

116TH CONGRESS
1ST SESSION

S. 972

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

IN THE SENATE OF THE UNITED STATES

APRIL 1, 2019

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

A BILL

To amend the Internal Revenue Code of 1986 to encourage retirement savings, 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 Enhancement and Savings Act of 2019”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is as follows:

Sec. 1. Short title, etc.

TITLE I—EXPANDING AND PRESERVING RETIREMENT SAVINGS

Sec. 101. Multiple employer plans; pooled employer plans.

Sec. 102. Pooled employer and multiple employer plan reporting.

- Sec. 103. Removal of 10-percent cap from automatic enrollment safe harbor after first plan year.
- Sec. 104. Rules relating to election of safe harbor 401(k) status.
- Sec. 105. Increase in credit limitation for small employer pension plan startup costs.
- Sec. 106. Small employer automatic enrollment credit.
- Sec. 107. Certain taxable non-tuition fellowship and stipend payments treated as compensation for IRA purposes.
- Sec. 108. Repeal of maximum age for traditional IRA contributions.
- Sec. 109. Expansion of IRA ownership of S corporation bank stock.
- Sec. 110. Qualified employer plans prohibited from making loans through credit cards and other similar arrangements.
- Sec. 111. Portability of lifetime income options.
- Sec. 112. Treatment of custodial accounts on termination of section 403(b) plans.
- Sec. 113. Clarification of retirement income account rules relating to church-controlled organizations.

TITLE II—ADMINISTRATIVE IMPROVEMENTS

- Sec. 201. Plan adopted by filing due date for year may be treated as in effect as of close of year.
- Sec. 202. Combined annual report for group of plans.
- Sec. 203. Disclosure regarding lifetime income.
- Sec. 204. Fiduciary safe harbor for selection of lifetime income provider.
- Sec. 205. Modification of nondiscrimination rules to protect older, longer service participants.
- Sec. 206. Modification of PBGC premiums for CSEC plans.

TITLE III—BENEFITS RELATING TO UNITED STATES TAX COURT

- Sec. 301. Thrift Savings Plan contributions for judges in the Federal Employees Retirement System.
- Sec. 302. Change in vesting period for survivor annuities and waiver of vesting period in the event of assassination.
- Sec. 303. Coordination of retirement and survivor annuity with the Federal Employees Retirement System.
- Sec. 304. Limit on teaching compensation of retired judges.
- Sec. 305. General provisions relating to magistrate judges of the Tax Court.
- Sec. 306. Life insurance for magistrate judges of the tax court age 65 or older.
- Sec. 307. Retirement and annuity program.
- Sec. 308. Provisions for recall.

TITLE IV—OTHER BENEFITS

- Sec. 401. Benefits provided to volunteer firefighters and emergency medical responders.

TITLE V—REVENUE PROVISIONS

- Sec. 501. Modifications of required distribution rules for defined contribution accounts and plans.
- Sec. 502. Increase in penalty for failure to file.
- Sec. 503. Increased penalties for failure to file retirement plan returns.
- Sec. 504. Increase information sharing to administer excise taxes.

1 **TITLE I—EXPANDING AND PRE-**
 2 **SERVING RETIREMENT SAV-**
 3 **INGS**

4 **SEC. 101. MULTIPLE EMPLOYER PLANS; POOLED EM-**
 5 **PLOYER PLANS.**

6 (a) QUALIFICATION REQUIREMENTS.—

7 (1) IN GENERAL.—Section 413 of the Internal
 8 Revenue Code of 1986 is amended by adding at the
 9 end the following new subsection:

10 “(e) APPLICATION OF QUALIFICATION REQUIRE-
 11 MENTS FOR CERTAIN MULTIPLE EMPLOYER PLANS WITH
 12 POOLED PLAN PROVIDERS.—

13 “(1) IN GENERAL.—Except as provided in para-
 14 graph (2), if a defined contribution plan to which
 15 subsection (c) applies—

16 “(A) is maintained by employers which
 17 have a common interest other than having
 18 adopted the plan, or

19 “(B) in the case of a plan not described in
 20 subparagraph (A), has a pooled plan provider,
 21 then the plan shall not be treated as failing to meet
 22 the requirements under this title applicable to a plan
 23 described in section 401(a) or to a plan that consists
 24 of individual retirement accounts described in sec-
 25 tion 408 (including by reason of subsection (c))

thereof), whichever is applicable, merely because one or more employers of employees covered by the plan fail to take such actions as are required of such employers for the plan to meet such requirements.

“(2) LIMITATIONS.—

“(A) IN GENERAL.—Paragraph (1) shall not apply to any plan unless the terms of the plan provide that in the case of any employer in the plan failing to take the actions described in paragraph (1)—

“(i) the assets of the plan attributable to employees of such employer (or beneficiaries of such employees) will be transferred to a plan maintained only by such employer (or its successor), to an eligible retirement plan as defined in section 402(c)(8)(B) for each individual whose account is transferred, or to any other arrangement that the Secretary determines is appropriate, unless the Secretary determines it is in the best interests of the employees of such employer (and the beneficiaries of such employees) to retain the assets in the plan, and

1 “(ii) such employer (and not the plan
2 with respect to which the failure occurred
3 or any other employer in such plan) shall,
4 except to the extent provided by the Sec-
5 retary, be liable for any liabilities with re-
6 spect to such plan attributable to employ-
7 ees of such employer (or beneficiaries of
8 such employees).

9 “(B) FAILURES BY POOLED PLAN PRO-
10 VIDERS.—If the pooled plan provider of a plan
11 described in paragraph (1)(B) does not perform
12 substantially all of the administrative duties
13 which are required of the provider under para-
14 graph (3)(A)(i) for any plan year, the Secretary
15 may provide that the determination as to
16 whether the plan meets the requirements under
17 this title applicable to a plan described in sec-
18 tion 401(a) or to a plan that consists of indi-
19 vidual retirement accounts described in section
20 408 (including by reason of subsection (c)
21 thereof), whichever is applicable, shall be made
22 in the same manner as would be made without
23 regard to paragraph (1).

