

116TH CONGRESS  
1ST SESSION

# S. 1431

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

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IN THE SENATE OF THE UNITED STATES

MAY 13, 2019

Mr. PORTMAN (for himself and Mr. CARDIN) introduced the following bill;  
which was read twice and referred to the Committee on Finance

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## A BILL

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

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

3 **SECTION 1. SHORT TITLE, ETC.**

4 (a) **SHORT TITLE.**—This Act may be cited as the  
5 “Retirement Security and Savings Act of 2019”.

6 (b) **AMENDMENT OF 1986 CODE.**—Except as other-  
7 wise expressly provided, whenever in this Act an amend-  
8 ment or repeal is expressed in terms of an amendment  
9 to, or repeal of, a section or other provision, the reference

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

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

Sec. 1. Short title, etc.

#### TITLE I—EXPANDING COVERAGE AND INCREASING RETIREMENT SAVINGS

- Sec. 101. Secure deferral arrangements.
- Sec. 102. Facilitating automatic enrollment.
- Sec. 103. Credit for employers with respect to modified safe harbor requirements.
- Sec. 104. Expansion of saver's credit.
- Sec. 105. Qualified cash or deferred arrangements must allow long-term employees working more than 500 but less than 1,000 hours per year to participate.
- Sec. 106. Separate application of top heavy rules to defined contribution plans covering part-time employees.
- Sec. 107. 60-day rollover to inherited individual retirement plan of nonspouse beneficiary.
- Sec. 108. Increase in age for required beginning date for mandatory distributions.
- Sec. 109. Updating of mortality tables for minimum required distributions.
- Sec. 110. Increase in credit limitation for small employer pension plan startup costs of certain employers.
- Sec. 111. Credit for re-enrollment.
- Sec. 112. Treatment of student loan payments as elective deferrals for purposes of matching contributions.
- Sec. 113. Treatment of qualified retirement planning services.
- Sec. 114. Allow additional nonelective contributions to simple plans.
- Sec. 115. Reform of the minimum participation rule.
- Sec. 116. Expansion of Employee Plans Compliance Resolution System.
- Sec. 117. Enhancement of 403(b) plans.
- Sec. 118. Eligibility for participation in retirement plans.
- Sec. 119. Small immediate financial incentives for contributing to a plan.
- Sec. 120. Indexing IRA catch-up limit.
- Sec. 121. Higher catch-up limit to apply at age 60.

#### TITLE II—PRESERVATION OF INCOME

- Sec. 201. Qualifying longevity annuity contracts.
- Sec. 202. Remove required minimum distribution barriers for life annuities.
- Sec. 203. Eliminating a penalty on partial annuitization.
- Sec. 204. Insurance-dedicated exchange-traded funds.

#### TITLE III—SIMPLIFICATION AND CLARIFICATION OF RETIREMENT PLAN RULES

- Sec. 301. Review and report to the Congress relating to reporting and disclosure requirements.
- Sec. 302. Consolidation of defined contribution plan notices.

- Sec. 303. Performance benchmarks for asset allocation funds.
- Sec. 304. Permit nonspousal beneficiaries to roll assets to plans.
- Sec. 305. Deferral agreements.
- Sec. 306. Simplifying 402(f) notices.
- Sec. 307. Treatment of custodial accounts on termination of section 403(b) plans.
- Sec. 308. Permit plans to use base pay or rate of pay calculation.
- Sec. 309. Roth SIMPLE IRAs.
- Sec. 310. Reduction in excise tax on certain accumulations in qualified retirement plans.
- Sec. 311. Clarification of catch-up contributions with respect to separate lines of business.
- Sec. 312. Clarification of substantially equal periodic payment rule.
- Sec. 313. Clarification of treatment of distributions of annuity contracts.
- Sec. 314. Clarification regarding elective deferrals.
- Sec. 315. Tax treatment of certain nontrade or business SEP contributions.
- Sec. 316. Allow certain plan transfers and mergers.
- Sec. 317. Exception from required distributions where aggregate retirement savings do not exceed \$100,000.
- Sec. 318. Hardship rules for 403(b) plans.
- Sec. 319. IRA preservation.
- Sec. 320. Elimination of additional tax on certain distributions.
- Sec. 321. Distributions to firefighters.
- Sec. 322. Eliminating unnecessary plan requirements related to unenrolled participants.

#### TITLE IV—DEFINED BENEFIT PLAN REFORMS

- Sec. 401. Cash balance.
- Sec. 402. Aligning use of lookback months to determine interest rates.
- Sec. 403. Corrections of mortality tables.
- Sec. 404. Cease double-indexing the variable rate premium.
- Sec. 405. Enhancing retiree health benefits in pension plans.

#### TITLE V—REFORMING PLAN RULES TO HARMONIZE WITH IRA RULES

- Sec. 501. Roth plan distribution rules.
- Sec. 502. Distributions for charitable purposes.
- Sec. 503. Surviving spouse election to be treated as employee.
- Sec. 504. Rollovers from Roth IRAs to plans.

#### TITLE VI—ADMINISTRATIVE PROVISIONS

- Sec. 601. Provisions relating to plan amendments.

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

4 **SEC. 101. SECURE DEFERRAL ARRANGEMENTS.**

5 (a) IN GENERAL.—Subsection (k) of section 401, as  
6 amended by Public Law 115–123, is further amended by  
7 adding at the end the following new paragraph:

8 “(15) ALTERNATIVE METHOD FOR SECURE DE-  
9 FERRAL ARRANGEMENTS TO MEET NONDISCRIMINA-  
10 TION REQUIREMENTS.—

11 “(A) IN GENERAL.—A secure deferral ar-  
12 rangement shall be treated as meeting the re-  
13 quirements of paragraph (3)(A)(ii).

14 “(B) SECURE DEFERRAL ARRANGE-  
15 MENT.—For purposes of this paragraph, the  
16 term ‘secure deferral arrangement’ means any  
17 cash or deferred arrangement which meets the  
18 requirements of subparagraphs (C), (D), and  
19 (E) of paragraph (13), except as modified by  
20 this paragraph.

21 “(C) QUALIFIED PERCENTAGE.—For pur-  
22 poses of this paragraph, with respect to any  
23 employee, the term ‘qualified percentage’  
24 means, in lieu of the meaning given such term  
25 in paragraph (13)(C)(iii), any percentage deter-

1           mined under the arrangement if such percent-  
2           age is applied uniformly and is—

3                   “(i) at least 6 percent, but not greater  
4                   than 10 percent, during the period ending  
5                   on the last day of the first plan year which  
6                   begins after the date on which the first  
7                   elective contribution described in para-  
8                   graph (13)(C)(i) is made with respect to  
9                   such employee,

10                   “(ii) at least 7 percent during the  
11                   first plan year following the plan year de-  
12                   scribed in clause (i),

13                   “(iii) at least 8 percent during the  
14                   second plan year following the plan year  
15                   described in clause (i),

16                   “(iv) at least 9 percent during the  
17                   third plan year following the plan year de-  
18                   scribed in clause (i), and

19                   “(v) at least 10 percent during any  
20                   subsequent plan year.

21           “(D) MATCHING CONTRIBUTIONS.—

22                   “(i) IN GENERAL.—For purposes of  
23                   this paragraph, an arrangement shall be  
24                   treated as having met the requirements of  
25                   paragraph (13)(D)(i) if and only if the em-

1            ployer makes matching contributions on  
2            behalf of each employee who is not a highly  
3            compensated employee in an amount equal  
4            to the sum of—

5                    “(I) 100 percent of the elective  
6                    contributions of the employee to the  
7                    extent such contributions do not ex-  
8                    ceed 2 percent of compensation,

9                    “(II) 50 percent of so much of  
10                   such contributions as exceed 2 percent  
11                   but do not exceed 6 percent of com-  
12                   pensation, plus

13                   “(III) 20 percent of so much of  
14                   such contributions as exceed 6 percent  
15                   but do not exceed 10 percent of com-  
16                   pensation.

17                   “(ii) APPLICATION OF RULES FOR  
18                   MATCHING CONTRIBUTIONS.—The rules of  
19                   clause (ii) of paragraph (12)(B) and  
20                   clauses (iii) and (iv) of paragraph (13)(D)  
21                   shall apply for purposes of clause (i), but  
22                   the rule of clause (iii) of paragraph  
23                   (12)(B) shall not apply for such purposes.  
24                   The rate of matching contribution for each  
25                   incremental deferral must be at least as

1 high as the rate specified in clause (i), and  
2 may be higher, so long as such rate does  
3 not increase as an employee's rate of elec-  
4 tive contributions increases.”.

5 (b) MATCHING CONTRIBUTIONS AND EMPLOYEE  
6 CONTRIBUTIONS.—Subsection (m) of section 401 is  
7 amended by redesignating paragraph (13) as paragraph  
8 (14) and by inserting after paragraph (12) the following  
9 new paragraph:

10 “(13) ALTERNATIVE METHOD FOR SECURE DE-  
11 FERRAL ARRANGEMENTS.—A defined contribution  
12 plan shall be treated as meeting the requirements of  
13 paragraph (2) with respect to matching contribu-  
14 tions and employee contributions if the plan—

15 “(A) is a secure deferral arrangement (as  
16 defined in subsection (k)(15)),

17 “(B) meets the requirements of clauses (ii)  
18 and (iii) of paragraph (11)(B), and

19 “(C) provides that matching contributions  
20 on behalf of any employee may not be made  
21 with respect to an employee's contributions or  
22 elective deferrals in excess of 10 percent of the  
23 employee's compensation.”.

24 (c) CONFORMING AMENDMENTS.—Subparagraph  
25 (H) of section 416(g)(4) is amended—

1           (1) in clause (i), by striking “section  
2           401(k)(12) or 401(k)(13)” and inserting “paragraph  
3           (12), (13), or (15) of section 401(k)”, and

4           (2) in clause (ii), by striking “section  
5           401(m)(11) or 401(m)(12)” and inserting “para-  
6           graph (11), (12), or (13) of section 401(m)”.

7           (d) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to plan years beginning after De-  
9 cember 31, 2019.

10 **SEC. 102. FACILITATING AUTOMATIC ENROLLMENT.**

11           The Secretary of the Treasury (or the Secretary’s  
12 delegate) shall promulgate regulations or other guidance  
13 which—

14           (1) simplifies and clarifies the rules regarding  
15           the timing of participant notices required under the  
16           Internal Revenue Code of 1986 with respect to an  
17           eligible automatic enrollment contribution arrange-  
18           ment (within the meaning of section 414(w)(3) of  
19           the Internal Revenue Code of 1986) or required  
20           under section 336(e)(3) of the Consolidated Appro-  
21           priations Act, 2016 with respect to an automatic  
22           contribution arrangement (within the meaning of  
23           section 336(e)(2) of such Act), with specific applica-  
24           tion to—



1 (A) plans which allow employees to be eli-  
2 gible for participation immediately upon begin-  
3 ning employment; and

4 (B) employers with multiple payroll and  
5 administrative systems; and

6 (2) simplifies and clarifies the application of  
7 automatic escalation features under arrangements  
8 described in paragraph (1) in the context of employ-  
9 ers with multiple payroll and administrative systems.

10 Such regulations or guidance shall address the particular  
11 case of employees within the same plan who are subject  
12 to different notice timing and different percentage require-  
13 ments, and provide assistance for plan sponsors in man-  
14 aging such cases.

15 **SEC. 103. CREDIT FOR EMPLOYERS WITH RESPECT TO**  
16 **MODIFIED SAFE HARBOR REQUIREMENTS.**

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

20 **“SEC. 45T. CREDIT FOR SMALL EMPLOYERS WITH RESPECT**  
21 **TO MODIFIED SAFE HARBOR REQUIREMENTS**  
22 **FOR AUTOMATIC CONTRIBUTION ARRANGE-**  
23 **MENTS.**

24 “(a) GENERAL RULE.—For purposes of section 38,  
25 in the case of a small employer, the safe harbor adoption

1 credit determined under this section for any taxable year  
2 is the amount equal to the total of the employer's match-  
3 ing contributions under section 401(k)(15)(D) during the  
4 taxable year on behalf of employees who are not highly  
5 compensated employees.

6 “(b) LIMITATIONS.—

7 “(1) LIMITATION WITH RESPECT TO COM-  
8 PENSATION.—The credit determined under sub-  
9 section (a) with respect to contributions made on be-  
10 half of any employee shall not exceed 2 percent of  
11 the compensation of such employee for the taxable  
12 year.

13 “(2) LIMITATION WITH RESPECT TO YEARS OF  
14 PARTICIPATION.—Credit shall be determined under  
15 subsection (a) with respect to contributions made on  
16 behalf of any employee only during the first 5 years  
17 such employee participates in the qualified automatic  
18 contribution arrangement.

19 “(c) DEFINITIONS.—

20 “(1) IN GENERAL.—Any term used in this sec-  
21 tion which is also used in section 401(k)(15) shall  
22 have the same meaning as when used in such sec-  
23 tion.

1           “(2) SMALL EMPLOYER.—The term ‘small em-  
2           ployer’ means an eligible employer (as defined in  
3           section 408(p)(2)(C)(i)).

4           “(d) DENIAL OF DOUBLE BENEFIT.—No deduction  
5           shall be allowable under this title for any contribution with  
6           respect to which a credit is allowed under this section.”.

7           (b) CREDIT TO BE PART OF GENERAL BUSINESS  
8           CREDIT.—Subsection (b) of section 38 is amended by  
9           striking “plus” at the end of paragraph (31), by striking  
10          the period at the end of paragraph (32) and inserting “,  
11          plus”, and by adding at the end the following new para-  
12          graph:

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

15          (c) CONFORMING AMENDMENT.—Paragraph (2) of  
16          section 3511(d) is amended—

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

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

22           “(F) section 45T (safe harbor adoption  
23          credit),”.

24          (d) CLERICAL AMENDMENT.—The table of sections  
25          for subpart D of part IV of subchapter A of chapter 1

1 is amended by adding after the item relating to section  
 2 45S the following new item:

“Sec. 45T. Credit for small employers with respect to modified safe harbor re-  
 quirements for automatic contribution arrangements.”.

3 (e) **EFFECTIVE DATE.**—The amendments made by  
 4 this section shall apply to taxable years which include any  
 5 portion of a plan year beginning after December 31, 2019.

6 **SEC. 104. EXPANSION OF SAVER’S CREDIT.**

7 (a) **EXPANSION.**—Paragraph (1) of section 25B(b) is  
 8 amended by striking “\$32,500” both places it appears in  
 9 subparagraphs (B) and (C) of paragraph (1) and inserting  
 10 “\$40,000”.

11 (b) **TESTING PERIOD.**—Subparagraph (B) of section  
 12 25B(d)(2) is amended to read as follows:

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

17 “(i) such taxable year, and

18 “(ii) the 3 preceding taxable years.”.

