagraph (D) and inserting
7 “, and”, and by adding at the end the following new sub-
8 paragraph:

9 “(E) of the provisions under which dis-
10 tributions from the eligible retirement plan re-
11 ceiving the distribution may be subject to re-
12 strictions and tax consequences which are dif-
13 ferent from those applicable to distributions
14 from the plan making such distribution.”.

15 (d) SPOUSAL ROLLOVERS.—Section 402(c)(9) (relat-
16 ing to rollover where spouse receives distribution after
17 death of employee) is amended by striking “; except that”
18 and all that follows up to the end period.

19 (e) CONFORMING AMENDMENTS.—

20 (1) Section 72(o)(4) is amended by striking
21 “and 408(d)(3)” and inserting “403(b)(8),
22 408(d)(3), and 457(e)(16)”.

23 (2) Section 219(d)(2) is amended by striking
24 “or 408(d)(3)” and inserting “408(d)(3), or
25 457(e)(16)”.

1 (3) Section 401(a)(31)(B) is amended by strik-
2 ing “and 403(a)(4)” and inserting “, 403(a)(4),
3 403(b)(8), and 457(e)(16)”.

4 (4) Subparagraph (A) of section 402(f)(2) is
5 amended by striking “or paragraph (4) of section
6 403(a)” and inserting “, paragraph (4) of section
7 403(a), subparagraph (A) of section 403(b)(8), or
8 subparagraph (A) of section 457(e)(16)”.

9 (5) Paragraph (1) of section 402(f) is amended
10 by striking “from an eligible retirement plan”.

11 (6) Subparagraphs (A) and (B) of section
12 402(f)(1) are amended by striking “another eligible
13 retirement plan” and inserting “an eligible retire-
14 ment plan”.

15 (7) Subparagraph (B) of section 403(b)(8) is
16 amended to read as follows:

17 “(B) CERTAIN RULES MADE APPLICA-
18 BLE.—The rules of paragraphs (2) through (7)
19 and (9) of section 402(c) and section 402(f)
20 shall apply for purposes of subparagraph (A),
21 except that section 402(f) shall be applied to
22 the payor in lieu of the plan administrator.”.

23 (8) Section 408(a)(1) is amended by striking
24 “or 403(b)(8)” and inserting “, 403(b)(8), or
25 457(e)(16)”.

1 (9) Subparagraphs (A) and (B) of section
2 415(b)(2) are each amended by striking “and
3 408(d)(3)” and inserting “403(b)(8), 408(d)(3), and
4 457(e)(16)”.

5 (10) Section 415(c)(2) is amended by striking
6 “and 408(d)(3)” and inserting “408(d)(3), and
7 457(e)(16)”.

8 (11) Section 4973(b)(1)(A) is amended by
9 striking “or 408(d)(3)” and inserting “408(d)(3), or
10 457(e)(16)”.

11 (f) EFFECTIVE DATE; SPECIAL RULE.—

12 (1) EFFECTIVE DATE.—The amendments made
13 by this section shall apply to distributions after De-
14 cember 31, 2000.

15 (2) SPECIAL RULE.—Notwithstanding any other
16 provision of law, subsections (h)(3) and (h)(5) of
17 section 1122 of the Tax Reform Act of 1986 shall
18 not apply to any distribution from an eligible retire-
19 ment plan (as defined in clause (iii) or (iv) of section
20 402(c)(8)(B) of the Internal Revenue Code of 1986)
21 on behalf of an individual if there was a rollover to
22 such plan on behalf of such individual which is per-
23 mitted solely by reason of any amendment made by
24 this section.

1 **SEC. 302. ROLLOVERS OF IRAS INTO WORKPLACE RETIRE-**
2 **MENT PLANS.**

3 (a) IN GENERAL.—Subparagraph (A) of section
4 408(d)(3) (relating to rollover amounts) is amended by
5 adding “or” at the end of clause (i), by striking clauses
6 (ii) and (iii), and by adding at the end the following:

7 “(ii) the entire amount received (in-
8 cluding money and any other property) is
9 paid into an eligible retirement plan for
10 the benefit of such individual not later
11 than the 60th day after the date on which
12 the payment or distribution is received, ex-
13 cept that the maximum amount which may
14 be paid into such plan may not exceed the
15 portion of the amount received which is in-
16 cludible in gross income (determined with-
17 out regard to this paragraph).

18 For purposes of clause (ii), the term ‘eligible re-
19 tirement plan’ means an eligible retirement plan
20 described in clause (iii), (iv), (v), or (vi) of sec-
21 tion 402(c)(8)(B).”.

22 (b) CONFORMING AMENDMENTS.—

23 (1) Paragraph (1) of section 403(b) is amended
24 by striking “section 408(d)(3)(A)(iii)” and inserting
25 “section 408(d)(3)(A)(ii)”.

1 (2) Clause (i) of section 408(d)(3)(D) is amend-
2 ed by striking “(i), (ii), or (iii)” and inserting “(i)
3 or (ii)”.

4 (3) Subparagraph (G) of section 408(d)(3) is
5 amended to read as follows:

6 “(G) SIMPLE RETIREMENT ACCOUNTS.—In
7 the case of any payment or distribution out of
8 a simple retirement account (as defined in sub-
9 section (p)) to which section 72(t)(6) applies,
10 this paragraph shall not apply unless such pay-
11 ment or distribution is paid into another simple
12 retirement account.”.