24 “(3) POOLED PLAN PROVIDER.—

1 “(A) IN GENERAL.—For purposes of this
2 subsection, the term ‘pooled plan provider’
3 means, with respect to any plan, a person
4 who—

5 “(i) is designated by the terms of the
6 plan as a named fiduciary (within the
7 meaning of section 402(a)(2) of the Em-
8 ployee Retirement Income Security Act of
9 1974), as the plan administrator, and as
10 the person responsible to perform all ad-
11 ministrative duties (including conducting
12 proper testing with respect to the plan and
13 the employees of each employer in the
14 plan) which are reasonably necessary to
15 ensure that—

16 “(I) the plan meets any require-
17 ment applicable under the Employee
18 Retirement Income Security Act of
19 1974 or this title to a plan described
20 in section 401(a) or to a plan that
21 consists of individual retirement ac-
22 counts described in section 408 (in-
23 cluding by reason of subsection (c)
24 thereof), whichever is applicable, and

1 “(II) each employer in the plan
2 takes such actions as the Secretary or
3 such person determines are necessary
4 for the plan to meet the requirements
5 described in subclause (I), including
6 providing to such person any disclo-
7 sures or other information which the
8 Secretary may require or which such
9 person otherwise determines are nec-
10 essary to administer the plan or to
11 allow the plan to meet such require-
12 ments,

13 “(ii) registers as a pooled plan pro-
14 vider with the Secretary, and provides such
15 other information to the Secretary as the
16 Secretary may require, before beginning
17 operations as a pooled plan provider,

18 “(iii) acknowledges in writing that
19 such person is a named fiduciary (within
20 the meaning of section 402(a)(2) of the
21 Employee Retirement Income Security Act
22 of 1974), and the plan administrator, with
23 respect to the plan, and

24 “(iv) is responsible for ensuring that
25 all persons who handle assets of, or who

1 are fiduciaries of, the plan are bonded in
2 accordance with section 412 of the Em-
3 ployee Retirement Income Security Act of
4 1974.

5 “(B) AUDITS, EXAMINATIONS AND INVES-
6 TIGATIONS.—The Secretary may perform au-
7 dits, examinations, and investigations of pooled
8 plan providers as may be necessary to enforce
9 and carry out the purposes of this subsection.

10 “(C) AGGREGATION RULES.—For purposes
11 of this paragraph, in determining whether a
12 person meets the requirements of this para-
13 graph to be a pooled plan provider with respect
14 to any plan, all persons who perform services
15 for the plan and who are treated as a single
16 employer under subsection (b), (c), (m), or (o)
17 of section 414 shall be treated as one person.

18 “(D) TREATMENT OF EMPLOYERS AS PLAN
19 SPONSORS.—Except with respect to the admin-
20 istrative duties of the pooled plan provider de-
21 scribed in subparagraph (A)(i), and except to
22 the extent that employers in the plan are treat-
23 ed as a single employer under subsection (c),
24 each employer in a plan which has a pooled
25 plan provider shall be treated as the plan spon-

1 sor with respect to the portion of the plan at-
2 tributable to employees of such employer (or
3 beneficiaries of such employees).

4 “(4) GUIDANCE.—

5 “(A) IN GENERAL.—The Secretary shall
6 issue such guidance as the Secretary determines
7 appropriate to carry out the purposes of this
8 subsection, including guidance—

9 “(i) to identify the administrative du-
10 ties and other actions required to be per-
11 formed by a pooled plan provider under
12 this subsection,

13 “(ii) which describes the procedures to
14 be taken to terminate a plan which fails to
15 meet the requirements to be a plan de-
16 scribed in paragraph (1), including the ac-
17 tions needed to be taken by any employer
18 in the plan and the proper treatment of
19 such employers and the assets and liabil-
20 ities of the plan attributable to employees
21 of such employers (or beneficiaries of such
22 employees), and

23 “(iii) identifying appropriate cases to
24 which the rules of paragraph (2)(A) will
25 apply to employers in the plan failing to

1 take the actions described in paragraph
2 (1).

3 The Secretary shall take into account under
4 clause (iii) whether the failure of an employer
5 or pooled plan provider to provide any disclo-
6 sures or other information, or to take any other
7 action, necessary to administer a plan or to
8 allow a plan to meet requirements applicable to
9 the plan under section 401(a) or 408, whichever
10 is applicable, has continued over a period of
11 time that demonstrates a lack of commitment
12 to compliance.

13 “(B) GOOD FAITH COMPLIANCE WITH LAW
14 BEFORE GUIDANCE.—An employer or pooled
15 plan provider shall not be treated as failing to
16 meet any requirement of this subsection if, be-
17 fore the issuance of the guidance under sub-
18 paragraph (A), the employer or pooled plan pro-
19 vider has complied in good faith with a reason-
20 able interpretation of the provisions of this sub-
21 section to which such guidance relates.

22 “(5) MODEL PLAN.—The Secretary, in con-
23 sultation with the Secretary of Labor, shall publish
24 model plan language which meets the requirements
25 of this subsection and of paragraphs (43) and (44)

1 of section 3 of the Employee Retirement Income Se-
 2 curity Act of 1974 and which may be adopted in
 3 order for a plan to be treated as a plan described
 4 in paragraph (1)(B).”.

5 (2) CONFORMING AMENDMENT.—Section
 6 413(c)(2) of such Code is amended by striking “sec-
 7 tion 401(a)” and inserting “sections 401(a) and
 8 408(c)”.

9 (3) TECHNICAL AMENDMENTS.—

10 (A) Section 45E(d)(3)(A) of such Code is
 11 amended by striking “effective” and inserting
 12 “effective with respect to the eligible employer”.

13 (B) Section 408(c) of such Code is amend-
 14 ed by inserting after paragraph (2) the fol-
 15 lowing new paragraph:

16 “(3) There is a separate accounting for any in-
 17 terest of an employee or member (or spouse of an
 18 employee or member) in a Roth IRA.”.

19 (b) NO COMMON INTEREST REQUIRED FOR POOLED
 20 EMPLOYER PLANS.—Section 3(2) of the Employee Retire-
 21 ment Income Security Act of 1974 (29 U.S.C. 1002(2))
 22 is amended by adding at the end the following:

23 “(C) A pooled employer plan shall be treat-
 24 ed as—

1 “(i) a single employee pension benefit
2 plan or single pension plan; and

3 “(ii) a plan to which section 210(a)
4 applies.”.

5 (c) POOLED EMPLOYER PLAN AND PROVIDER DE-
6 FINED.—

7 (1) IN GENERAL.—Section 3 of the Employee
8 Retirement Income Security Act of 1974 (29 U.S.C.
9 1002) is amended by adding at the end the fol-
10 lowing:

11 “(43) POOLED EMPLOYER PLAN.—

12 “(A) IN GENERAL.—The term ‘pooled em-
13 ployer plan’ means a plan—

14 “(i) which is an individual account
15 plan established or maintained for the pur-
16 pose of providing benefits to the employees
17 of two or more employers;

18 “(ii) which is a plan described in sec-
19 tion 401(a) of the Internal Revenue Code
20 of 1986 which includes a trust exempt
21 from tax under section 501(a) of such
22 Code or a plan that consists of individual
23 retirement accounts described in section
24 408 of such Code (including by reason of
25 subsection (c) thereof); and

1 “(iii) the terms of which meet the re-
 2 quirements of subparagraph (B).