19 (c) **TREATMENT AS REFUNDABLE.**—

20 (1) **CREDIT MOVED TO SUBPART RELATING TO**  
 21 **REFUNDABLE CREDITS.**—

22 (A) **IN GENERAL.**—The Internal Revenue  
 23 Code of 1986 is amended—

1 (i) by redesignating section 25B, as  
2 amended by this Act, as section 36C; and

3 (ii) by moving such section, as so re-  
4 designated, from subpart A of part IV of  
5 subchapter A of chapter 1 to the location  
6 immediately before section 37 in subpart C  
7 of part IV of subchapter A of chapter 1.

8 (B) TECHNICAL AMENDMENTS.—

9 (i) The table of sections for subpart A  
10 of part IV of subchapter A of chapter 1 is  
11 amended by striking the item relating to  
12 section 25B.

13 (ii) The table of sections for subpart  
14 C of part IV of subchapter A of chapter 1  
15 is amended by inserting after the item re-  
16 lating to section 36B the following new  
17 item:

“Sec. 36C. Elective deferrals and IRA contributions by certain individuals.”.

18 (2) MANDATORY DEPOSIT INTO QUALIFIED AC-  
19 COUNT.—

20 (A) NO REDUCTION OF TAX.—Subsection  
21 (a) of section 36C, as moved and redesignated  
22 by paragraph (1), is amended by striking  
23 “against the tax imposed by this subtitle”.

24 (B) DEPOSIT INTO QUALIFIED AC-  
25 COUNT.—Section 36C, as so moved and redesi-

1           nated, is amended by adding at the end the fol-  
2           lowing new subsection:

3           “(g) DEPOSIT INTO QUALIFIED ACCOUNT.—

4           “(1) IN GENERAL.—Any amount allowed as a  
5           credit under subsection (a) shall not be allowed as  
6           a credit against any tax imposed by this subtitle but  
7           instead shall be treated as an overpayment under  
8           section 6401(b) and—

9           “(A) shall be paid on behalf of the indi-  
10          vidual taxpayer to a Roth IRA or a designated  
11          Roth account (within the meaning of section  
12          402A) under an applicable retirement plan des-  
13          ignated by the individual to be invested in a  
14          manner designated by the individual, except  
15          that in the case of a joint return each spouse  
16          shall be entitled to designate an applicable re-  
17          tirement plan and investments with respect to  
18          payments attributable to such spouse, or

19          “(B) in the case of a taxpayer who does  
20          not properly designate an applicable retirement  
21          plan in a timely manner or who designates an  
22          applicable retirement plan which does not ac-  
23          cept such amount in a timely manner, shall be  
24          paid or credited on behalf of the individual tax-  
25          payer in a manner determined under rules pre-

1           scribed by the Secretary which provides treat-  
2           ment comparable to the treatment under sub-  
3           paragraph (A) and which—

4                   “(i) is designed to maintain fees and  
5                   other charges at an appropriately low level  
6                   taking into account the size of the account  
7                   balance, and

8                   “(ii) utilizes, to the extent appro-  
9                   priate, private sector services.

10           “(2) APPLICABLE RETIREMENT PLAN.—For  
11           purposes of this subsection, the term ‘applicable re-  
12           tirement plan’ means a plan which elects to accept  
13           deposits under this subsection and which is de-  
14           scribed in clause (iii), (iv), (v), or (vi) of section  
15           402(c)(8)(B) or in section 408A(b).

16           “(3) TREATMENT OF PAYMENTS.—In the case  
17           of any payment under this subsection—

18                   “(A) except as otherwise provided in this  
19                   section or by the Secretary under regulations,  
20                   such payment shall be treated in the same man-  
21                   ner as a payment made by the individual on  
22                   whose behalf such payment was made,

23                   “(B) such payment shall not be treated as  
24                   income to the taxpayer, and

1           “(C) such payment shall not be taken into  
2           account with respect to any applicable limita-  
3           tion under section 402(g)(1), 403(b), 408(a)(1),  
4           408(b)(2)(B), 408A(c)(2), 414(v)(2), 415(c), or  
5           457(b)(2).

6           “(4) TREATMENT OF QUALIFIED PLANS, ETC.—  
7           A plan or arrangement to which a payment is made  
8           under this subsection shall not be treated as vio-  
9           lating any requirement under section 401, 403, 408,  
10          or 457 solely by reason of accepting such payment.

11          “(5) ERRONEOUS CREDITS.—If any payment is  
12          erroneously paid under this subsection, the amount  
13          of such erroneous payment shall be treated as an  
14          underpayment of tax.”.

15          (d) REGULATION AND PROMOTION.—The Secretary  
16          of the Treasury (or the Secretary’s delegate) shall take  
17          such steps as the Secretary (or delegate) determines are  
18          necessary and appropriate to increase public awareness of  
19          the credit provided under section 36C of the Internal Rev-  
20          enue Code of 1986 (as amended and redesignated by this  
21          section).

22          (e) EFFECTIVE DATE.—The amendments made by  
23          this section shall apply to taxable years beginning after  
24          December 31, 2019.



1 **SEC. 105. QUALIFIED CASH OR DEFERRED ARRANGEMENTS**  
2 **MUST ALLOW LONG-TERM EMPLOYEES**  
3 **WORKING MORE THAN 500 BUT LESS THAN**  
4 **1,000 HOURS PER YEAR TO PARTICIPATE.**

5 (a) PARTICIPATION REQUIREMENT.—

6 (1) IN GENERAL.—Subparagraph (D) of section  
7 401(k)(2) is amended to read as follows:

8 “(D) which does not require, as a condi-  
9 tion of participation in the arrangement, that  
10 an employee complete a period of service with  
11 the employer (or employers) maintaining the  
12 plan extending beyond the close of the earlier  
13 of—

14 “(i) the period permitted under sec-  
15 tion 410(a)(1) (determined without regard  
16 to subparagraph (B)(i) thereof), or

17 “(ii) subject to the provisions of para-  
18 graph (16), the first period of 2 consecu-  
19 tive 12-month periods during each of which  
20 the employee has at least 500 hours of  
21 service.”.

22 (2) SPECIAL RULES.—Section 401(k), as  
23 amended by this Act, is further amended by adding  
24 at the end the following new paragraph:

1           “(16) SPECIAL RULES FOR PARTICIPATION RE-  
2           QUIREMENT FOR LONG-TERM, PART-TIME WORK-  
3           ERS.—For purposes of paragraph (2)(D)(ii)—

4                   “(A) AGE REQUIREMENT MUST BE MET.—

5           Paragraph (2)(D)(ii) shall not apply to an em-  
6           ployee unless the employee has met the require-  
7           ment of section 410(a)(1)(A)(i) by the close of  
8           the last of the 12-month periods described in  
9           such paragraph.

10                   “(B) NONDISCRIMINATION AND TOP-  
11           HEAVY RULES NOT TO APPLY.—

12                   “(i) NONDISCRIMINATION RULES.—In  
13           the case of employees who are eligible to  
14           participate in the arrangement solely by  
15           reason of paragraph (2)(D)(ii)—

16                           “(I) notwithstanding subsection  
17                           (a)(4), an employer shall not be re-  
18                           quired to make nonelective or match-  
19                           ing contributions on behalf of such  
20                           employees even if such contributions  
21                           are made on behalf of other employees  
22                           eligible to participate in the arrange-  
23                           ment, and

24                           “(II) an employer may elect to  
25                           exclude such employees from the ap-

1                   plication of paragraphs (3), (11),  
2                   (12), (13), and (15), subsection  
3                   (a)(4), paragraphs (2), (10), (11),  
4                   (12), and (13) of subsection (m), and  
5                   section 410(b).

6                   “(ii) TOP-HEAVY RULES.—An em-  
7                   ployer may elect to exclude all employees  
8                   who are eligible to participate in a plan  
9                   maintained by the employer solely by rea-  
10                  son of paragraph (2)(D)(ii) from the appli-  
11                  cation of the vesting and benefit require-  
12                  ments under subsections (b) and (c) of sec-  
13                  tion 416.

14                  “(iii) VESTING.—For purposes of de-  
15                  termining whether an employee described  
16                  in clause (i) has a nonforfeitable right to  
17                  employer contributions (other than con-  
18                  tributions described in paragraph  
19                  (3)(D)(i)) under the arrangement, each  
20                  12-month period for which the employee  
21                  has at least 500 hours of service shall be  
22                  treated as a year of service.

23                  “(iv) EMPLOYEES WHO BECOME  
24                  FULL-TIME EMPLOYEES.—This subpara-  
25                  graph shall cease to apply to any employee

1 as of the first plan year beginning after  
2 the plan year in which the employee meets  
3 the requirements of section  
4 410(a)(1)(A)(ii) without regard to para-  
5 graph (2)(D)(ii) of this subsection.

6 “(C) EXCEPTION FOR EMPLOYEES UNDER  
7 COLLECTIVELY BARGAINED PLANS, ETC.—Para-  
8 graph (2)(D)(ii) shall not apply to employees  
9 described in section 410(b)(3).

10 “(D) SPECIAL RULES.—

11 “(i) TIME OF PARTICIPATION.—The  
12 rules of section 410(a)(4) shall apply to an  
13 employee eligible to participate in an ar-  
14 rangement solely by reason of paragraph  
15 (2)(D)(ii).

16 “(ii) 12-MONTH PERIODS.—12-month  
17 periods shall be determined in the same  
18 manner as under the last sentence of sec-  
19 tion 410(a)(3)(A).”.

20 (3) CONFORMING AMENDMENT.—Paragraph (1)  
21 of section 413(c) is amended by striking “Section  
22 410(a)” and inserting “Sections 401(k)(2)(D)(ii)  
23 and 410(a)”.

24 (b) EFFECTIVE DATE.—The amendments made by  
25 this section shall apply to plan years beginning after De-

1 cember 31, 2019, except that, for purposes of section  
 2 401(k)(2)(D)(ii) of the Internal Revenue Code of 1986 (as  
 3 added by such amendments), 12-month periods beginning  
 4 before January 1, 2020, shall not be taken into account.

5 **SEC. 106. SEPARATE APPLICATION OF TOP HEAVY RULES**  
 6 **TO DEFINED CONTRIBUTION PLANS COV-**  
 7 **ERING PART-TIME EMPLOYEES.**

8 (a) IN GENERAL.—Paragraph (2) of section 416(c)  
 9 is amended by adding at the end the following:

10 “(C) SEPARATE APPLICATION TO EMPLOY-  
 11 EES NOT MEETING AGE AND SERVICE REQUIRE-  
 12 MENTS.—If employees not meeting the age or  
 13 service requirements of section 410(a)(1) (with-  
 14 out regard to subparagraph (B) thereof) are  
 15 covered under a plan of the employer which  
 16 meets the requirements of paragraphs (A) and  
 17 (B) separately with respect to such employees,  
 18 such employees may be excluded from consider-  
 19 ation in determining whether any plan of the  
 20 employer meets the requirements of subpara-  
 21 graphs (A) and (B).”.

22 (b) EFFECTIVE DATE.—The amendment made by  
 23 subsection (a) shall apply to plan years beginning after  
 24 the date of the enactment of this Act.

1 **SEC. 107. 60-DAY ROLLOVER TO INHERITED INDIVIDUAL**  
 2 **RETIREMENT PLAN OF NONSPOUSE BENE-**  
 3 **FICIARY.**

4 (a) IN GENERAL.—Section 402(c)(11) is amended by  
 5 redesignating subparagraph (B) as subparagraph (C) and  
 6 by striking subparagraph (A) and inserting the following:

7 “(A) IN GENERAL.—If—

8 “(i) any portion of a distribution at-  
 9 tributable to an employee is paid after the  
 10 death of the employee to an individual who  
 11 is a designated beneficiary (as defined by  
 12 section 401(a)(9)(E)) of the employee and  
 13 who is not the surviving spouse of the em-  
 14 ployee, and

15 “(ii) such portion is transferred or  
 16 paid to an individual retirement plan in a  
 17 transfer or payment meeting the require-  
 18 ments of subparagraph (B),

19 the preceding provisions of this subsection shall  
 20 apply to such distribution in the same manner  
 21 as if the designated beneficiary were the em-  
 22 ployee.

23 “(B) REQUIREMENTS FOR TRANSFER OF  
 24 DISTRIBUTION.—The requirements of this sub-  
 25 paragraph are met with respect to the portion  
 26 of any distribution if—

1           “(i) such portion is transferred or  
2           paid to an individual retirement plan de-  
3           scribed in clause (i) or (ii) of paragraph  
4           (8)(B) established for the purposes of re-  
5           ceiving the distribution on behalf of the  
6           designated beneficiary,

7           “(ii) such individual retirement plan is  
8           established as an inherited individual re-  
9           tirement account or individual retirement  
10          annuity (within the meaning of section  
11          408(d)(3)(C)), whichever is applicable, and

12          “(iii) notice is provided to the trustee,  
13          insurance company, or other provider of  
14          the individual retirement plan that such in-  
15          dividual retirement plan is being estab-  
16          lished as an inherited individual retirement  
17          account or individual retirement annuity.

18          Section 401(a)(9)(B) (other than clause (iv)  
19          thereof) shall apply to such individual retire-  
20          ment plan.”.

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

24                  “(iii) EXCEPTION FOR QUALIFIED  
25                  TRANSFERS TO ANOTHER INHERITED AC-

1           COUNT.—Clause (i) shall not apply to any  
 2           portion of a distribution from an inherited  
 3           individual retirement account or inherited  
 4           individual retirement annuity if such por-  
 5           tion is paid to another such individual re-  
 6           tirement plan or annuity, but only if the  
 7           requirements of subparagraphs (A), (B),  
 8           and (E) of this paragraph and the require-  
 9           ments of section 402(c)(11)(B) are met  
 10          with respect to such transfer or payment.”.

11          (c) EFFECTIVE DATE.—The amendments made by  
 12 this section shall apply to distributions made after Decem-  
 13 ber 31, 2019.

14 **SEC. 108. INCREASE IN AGE FOR REQUIRED BEGINNING**  
 15 **DATE FOR MANDATORY DISTRIBUTIONS.**

16          (a) INCREASE IN AGE FOR REQUIRED BEGINNING  
 17 DATE.—

18           (1) IN GENERAL.—Subclause (I) of section  
 19 401(a)(9)(C)(i) is amended to read as follows:

20                           “(I) the first calendar year in  
 21                           which the employee attains the appli-  
 22                           cable age for such calendar year, or”.

23           (2) SPECIAL RULE FOR OWNERS.—Subclause  
 24 (I) of section 401(a)(9)(C)(ii) is amended by strik-  
 25 ing “in which the employee attains age 70½” and



1 inserting “described in clause (i)(I) with respect to  
2 the employee”.

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

6 “(H) APPLICABLE AGE.—For purposes of  
7 this paragraph—

8 “(i) IN GENERAL.—The applicable age  
9 is—

10 “(I) for calendar years before  
11 2023, age 70½,

12 “(II) for calendar years 2023,  
13 2024, 2025, 2026, 2027, 2028, and  
14 2029, age 72, and

15 “(III) for calendar years after  
16 2029, age 75.

