

116TH CONGRESS
2D SESSION

H. R. 8990

To amend the Employee Retirement Income Security Act of 1974 to permit default investment arrangements in annuities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 16, 2020

Mr. NORCROSS (for himself and Mr. WALBERG) introduced the following bill; which was referred to the Committee on Education and Labor

A BILL

To amend the Employee Retirement Income Security Act of 1974 to permit default investment arrangements in annuities, 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.**

4 This Act may be cited as the “Lifetime Income For
5 Employees Act”.

6 **SEC. 2. DEFAULT INVESTMENT IN ANNUITY CONTRACTS.**

7 Section 404(c)(5) of the Employee Retirement In-
8 come Security Act of 1974 (29 U.S.C. 1104(c)(5)) is
9 amended—

1 (1) in subparagraph (A), by adding at the end
2 the following: “Default investments made under this
3 subparagraph may include a covered annuity con-
4 tract.”; and

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

6 “(C) COVERED ANNUITY CONTRACT.—

7 “(i) IN GENERAL.—The term ‘covered
8 annuity contract’ means an investment in
9 an annuity contract that meets the fol-
10 lowing requirements:

11 “(I) The annuity contract does
12 not impose a liquidity restriction on
13 the transfer of invested amounts dur-
14 ing the 180-day period beginning on
15 the date of the initial investment in
16 such contract by the participant or
17 beneficiary.

18 “(II) The fiduciary ensures that
19 each participant or beneficiary is pro-
20 vided not later than 30 days before
21 the date of the imposition of a liquid-
22 ity restriction described in subclause
23 (I) written notice in a manner that is
24 reasonably designed to be understood

1 by the average plan participant, that
2 includes—

3 “(aa) an explanation of the
4 circumstances under which assets
5 in the account may be invested
6 on behalf of the participant or
7 beneficiary in the annuity con-
8 tract, including an explanation of
9 the targeted range and maximum
10 amount or percentage of such as-
11 sets to be invested;

12 “(bb) an explanation of the
13 rights, and any limitations or re-
14 strictions thereon, of a partici-
15 pant or beneficiary to direct or
16 transfer amounts invested, or to
17 be invested, in an annuity con-
18 tract to other investment alter-
19 natives available under the plan;

20 “(cc) a general description
21 of the annuity contract, including
22 the duration of guaranteed pay-
23 ments and identification of the
24 insurer;

1 “(dd) an explanation of how
2 a participant or beneficiary may
3 obtain additional information, in
4 writing or electronically, about
5 their investment alternatives; and

6 “(ee) a copy of the annuity
7 contract.

8 “(III) The fiduciary allocates not
9 more than 50 percent of any periodic
10 contribution or, immediately after a
11 rebalancing of account investments,
12 50 percent of the value of the assets
13 of the account, to the annuity con-
14 tract (or, as applicable, to the portion
15 thereof to which a liquidity restriction
16 applies after the 180-day period in
17 subclause (I)).

18 “(ii) DEFINITION OF ANNUITY CON-
19 TRACT.—For purposes of this paragraph,
20 the term ‘annuity contract’ means a con-
21 tract (or provision or feature thereof)
22 that—

23 “(I) is issued by an insurer quali-
24 fied to do business in a State; and

1 “(II) provides for the payment of
2 guaranteed benefits annually (or more
3 frequently) for a fixed term or for the
4 remainder of the life of the partici-
5 pant or beneficiary or the joint lives
6 of the participant and the partici-
7 pant’s designated beneficiary.

8 “(D) EFFECTIVE DATE.—The amendments
9 made by subsection (a) shall take effect on the
10 date of the enactment of the Lifetime Income
11 For Employees Act.”.

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