3 Such term shall not include a plan maintained
 4 by employers which have a common interest
 5 other than having adopted the plan.

6 “(B) REQUIREMENTS FOR PLAN TERMS.—
 7 The requirements of this subparagraph are met
 8 with respect to any plan if the terms of the
 9 plan—

10 “(i) designate a pooled plan provider
 11 and provide that the pooled plan provider
 12 is a named fiduciary of the plan;

13 “(ii) designate one or more trustees
 14 meeting the requirements of section
 15 408(a)(2) of the Internal Revenue Code of
 16 1986 (other than an employer in the plan)
 17 to be responsible for collecting contribu-
 18 tions to, and holding the assets of, the
 19 plan and require such trustees to imple-
 20 ment written contribution collection proce-
 21 dures that are reasonable, diligent, and
 22 systematic;

23 “(iii) provide that each employer in
 24 the plan retains fiduciary responsibility
 25 for—

1 “(I) the selection and monitoring
2 in accordance with section 404(a) of
3 the person designated as the pooled
4 plan provider and any other person
5 who, in addition to the pooled plan
6 provider, is designated as a named fi-
7 duciary of the plan; and

8 “(II) to the extent not otherwise
9 delegated to another fiduciary by the
10 pooled plan provider and subject to
11 the provisions of section 404(c), the
12 investment and management of the
13 portion of the plan’s assets attrib-
14 utable to the employees of the em-
15 ployer (or beneficiaries of such em-
16 ployees);

17 “(iv) provide that employers in the
18 plan, and participants and beneficiaries,
19 are not subject to unreasonable restric-
20 tions, fees, or penalties with regard to
21 ceasing participation, receipt of distribu-
22 tions, or otherwise transferring assets of
23 the plan in accordance with section 208 or
24 paragraph (44)(C)(i)(II);

25 “(v) require—

1 “(I) the pooled plan provider to
2 provide to employers in the plan any
3 disclosures or other information which
4 the Secretary may require, including
5 any disclosures or other information
6 to facilitate the selection or any moni-
7 toring of the pooled plan provider by
8 employers in the plan; and

9 “(II) each employer in the plan
10 to take such actions as the Secretary
11 or the pooled plan provider determines
12 are necessary to administer the plan
13 or for the plan to meet any require-
14 ment applicable under this Act or the
15 Internal Revenue Code of 1986 to a
16 plan described in section 401(a) of
17 such Code or to a plan that consists
18 of individual retirement accounts de-
19 scribed in section 408 of such Code
20 (including by reason of subsection (c)
21 thereof), whichever is applicable, in-
22 cluding providing any disclosures or
23 other information which the Secretary
24 may require or which the pooled plan
25 provider otherwise determines are nec-

1 essary to administer the plan or to
 2 allow the plan to meet such require-
 3 ments; and

4 “(vi) provide that any disclosure or
 5 other information required to be provided
 6 under clause (v) may be provided in elec-
 7 tronic form and will be designed to ensure
 8 only reasonable costs are imposed on
 9 pooled plan providers and employers in the
 10 plan.

11 “(C) EXCEPTIONS.—The term ‘pooled em-
 12 ployer plan’ does not include—

13 “(i) a multiemployer plan; or

14 “(ii) a plan established before the
 15 date of the enactment of the Retirement
 16 Enhancement and Savings Act of 2019 un-
 17 less the plan administrator elects that the
 18 plan will be treated as a pooled employer
 19 plan and the plan meets the requirements
 20 of this title applicable to a pooled employer
 21 plan established on or after such date.

22 “(D) TREATMENT OF EMPLOYERS AS PLAN
 23 SPONSORS.—Except with respect to the admin-
 24 istrative duties of the pooled plan provider de-
 25 scribed in paragraph (44)(A)(i), and except to

the extent that employers in the plan are treated as a single employer under section 210, each employer in a pooled employer plan shall be treated as the plan sponsor with respect to the portion of the plan attributable to employees of such employer (or beneficiaries of such employees).

“(44) POOLED PLAN PROVIDER.—

“(A) IN GENERAL.—The term ‘pooled plan provider’ means a person who—

“(i) is designated by the terms of a pooled employer plan as a named fiduciary, as the plan administrator, and as the person responsible for the performance of all administrative duties (including conducting proper testing with respect to the plan and the employees of each employer in the plan) which are reasonably necessary to ensure that—

“(I) the plan meets any requirement applicable under this Act or the Internal Revenue Code of 1986 to a plan described in section 401(a) of such Code or to a plan that consists of individual retirement accounts de-

1 scribed in section 408 of such Code
2 (including by reason of subsection (c)
3 thereof), whichever is applicable; and

4 “(II) each employer in the plan
5 takes such actions as the Secretary or
6 pooled plan provider determines are
7 necessary for the plan to meet the re-
8 quirements described in subclause (I),
9 including providing the disclosures
10 and information described in para-
11 graph (43)(B)(v)(II);

12 “(ii) registers as a pooled plan pro-
13 vider with the Secretary, and provides to
14 the Secretary such other information as
15 the Secretary may require, before begin-
16 ning operations as a pooled plan provider;

17 “(iii) acknowledges in writing that
18 such person is a named fiduciary, and the
19 plan administrator, with respect to the
20 pooled employer plan; and

21 “(iv) is responsible for ensuring that
22 all persons who handle assets of, or who
23 are fiduciaries of, the pooled employer plan
24 are bonded in accordance with section 412.

1 “(B) AUDITS, EXAMINATIONS AND INVESTIGATIONS.—The Secretary may perform audits, examinations, and investigations of pooled
2 plan providers as may be necessary to enforce
3 and carry out the purposes of this paragraph
4 and paragraph (43).
5

6 “(C) GUIDANCE.—
7

8 “(i) IN GENERAL.—The Secretary
9 shall issue such guidance as the Secretary
10 determines appropriate to carry out the
11 purposes of this paragraph and paragraph
12 (43), including guidance—
13

14 “(I) to identify the administrative
15 duties and other actions required
16 to be performed by a pooled plan provider under either such paragraph;
17 and
18

19 “(II) which requires in appropriate cases that if an employer in the
20 plan fails to take the actions required
21 under subparagraph (A)(i)(II)—
22

23 “(aa) the assets of the plan
24 attributable to employees of such
25 employer (or beneficiaries of such employees) are transferred to a

1 plan maintained only by such em-
2 ployer (or its successor), to an el-
3 igible retirement plan as defined
4 in section 402(c)(8)(B) of the In-
5 ternal Revenue Code of 1986 for
6 each individual whose account is
7 transferred, or to any other ar-
8 rangement that the Secretary de-
9 termines is appropriate in such
10 guidance; and

11 “(bb) such employer (and
12 not the plan with respect to
13 which the failure occurred or any
14 other employer in such plan)
15 shall, except to the extent pro-
16 vided in such guidance, be liable
17 for any liabilities with respect to
18 such plan attributable to employ-
19 ees of such employer (or bene-
20 ficiaries of such employees).