17 “(ii) TRANSITION RULE.—If, as of a  
18 calendar year, an employee has not at-  
19 tained the applicable age with respect to  
20 such year, such employee shall be treated  
21 as not having attained the applicable age  
22 under this paragraph for such year without  
23 regard to whether, in a previous calendar  
24 year, the employee had attained the appli-

1 cable age with respect to such previous cal-  
2 endar year.”.

3 (c) SPOUSE BENEFICIARIES.—Subclause (I) of sec-  
4 tion 401(a)(9)(B)(iv) is amended by striking “age 70½”  
5 and inserting “the applicable age”.

6 (d) CONFORMING AMENDMENT.—Subsection (b) of  
7 section 408 is amended by striking “age 70½” and insert-  
8 ing “the applicable age determined under section  
9 401(a)(9)(H) with respect to such individual”.

10 (e) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to calendar years beginning after  
12 December 31, 2019.

13 **SEC. 109. UPDATING OF MORTALITY TABLES FOR MINIMUM**  
14 **REQUIRED DISTRIBUTIONS.**

15 Section 401(a)(9), as amended by this Act, is further  
16 amended by adding at the end the following new subpara-  
17 graph:

18 “(I) MORTALITY TABLES.—

19 “(i) INITIAL UPDATE.—Not later than  
20 1 year after the date of the enactment of  
21 this subparagraph, the Secretary shall ei-  
22 ther update, or provide new tables to re-  
23 place, the mortality tables used as of such  
24 date for purposes of this paragraph.

1                   “(ii) PERIODIC REVISION.—The Sec-  
 2                   retary shall (at least every 10 years) make  
 3                   revisions in, or provide new tables to re-  
 4                   place, any table in effect under this sub-  
 5                   paragraph to reflect the actual experience  
 6                   of pension plans and projected trends in  
 7                   such experience.

8                   “(iii) EFFECTIVE DATE.—Any table  
 9                   prescribed under this subparagraph shall  
 10                  apply to plan years beginning after the  
 11                  date which is 1 year after publication of  
 12                  the final table.”.

13 **SEC. 110. INCREASE IN CREDIT LIMITATION FOR SMALL**  
 14 **EMPLOYER PENSION PLAN STARTUP COSTS**  
 15 **OF CERTAIN EMPLOYERS.**

16           (a) IN GENERAL.—Subsection (a) of section 45E is  
 17 amended by inserting before the period at the end the fol-  
 18 lowing: “(75 percent of such costs in the case of an eligible  
 19 employer, as determined by substituting ‘25’ for ‘100’ in  
 20 section 408(p)(2)(C)(i))”.

21           (b) INCREASE.—Paragraph (1) of section 45E(b) is  
 22 amended to read as follows:

23                   “(1) for the first credit year and each of the 2  
 24                   taxable years immediately following the first credit  
 25                   year, the greater of—

1 “(A) \$500, or

2 “(B) the lesser of—

3 “(i) \$250 for each employee of the eli-  
4 gible employer who is not a highly com-  
5 pensated employee (as defined in section  
6 415(q)) and who is eligible to participate  
7 in the eligible employer plan maintained by  
8 the eligible employer, or

9 “(ii) \$5,000, and”.

10 (c) CONFORMING AMENDMENT.—Paragraph (2) of  
11 section 3511(d), as amended by this Act, is further  
12 amended—

13 (1) by redesignating subparagraphs (E), (F),  
14 (G), (H), and (I) as subparagraphs (F), (G), (H),  
15 (I), and (J), respectively, and

16 (2) by inserting after subparagraph (D) the fol-  
17 lowing new subparagraph:

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

20 (d) EFFECTIVE DATE.—The amendments made by  
21 this section shall apply to taxable years beginning after  
22 December 31, 2019.

1 **SEC. 111. CREDIT FOR RE-ENROLLMENT.**

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

5 **“SEC. 45U. CREDIT FOR RE-ENROLLMENT PROVISIONS IN**  
6 **PLANS PROVIDED BY SMALL EMPLOYERS.**

7 “(a) IN GENERAL.—For purposes of section 38, in  
8 the case of an eligible employer, the retirement re-enroll-  
9 ment credit determined under this section for any taxable  
10 year is an amount equal to—

11 “(1) \$500 for any taxable year occurring during  
12 the credit period, and

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

14 “(b) CREDIT PERIOD.—For purposes of subsection  
15 (a)—

16 “(1) IN GENERAL.—The credit period with re-  
17 spect to any eligible employer is the 3-taxable-year  
18 period beginning with the first taxable year for  
19 which the employer includes a re-enrollment provi-  
20 sion in an eligible automatic contribution arrange-  
21 ment (as defined in section 414(w)(3)) in a qualified  
22 employer plan (as defined in section 4972(d)) main-  
23 tained by the employer.

24 “(2) MAINTENANCE OF ARRANGEMENT.—No  
25 taxable year with respect to an employer shall be  
26 treated as occurring within the credit period unless

1 the provision described in paragraph (1) is included  
2 in the plan for such year.

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

6 “(d) RE-ENROLLMENT PROVISION.—For purposes of  
7 this section, the term ‘re-enrollment provision’ means a  
8 provision of an eligible automatic contribution arrange-  
9 ment under which—

10 “(1) IN GENERAL.—Each employee eligible to  
11 participate in the arrangement who is not contrib-  
12 uting or is contributing less than the percentage ap-  
13 plicable to an eligible employee in the first year of  
14 eligibility is treated as being in such first year of eli-  
15 gibility in each applicable year with respect to the  
16 employee.

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

21 “(A) to not have such contributions made,

22 or

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

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

1           “(A) IN GENERAL.—For purposes of this  
2           section, the term ‘applicable year’ means, with  
3           respect to an employee, such employee’s first  
4           plan year of eligibility under the arrangement,  
5           and all subsequent plan years of eligibility.

6           “(B) EXCEPTION.—Following any applica-  
7           ble year of an employee (determined after the  
8           application of this subparagraph), the plan may  
9           elect to treat the next 1 or 2 plan years as not  
10          being applicable years with respect to such em-  
11          ployee.”.

12          (b) CREDIT TO BE PART OF GENERAL BUSINESS  
13 CREDIT.—Subsection (b) of section 38, as amended by  
14 this Act, is further amended by striking “plus” at the end  
15 of paragraph (32), by striking the period at the end of  
16 paragraph (33) and inserting “, plus”, and by adding at  
17 the end the following new paragraph:

18           “(34) in the case of an eligible employer (as de-  
19           fined in section 45U(c)), the retirement re-enroll-  
20           ment credit determined under section 45U(a).”.

21          (c) CONFORMING AMENDMENT.—Paragraph (2) of  
22 section 3511(d), as amended by this Act, is further  
23 amended—

1           (1) by redesignating subparagraphs (H), (I),  
2           and (J) as subparagraphs (I), (J), and (K), respec-  
3           tively, and

4           (2) by inserting after subparagraph (G) the fol-  
5           lowing new subparagraph:

6                     “(H) section 45U (retirement re-enroll-  
7                     ment credit),”.

8           (d) CLERICAL AMENDMENT.—The table of sections  
9           for subpart D of part IV of subchapter A of chapter 1  
10          is amended by inserting after the item relating to section  
11          45T the following new item:

                  “Sec. 45U. Credit for re-enrollment provisions in plans provided by small em-  
                  ployers.”.

12          (e) EFFECTIVE DATE.—The amendments made by  
13          this section shall apply to taxable years beginning after  
14          December 31, 2019.

15          **SEC. 112. TREATMENT OF STUDENT LOAN PAYMENTS AS**  
16                                 **ELECTIVE DEFERRALS FOR PURPOSES OF**  
17                                 **MATCHING CONTRIBUTIONS.**

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

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



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 to pay  
12                  qualified higher education expenses of the em-  
13                  ployee, 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 to the  
25                           employer making the matching contribu-

1           tion under this paragraph that such pay-  
2           ment 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.—Subsection (m) of section  
13          401, as amended by this Act, is further amended by redese-  
14          ignating paragraph (14) as paragraph (15), and by insert-  
15          ing after paragraph (13) the following new paragraph:

16                 “(14) 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

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 make elective defer-  
7 rals, and

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.

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

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

24 “(ii) STUDENT LOAN PAYMENTS NOT  
25 TREATED AS PLAN CONTRIBUTION.—EX-

1           cept as provided in clause (iii), a qualified  
2           student loan payment shall not be treated  
3           as a contribution to a plan under this title.

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

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

16                 “(F)   MATCHING   CONTRIBUTIONS   FOR  
17                 QUALIFIED STUDENT LOAN PAYMENTS.—

18                 “(i)   IN GENERAL.—Subject to the  
19                 rules of clause (iii), an arrangement shall  
20                 not fail to be treated as meeting the re-  
21                 quirements of subparagraph (A)(iii) solely  
22                 because under the arrangement, solely for  
23                 purposes of such subparagraph, qualified  
24                 student loan payments are treated as  
25                 amounts elected by the employee under

1           subparagraph (A)(i)(I) to the extent such  
2           payments do not exceed—

3                   “(I) the applicable dollar amount  
4                   under subparagraph (E) (after appli-  
5                   cation of section 414(v)) for the year  
6                   (or, if lesser, the employee’s com-  
7                   pensation (as defined in section  
8                   415(c)(3)) for the year), reduced by

9                   “(II) any other amounts elected  
10                   by the employee under subparagraph  
11                   (A)(i)(I) for the year.

12                   “(ii) QUALIFIED STUDENT LOAN PAY-  
13                   MENT.—For purposes of this subpara-  
14                   graph—

15                   “(I) IN GENERAL.—The term  
16                   ‘qualified student loan payment’  
17                   means a payment made by an em-  
18                   ployee in repayment of a qualified  
19                   education loan (as defined in section  
20                   221(d)(1)) incurred to pay qualified  
21                   higher education expenses of the em-  
22                   ployee, but only if the employee cer-  
23                   tifies to the employer making the  
24                   matching contribution that such pay-  
25                   ment has been made on such a loan.

1                   “(II) QUALIFIED HIGHER EDU-  
2                   CATION EXPENSES.—The term ‘quali-  
3                   fied higher education expenses’ has  
4                   the same meaning as when used in  
5                   section 401(m)(4)(D).

6                   “(iii) APPLICABLE RULES.—Clause (i)  
7                   shall apply to an arrangement only if,  
8                   under the arrangement—

9                   “(I) matching contributions on  
10                  account of qualified student loan pay-  
11                  ments are provided only on behalf of  
12                  employees otherwise eligible to elect  
13                  contributions under subparagraph  
14                  (A)(i)(I), and

15                  “(II) all employees otherwise eli-  
16                  gible to participate in the arrange-  
17                  ment are eligible to receive matching  
18                  contributions on account of qualified  
19                  student loan payments.”.

20                  (e) 403(b) PLANS.—Subparagraph (A) of section  
21                  403(b)(12) is amended by adding at the end the following:  
22                  “The fact that the employer offers matching contributions  
23                  on account of qualified student loan payments as described  
24                  in section 401(m)(14) shall not be taken into account in  
25                  determining whether the arrangement satisfies the re-

1 requirements of clause (ii) (and any regulation there-  
2 under).”.

3 (f) 457(b) PLANS.—Subsection (b) of section 457 of  
4 the Internal Revenue Code of 1986 is amended by adding  
5 at the end the following: “A plan which is established and  
6 maintained by an employer which is described in sub-  
7 section (e)(1)(A) shall not be treated as failing to meet  
8 the requirements of this subsection solely because the  
9 plan, or another plan maintained by the employer which  
10 meets the requirements of section 401(a), provides for  
11 matching contributions on account of qualified student  
12 loan payments as described in section 401(m)(14).”.

13 (g) REGULATORY AUTHORITY.—The Secretary shall  
14 prescribe regulations for purposes of implementing the  
15 amendments made by this section, including regulations—

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

24 (2) permitting employers to establish reasonable  
25 procedures to claim matching contributions for such

1 qualified student loan payments under the plan, in-  
2 cluding an annual deadline (not earlier than 3  
3 months after the close of each plan year) by which  
4 a claim must be made, and

5 (3) promulgating model amendments which  
6 plans may adopt to implement matching contribu-  
7 tions on such qualified student loan payments for  
8 purposes of sections 401(m), 408(p), 403(b), and  
9 457(b) of the Internal Revenue Code of 1986.

10 (h) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to contributions made for years  
12 beginning after December 31, 2019.

13 **SEC. 113. TREATMENT OF QUALIFIED RETIREMENT PLAN-**  
14 **NING SERVICES.**

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

18 “(4) NO CONSTRUCTIVE RECEIPT.—No amount  
19 shall be included in the gross income of any em-  
20 ployee solely because the employee may choose be-  
21 tween any qualified retirement planning services and  
22 compensation which would otherwise be includible in  
23 the gross income of such employee. The preceding  
24 sentence shall apply to highly compensated employ-  
25 ees only if the choice described in such sentence is



1 available on substantially the same terms to each  
2 member of the group of employees normally provided  
3 education and information regarding the employer’s  
4 qualified employer plan.”.

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

8 “(A) advice regarding investments in any  
9 arrangement described in section 219(g)(5)  
10 (without regard to the last sentence thereof),  
11 and

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

14 (c) CONFORMING AMENDMENTS.—

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

17 (2) Section 414(s)(2) is amended by inserting  
18 “132(m)(4),” after “132(f)(4),”.

19 (3) Section 415(c)(3)(D)(ii) is amended by in-  
20 serting “132(m)(4),” after “132(f)(4),”.

21 (d) EFFECTIVE DATE.—The amendment made by  
22 this section shall apply to taxable years beginning after  
23 December 31, 2019.

1 **SEC. 114. ALLOW ADDITIONAL NONELECTIVE CONTRIBU-**  
2 **TIONS TO SIMPLE PLANS.**

3 (a) IN GENERAL.—

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

9 “(iv) the employer may make nonelec-  
10 tive contributions of a uniform percentage  
11 (up to 10 percent) of compensation for  
12 each employee who is eligible to participate  
13 in the arrangement and who has at least  
14 \$5,000 of compensation from the employer  
15 for the year, and”.

16 (2) LIMITATION.—Subparagraph (A) of section  
17 408(p)(2) is amended by adding at the end the fol-  
18 lowing: “The compensation taken into account under  
19 clause (iv) for any year shall not exceed the limita-  
20 tion in effect for such year under section  
21 401(a)(17).”.