13 (c) EFFECTIVE DATE; SPECIAL RULE.—

14 (1) EFFECTIVE DATE.—The amendments made
15 by this section shall apply to distributions after De-
16 cember 31, 2000.

17 (2) SPECIAL RULE.—Notwithstanding any other
18 provision of law, subsections (h)(3) and (h)(5) of
19 section 1122 of the Tax Reform Act of 1986 shall
20 not apply to any distribution from an eligible retire-
21 ment plan (as defined in clause (iii) or (iv) of section
22 402(c)(8)(B) of the Internal Revenue Code of 1986)
23 on behalf of an individual if there was a rollover to
24 such plan on behalf of such individual which is per-

1 mitted solely by reason of the amendments made by
2 this section.

3 **SEC. 303. ROLLOVERS OF AFTER-TAX CONTRIBUTIONS.**

4 (a) ROLLOVERS FROM EXEMPT TRUSTS.—Para-
5 graph (2) of section 402(e) (relating to maximum amount
6 which may be rolled over) is amended by adding at the
7 end the following: “The preceding sentence shall not apply
8 to such distribution to the extent—

9 “(A) such portion is transferred in a direct
10 trustee-to-trustee transfer to a qualified trust
11 which is part of a plan which is a defined con-
12 tribution plan and which agrees to separately
13 account for amounts so transferred, including
14 separately accounting for the portion of such
15 distribution which is includible in gross income
16 and the portion of such distribution which is
17 not so includible, or

18 “(B) such portion is transferred to an eli-
19 gible retirement plan described in clause (i) or
20 (ii) of paragraph (8)(B).”.

21 (b) OPTIONAL DIRECT TRANSFER OF ELIGIBLE
22 ROLLOVER DISTRIBUTIONS.—Subparagraph (B) of sec-
23 tion 401(a)(31) (relating to limitation) is amended by add-
24 ing at the end the following: “The preceding sentence shall

1 not apply to such distribution if the plan to which such
2 distribution is transferred—

3 “(i) agrees to separately account for
4 amounts so transferred, including sepa-
5 rately accounting for the portion of such
6 distribution which is includible in gross in-
7 come and the portion of such distribution
8 which is not so includible, or

9 “(ii) is an eligible retirement plan de-
10 scribed in clause (i) or (ii) of section
11 402(c)(8)(B).”.

12 (c) RULES FOR APPLYING SECTION 72 TO IRAS.—
13 Paragraph (3) of section 408(d) (relating to special rules
14 for applying section 72) is amended by inserting at the
15 end the following:

16 “(H) APPLICATION OF SECTION 72.—

17 “(i) IN GENERAL.—If—

18 “(I) a distribution is made from
19 an individual retirement plan, and

20 “(II) a rollover contribution is
21 made to an eligible retirement plan
22 described in section 402(c)(8)(B)(iii),
23 (iv), (v), or (vi) with respect to all or
24 part of such distribution,

1 then, notwithstanding paragraph (2), the
2 rules of clause (ii) shall apply for purposes
3 of applying section 72.

4 “(ii) APPLICABLE RULES.—In the
5 case of a distribution described in clause
6 (i)—

7 “(I) section 72 shall be applied
8 separately to such distribution,

9 “(II) notwithstanding the pro
10 rata allocation of income on, and in-
11 vestment in, the contract to distribu-
12 tions under section 72, the portion of
13 such distribution rolled over to an eli-
14 gible retirement plan described in
15 clause (i) shall be treated as from in-
16 come on the contract (to the extent of
17 the aggregate income on the contract
18 from all individual retirement plans of
19 the distributee), and

20 “(III) appropriate adjustments
21 shall be made in applying section 72
22 to other distributions in such taxable
23 year and subsequent taxable years.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to distributions made after Decem-
3 ber 31, 2000.

4 **SEC. 304. HARDSHIP EXCEPTION TO 60-DAY RULE.**

5 (a) EXEMPT TRUSTS.—Paragraph (3) of section
6 402(c) (relating to transfer must be made within 60 days
7 of receipt) is amended to read as follows:

8 “(3) TRANSFER MUST BE MADE WITHIN 60
9 DAYS OF RECEIPT.—

10 “(A) IN GENERAL.—Except as provided in
11 subparagraph (B), paragraph (1) shall not
12 apply to any transfer of a distribution made
13 after the 60th day following the day on which
14 the distributee received the property distrib-
15 uted.

16 “(B) HARDSHIP EXCEPTION.—The Sec-
17 retary may waive the 60-day requirement under
18 subparagraph (A) where the failure to waive
19 such requirement would be against equity or
20 good conscience, including casualty, disaster, or
21 other events beyond the reasonable control of
22 the individual subject to such requirement.”.

23 (b) IRAS.—Paragraph (3) of section 408(d) (relating
24 to rollover contributions), as amended by section 303, is

1 amended by adding after subparagraph (H) the following
2 new subparagraph:

3 “(I) WAIVER OF 60-DAY REQUIREMENT.—
4 The Secretary may waive the 60-day require-
5 ment under subparagraphs (A) and (D) where
6 the failure to waive such requirement would be
7 against equity or good conscience, including
8 casualty, disaster, or other events beyond the
9 reasonable control of the individual subject to
10 such requirement.”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to distributions after December 31,
13 2000.

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