21 The Secretary shall take into account
22 under subclause (II) whether the failure of
23 an employer or pooled plan provider to
24 provide any disclosures or other informa-
25 tion, or to take any other action, necessary

1 to administer a plan or to allow a plan to
2 meet requirements described in subpara-
3 graph (A)(i)(II) has continued over a pe-
4 riod of time that demonstrates a lack of
5 commitment to compliance. The Secretary
6 may waive the requirements of subclause
7 (II)(aa) in appropriate circumstances if the
8 Secretary determines it is in the best inter-
9 ests of the employees of the employer re-
10 ferred to in such subclause (and the bene-
11 ficiaries of such employees) to retain the
12 assets in the plan with respect to which the
13 employer's failure occurred.

14 “(ii) GOOD FAITH COMPLIANCE WITH
15 LAW BEFORE GUIDANCE.—An employer or
16 pooled plan provider shall not be treated as
17 failing to meet any requirement of this
18 paragraph or paragraph (43) if, before the
19 issuance of the guidance under clause (i),
20 the employer or pooled plan provider has
21 complied in good faith with a reasonable
22 interpretation of the provisions of the
23 paragraph to which such guidance relates.

24 “(D) AGGREGATION RULES.—For purposes
25 of this paragraph, in determining whether a

1 person meets the requirements of this para-
 2 graph to be a pooled plan provider with respect
 3 to any plan, all persons who perform services
 4 for the plan and who are treated as a single
 5 employer under subsection (b), (c), (m), or (o)
 6 of section 414 of the Internal Revenue Code of
 7 1986 shall be treated as one person.”.

8 (2) BONDING REQUIREMENTS FOR POOLED EM-
 9 PLOYER PLANS.—The last sentence of section 412(a)
 10 of the Employee Retirement Income Security Act of
 11 1974 (29 U.S.C. 1112(a)) is amended by inserting
 12 “or in the case of a pooled employer plan (as defined
 13 in section 3(43))” after “section 407(d)(1))”.

14 (3) CONFORMING AND TECHNICAL AMEND-
 15 MENTS.—Section 3 of the Employee Retirement In-
 16 come Security Act of 1974 (29 U.S.C. 1002) is
 17 amended—

18 (A) in paragraph (16)(B)—

19 (i) by striking “or” at the end of
 20 clause (ii); and

21 (ii) by striking the period at the end
 22 and inserting “, or (iv) in the case of a
 23 pooled employer plan, the pooled plan pro-
 24 vider.”; and

25 (B) by striking the second paragraph (41).

1 (d) EFFECTIVE DATE.—

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

5 (2) RULE OF CONSTRUCTION.—Nothing in the
6 amendments made by subsection (a) shall be con-
7 strued as limiting the authority of the Secretary of
8 the Treasury or the Secretary’s delegate (determined
9 without regard to such amendments) to provide for
10 the proper treatment of a failure to meet any re-
11 quirement applicable under the Internal Revenue
12 Code of 1986 with respect to one employer (and its
13 employees) in a multiple employer plan.

14 **SEC. 102. POOLED EMPLOYER AND MULTIPLE EMPLOYER**
15 **PLAN REPORTING.**

16 (a) ADDITIONAL INFORMATION.—Section 103 of the
17 Employee Retirement Income Security Act of 1974 (29
18 U.S.C. 1023) is amended—

19 (1) in subsection (a)(1)(B), by striking “appli-
20 cable subsections (d), (e), and (f)” and inserting
21 “applicable subsections (d), (e), (f), and (g)”; and

22 (2) by amending subsection (g) to read as fol-
23 lows:

24 “(g) ADDITIONAL INFORMATION WITH RESPECT TO
25 POOLED EMPLOYER AND MULTIPLE EMPLOYER

1 PLANS.—An annual report under this section for a plan
 2 year shall include—

3 “(1) with respect to any plan to which section
 4 210(a) applies (including a pooled employer plan), a
 5 list of employers in the plan, a good faith estimate
 6 of the percentage of total contributions made by
 7 such employers during the plan year, and the aggre-
 8 gate account balances attributable to each employer
 9 in the plan (determined as the sum of the account
 10 balances of the employees of such employer (and the
 11 beneficiaries of such employees)); and

12 “(2) with respect to a pooled employer plan, the
 13 identifying information for the person designated
 14 under the terms of the plan as the pooled plan pro-
 15 vider.”.

16 (b) SIMPLIFIED ANNUAL REPORTS.—Section 104(a)
 17 of the Employee Retirement Income Security Act of 1974
 18 (29 U.S.C. 1024(a)) is amended by striking paragraph
 19 (2)(A) and inserting the following:

20 “(2)(A) With respect to annual reports required
 21 to be filed with the Secretary under this part, the
 22 Secretary may by regulation prescribe simplified an-
 23 nual reports for any pension plan that—

24 “(i) covers fewer than 100 participants; or

1 “(ii) is a plan described in section 210(a)
 2 that covers fewer than 1,000 participants, but
 3 only if no single employer in the plan has 100
 4 or more participants covered by the plan.”.

5 (c) EFFECTIVE DATE.—The amendments made by
 6 this section shall apply to annual reports for plan years
 7 beginning after December 31, 2022.

8 **SEC. 103. REMOVAL OF 10-PERCENT CAP FROM AUTOMATIC**
 9 **ENROLLMENT SAFE HARBOR AFTER FIRST**
 10 **PLAN YEAR.**

11 (a) IN GENERAL.—Clause (iii) of section
 12 401(k)(13)(C) of the Internal Revenue Code of 1986 is
 13 amended by striking “, does not exceed 10 percent, and
 14 is at least” and inserting “and is”.

15 (b) CONFORMING AMENDMENTS.—

16 (1) Subclause (I) of section 401(k)(13)(C)(iii)
 17 of the Internal Revenue Code of 1986 is amended by
 18 striking “3 percent” and inserting “at least 3 per-
 19 cent, but not greater than 10 percent,”.