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

25 “(8) COORDINATION WITH MAXIMUM LIMITA-  
26 TION UNDER SUBSECTION (a).—In the case of any

1 simple retirement account, subsections (a)(1) and  
2 (b)(2) shall be applied by substituting for ‘the dollar  
3 amount in effect under section 219(b)(1)(A)’ the fol-  
4 lowing: ‘the sum (but not to exceed 50 percent of  
5 the amount in effect under section 415(c)(1)(A) (ex-  
6 cept as provided in section 414(v))) of the dollar  
7 amount in effect under paragraph (2)(A)(ii) of this  
8 subsection; the employer contribution required under  
9 paragraph (2)(A)(iii) or (2)(B)(i) of this subsection,  
10 whichever is applicable; and the employer contribu-  
11 tion made on behalf of the employee under para-  
12 graph (2)(A)(iv) of this subsection’.”.

13 (b) CONFORMING AMENDMENTS.—

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

17 (2) Paragraph (8) of section 408(p) is amended  
18 by inserting “, the employer contribution actually  
19 made under paragraph (2)(A)(iv) of this sub-  
20 section,” after “paragraph (2)(A)(ii) of this sub-  
21 section”.

22 (3) Section 401(k)(11)(B)(i) is amended by  
23 striking “and” at the end of subclause (II), by re-  
24 designating subclause (III) as subclause (V), and by

1 inserting after subclause (II) the following new sub-  
2 clauses:

3 “(III) the employer may make  
4 nonelective contributions of a uniform  
5 percentage (up to 10 percent) of com-  
6 pensation for each employee who is el-  
7 ible to participate in the arrange-  
8 ment and who has at least \$5,000 of  
9 compensation from the employer for  
10 the year,

11 “(IV) contributions on behalf of  
12 any employee for any year may not  
13 exceed 50 percent of the amount in  
14 effect under section 415(c)(1)(A) (ex-  
15 cept as provided in section 414(v)),  
16 and”.

17 (4) Section 401(k)(11)(B)(i)(V), as redesis-  
18 gnated by paragraph (3), is amended by striking “or  
19 (II)” and inserting “, (II), or (III)”.

20 (c) EFFECTIVE DATE.—The amendments made by  
21 this section shall apply to years beginning after December  
22 31, 2019.

23 **SEC. 115. REFORM OF THE MINIMUM PARTICIPATION RULE.**

24 (a) IN GENERAL.—Subparagraph (H) of section  
25 401(a)(26) is amended by adding at the end the following:

1 “Not later than December 31, 2020, the Secretary shall  
2 issue final regulations under which this paragraph may  
3 be applied separately to bona fide separate subsidiaries or  
4 divisions.”.

5 (b) EFFECTIVE DATE.—The amendment made by  
6 subsection (a) shall take effect on the date of enactment  
7 of this Act.

8 **SEC. 116. EXPANSION OF EMPLOYEE PLANS COMPLIANCE**  
9 **RESOLUTION SYSTEM.**

10 (a) IN GENERAL.—Except as otherwise provided in  
11 regulations prescribed by the Secretary of the Treasury  
12 or the Secretary’s delegate (referred to in this section as  
13 the “Secretary”), any inadvertent failure to comply with  
14 the rules applicable under section 401(a), 403(a), 403(b),  
15 408(p), or 408(k) of the Internal Revenue Code of 1986  
16 may be self-corrected under the Employee Plans Compli-  
17 ance Resolution System (as described in Revenue Proce-  
18 dure 2019–19 or any successor guidance), except to the  
19 extent that such failure was identified by the Secretary  
20 prior to any actions which demonstrate a commitment to  
21 implement a self-correction. Revenue Procedure 2019–19  
22 is deemed amended as of the date of the enactment of  
23 this Act to provide that the correction period under section  
24 9.02 of such Revenue Procedure (or any successor provi-  
25 sion) for an inadvertent failure is indefinite and has no

1 last day, other than with respect to failures identified by  
2 the Secretary prior to any self-correction as described in  
3 the preceding sentence.

4 (b) LOAN ERROR.—The Secretary of Labor shall  
5 treat any loan error corrected pursuant to subsection (a)  
6 as meeting the requirements of the Voluntary Fiduciary  
7 Correction Program of the Department of Labor.

8 (c) EPCRS FOR IRAS.—The Secretary shall expand  
9 the Employee Plans Compliance Resolution System to  
10 allow custodians of individual retirement plans to address  
11 inadvertent failures for which the owner of an individual  
12 retirement plan was not at fault, including (but not limited  
13 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;

17 (2) under the self-correction component of the  
18 Employee Plans Compliance Resolution System,  
19 waivers of the 60-day deadline for a rollover where  
20 the deadline is missed for reasons beyond the rea-  
21 sonable control of the account owner; and

22 (3) rules permitting a nonspouse beneficiary to  
23 return distributions to an inherited individual retire-  
24 ment plan described in section 408(d)(3)(C) of the  
25 Internal Revenue Code of 1986 in a case where, due

1 to an inadvertent error by a service provider, the  
2 beneficiary had reason to believe that the distribu-  
3 tion could be rolled over without inclusion in income  
4 of any part of the distributed amount.

5 (d) REQUIRED MINIMUM DISTRIBUTION CORREC-  
6 TIONS.—The Secretary shall expand the Employee Plans  
7 Compliance Resolution System to allow plans to which  
8 such system applies and custodians and owners of indi-  
9 vidual retirement plans to self-correct, without an excise  
10 tax, any inadvertent failures pursuant to which a distribu-  
11 tion is made no more than 180 days after it was required  
12 to be made.

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

22 (f) DEFINITIONS AND SPECIAL RULES.—

23 (1) INADVERTENT FAILURE.—For purposes of  
24 this section—

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

5 (i) satisfy the standards set forth in  
6 section 4.04 of Revenue Procedure 2019–  
7 19 (or any successor provision); or

8 (ii) satisfy similar standards in the  
9 case of an individual retirement plan.

10 (B) CORRECTION BY OWNER OF INDI-  
11 VIDUAL RETIREMENT PLAN.—In the case of a  
12 correction by an owner of an individual retire-  
13 ment plan under subsection (d), the term “in-  
14 advertent failure” means a failure due to rea-  
15 sonable cause.

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

24 **SEC. 117. ENHANCEMENT OF 403(b) PLANS.**

25 (a) IN GENERAL.—



1           (1) PERMITTED INVESTMENTS.—Clause (i) of  
2 section 403(b)(7)(A) is amended to read as follows:

3                   “(i) the amounts to be held in that  
4                   custodial account are invested in regulated  
5                   investment company stock or a group trust  
6                   intended to satisfy the requirements of In-  
7                   ternal Revenue Service Revenue Ruling  
8                   81–100 (or any successor guidance), and”.

9           (2) CONFORMING AMENDMENT.—The heading  
10 of paragraph (7) of section 403(b) is amended by  
11 striking “FOR REGULATED INVESTMENT COMPANY  
12 STOCK”.

13           (3) EFFECTIVE DATE.—The amendments made  
14 by this subsection shall apply to amounts invested  
15 after December 31, 2019.

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

20                   “(11) Any—

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

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

3           “(C) governmental plan described in sec-  
4           tion 3(a)(2)(C) of the Securities Act of 1933;

5           “(D) collective trust fund maintained by a  
6           bank consisting solely of assets of one or more  
7           of such trusts, government plans, or church  
8           plans, companies or accounts that are excluded  
9           from the definition of an investment company  
10          under paragraph (14) of this subsection;

11          “(E) plan which meets the requirements of  
12          section 403(b) of the Internal Revenue Code of  
13          1986 if—

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

17                 “(ii) any employer making such plan  
18                 available agrees to serve as a fiduciary for  
19                 the plan with respect to the selection of the  
20                 plan’s investments among which partici-  
21                 pants can choose; or

22                 “(iii) such plan is a governmental  
23                 plan (as defined in section 414(d) of such  
24                 Code); or

1           “(F) separate account the assets of which  
2           are derived solely from—

3                   “(i) contributions under pension or  
4                   profit-sharing plans which meet the re-  
5                   quirements of section 401 of the Internal  
6                   Revenue Code of 1986 or the requirements  
7                   for deduction of the employer’s contribu-  
8                   tion under section 404(a)(2) of such Code;

9                   “(ii) contributions under govern-  
10                   mental plans in connection with which in-  
11                   terests, participations, or securities are ex-  
12                   empted from the registration provisions of  
13                   section 5 of the Securities Act of 1933 by  
14                   section 3(a)(2)(C) of such Act;

15                   “(iii) advances made by an insurance  
16                   company in connection with the operation  
17                   of such separate account; and

18                   “(iv) contributions to a plan described  
19                   in subparagraph (E).”.

20           (c) AMENDMENTS TO THE SECURITIES ACT OF  
21 1933.—Section 3(a)(2) of the Securities Act of 1933 (15  
22 U.S.C. 77c(a)(2)) is amended—

23                   (1) by striking “or (D)” and inserting “(D) a  
24                   plan which meets the requirements of section 403(b)  
25                   of such Code if (i) such plan is subject to title I of

1 the Employee Retirement Income Security Act of  
2 1974 (29 U.S.C. 1001 et seq.), (ii) any employer  
3 making such plan available agrees to serve as a fidu-  
4 ciary for the plan with respect to the selection of the  
5 plan’s investments among which participants can  
6 choose, or (iii) such plan is a governmental plan (as  
7 defined in section 414(d) of such Code); or (E)”;

8 (2) by striking “(C), or (D)” and inserting  
9 “(C), (D), or (E)”;

10 (3) by striking “(iii) which is a plan funded”  
11 and inserting “(iii) in the case of a plan not de-  
12 scribed in subparagraph (D), which is a plan fund-  
13 ed”.

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

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

1 choose, or (III) such plan is a governmental plan (as  
2 defined in section 414(d) of such Code), or (v)”;

3 (2) by striking “(ii), or (iii)” and inserting  
4 “(ii), (iii), or (iv)”; and

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

8 **SEC. 118. ELIGIBILITY FOR PARTICIPATION IN RETIRE-**  
9 **MENT PLANS.**

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

16 **SEC. 119. SMALL IMMEDIATE FINANCIAL INCENTIVES FOR**  
17 **CONTRIBUTING TO A PLAN.**

18 (a) IN GENERAL.—Subparagraph (A) of section  
19 401(k)(4) is amended by inserting “(other than a de mini-  
20 mis financial incentive)” after “any other benefit”.

21 (b) SECTION 403(b) PLANS.—Subparagraph (A) of  
22 section 403(b)(12), as amended by this Act, is further  
23 amended by adding at the end the following: “A plan shall  
24 not fail to satisfy clause (ii) solely by reason of the offering  
25 of a de minimis financial incentive for employees to elect

1 to have the employer make contributions pursuant to a  
2 salary reduction agreement.”.

3 (c) EXEMPTION FROM PROHIBITED TRANSACTION  
4 RULES.—Subsection (d) of section 4975 is amended by  
5 striking “or” at the end of paragraph (22), by striking  
6 the period at the end of paragraph (23) and inserting “,  
7 or”, and by adding at the end the following new para-  
8 graph:

9 “(24) the provision of a de minimis financial in-  
10 centive described in section 401(k)(4)(A) or  
11 403(b)(12)(A).”.

12 (d) AMENDMENT OF EMPLOYEE RETIREMENT IN-  
13 COME SECURITY ACT OF 1974.—Subsection (b) of section  
14 408 of the Employee Retirement Income Security Act of  
15 1974 (29 U.S.C. 1108(b)) is amended by adding at the  
16 end the following new paragraph:

17 “(21) The provision of a de minimis financial  
18 incentive described in section 401(k)(4)(A) or  
19 403(b)(12)(A) of the Internal Revenue Code of  
20 1986.”.

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

1 **SEC. 120. INDEXING IRA CATCH-UP LIMIT.**

2 (a) IN GENERAL.—Subparagraph (C) of section  
3 219(b)(5) is amended by adding at the end the following  
4 new clause:

5 “(iii) INDEXING OF CATCH-UP LIMITA-  
6 TION.—In the case of any taxable year be-  
7 ginning in a calendar year after 2020, the  
8 \$1,000 amount under subparagraph (B)(ii)  
9 shall be increased by an amount equal to—

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

12 “(II) the cost-of-living adjust-  
13 ment determined under section 1(f)(3)  
14 for the calendar year in which the tax-  
15 able year begins, determined by sub-  
16 stituting ‘calendar year 2019’ for ‘cal-  
17 endar year 2016’ in subparagraph  
18 (A)(ii) thereof.

19 If any amount after adjustment under the  
20 preceding sentence is not a multiple of  
21 \$200, such amount shall be rounded to the  
22 next lower multiple of \$200.”.

23 (b) EFFECTIVE DATE.—The amendments made by  
24 this section shall apply to years beginning after December  
25 31, 2020.

1 **SEC. 121. HIGHER CATCH-UP LIMIT TO APPLY AT AGE 60.**

2 (a) IN GENERAL.—

3 (1) PLANS OTHER THAN SIMPLE PLANS.—Sec-  
4 tion 414(v)(2)(B)(i) is amended by inserting the fol-  
5 lowing before the period: “(\$10,000, in the case of  
6 an eligible participant who has attained age 60 be-  
7 fore the close of the taxable year)”.

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

13 (b) COST-OF-LIVING ADJUSTMENTS.—Subparagraph  
14 (C) of section 414(v)(2) is amended by adding at the end  
15 the following: “In the case of a year beginning after De-  
16 cember 31, 2020, the Secretary shall adjust annually the  
17 \$10,000 amount in subparagraph (B)(i) and the \$5,000  
18 amount in subparagraph (B)(ii) for increases in the cost-  
19 of-living at the same time and in the same manner as ad-  
20 justments under the preceding sentence; except that the  
21 base period taken into account shall be the calendar quar-  
22 ter beginning July 1, 2019.”.

23 (c) EFFECTIVE DATE.—The amendments made by  
24 this section shall apply to years beginning after December  
25 31, 2019.



1       **TITLE II—PRESERVATION OF**  
2                                   **INCOME**

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

4           (a) IN GENERAL.—Not later than the date which is  
5 1 year after the date of the enactment of this Act, the  
6 Secretary of the Treasury (or the Secretary’s delegate)  
7 shall amend the regulation issued by the Department of  
8 the Treasury relating to “Longevity Annuity Contracts”  
9 (79 Fed. Reg. 37633 (July 2, 2014)), as follows:

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

20           (2) INCREASE DOLLAR LIMITATION.—

21           (A) IN GENERAL.—The Secretary (or dele-  
22 gate) shall amend Q&A–17(b)(2)(i) of Treas.  
23 Reg. section 1.401(a)(9)–6 and Q&A–  
24 12(b)(2)(i) of Treas. Reg. section 1.408–8 to  
25 increase the dollar limitation on premiums for

1           qualifying longevity annuity contracts from  
2           \$125,000 to \$200,000, and to make such cor-  
3           responding changes to the regulations and re-  
4           lated forms as are necessary to reflect this in-  
5           crease in the dollar limitation.

6           (B) ADJUSTMENTS FOR INFLATION.—The  
7           Secretary (or delegate) shall amend Q&A-  
8           17(d)(2)(i) of Treas. Reg. section 1.401(a)(9)-  
9           6 to provide that, in the case of calendar years  
10          beginning on or after January 1 of the second  
11          year following the year of enactment of this  
12          Act, the \$200,000 dollar limitation (as in-  
13          creased by subparagraph (A)) will be adjusted  
14          at the same time and in the same manner as  
15          the limits are adjusted under section 415(d) of  
16          the Internal Revenue Code of 1986, except that  
17          the base period shall be the calendar quarter  
18          beginning July 1 of the year of enactment of  
19          this Act, and any increase to such dollar limita-  
20          tion which is not a multiple of \$10,000 will be  
21          rounded to the next lowest multiple of \$10,000.

22          (3) FACILITATE JOINT AND SURVIVOR BENE-  
23          FITS.—The Secretary (or delegate) shall amend  
24          Q&A-17(c) of Treas. Reg. section 1.401(a)(9)-6,  
25          and make such corresponding changes to the regula-

1 tions and related forms as are necessary, to provide  
2 that, in the case of a qualifying longevity annuity  
3 contract which was purchased with joint and sur-  
4 vivor annuity benefits for the individual and the in-  
5 dividual's spouse which were permissible under the  
6 regulations at the time the contract was originally  
7 purchased, a divorce occurring after the original  
8 purchase and before the annuity payments com-  
9 mence under the contract will not affect the permis-  
10 sibility of the joint and survivor annuity benefits or  
11 other benefits under the contract, or require any ad-  
12 justment to the amount or duration of benefits pay-  
13 able under the contract, provided that any qualified  
14 domestic relations order (within the meaning of sec-  
15 tion 414(p) of the Internal Revenue Code of 1986)  
16 or any divorce or separation instrument (within the  
17 meaning of section 71(b)(2) of the Internal Revenue  
18 Code of 1986)—

19 (A) provides that the former spouse is en-  
20 titled to the survivor benefits under the con-  
21 tract;

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

20 (A) either—

21 (i) is a variable contract under section  
22 817(d) of the Internal Revenue Code of  
23 1986; or

24 (ii) is an indexed contract;

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

8 (C) provides for a guaranteed minimum  
9 level of annuity payments irrespective of such  
10 investment return, market value, or perform-  
11 ance; and

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

19 For purposes of the preceding sentence, a downward  
20 adjustment to the dollar amount of annuity pay-  
21 ments shall not be treated as an impermissible re-  
22 duction in such payments, provided that the adjust-  
23 ment is made to reflect a change in annuitant that  
24 is required or permitted under the Internal Revenue

1 Code of 1986 or regulations and the adjustment is  
2 based on reasonable actuarial assumptions.

3 (b) EFFECTIVE DATES, ENFORCEMENT, AND INTER-  
4 PRETATIONS.—

5 (1) EFFECTIVE DATES.—

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

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

14 (2) ENFORCEMENT AND INTERPRETATIONS.—  
15 Prior to the date on which the Secretary of the  
16 Treasury issues final regulations pursuant to sub-  
17 section (a)—

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

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

1 **SEC. 202. REMOVE REQUIRED MINIMUM DISTRIBUTION**  
2 **BARRIERS FOR LIFE ANNUITIES.**

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

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

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

19 “(ii) A lump sum payment which—  
20 “(I) results in a shortening of the  
21 payment period with respect to an an-  
22 nuity or a full or partial commutation  
23 of the future annuity payments, pro-  
24 vided that such lump sum is deter-  
25 mined using reasonable actuarial  
26 methods and assumptions, as deter-

1           mined in good faith by the issuer of  
2           the contract, or

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

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

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

23                  “(I) the total amount of the con-  
24                  sideration paid for the annuity pay-  
25                  ments, over



1                   “(II) the aggregate amount of  
2                   prior distributions or payments from  
3                   or under the contract.”.

4           (b) REGULATIONS AND ENFORCEMENT.—

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

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

23                   (B) amend Q&A–14(c) of such section  
24                   1.401(a)(9)–6 to provide that a commercial an-  
25                   nuity which provides an initial payment which

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

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

17 (2) EFFECTIVE DATE.—The modifications and  
18 amendments required under paragraph (1) shall be  
19 deemed to have been made as of the date of the en-  
20 actment of this Act, and as of such date the Sec-  
21 retary of the Treasury (or the Secretary’s delegate)  
22 shall administer and enforce the law with respect to  
23 plan years beginning before, on, or after the date of  
24 the enactment of this Act in accordance with the  
25 amendments made by subsection (a) and as though

1 the actions which the Secretary is required to take  
2 under paragraph (1) had been taken.

3 **SEC. 203. ELIMINATING A PENALTY ON PARTIAL**  
4 **ANNUITIZATION.**

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

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

17 (1) **TOTAL REQUIRED AMOUNT.**—The term  
18 “total required amount”, with respect to a year,  
19 means the amount which would be required to be  
20 distributed under Treas. Reg. section 1.401(a)(9)–5  
21 for the year, determined by treating the account bal-  
22 ance as of the last valuation date in the immediately  
23 preceding calendar year as including the value on  
24 that date of all annuity contracts which were pur-  
25 chased with a portion of the account and from which

1 payments are made in accordance with Treas. Reg.  
2 section 1.401(a)(9)–6.

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

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

23 (d) EFFECTIVE DATE.—The modifications and  
24 amendments required under subsections (a) and (c) shall  
25 be deemed to have been made as of the date of the enact-

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

5 **SEC. 204. INSURANCE-DEDICATED EXCHANGE-TRADED**  
6 **FUNDS.**

7 (a) IN GENERAL.—Not later than the date which is  
8 1 year after the date of the enactment of this Act, the  
9 Secretary of the Treasury (or the Secretary's delegate)  
10 shall amend the regulation issued by the Department of  
11 the Treasury relating to “Income Tax; Diversification Re-  
12 quirements for Variable Annuity, Endowment, and Life  
13 Insurance Contracts”, 54 Fed. Reg. 8728 (March 2,  
14 1989), and make any necessary corresponding amend-  
15 ments to other regulations, in order to facilitate the use  
16 of exchange-traded funds as investment options under  
17 variable contracts within the meaning of section 817(d)  
18 of the Internal Revenue Code of 1986, in accordance with  
19 subsections (b) and (c) of this section.

20 (b) DESIGNATE CERTAIN AUTHORIZED PARTICI-  
21 PANTS AND MARKET MAKERS AS ELIGIBLE INVESTORS.—  
22 The Secretary of the Treasury (or the Secretary's dele-  
23 gate) shall amend Treas. Reg. section 1.817-5(f)(3) to  
24 provide that satisfaction of the requirements in Treas.  
25 Reg. section 1.817-5(f)(2)(i) with respect to an exchange-

1 traded fund shall not be prevented by reason of beneficial  
2 interests in such a fund being held by 1 or more author-  
3 ized participants or market makers.

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

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

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

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

4 (B) the shares of which can be purchased  
5 or redeemed directly from the fund only by an  
6 authorized participant; and

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

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

23 (A) purchasing the shares for its own in-  
24 vestment purposes rather than for the exclusive

1           purpose of creating and redeeming such shares  
2           on behalf of third parties; and

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

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

18          (e) EFFECTIVE DATES, ENFORCEMENT, AND INTER-  
19          PRETATIONS.—

20               (1) EFFECTIVE DATES.—

21               (A) Subsection (b), and the definitions  
22               under subsection (d), shall apply to segregated  
23               asset account investments made on or after the  
24               date of enactment of this Act.



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

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

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

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

14 **TITLE III—SIMPLIFICATION AND**  
15 **CLARIFICATION OF RETIRE-**  
16 **MENT PLAN RULES**

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

20 (a) STUDY.—As soon as practicable after the date of  
21 the enactment of this Act, the Secretary of Labor, the Sec-  
22 retary of the Treasury, and the Director of the Pension  
23 Benefit Guaranty Corporation (or their delegates) shall re-  
24 view the reporting and disclosure requirements of—

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

4 (2) the Internal Revenue Code of 1986, as ap-  
5 plicable to qualified retirement plans (as defined in  
6 section 4974(c) of such Code, without regard to  
7 paragraphs (4) and (5) thereof).

8 (b) REPORT.—Not later than 18 months after the  
9 date of the enactment of this Act, the Secretary of Labor,  
10 the Secretary of the Treasury, and the Director of the  
11 Pension Benefit Guaranty Corporation (or their dele-  
12 gates), jointly, shall make such recommendations as may  
13 be appropriate to the appropriate committees of the Con-  
14 gress to consolidate, simplify, standardize, and improve  
15 the applicable reporting and disclosure requirements so as  
16 to simplify reporting for plans described in subsection (a)  
17 and ensure that necessary, comprehensible information is  
18 provided to participants and beneficiaries of such plans.

19 **SEC. 302. CONSOLIDATION OF DEFINED CONTRIBUTION**  
20 **PLAN NOTICES.**

21 Not later than 18 months after the date of the enact-  
22 ment of this Act, the Secretary of Labor and the Secretary  
23 of the Treasury (or such Secretaries' delegates) shall  
24 adopt regulations providing that a plan may, but is not  
25 required to, consolidate 2 or more of the notices required

1 under sections 404(c)(5)(B) and 514(e)(3) of the Em-  
2 ployee Retirement Income Security Act of 1974 (29  
3 U.S.C. 1104(c)(5)(B) and 29 U.S.C. 1144(e)(3)) and sec-  
4 tions 401(k)(12)(D), 401(k)(13)(E), and 414(w)(4) of the  
5 Internal Revenue Code of 1986 into a single notice so long  
6 as the combined notice includes the required content,  
7 clearly identifies the issues addressed therein, is provided  
8 at the time and with the frequency required for each such  
9 notice, and is presented in a manner that is understand-  
10 able and does not obscure or fail to highlight important  
11 points for participants and beneficiaries.

12 **SEC. 303. PERFORMANCE BENCHMARKS FOR ASSET ALLO-**  
13 **CATION FUNDS.**

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

23 (1) the blend is reasonably representative of the  
24 asset class holdings of the designated investment al-  
25 ternative;



1           “(12) DISTRIBUTIONS TO QUALIFIED PLAN OF  
2           NONSPOUSE BENEFICIARY.—If, with respect to any  
3           portion of a distribution from an eligible retirement  
4           plan described in clause (iii), (iv), (v), or (vi) of  
5           paragraph (8)(B) of a deceased employee, a direct  
6           trustee-to-trustee transfer is made to another such  
7           plan of an individual who is a designated beneficiary  
8           (as defined by section 401(a)(9)(E)) of the employee  
9           and who is not the surviving spouse of the em-  
10          ployee—

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

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

15          (b) CONFORMING AMENDMENTS.—

16           (1) 403(a) PLANS.—Subparagraph (B) of sec-  
17           tion 403(a)(4) is amended by striking “and (11) and  
18           (9)” and inserting “, (9), (11), and (12)”.

19           (2) 403(b) PLANS.—Subparagraph (B) of sec-  
20           tion 403(b)(8) is amended by striking “and (11)”  
21           and inserting “(11), and (12)”.

22           (3) 457 PLANS.—Subparagraph (B) of section  
23           457(e)(16) is amended by striking “and (11)” and  
24           inserting “(11), and (12)”.

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

4 **SEC. 305. DEFERRAL AGREEMENTS.**

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

11 (b) EFFECTIVE DATE.—The amendment made by  
12 this section shall apply to years beginning after December  
13 31, 2019.

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

15 Not later than December 31, 2020, the Secretary of  
16 the Treasury (or the Secretary’s delegate), in consultation  
17 with the Secretary of Labor and the Director of the Pen-  
18 sion Benefit Guaranty Corporation (or their delegates),  
19 shall simplify the model notices issued under section  
20 402(f) of the Internal Revenue Code of 1986 so as to fa-  
21 cilitate better understanding by recipients of different dis-  
22 tribution options and corresponding tax consequences.  
23 Such model notices shall include an explanation of the ef-  
24 fect of elections on spousal rights.

1 **SEC. 307. TREATMENT OF CUSTODIAL ACCOUNTS ON TER-**  
2 **MINATION OF SECTION 403(b) PLANS.**

3 (a) IN GENERAL.—Not later than 6 months after the  
4 date of the enactment of this Act, the Secretary of the  
5 Treasury (or the Secretary’s delegate) shall issue guidance  
6 to provide that, if an employer terminates the plan under  
7 which amounts are contributed to a custodial account  
8 under subparagraph (A) of section 403(b)(7) of the Inter-  
9 nal Revenue Code of 1986—

10 (1) the plan administrator or custodian may  
11 distribute an individual custodial account in kind to  
12 a participant or beneficiary of the plan, and

13 (2) the distributed custodial account shall be  
14 maintained by the custodian on the same basis as a  
15 custodial account to which section 403(b)(7) of such  
16 Code applies, similar to the treatment of fully paid  
17 individual annuity contracts under Revenue Ruling  
18 2011–7, until amounts are actually paid to the par-  
19 ticipant or beneficiary.

20 (b) TREATMENT OF ACCOUNTS.—The guidance  
21 issued under subsection (a) shall also provide that—

22 (1) the status of the distributed custodial ac-  
23 count under section 403(b)(7) of the Internal Rev-  
24 enue Code of 1986 is generally maintained if the  
25 custodial account thereafter adheres to the require-  
26 ments of section 403(b) of such Code which are in

1 effect at the time of the distribution of the account,  
2 and

3 (2) a custodial account will not be considered  
4 distributed to the participant or beneficiary if the  
5 employer has any material retained rights under the  
6 account.

7 For purposes of paragraph (2), an employer shall not be  
8 treated as retaining material rights over a custodial ac-  
9 count solely because the custodial account was originally  
10 opened under a group contract.

11 (c) DISTRIBUTION UPON TERMINATION.—

12 (1) IN GENERAL.—Paragraph (11) of section  
13 403(b) is amended by striking “or” at the end of  
14 subparagraph (B), by striking the period at the end  
15 of subparagraph (C) and inserting “, or”, and by in-  
16 serting after subparagraph (C) the following new  
17 subparagraph:

18 “(D) in the case of a termination of the  
19 plan under which contributions were made,  
20 without the establishment or maintenance of  
21 another plan under this subsection.”.

22 (2) CUSTODIAL ACCOUNTS.—Section  
23 403(b)(7)(A)(ii) is amended by striking “before the  
24 employee dies” and inserting “before the termination  
25 of the plan under which contributions were made to



1 the custodial account (without the establishment or  
2 maintenance of another plan under this subsection),  
3 or before the employee dies”.

4 (d) EFFECTIVE DATE.—The guidance issued under  
5 subsections (a) and (b), and the amendments made by  
6 subsection (c), shall apply to taxable years beginning after  
7 December 31, 2008.