20 (2) Subclause (II) of section 401(k)(13)(C)(iii)
 21 of such Code is amended by striking “4 percent”
 22 and inserting “at least 4 percent”.

23 (3) Subclause (III) of section 401(k)(13)(C)(iii)
 24 of such Code is amended by striking “5 percent”
 25 and inserting “at least 5 percent”.

1 (4) Subclause (IV) of section 401(k)(13)(C)(iii)
 2 of such Code is amended by striking “6 percent”
 3 and inserting “at least 6 percent”.

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

7 **SEC. 104. RULES RELATING TO ELECTION OF SAFE HARBOR**

8 **401(k) STATUS.**

9 (a) LIMITATION OF ANNUAL SAFE HARBOR NOTICE
 10 TO MATCHING CONTRIBUTION PLANS.—

11 (1) IN GENERAL.—Subparagraph (A) of section
 12 401(k)(12) of the Internal Revenue Code of 1986 is
 13 amended by striking “if such arrangement” and all
 14 that follows and inserting “if such arrangement—

15 “(i) meets the contribution require-
 16 ments of subparagraph (B) and the notice
 17 requirements of subparagraph (D), or

18 “(ii) meets the contribution require-
 19 ments of subparagraph (C).”.

20 (2) AUTOMATIC CONTRIBUTION ARRANGE-
 21 MENTS.—Subparagraph (B) of section 401(k)(13) of
 22 such Code is amended by striking “means” and all
 23 that follows and inserting “means a cash or deferred
 24 arrangement—

1 “(i) which is described in subpara-
 2 graph (D)(i)(I) and meets the applicable
 3 requirements of subparagraphs (C)
 4 through (E), or

5 “(ii) which is described in subpara-
 6 graph (D)(i)(II) and meets the applicable
 7 requirements of subparagraphs (C) and
 8 (D).”.

9 (b) NONELECTIVE CONTRIBUTIONS.—Section
 10 401(k)(12) of the Internal Revenue Code of 1986 is
 11 amended by redesignating subparagraph (F) as subpara-
 12 graph (G), and by inserting after subparagraph (E) the
 13 following new subparagraph:

14 “(F) TIMING OF PLAN AMENDMENT FOR
 15 EMPLOYER MAKING NONELECTIVE CONTRIBU-
 16 TIONS.—

17 “(i) IN GENERAL.—Except as pro-
 18 vided in clause (ii), a plan may be amend-
 19 ed after the beginning of a plan year to
 20 provide that the requirements of subpara-
 21 graph (C) shall apply to the arrangement
 22 for the plan year, but only if the amend-
 23 ment is adopted—

1 “(I) at any time before the 30th
2 day before the close of the plan year,
3 or

4 “(II) at any time before the last
5 day under paragraph (8)(A) for dis-
6 tributing excess contributions for the
7 plan year.

8 “(ii) EXCEPTION WHERE PLAN PRO-
9 VIDED FOR MATCHING CONTRIBUTIONS.—
10 Clause (i) shall not apply to any plan year
11 if the plan provided at any time during the
12 plan year that the requirements of sub-
13 paragraph (B) or paragraph (13)(D)(i)(I)
14 applied to the plan year.

15 “(iii) 4-PERCENT CONTRIBUTION RE-
16 QUIREMENT.—Clause (i)(II) shall not
17 apply to an arrangement unless the
18 amount of the contributions described in
19 subparagraph (C) which the employer is
20 required to make under the arrangement
21 for the plan year with respect to any em-
22 ployee is an amount equal to at least 4
23 percent of the employee’s compensation.”.

1 (c) AUTOMATIC CONTRIBUTION ARRANGEMENTS.—

2 Section 401(k)(13) of the Internal Revenue Code of 1986

3 is amended by adding at the end the following:

4 “(F) TIMING OF PLAN AMENDMENT FOR
5 EMPLOYER MAKING NONELECTIVE CONTRIBU-
6 TIONS.—

7 “(i) IN GENERAL.—Except as pro-
8 vided in clause (ii), a plan may be amend-
9 ed after the beginning of a plan year to
10 provide that the requirements of subpara-
11 graph (D)(i)(II) shall apply to the arrange-
12 ment for the plan year, but only if the
13 amendment is adopted—

14 “(I) at any time before the 30th
15 day before the close of the plan year,
16 or

17 “(II) at any time before the last
18 day under paragraph (8)(A) for dis-
19 tributing excess contributions for the
20 plan year.

21 “(ii) EXCEPTION WHERE PLAN PRO-
22 VIDED FOR MATCHING CONTRIBUTIONS.—
23 Clause (i) shall not apply to any plan year
24 if the plan provided at any time during the
25 plan year that the requirements of sub-

paragraph (D)(i)(I) or paragraph (12)(B) applied to the plan year.

“(iii) 4-PERCENT CONTRIBUTION REQUIREMENT.—Clause (i)(II) shall not apply to an arrangement unless the amount of the contributions described in subparagraph (D)(i)(II) which the employer is required to make under the arrangement for the plan year with respect to any employee is an amount equal to at least 4 percent of the employee’s compensation.”.

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

SEC. 105. INCREASE IN CREDIT LIMITATION FOR SMALL EMPLOYER PENSION PLAN STARTUP COSTS.

(a) IN GENERAL.—Paragraph (1) of section 45E(b) of the Internal Revenue Code of 1986 is amended to read as follows:

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

“(A) \$500, or

“(B) the lesser of—

1 “(i) \$250 for each employee of the eli-
 2 gible employer who is not a highly com-
 3 pensated employee (as defined in section
 4 414(q)) and who is eligible to participate
 5 in the eligible employer plan maintained by
 6 the eligible employer, or
 7 “(ii) \$5,000, and”.

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

11 **SEC. 106. SMALL EMPLOYER AUTOMATIC ENROLLMENT**
 12 **CREDIT.**

13 (a) IN GENERAL.—Subpart D of part IV of sub-
 14 chapter A of chapter 1 of the Internal Revenue Code of
 15 1986 is amended by adding at the end the following new
 16 section:

17 **“SEC. 45T. AUTO-ENROLLMENT OPTION FOR RETIREMENT**
 18 **SAVINGS OPTIONS PROVIDED BY SMALL EM-**
 19 **PLOYERS.**

20 “(a) IN GENERAL.—For purposes of section 38, in
 21 the case of an eligible employer, the retirement auto-en-
 22 rollment credit determined under this section for any tax-
 23 able year is an amount equal to—

24 “(1) \$500 for any taxable year occurring during
 25 the credit period, and

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

2 “(b) CREDIT PERIOD.—For purposes of subsection
3 (a)—

4 “(1) IN GENERAL.—The credit period with re-
5 spect to any eligible employer is the 3-taxable-year
6 period beginning with the first taxable year for
7 which the employer includes an eligible automatic
8 contribution arrangement (as defined in section
9 414(w)(3)) in a qualified employer plan (as defined
10 in section 4972(d)) sponsored by the employer.

11 “(2) MAINTENANCE OF ARRANGEMENT.—No
12 taxable year with respect to an employer shall be
13 treated as occurring within the credit period unless
14 the arrangement described in paragraph (1) is in-
15 cluded in the plan for such year.

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

19 (b) CREDIT TO BE PART OF GENERAL BUSINESS
20 CREDIT.—Subsection (b) of section 38 of the Internal
21 Revenue Code of 1986 is amended by striking “plus” at
22 the end of paragraph (31), by striking the period at the
23 end of paragraph (32) and inserting “, plus”, and by add-
24 ing at the end the following new paragraph:

1 “(33) in the case of an eligible employer (as de-
 2 fined in section 45T(c)), the retirement auto-enroll-
 3 ment credit determined under section 45T(a).”.

4 (c) CLERICAL AMENDMENT.—The table of sections
 5 for subpart D of part IV of subchapter A of chapter 1
 6 of the Internal Revenue Code of 1986 is amended by in-
 7 serting after the item relating to section 45S the following
 8 new item:

“Sec. 45T. Auto-enrollment option for retirement savings options provided by
 small employers.”.

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

12 **SEC. 107. CERTAIN TAXABLE NON-TUITION FELLOWSHIP**
 13 **AND STIPEND PAYMENTS TREATED AS COM-**
 14 **PENSATION FOR IRA PURPOSES.**

15 (a) IN GENERAL.—Paragraph (1) of section 219(f)
 16 of the Internal Revenue Code of 1986 is amended by add-
 17 ing at the end the following: “The term ‘compensation’
 18 shall include any amount paid to an individual to aid the
 19 individual in the pursuit of graduate or postdoctoral study,
 20 if such amount is included in the gross income of the indi-
 21 vidual for the taxable year.”.

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

1 **SEC. 108. REPEAL OF MAXIMUM AGE FOR TRADITIONAL IRA**
 2 **CONTRIBUTIONS.**

3 (a) IN GENERAL.—Paragraph (1) of section 219(d)
 4 of the Internal Revenue Code of 1986 is repealed.

5 (b) CONFORMING AMENDMENT.—Subsection (c) of
 6 section 408A of the Internal Revenue Code of 1986 is
 7 amended by striking paragraph (4) and by redesignating
 8 paragraphs (5), (6), and (7) as paragraphs (4), (5), and
 9 (6), respectively.

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

13 **SEC. 109. EXPANSION OF IRA OWNERSHIP OF S CORPORA-**
 14 **TION BANK STOCK.**

15 (a) IN GENERAL.—Section 1361(c)(2)(A)(vi) of the
 16 Internal Revenue Code of 1986 is amended by striking “,
 17 but only to the extent of the stock held by such trust in
 18 such bank or company as of the date of the enactment
 19 of this clause”.

20 (b) SALE OF STOCK IN IRA RELATING TO S COR-
 21 PORATION ELECTION EXEMPT FROM PROHIBITED
 22 TRANSACTION RULES.—Section 4975(d)(16) of the Inter-
 23 nal Revenue Code of 1986 is amended by striking sub-
 24 paragraph (B) and by redesignating subparagraphs (C),
 25 (D), (E), and (F) as subparagraphs (B), (C), (D) and (E),
 26 respectively.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall take effect on January 1, 2020.

3 **SEC. 110. QUALIFIED EMPLOYER PLANS PROHIBITED FROM**
4 **MAKING LOANS THROUGH CREDIT CARDS**
5 **AND OTHER SIMILAR ARRANGEMENTS.**

6 (a) IN GENERAL.—Paragraph (2) of section 72(p) of
7 the Internal Revenue Code of 1986 is amended by redesignig-
8 nating subparagraph (D) as subparagraph (E) and by in-
9 serting after subparagraph (C) the following new subpara-
10 graph:

11 “(D) PROHIBITION OF LOANS THROUGH
12 CREDIT CARDS AND OTHER SIMILAR ARRANGE-
13 MENTS.—

14 “(i) IN GENERAL.—Except as pro-
15 vided in clause (ii), subparagraph (A) shall
16 not apply to any loan which is made
17 through the use of any credit card or any
18 other similar arrangement.

19 “(ii) EXCEPTION FOR EXISTING CRED-
20 IT CARD SYSTEMS.—Clause (i) shall not
21 apply to any loan to the extent such loan
22 is provided through an electronic card sys-
23 tem which, as of September 21, 2016, was
24 available for use to provide loans under
25 qualified employer plans.

1 “(iii) DISALLOWED TRANSACTIONS.—

2 If any card through which a loan is pro-
3 vided under the exception of clause (ii) is
4 used for any transaction—

5 “(I) in an amount equal to or
6 less than \$1,000, or

7 “(II) with or on the premises of
8 any establishment described in clause
9 (i), (ii), or (iii) of section
10 408(a)(12)(A) of the Social Security
11 Act,

12 the amount of such transaction shall be
13 treated as having been received by the in-
14 dividual as a distribution in accordance
15 with subparagraph (A) of paragraph (1).

16 “(iv) COST-OF-LIVING ADJUST-
17 MENT.—In the case of any loan made dur-
18 ing a plan year beginning after December
19 31, 2020, the \$1,000 amount under clause
20 (iii)(I) shall be increased by an amount
21 equal to—

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

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

1 for the calendar year in which the
2 plan year begins, determined by sub-
3 stituting ‘calendar year 2019’ for ‘cal-
4 endar year 2016’ in subparagraph
5 (A)(ii) thereof. Any increase deter-
6 mined under the preceding sentence
7 shall be rounded to the next lowest
8 multiple of \$50.”.

9 (b) EFFECTIVE DATE.—The amendments made by
10 subsection (a) shall apply to plan years beginning after
11 December 31, 2019.

12 (c) STUDY.—The Comptroller General of the United
13 States shall, not later than the date which is 1 year after
14 the date of the enactment of this Act—

15 (1) study the impact of loans from qualified
16 employer plans (as defined in section 72(p)(4)(A) of
17 the Internal Revenue Code of 1986) provided
18 through credit cards and similar arrangements on
19 the use of retirement savings for purposes other
20 than funding retirement; and

21 (2) report the results of such study to the Com-
22 mittee on Finance of the Senate and the Committee
23 on the Ways and Means of the House of Representa-
24 tives.