8 **SEC. 308. PERMIT PLANS TO USE BASE PAY OR RATE OF**  
9 **PAY CALCULATION.**

10 (a) IN GENERAL.—Not later than December 31,  
11 2020, the Secretary of the Treasury (or the Secretary’s  
12 delegate) shall modify Treasury Regulation section  
13 1.414(s)–1(d)(3) to facilitate the use of the safe harbors  
14 in sections 401(k)(12), 401(k)(13), 401(k)(15),  
15 401(m)(11), 401(m)(12), and 401(m)(13) of the Internal  
16 Revenue Code of 1986, and in Treasury Regulation sec-  
17 tion 1.401(a)(4)–3(b), by plans which use base pay or rate  
18 of pay in determining contributions or benefits. Such fa-  
19 cilitation shall include increased flexibility in meeting the  
20 definition in section 414(s) of such Code in situations  
21 where the amount of overtime compensation payable in a  
22 year can vary significantly.

23 (b) EXCEPTION.—The Secretary of the Treasury (or  
24 the Secretary’s delegate) may make any modification  
25 under subsection (a) inapplicable to plans with respect to

1 which, on a consistent basis, overtime is a major compo-  
2 nent of a substantial portion of the employees eligible to  
3 participate in the plan who are not highly compensated  
4 employees (as defined in section 414(q) of the Internal  
5 Revenue Code of 1986).

6 **SEC. 309. ROTH SIMPLE IRAS.**

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

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

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

11 (b) CONFORMING AMENDMENTS.—Section  
12 408A(c)(2) is amended by adding at the end the following  
13 flush sentence:

14 “In applying this paragraph to an individual on  
15 whose behalf elective employer contributions are  
16 made to a simple retirement account, the amount  
17 described in subparagraph (A) shall be increased by  
18 the amount of elective employer contributions made  
19 on behalf of the individual to such account, except  
20 to the extent that such contributions exceed the ap-  
21 plicable dollar amount (as defined in subsection  
22 (p)(2)(E)) or cause the elective deferrals (as defined  
23 in section 402(g)(3)) on behalf of such individual to  
24 exceed the limitation under section 402(g)(1) (tak-  
25 ing into account subparagraph (C) thereof).”.

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

4 **SEC. 310. REDUCTION IN EXCISE TAX ON CERTAIN ACCU-**  
5 **MULATIONS IN QUALIFIED RETIREMENT**  
6 **PLANS.**

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

10 (b) EFFECTIVE DATE.—The amendment made by  
11 this section shall apply to taxable years beginning after  
12 December 31, 2019.

13 **SEC. 311. CLARIFICATION OF CATCH-UP CONTRIBUTIONS**  
14 **WITH RESPECT TO SEPARATE LINES OF BUSI-**  
15 **NESS.**

16 (a) IN GENERAL.—Subparagraph (B) of section  
17 414(v)(4) is amended—

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

20 “(i) a plan”;

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

23 (3) by adding at the end the following new  
24 clause:

1 “(ii) for any year in which an em-  
 2 ployer complies with section 410(b) on the  
 3 basis of separate lines of business pursuant  
 4 to section 410(b)(5), the employer may  
 5 apply subparagraph (A) for such year sep-  
 6 arately with respect to employees in each  
 7 separate line of business.”.

8 (b) **EFFECTIVE DATE.**—The amendments made by  
 9 this section shall apply to taxable years beginning after  
 10 December 31, 2019.

11 **SEC. 312. CLARIFICATION OF SUBSTANTIALLY EQUAL PERI-**  
 12 **ODIC PAYMENT RULE.**

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

16 “(C) **ROLLOVERS TO SUBSEQUENT**  
 17 **PLAN.**—If—

18 “(i) payments described in paragraph  
 19 (2)(A)(iv) are being made from a qualified  
 20 retirement plan,

21 “(ii) a transfer or a rollover from such  
 22 qualified retirement plan of all or a portion  
 23 of the taxpayer’s benefit under the plan is  
 24 made to another qualified retirement plan,  
 25 and

1                   “(iii) distributions from the transferor  
2                   and transferee plans would in combination  
3                   continue to satisfy the requirements of  
4                   paragraph (2)(A)(iv) if they had been  
5                   made only from the transferor plan,  
6                   such transfer or rollover shall not be treated as  
7                   a modification under subparagraph (A)(ii), and  
8                   compliance with paragraph (2)(A)(iv) shall be  
9                   determined on the basis of the combined dis-  
10                  tributions described in clause (iii).”.

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

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

16                   (2) by redesignating subparagraphs (A) and  
17                   (B) as clauses (i) and (ii), by moving such clauses  
18                   2 ems to the right, and by adjusting the flush lan-  
19                   guage at the end accordingly;

20                   (3) by striking “PAYMENTS.—If” and inserting  
21                   “PAYMENTS.—

22                                   “(A) IN GENERAL.—If—”; and

23                   (4) by adding at the end the following new sub-  
24                   paragraph:

1                   “(B) EXCHANGES TO SUBSEQUENT CON-  
2                   TRACTS.—If—

3                   “(i) payments described in paragraph  
4                   (2)(D) are being made from an annuity  
5                   contract,

6                   “(ii) an exchange of all or a portion of  
7                   such contract for another contract is made  
8                   under section 1035, and

9                   “(iii) the aggregate distributions from  
10                  the contracts involved in the exchange con-  
11                  tinue to satisfy the requirements of para-  
12                  graph (2)(D) as if the exchange had not  
13                  taken place,

14                  such exchange shall not be treated as a modi-  
15                  fication under subparagraph (A)(ii), and com-  
16                  pliance with paragraph (2)(D) shall be deter-  
17                  mined on the basis of the combined distribu-  
18                  tions described in clause (iii).”.

19                  (c) INFORMATION REPORTING.—Section 6724 is  
20                  amended by inserting at the end the following new sub-  
21                  section:

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

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

4           “(2) such distribution is made following a roll-  
5 over, transfer, or exchange described in section  
6 72(t)(4)(C) or section 72(q)(3)(C),

7           “(3) in making such return or report the person  
8 relies upon a certification provided by the taxpayer  
9 that the distributions satisfy the requirements of  
10 section 72(t)(4)(C)(iii) or section 72(q)(3)(B)(iii), as  
11 applicable, and

12           “(4) such person does not have actual knowl-  
13 edge that the distributions do not satisfy such re-  
14 quirements.”.

15 (d) SAFE HARBOR FOR ANNUITY PAYMENTS.—

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

19           “For purposes of clause (iv), periodic payments  
20 shall not fail to be treated as substantially  
21 equal merely because they are amounts received  
22 as an annuity, and such periodic payments shall  
23 be deemed to be substantially equal if they are  
24 payable over a period described in clause (iv)

1           and satisfy the requirements applicable to an-  
2           nuity payments under section 401(a)(9).”.

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

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

15          (e) EFFECTIVE DATES.—

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

20           (2) ANNUITY PAYMENTS.—The amendment  
21           made by subsection (d) shall apply to distributions  
22           commencing on or after the date of the enactment  
23           of this Act.

24           (3) NO INFERENCE.—Nothing in the amend-  
25           ments made by this section shall be construed to



1 create an inference with respect to the law in effect  
2 prior to the effective date of such amendments.

3 **SEC. 313. CLARIFICATION OF TREATMENT OF DISTRIBUTIONS OF ANNUITY CONTRACTS.**  
4

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

11 (b) EFFECTIVE DATE.—The amendment made by  
12 this section shall take effect as if included in section  
13 1401(b)(1) of the Small Business Job Protection Act of  
14 1996.

15 **SEC. 314. CLARIFICATION REGARDING ELECTIVE DEFERRALS.**  
16

17 (a) IN GENERAL.—Not later than 6 months after the  
18 date of the enactment of this Act, the Secretary of the  
19 Treasury (or the Secretary’s delegate) shall amend Treas.  
20 Reg. section 1.415(c)–2(e), and make any necessary con-  
21 forming amendments to other Treasury Regulations, to  
22 provide that plans may allow employees who have had a  
23 severance from employment to make deferrals or contribu-  
24 tions described in subsection (b) with respect to payments  
25 of severance or back pay. The Secretary of the Treasury

1 (or delegate) may provide for such other conditions on  
2 such deferrals or contributions as are necessary to carry  
3 out the purposes of this section.

4 (b) DEFERRALS AND CONTRIBUTIONS DESCRIBED.—  
5 The deferrals or contributions described in this subsection  
6 are—

7 (1) elective deferrals described in subparagraph  
8 (A), (B), or (C) of section 402(g)(3) of the Internal  
9 Revenue Code of 1986 (other than elective deferrals  
10 under section 401(k)(11) of such Code);

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

14 (3) to the extent provided by such Secretary (or  
15 delegate), elective deferrals described in section  
16 402(g)(3)(D) or 401(k)(11) of such Code.

17 (c) TREATMENT OF DEFERRALS.—Except as other-  
18 wise determined by the Secretary of the Treasury (or the  
19 Secretary's delegate) to be necessary to carry out the pur-  
20 poses of this section, the rules described in subsection (a)  
21 shall provide that the contributions or deferrals shall, for  
22 purposes of section 457 and subchapter D of chapter 1  
23 of subtitle A of the Internal Revenue Code of 1986, be  
24 treated as contributions or deferrals made on behalf of ac-  
25 tive employees, not on behalf of former employees.

1 **SEC. 315. TAX TREATMENT OF CERTAIN NONTRADE OR**  
2 **BUSINESS SEP CONTRIBUTIONS.**

3 (a) IN GENERAL.—Subparagraph (B) of section  
4 4972(c)(6) is amended—

5 (1) by striking “408(p) or” and inserting  
6 “408(p),”; and

7 (2) by inserting “, or a simplified employee pen-  
8 sion (within the meaning of section 408(k))” after  
9 “401(k)(11)”.

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

13 **SEC. 316. ALLOW CERTAIN PLAN TRANSFERS AND MERG-**  
14 **ERS.**

15 (a) AMENDMENTS TO THE INTERNAL REVENUE  
16 CODE OF 1986.—

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

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

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

23 “(A) a transfer of all or a portion of the  
24 account balance of a participant or beneficiary,  
25 whether or not vested, from a defined contribu-  
26 tion plan described in section 401(a) or section

1           403(a) of an employer to an annuity contract  
2           described in section 403(b) of the same em-  
3           ployer,

4           “(B) a transfer of all or a portion of the  
5           account balance of a participant or beneficiary,  
6           whether or not vested, from an annuity contract  
7           described in section 403(b) of an employer to a  
8           defined contribution plan described in section  
9           401(a) or section 403(a) of the same employer,  
10          or

11          “(C) a merger of a defined contribution  
12          plan described in section 401(a) or section  
13          403(a) of an employer with an annuity contract  
14          described in section 403(b) of the same em-  
15          ployer,

16          so long as the transfer or merger does not cause a  
17          reduction in the vested benefit or total benefit (in-  
18          cluding non-vested benefit) of any participant or  
19          beneficiary. A plan or contract shall not fail to be  
20          considered to be described in section 401(a), 403(a),  
21          or 403(b) (as applicable) merely because such plan  
22          or contract engages in a transfer or merger de-  
23          scribed in this paragraph.

24          “(2) DISTRIBUTIONS.—Amounts transferred or  
25          merged pursuant to paragraph (1) shall be subject

1 to the requirements of paragraphs (3) and (4) and  
2 to the distribution requirements under section  
3 401(a), 403(a), or 403(b) applicable to the trans-  
4 feree or merged plan.

5 “(3) SPOUSAL CONSENT AND ANTI-CUTBACK  
6 PROTECTION.—In the case of a transfer or merger  
7 described in paragraph (1), amounts in the trans-  
8 feree or merged plan that are attributable to the  
9 transferor or predecessor plan shall—

10 “(A)(i) be subject to section 401(a)(11)  
11 and section 205 of the Employee Retirement  
12 Income Security Act of 1974 to the extent that  
13 such sections applied to such amounts in the  
14 transferor or predecessor plan, or

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

21 “(B) be treated as subject to section  
22 411(d)(6) and section 204(g) of the Employee  
23 Retirement Income Security Act of 1974 to the  
24 extent that such amounts were subject to such  
25 sections in the transferor or predecessor plan.

1           “(4) SPECIAL RULES.—Under rules prescribed  
2           by the Secretary, to the extent amounts transferred  
3           or merged pursuant to paragraph (1) were otherwise  
4           entitled to grandfather treatment under the trans-  
5           feror or predecessor plan, such amounts (and income  
6           or loss attributable thereto) shall remain entitled to  
7           such treatment under the transferee or merged plan.  
8           The rules prescribed by the Secretary shall require  
9           that such amounts be separately accounted for by  
10          the transferee or merged plan. For purposes of this  
11          paragraph, the term ‘grandfather treatment’ means  
12          any special treatment under this title that is pro-  
13          vided for prior benefits, prior periods of time, or cer-  
14          tain individuals in connection with a change in the  
15          applicable law.

16          “(5) CONSENT.—In the case of a qualified trust  
17          described in section 401(a) or 403(a) and an annu-  
18          ity contract described in section 403(b) with respect  
19          to which transfers may be made only with the con-  
20          sent of a participant or beneficiary pursuant to the  
21          terms of such trust or contract or pursuant to appli-  
22          cable law, such consent requirement shall apply  
23          without regard to this subsection. Nothing in this  
24          subsection shall affect the application of contract or

1 plan terms otherwise applicable in the case of a  
2 withdrawal from the contract or plan.”.

3 (2) AGGREGATION.—Paragraph (2) of section  
4 414(t) is amended by inserting “414(aa),” after  
5 “274(j),”.

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

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

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

18 (c) EFFECTIVE DATE.—

19 (1) IN GENERAL.—The amendments made by  
20 this section shall apply to transfers or mergers in  
21 years beginning after the Secretary of the Treasury  
22 (or the Secretary’s delegate) prescribes rules under  
23 section 414(aa) of the Internal Revenue Code of  
24 1986, as added by this section.

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

6 **SEC. 317. EXCEPTION FROM REQUIRED DISTRIBUTIONS**  
7                           **WHERE AGGREGATE RETIREMENT SAVINGS**  
8                           **DO NOT EXCEED \$100,000.**

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

12                           “(K) EXCEPTION FROM REQUIRED MIN-  
13                           IMUM DISTRIBUTIONS DURING LIFE OF EM-  
14                           PLOYEE OR BENEFICIARY WHERE ASSETS DO  
15                           NOT EXCEED \$100,000.—

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



1           “(ii) APPLICABLE ELIGIBLE RETIRE-  
2           MENT PLAN.—For purposes of this sub-  
3           paragraph, the term ‘applicable eligible re-  
4           tirement plan’ means an eligible retirement  
5           plan (as defined in section 402(c)(8)(B))  
6           and any other plan, contract, or arrange-  
7           ment to which the requirements of this  
8           paragraph apply, but does not include any  
9           defined benefit plan.