1 If the study under paragraph (1) determines that such
 2 loans, after implementation of the restrictions imposed by
 3 the amendments made by subsection (a), result in greater
 4 usage of retirement savings for purposes other than fund-
 5 ing retirement than loans made by other means, the report
 6 under paragraph (2) shall include recommendations to re-
 7 duce such result.

8 **SEC. 111. PORTABILITY OF LIFETIME INCOME OPTIONS.**

9 (a) IN GENERAL.—Subsection (a) of section 401 of
 10 the Internal Revenue Code of 1986 is amended by insert-
 11 ing after paragraph (37) the following new paragraph:

12 “(38) PORTABILITY OF LIFETIME INCOME.—

13 “(A) IN GENERAL.—Except as may be oth-
 14 erwise provided by regulations, a trust forming
 15 part of a defined contribution plan shall not be
 16 treated as failing to constitute a qualified trust
 17 under this section solely by reason of allowing—

18 “(i) qualified distributions of a life-
 19 time income investment, or

20 “(ii) distributions of a lifetime income
 21 investment in the form of a qualified plan
 22 distribution annuity contract,

23 on or after the date that is 90 days prior to the
 24 date on which such lifetime income investment

1 is no longer authorized to be held as an invest-
 2 ment option under the plan.

3 “(B) DEFINITIONS.—For purposes of this
 4 subsection—

5 “(i) the term ‘qualified distribution’
 6 means a direct trustee-to-trustee transfer
 7 described in paragraph (31)(A) to an eligi-
 8 ble retirement plan (as defined in section
 9 402(c)(8)(B)),

10 “(ii) the term ‘lifetime income invest-
 11 ment’ means an investment option which is
 12 designed to provide an employee with elec-
 13 tion rights—

14 “(I) which are not uniformly
 15 available with respect to other invest-
 16 ment options under the plan, and

17 “(II) which are to a lifetime in-
 18 come feature available through a con-
 19 tract or other arrangement offered
 20 under the plan (or under another eli-
 21 gible retirement plan (as so defined),
 22 if paid by means of a direct trustee-
 23 to-trustee transfer described in para-
 24 graph (31)(A) to such other eligible
 25 retirement plan),

1 “(iii) the term ‘lifetime income fea-
2 ture’ means—

3 “(I) a feature which guarantees a
4 minimum level of income annually (or
5 more frequently) for at least the re-
6 mainder of the life of the employee or
7 the joint lives of the employee and the
8 employee’s designated beneficiary, or

9 “(II) an annuity payable on be-
10 half of the employee under which pay-
11 ments are made in substantially equal
12 periodic payments (not less frequently
13 than annually) over the life of the em-
14 ployee or the joint lives of the em-
15 ployee and the employee’s designated
16 beneficiary, and

17 “(iv) the term ‘qualified plan distribu-
18 tion annuity contract’ means an annuity
19 contract purchased for a participant and
20 distributed to the participant by a plan or
21 contract described in subparagraph (B) of
22 section 402(c)(8) (without regard to
23 clauses (i) and (ii) thereof).”.

24 (b) CASH OR DEFERRED ARRANGEMENT.—

(1) IN GENERAL.—Clause (i) of section 401(k)(2)(B) of the Internal Revenue Code of 1986 is amended by striking “or” at the end of subclause (IV), by striking “and” at the end of subclause (V) and inserting “or”, and by adding at the end the following new subclause:

“(VI) except as may be otherwise provided by regulations, with respect to amounts invested in a lifetime income investment (as defined in subsection (a)(38)(B)(ii)), the date that is 90 days prior to the date that such lifetime income investment may no longer be held as an investment option under the arrangement, and”.

(2) DISTRIBUTION REQUIREMENT.—Subparagraph (B) of section 401(k)(2) of such Code, as amended by paragraph (1), is amended by striking “and” at the end of clause (i), by striking the semicolon at the end of clause (ii) and inserting “, and”, and by adding at the end the following new clause:

“(iii) except as may be otherwise provided by regulations, in the case of amounts described in clause (i)(VI), will be distributed only in the form of a qualified

1 distribution (as defined in subsection
 2 (a)(38)(B)(i)) or a qualified plan distribu-
 3 tion annuity contract (as defined in sub-
 4 section (a)(38)(B)(iv)),”.

5 (c) SECTION 403(b) PLANS.—

6 (1) ANNUITY CONTRACTS.—Paragraph (11) of
 7 section 403(b) of the Internal Revenue Code of 1986
 8 is amended by striking “or” at the end of subpara-
 9 graph (B), by striking the period at the end of sub-
 10 paragraph (C) and inserting “, or”, and by inserting
 11 after subparagraph (C) the following new subpara-
 12 graph:

13 “(D) except as may be otherwise provided
 14 by regulations, with respect to amounts invested
 15 in a lifetime income investment (as defined in
 16 section 401(a)(38)(B)(ii))—

17 “(i) on or after the date that is 90
 18 days prior to the date that such lifetime
 19 income investment may no longer be held
 20 as an investment option under the con-
 21 tract, and

22 “(ii) in the form of a qualified dis-
 23 tribution (as defined in section
 24 401(a)(38)(B)(i)) or a qualified plan dis-

1 tribution annuity contract (as defined in
2 section 401(a)(38)(B)(iv)).”.

3 (2) CUSTODIAL ACCOUNTS.—Subparagraph (A)
4 of section 403(b)(7) of such Code is amended by
5 striking “if—” and all that follows and inserting “if
6 the amounts are to be invested in regulated invest-
7 ment company stock to be held in that custodial ac-
8 count, and under the custodial account—

9 “ (i) no such amounts may be paid or
10 made available to any distributee (unless
11 such amount is a distribution to which sec-
12 tion 72(t)(2)(G) applies) before—

13 “(I) the employee dies,

14 “(II) the employee attains age
15 59½,

16 “(III) the employee has a sever-
17 ance from employment,

18 “(IV) the employee becomes dis-
19 abled (within the meaning of section
20 72(m)(7)),

21 “(V) in the case of contributions
22 made pursuant to a salary reduction
23 agreement (within the meaning of sec-
24 tion 3121(a)(5)(D)), the employee en-
25 counters financial hardship, or

1 “(VI) except as may be otherwise
 2 provided by regulations, with respect
 3 to amounts invested in a lifetime in-
 4 come investment (as defined in section
 5 401(a)(38)(B)(ii)), the date that is 90
 6 days prior to the date that such life-
 7 time income investment may no longer
 8 be held as an investment option under
 9 the contract, and

10 “(ii) in the case of amounts described
 11 in clause (i)(VI), such amounts will be dis-
 12 tributed only in the form of a qualified dis-
 13 tribution (as defined in section
 14 401(a)(38)(B)(i)) or a qualified plan dis-
 15 tribution annuity contract (as defined in
 16 section 401(a)(38)(B)(iv)).”.