10           “(iii) MEASUREMENT DATE.—

11           “(I) INITIAL MEASUREMENT  
12           DATES.—The initial measurement  
13           date for an employee is the last day of  
14           the calendar year preceding the earlier  
15           of—

16                   “(aa) the calendar year in  
17                   which the employee attains the  
18                   applicable age, or

19                   “(bb) the calendar year in  
20                   which the employee dies.

21           “(II) SUBSEQUENT MEASURE-  
22           MENT DATES.—If, in a calendar year,  
23           an employee to whom subparagraph  
24           (A) does not apply by reason of clause  
25           (i) receives contributions, rollovers, or

1 transfers of amounts which were not  
2 previously taken into account in ap-  
3 plying this subparagraph, then the  
4 last day of that calendar year shall be  
5 a new measurement date and a new  
6 determination shall be made as to  
7 whether clause (i) applies to such em-  
8 ployee.

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

1 new determination shall be made as to  
2 whether clause (i) applies to such em-  
3 ployee.

4 “(iv) DETERMINATION OF VALUE.—  
5 For purposes of this subparagraph, the  
6 value of an employee’s interest in a plan is  
7 the account balance of such plan.

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

21 “(I) the amount by which such  
22 aggregate balance exceeds such dollar  
23 amount so in effect, bears to

24 “(II) \$10,000.

1           “(vi) COST-OF-LIVING ADJUST-  
2           MENTS.—The Secretary shall adjust annu-  
3           ally the \$100,000 amount specified in  
4           clause (i) for increases in the cost-of-living  
5           at the same time and in the same manner  
6           as adjustments under section 415(d); ex-  
7           cept that the base period shall be the cal-  
8           endar quarter beginning July 1, 2019, and  
9           any increase which is not a multiple of  
10          \$5,000 shall be rounded to the next lowest  
11          multiple of \$5,000.

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

1           1 of a year for which a required distribu-  
2           tion is to be made under subparagraph  
3           (A), the plan administrator shall be treated  
4           as required to make the distribution re-  
5           quired under subparagraph (A) for such  
6           year.”.

7           (b) EFFECTIVE DATE.—The amendment made by  
8           this section shall apply to initial measurement dates occur-  
9           ring on or after December 31, 2019.

10 **SEC. 318. HARDSHIP RULES FOR 403(b) PLANS.**

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

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

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

19                                   “(i) Contributions made pursuant to a  
20           salary reduction agreement (within the  
21           meaning of section 3121(a)(5)(D)).

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

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

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

3                   “(B) NO REQUIREMENT TO TAKE AVAIL-  
4                   ABLE LOAN.—A distribution shall not be treat-  
5                   ed as failing to be made upon the hardship of  
6                   an employee solely because the employee does  
7                   not take any available loan under the plan.”.

8                   (b) CONFORMING AMENDMENTS.—

9                   (1) Section 403(b)(7)(A)(ii) is amended by  
10                  striking “in the case of contributions made pursuant  
11                  to a salary reduction agreement (within the meaning  
12                  of section 3121(a)(5)(D))” and inserting “subject to  
13                  the provisions of paragraph (15)”.

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

16                         (A) by striking “in” in subparagraph (B)  
17                         and inserting “subject to the provisions of para-  
18                         graph (15), in”; and

19                         (B) by striking the last sentence.

20                  (c) EFFECTIVE DATE.—The amendments made by  
21                  this section shall apply to plan years beginning after De-  
22                  cember 31, 2019.

1 **SEC. 319. IRA PRESERVATION.**

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

5 (1) An overview of the laws and regulations re-  
6 lated to individual retirement plans (as defined in  
7 section 7701(a)(37) of the Internal Revenue Code of  
8 1986), including—

9 (A) limits on contributions;

10 (B) limits on deductions for contributions;

11 (C) rollovers;

12 (D) minimum required distributions;

13 (E) non-exempt prohibited transactions;

14 and

15 (F) tax consequences for early distribu-  
16 tions.

17 (2) Examples of common errors by taxpayers  
18 with respect to the laws and regulations described in  
19 paragraph (1) and instructions on how to avoid such  
20 errors.

21 (b) **REDUCTION IN EXCISE TAX ON EXCESS CON-**  
22 **TRIBUTIONS.**—Section 4973 is amended by adding at the  
23 end the following new subsection:

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

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

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

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

9           the first and second sentences of subsection (a) shall  
10          be applied by substituting ‘3 percent’ for ‘6 percent’  
11          each place it appears.

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

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

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

24          (c) REDUCTION IN EXCISE TAX ON FAILURES TO  
25          TAKE REQUIRED MINIMUM DISTRIBUTIONS.—Section



1 4974, as amended by this Act, is further amended by add-  
2 ing at the end the following new subsection:

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

4 “(1) REDUCTION.—In the case of a taxpayer  
5 who—

6 “(A) corrects, during the correction win-  
7 dow, a shortfall of distributions from an indi-  
8 vidual retirement plan which resulted in imposi-  
9 tion of a tax under subsection (a), and

10 “(B) submits a return, during the correc-  
11 tion window, reflecting such tax (as modified by  
12 this subsection),

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

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

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

24 “(B) the last day of the second taxable  
25 year that begins after the end of the taxable

1           year in which the tax under subsection (a) is  
2           imposed.”.

3           (d) REPEAL OF TAX DISQUALIFICATION PENALTY.—

4           (1) IN GENERAL.—Paragraph (2) of subsection  
5           (e) of section 408 is repealed.

6           (2) CONFORMING AMENDMENTS.—

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

9           (B) Sections 220(e)(2), 223(e)(2), and  
10          530(e) are each amended by striking “para-  
11          graphs (2) and (4) of section 408(e)” and in-  
12          serting “section 408(e)(4)”.

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

17          (e) STATUTE OF LIMITATIONS.—Subsection (l) of  
18          section 6501 of the Internal Revenue Code of 1986 is  
19          amended—

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

23                 (2) by adding at the end the following new  
24                 paragraph:

1           “(4) INDIVIDUAL RETIREMENT PLANS.—For  
2 purposes of any tax imposed by section 4973, 4974,  
3 or 4975 in connection with an individual retirement  
4 plan, the return referred to in this section shall be  
5 the income tax return filed by the person on whom  
6 the tax under such section is imposed for the year  
7 in which the act (or failure to act) giving rise to the  
8 liability for such tax occurred. In the case of a per-  
9 son who is not required to file an income tax return  
10 for such year—

11           “(A) the return referred to in this section  
12 shall be the income tax return that such person  
13 would have been required to file but for the fact  
14 that such person was not required to file such  
15 return, and

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

21 (f) EFFECTIVE DATE.—

22           (1) IN GENERAL.—Subject to paragraphs (2)  
23 and (3), this section and the amendments made by  
24 this section shall take effect on the date of the en-  
25 actment of this Act.

## 1 (2) TRANSITION PROVISIONS.—

2 (A) IN GENERAL.—The amendments made  
3 by this section shall apply to any determination  
4 of or affecting liability for taxes, interest, or  
5 penalties which is made on or after the date of  
6 the enactment of this Act, without regard to  
7 whether the conduct upon which the determina-  
8 tion is based occurred before such date of en-  
9 actment.

10 (B) CALCULATION OF CORRECTION WIN-  
11 DOW IN CERTAIN CASES.—In the case of an  
12 error that would have been eligible for correc-  
13 tion under section 4973(i) or 4974(e) of the In-  
14 ternal Revenue Code of 1986 if tax had not  
15 been imposed under section 4973(a) or 4974(a),  
16 as the case may be, of such Code before the  
17 date of the enactment of this Act, the correc-  
18 tion window referred to in sections 4973(i) and  
19 4974(e) of such Code (as added by this section)  
20 shall be the period beginning on the date on  
21 which such tax was imposed and ending on the  
22 earlier of—

23 (i) the date on which the Secretary of  
24 the Treasury (or the Secretary's delegate)  
25 initiates an audit or otherwise demands

1 payment with respect to the conduct de-  
2 scribed in section 4973(a) or 4974(a), as  
3 the case may be, of such Code; or

4 (ii) the last day of the second taxable  
5 year that begins after the taxable year in  
6 which the date of the enactment of this  
7 Act occurs.

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

12 **SEC. 320. ELIMINATION OF ADDITIONAL TAX ON CERTAIN**  
13 **DISTRIBUTIONS.**

14 (a) IN GENERAL.—Subparagraph (A) of section  
15 72(t)(2), as amended by this Act, is further amended—

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

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

19 (3) by inserting after clause (viii) the following  
20 new clause:

21 “(ix) attributable to withdrawal of in-  
22 terest or other income earned on excess  
23 contributions (as defined in section  
24 4973(b) (without regard to the second to

1 last sentence thereof)) to an individual re-  
2 tirement plan.”.

3 (b) **EFFECTIVE DATE.**—The amendments made by  
4 this section shall apply to any determination of, or affect-  
5 ing, liability for taxes, interest, or penalties which is made  
6 on or after the date of the enactment of this Act, without  
7 regard to whether the act (or failure to act) upon which  
8 the determination is based occurred before such date of  
9 enactment. Notwithstanding the preceding sentence, noth-  
10 ing in the amendments made by this section shall be con-  
11 strued to create an inference with respect to the law in  
12 effect prior to the effective date of such amendments.

13 **SEC. 321. DISTRIBUTIONS TO FIREFIGHTERS.**

14 (a) **IN GENERAL.**—Subparagraph (A) of section  
15 72(t)(10) is amended by striking “414(d)” and inserting  
16 “414(d) or a distribution from a plan described in clause  
17 (iii), (iv), or (vi) of section 402(c)(8)(B) to an employee  
18 who provides firefighting services”.

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

21 (1) by striking “PUBLIC”, and

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

23 (c) **EFFECTIVE DATE.**—The amendments made by  
24 this section shall apply to distributions made after Decem-  
25 ber 31, 2019.

1 **SEC. 322. ELIMINATING UNNECESSARY PLAN REQUIRE-**  
2 **MENTS RELATED TO UNENROLLED PARTICI-**  
3 **PANTS.**

4 (a) AMENDMENT OF EMPLOYEE RETIREMENT IN-  
5 COME SECURITY ACT OF 1974.—

6 (1) IN GENERAL.—Part 1 of subtitle B of sub-  
7 chapter I of the Employee Retirement Income Secu-  
8 rity Act of 1974 is amended by redesignating section  
9 111 as section 112 and by inserting after section  
10 110 the following new section:

11 **“SEC. 111. ELIMINATING UNNECESSARY PLAN REQUIRE-**  
12 **MENTS RELATED TO UNENROLLED PARTICI-**  
13 **PANTS.**

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

21 “(1) in connection with the annual open season  
22 election period with respect to the plan or, if there  
23 is no such period, within a reasonable period prior  
24 to the beginning of each plan year, an annual re-  
25 minder notice of such participant’s eligibility to par-

1        participate in such plan and any applicable election  
2        deadlines under the plan; and

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

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

9            “(1) is eligible to participate in an individual  
10        account plan;

11            “(2) has received all required notices, disclo-  
12        sures, and other plan documents, including the sum-  
13        mary plan description, required to be furnished  
14        under this title in connection with such participant’s  
15        initial eligibility to participate in such plan;

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

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

18 For purposes of this section, any eligibility to participate  
19 in the plan following any period for which such employee  
20 was not eligible to participate shall be treated as initial  
21 eligibility.

22        “(c) ANNUAL REMINDER NOTICE.—For purposes of  
23 this section, the term ‘annual reminder notice’ means a  
24 notice provided in accordance with section 2520.104b-1



1 of title 29, Code of Federal Regulations (or any successor  
2 regulation), which—

3 “(1) is furnished in connection with the annual  
4 open season election period with respect to the plan  
5 or, if there is no such period, is furnished within a  
6 reasonable period prior to the beginning of each plan  
7 year;

8 “(2) notifies the unenrolled participant of—

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

11 “(B) the key benefits under the plan and  
12 the key rights and features under the plan af-  
13 fecting such benefits; and

14 “(3) provides such information in a prominent  
15 manner calculated to be understood by the average  
16 participant.”.

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

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

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

23 (b) AMENDMENT OF INTERNAL REVENUE CODE OF  
24 1986.—Section 414, as amended by this Act, is further

1 amended by adding at the end the following new sub-  
2 section:

3 “(bb) **ELIMINATING UNNECESSARY PLAN REQUIRE-**  
4 **MENTS RELATED TO UNENROLLED PARTICIPANTS.—**

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

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

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

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

4                   “(A) is eligible to participate in a defined  
5                   contribution plan,

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

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

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

16           For purposes of this subsection, any eligibility to  
17           participate in the plan following any period for  
18           which such employee was not eligible to participate  
19           shall be treated as initial eligibility.

20           “(3) ANNUAL REMINDER NOTICE.—For pur-  
21           poses of this subsection, the term ‘annual reminder  
22           notice’ means the notice described in section 111(c)  
23           of the Employee Retirement Income Security Act of  
24           1974.”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to plan years beginning after De-  
3 cember 31, 2019.

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

6 **SEC. 401. CASH BALANCE.**

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

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

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

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

1 est crediting rate which is treated as in effect and as the  
2 projected interest crediting rate shall be a reasonable pro-  
3 jection of such variable interest crediting rate, not to ex-  
4 ceed 6 percent.”.

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

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

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

24 (b) EFFECTIVE DATE.—The modifications and  
25 amendments required under subsection (a) shall be

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

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

7 (a) IN GENERAL.—Not later than 6 months after the  
8 date of the enactment of this Act, the Secretary of the  
9 Treasury (or the Secretary's delegate) shall amend the  
10 regulation relating to “Mortality Tables for Determining  
11 Present Value Under Defined Benefit Pension Plans” (82  
12 Fed. Reg. 46388 (October 5, 2017)). Under such amend-  
13 ment—

14 (1) except as provided in paragraphs (2) and  
15 (3), the mortality improvement rates for valuation  
16 dates occurring during 2018 shall be based on the  
17 mortality improvement rates in the Mortality Im-  
18 provement Scale MP–2017 Report issued by the Re-  
19 tirement Plans Experience Committee of the Society  
20 of Actuaries;

21 (2) for valuation dates occurring during or after  
22 2018, such mortality improvement rates shall not as-  
23 sume future mortality improvements at any age  
24 which are greater than .78 percent; and

1           (3) plan sponsors shall be permitted to elect for  
2           the modifications under paragraphs (1) and (2) not  
3           to apply to a plan for valuation dates occurring dur-  
4           ing 2018.

5           The Secretary of the Treasury (or delegate) shall by regu-  
6           lation modify the .78 percent figure in paragraph (2) as  
7           necessary to reflect material changes in the overall rate  
8           of improvement projected by the Social Security Adminis-  
9           tration.

10          (b) PRESERVATION OF CURRENT LAW OPTION.—

11         Notwithstanding the modifications made under subsection  
12         (a), with respect to a plan for which substitute mortality  
13         tables are not used pursuant to Treas. Reg. section  
14         1.430(h)(3)–2 for a plan year beginning during 2018,  
15         mortality tables determined in accordance with Treas.  
16         Reg. section 1.430(h)(3)–1 as in effect on December 31,  
17         2017, may be used for purposes of applying the rules of  
18         section 430 of the Internal Revenue Code of 1986 for a  
19         valuation date occurring during 2018 if the plan spon-  
20         sor—

21                 (1) concludes that the use of mortality tables  
22                 determined in accordance with Treas. Reg. section  
23                 1.430(h)(3)–1 (without regard to any modification  
24                 under this section) for the plan year would be ad-  
25                 ministratively impracticable or would result in an

1 adverse business impact that is greater than de  
2 minimis; and

3 (2) informs the plan actuary of the intent to  
4 apply the option under this subsection.

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

12 **SEC. 404. CEASE DOUBLE-INDEXING THE VARIABLE RATE**  
13 **PREMIUM.**

14 (a) IN GENERAL.—Clause (ii) of section  
15 4006(a)(3)(E) of the Employee Retirement Income Secu-  
16 rity Act of 1974 (29 U.S.C. 1306(a)(3)(E)(ii)) is amended  
17 by striking “the applicable dollar amount under paragraph  
18 (8)” and inserting “\$38”.

19 (b) CONFORMING AMENDMENT.—Subsection (a) of  
20 section 4006 of the Employee Retirement Income Security  
21 Act of 1974 (29 U.S.C. 1306(a)) is amended by striking  
22 paragraph (8).

23 (c) TECHNICAL AMENDMENT.—Clause (i) of section  
24 4006(a)(3)(E) of the Employee Retirement Income Secu-  
25 rity Act of 1974 (29 U.S.C. 1306(a)(3)(E)) is amended



1 by striking “subparagraph (H)” and inserting “subpara-  
2 graph (I)”.

3 (d) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to plan years beginning after De-  
5 cember 31, 2019.

6 **SEC. 405. ENHANCING RETIREE HEALTH BENEFITS IN PEN-**  
7 **SION PLANS.**

8 (a) EXTENSION OF TRANSFERS OF EXCESS PENSION  
9 ASSETS TO RETIREE HEALTH ACCOUNTS.—Paragraph  
10 (4) of section 420(b) is amended by striking “December  
11 31, 2025” and inserting “December 31, 2029”.

12 (b) DE MINIMIS TRANSFER RULE.—

13 (1) IN GENERAL.—Subsection (e) of section  
14 420 is amended by adding at the end the following  
15 new paragraph:

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

18 “(A) IN GENERAL.—In the case of a trans-  
19 fer of an amount which is not more than 1.75  
20 percent of the amount determined under para-  
21 graph (2)(A) by a plan which meets the re-  
22 quirements of subparagraph (B), paragraph  
23 (2)(B) shall be applied by substituting ‘110  
24 percent’ for ‘125 percent’.

1           “(B) TWO-YEAR LOOKBACK REQUIRE-  
 2           MENT.—A plan is described in this subpara-  
 3           graph if, as of any valuation date in each of the  
 4           2 plan years immediately preceding the plan  
 5           year in which the transfer occurs, the amount  
 6           determined under paragraph (2)(A) with re-  
 7           spect to such plan exceeded 110 percent of the  
 8           sum of the funding target and the target nor-  
 9           mal cost determined under section 430 for such  
 10          plan year.”.

11          (2) COST MAINTENANCE PERIOD.—Subpara-  
 12          graph (D) of section 420(c)(3) is amended by strik-  
 13          ing “5 taxable years” and inserting “5 taxable years  
 14          (7 taxable years in the case of a transfer to which  
 15          subsection (e)(7) applies)”.

16          (3) CONFORMING AMENDMENTS.—

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

19                         (i) by striking “IN GENERAL.—In”  
 20                         and inserting “IN GENERAL.—

21                                 “(I) DETERMINATION.—In”,

22                                 (ii) by striking “subsection (e)(2)”  
 23                                 and inserting “subsection (e)(2)(B)”, and

24                                 (iii) by adding at the end the fol-  
 25                                 lowing new subclause:

1                   “(II) SPECIAL RULE FOR COL-  
2                   LECTIVELY BARGAINED TRANS-  
3                   FERS.—In determining excess pension  
4                   assets for purposes of a collectively  
5                   bargained transfer, subsection (e)(7)  
6                   shall not apply.”.

7                   (B) MINIMUM COST.—Subclause (I) of sec-  
8                   tion 420(f)(2)(D)(i) is amended by striking  
9                   “4th year” and inserting “4th year (the 6th  
10                  year in the case of a transfer to which sub-  
11                  section (e)(7) applies)”.

12                  (c) AMENDMENT OF EMPLOYEE RETIREMENT IN-  
13                  COME SECURITY ACT OF 1974.—

14                  (1) DEFINITIONS.—Section 101(e)(3) of the  
15                  Employee Retirement Income Security Act of 1974  
16                  (29 U.S.C. 1021(e)(3)) is amended by striking “(as  
17                  in effect on the date of the enactment of the Surface  
18                  Transportation and Veterans Health Care Choice  
19                  Improvement Act of 2015)” and inserting “(as in ef-  
20                  fect on the date of the enactment of the Retirement  
21                  Security and Savings Act of 2019)”.

22                  (2) USE OF ASSETS.—Section 403(c)(1) of such  
23                  Act (29 U.S.C. 1103(c)(1)) is amended by striking  
24                  “(as in effect on the date of the enactment of the  
25                  Surface Transportation and Veterans Health Care

1 Choice Improvement Act of 2015)” and inserting  
 2 “(as in effect on the date of the enactment of the  
 3 Retirement Security and Savings Act of 2019)”.

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

6 (A) by striking “January 1, 2026” and in-  
 7 serting “January 1, 2030”; and

8 (B) by striking “(as in effect on the date  
 9 of the enactment of the Surface Transportation  
 10 and Veterans Health Care Choice Improvement  
 11 Act of 2015)” and inserting “(as in effect on  
 12 the date of the enactment of the Retirement Se-  
 13 curity and Savings Act of 2019)”.

14 (d) EFFECTIVE DATE.—The amendments made by  
 15 this section shall apply to transfers made after the date  
 16 of the enactment of this Act.

17 **TITLE V—REFORMING PLAN**  
 18 **RULES TO HARMONIZE WITH**  
 19 **IRA RULES**

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

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

24 “(5) MANDATORY DISTRIBUTION RULES NOT  
 25 TO APPLY BEFORE DEATH.—Notwithstanding sec-

1 tions 403(b)(10) and 457(d)(2), the following provi-  
2 sions shall not apply to any designated Roth ac-  
3 count:

4 “(A) Section 401(a)(9)(A).

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

7 (b) EFFECTIVE DATE.—

8 (1) IN GENERAL.—Except as provided in para-  
9 graph (2), the amendment made by this section shall  
10 apply to taxable years beginning after December 31,  
11 2019.

12 (2) SPECIAL RULE.—The amendment made by  
13 this section shall not apply to distributions which are  
14 required with respect to years beginning before Jan-  
15 uary 1, 2020, but are permitted to be paid on or  
16 after such date.

17 **SEC. 502. DISTRIBUTIONS FOR CHARITABLE PURPOSES.**

18 (a) IN GENERAL.—Section 402 is amended by adding  
19 at the end the following new subsection:

20 “(m) DISTRIBUTIONS FOR CHARITABLE PUR-  
21 POSES.—

22 “(1) IN GENERAL.—Gross income for any tax-  
23 able year shall not include so much of the aggregate  
24 amount of qualified charitable distributions made

1 with respect to a taxpayer during such taxable year  
2 which does not exceed the applicable amount.

3 “(2) QUALIFIED CHARITABLE DISTRIBUTION.—

4 For purposes of this subsection, the term ‘qualified  
5 charitable distribution’ means any distribution from  
6 an eligible retirement plan described in clause (iii),  
7 (iv), (v), or (vi) of section 402(c)(8)(B)—

8 “(A) which is made directly by the plan to  
9 an organization described in section  
10 170(b)(1)(A) (other than any organization de-  
11 scribed in section 509(a)(3) or any fund or ac-  
12 count described in section 4966(d)(2)), and

13 “(B) which is made on or after the date  
14 that the individual on whose behalf the distribu-  
15 tion is made has attained age 70½.

16 A distribution shall be treated as a qualified chari-  
17 table distribution only to the extent that the dis-  
18 tribution would be includible in gross income without  
19 regard to paragraph (1).

20 “(3) SPECIAL RULES.—

21 “(A) IN GENERAL.—Rules similar to the  
22 rules of subparagraphs (C) and (E) of section  
23 408(d)(8) shall apply for purposes of this sub-  
24 section.

1           “(B) APPLICATION OF 72.—Rules similar  
2           to the rules of section 408(d)(8)(D) shall apply  
3           for purposes of this subsection, by taking into  
4           account all amounts in the eligible retirement  
5           plan to which the taxpayer has a nonforfeitable  
6           right in lieu of all amounts in all individual re-  
7           tirement plans of the individual.

8           “(4) APPLICABLE AMOUNT.—For purposes of  
9           this subsection, the term ‘applicable amount’ means  
10          the excess of—

11                   “(A) \$100,000, over

12                   “(B) the total amount of any distributions  
13                   not includible in gross income of the taxpayer  
14                   for the taxable year by reason of sections  
15                   403(b)(16), 408(d)(8), and 457(e)(19).”.

16          (b) SEPs AND SIMPLES.—Subparagraph (B) of  
17          section 408(d)(8) is amended by striking “(other than a  
18          plan described in subsection (k) or (p))”.

19          (c) 403(b) PLANS.—Section 403(b), as amended by  
20          this Act, is further amended by adding at the end the fol-  
21          lowing new paragraph:

22                   “(16) DISTRIBUTIONS FOR CHARITABLE PUR-  
23                   POSES.—The rules of section 402(m) shall apply to  
24                   distributions under an annuity contract described in  
25                   this subsection.”.

1 (d) 457(b) PLANS.—Subsection (e) of section 457 is  
 2 amended by adding at the end the following new para-  
 3 graph:

4 “(19) DISTRIBUTIONS FOR CHARITABLE PUR-  
 5 POSES.—The rules of section 402(m) shall apply to  
 6 distributions under an eligible deferred compensation  
 7 plan established and maintained by an employer de-  
 8 scribed in subsection (e)(1)(A).”.

9 (e) EFFECTIVE DATE.—The amendments made by  
 10 this section shall apply to distributions made after Decem-  
 11 ber 31, 2019.

12 **SEC. 503. SURVIVING SPOUSE ELECTION TO BE TREATED**  
 13 **AS EMPLOYEE.**

14 (a) IN GENERAL.—Clause (iv) of section  
 15 401(a)(9)(B) is amended—

16 (1) by inserting “or at the election of the sur-  
 17 viving spouse,” after “begin,” in subclause (II); and

18 (2) by adding at the end the following flush  
 19 sentence:

20 “An election described in subclause (II)  
 21 shall be made at such time and in such  
 22 manner as prescribed by the Secretary,  
 23 shall include a timely notice to the plan ad-  
 24 ministrators, and once made may not be re-



1 voked except with the consent of the Sec-  
2 retary.”.

3 (b) **EFFECTIVE DATE.**—The amendment made by  
4 this section shall apply to distributions with respect to em-  
5 ployees who die after December 31, 2019.

6 **SEC. 504. ROLLOVERS FROM ROTH IRAS TO PLANS.**

7 (a) **IN GENERAL.**—Subparagraph (B) of section  
8 402A(c)(3) is amended by striking “shall not” and insert-  
9 ing “or, in the case of a rollover from a Roth IRA, under  
10 section 408 shall not”.

11 (b) **REGULATIONS.**—The Secretary of the Treasury  
12 (or the Secretary’s delegate) shall amend the regulations  
13 with respect to rollovers from Roth IRAs to permit such  
14 rollovers to be made to an applicable retirement plan (as  
15 defined in section 402A(e)(1) of the Internal Revenue  
16 Code of 1986) in accordance with the amendment made  
17 by subsection (a).

18 (c) **EFFECTIVE DATE.**—

19 (1) **IN GENERAL.**—The amendment made by  
20 subsection (a) shall apply to distributions made after  
21 December 31, 2019.

22 (2) **EFFECTIVE DATE.**—The modifications and  
23 amendments required under subsection (b) shall be  
24 deemed to have been made as of January 1, 2020,  
25 and as of such date all applicable laws shall be ap-

1       plied in all respects as though the actions which the  
2       Secretary of the Treasury (or the Secretary's dele-  
3       gate) is required to take under such subsection had  
4       been taken.

5       **TITLE VI—ADMINISTRATIVE**  
6       **PROVISIONS**

7       **SEC. 601. PROVISIONS RELATING TO PLAN AMENDMENTS.**

8       (a) IN GENERAL.—If this section applies to any re-  
9       tirement plan or contract amendment—

10           (1) such retirement plan or contract shall be  
11       treated as being operated in accordance with the  
12       terms of the plan during the period described in sub-  
13       section (b)(2)(A); and

14           (2) except as provided by the Secretary of the  
15       Treasury (or the Secretary's delegate), such retire-  
16       ment plan shall not fail to meet the requirements of  
17       section 411(d)(6) of the Internal Revenue Code of  
18       1986 and section 204(g) of the Employee Retire-  
19       ment Income Security Act of 1974 by reason of such  
20       amendment.

21       (b) AMENDMENTS TO WHICH SECTION APPLIES.—

22           (1) IN GENERAL.—This section shall apply to  
23       any amendment to any retirement plan or annuity  
24       contract which is made—

1 (A) pursuant to any amendment made by  
2 this Act or pursuant to any regulation issued by  
3 the Secretary of the Treasury or the Secretary  
4 of Labor (or a delegate of either such Sec-  
5 retary) under this Act; and

6 (B) on or before the last day of the first  
7 plan year beginning on or after January 1,  
8 2022.

9 In the case of a governmental plan (as defined in  
10 section 414(d) of the Internal Revenue Code of  
11 1986), this paragraph shall be applied by sub-  
12 stituting “2024” for “2022”.

13 (2) CONDITIONS.—This section shall not apply  
14 to any amendment unless—

15 (A) during the period—

16 (i) beginning on the date the legisla-  
17 tive or regulatory amendment described in  
18 paragraph (1)(A) takes effect (or in the  
19 case of a plan or contract amendment not  
20 required by such legislative or regulatory  
21 amendment, the effective date specified by  
22 the plan); and

23 (ii) ending on the date described in  
24 paragraph (1)(B) (as modified by the sec-  
25 ond sentence of paragraph (1)) (or, if ear-

1                   lier, the date the plan or contract amend-  
2                   ment is adopted),  
3                   the plan or contract is operated as if such plan  
4                   or contract amendment were in effect; and  
5                   (B) such plan or contract amendment ap-  
6                   plies retroactively for such period.

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