17 (d) ELIGIBLE DEFERRED COMPENSATION PLANS.—

18 (1) IN GENERAL.—Subparagraph (A) of section
 19 457(d)(1) of the Internal Revenue Code of 1986 is
 20 amended by striking “or” at the end of clause (ii),
 21 by inserting “or” at the end of clause (iii), and by
 22 adding after clause (iii) the following:

23 “(iv) except as may be otherwise pro-
 24 vided by regulations, in the case of a plan
 25 maintained by an employer described in

1 subsection (e)(1)(A), with respect to
 2 amounts invested in a lifetime income in-
 3 vestment (as defined in section
 4 401(a)(38)(B)(ii)), the date that is 90
 5 days prior to the date that such lifetime
 6 income investment may no longer be held
 7 as an investment option under the plan.”.

8 (2) DISTRIBUTION REQUIREMENT.—Paragraph
 9 (1) of section 457(d) of such Code is amended by
 10 striking “and” at the end of subparagraph (B), by
 11 striking the period at the end of subparagraph (C)
 12 and inserting “, and”, and by inserting after sub-
 13 paragraph (C) the following new subparagraph:

14 “(D) except as may be otherwise provided
 15 by regulations, in the case of amounts described
 16 in subparagraph (A)(iv), such amounts will be
 17 distributed only in the form of a qualified dis-
 18 tribution (as defined in section
 19 401(a)(38)(B)(i)) or a qualified plan distribu-
 20 tion annuity contract (as defined in section
 21 401(a)(38)(B)(iv)).”.

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

1 **SEC. 112. TREATMENT OF CUSTODIAL ACCOUNTS ON TER-**
2 **MINATION OF SECTION 403(b) PLAN.**

3 Not later than 6 months after the date of the enact-
4 ment of this Act, the Secretary of the Treasury (or the
5 Secretary's delegate) shall issue guidance to provide that,
6 if an employer terminates the plan under which amounts
7 are contributed to a custodial account under subparagraph
8 (A) of section 403(b)(7) of the Internal Revenue Code of
9 1986, the plan administrator or custodian may distribute
10 an individual custodial account in kind to a participant
11 or beneficiary of the plan and the distributed custodial ac-
12 count shall be maintained by the custodian on a tax-de-
13 ferred basis as a custodial account under such section
14 403(b)(7), similar to the treatment of fully-paid individual
15 annuity contracts under Revenue Ruling 2011-7, until
16 amounts are actually paid to the participant or bene-
17 ficiary. The guidance shall provide further that—

18 (1) except as otherwise specifically provided in
19 such guidance, the distributed custodial account
20 shall continue to be treated in the same manner as
21 a custodial account under section 403(b)(7) of such
22 Code if the requirements of section 403(b) of such
23 Code (as in effect at the time of the distribution of
24 the account) continue to be met with respect to such
25 distributed account; and

1 (2) a custodial account will not be considered
 2 distributed to the participant or beneficiary if the
 3 employer has any material retained rights under the
 4 account (but the employer would not be treated as
 5 retaining material rights simply because the custo-
 6 dial account was originally opened under a group
 7 contract).

8 **SEC. 113. CLARIFICATION OF RETIREMENT INCOME AC-**
 9 **COUNT RULES RELATING TO CHURCH-CON-**
 10 **TROLLED ORGANIZATIONS.**

11 (a) IN GENERAL.—Subparagraph (B) of section
 12 403(b)(9) of the Internal Revenue Code of 1986 is amend-
 13 ed by inserting “(including an employee described in sec-
 14 tion 414(e)(3)(B))” after “employee described in para-
 15 graph (1)”.

16 (b) EFFECTIVE DATE.—The amendment made by
 17 this section shall apply to years beginning before, on, or
 18 after the date of the enactment of this Act.

19 **TITLE II—ADMINISTRATIVE**
 20 **IMPROVEMENTS**

21 **SEC. 201. PLAN ADOPTED BY FILING DUE DATE FOR YEAR**
 22 **MAY BE TREATED AS IN EFFECT AS OF CLOSE**
 23 **OF YEAR.**

24 (a) IN GENERAL.—Subsection (b) of section 401 of
 25 the Internal Revenue Code of 1986 is amended—

1 (1) by striking “RETROACTIVE CHANGES IN
2 PLAN.—A stock bonus” and inserting “PLAN
3 AMENDMENTS.—

4 “(1) CERTAIN RETROACTIVE CHANGES IN
5 PLAN.—A stock bonus”, and

6 (2) by adding at the end the following new
7 paragraph:

8 “(2) ADOPTION OF PLAN.—If an employer
9 adopts a stock bonus, pension, profit-sharing, or an-
10 nuity plan after the close of a taxable year but be-
11 fore the time prescribed by law for filing the return
12 of the employer for the taxable year (including ex-
13 tensions thereof), the employer may elect to treat
14 the plan as having been adopted as of the last day
15 of the taxable year.”.

16 (b) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to plans adopted for taxable years
18 beginning after December 31, 2019.

19 **SEC. 202. COMBINED ANNUAL REPORT FOR GROUP OF**
20 **PLANS.**

21 (a) IN GENERAL.—The Secretary of the Treasury
22 and the Secretary of Labor (or such Secretaries’ dele-
23 gates) shall, in cooperation, modify the returns required
24 under section 6058 of the Internal Revenue Code of 1986
25 and the reports required by section 104 of the Employee

1 Retirement Income Security Act of 1974 (29 U.S.C. 1024)
 2 so that all members of a group of plans described in sub-
 3 section (c) may file a single aggregated annual return or
 4 report satisfying the requirements of both such sections.

5 (b) ADMINISTRATIVE REQUIREMENTS.—In devel-
 6 oping the consolidated return or report under subsection
 7 (a), the Secretary of the Treasury and the Secretary of
 8 Labor (or such Secretaries' delegates) may require such
 9 return or report to include any information regarding each
 10 plan in the group as such Secretaries (or delegates) deter-
 11 mine is necessary or appropriate for the enforcement and
 12 administration of the Internal Revenue Code of 1986 and
 13 the Employee Retirement Income Security Act of 1974.

14 (c) PLANS DESCRIBED.—A group of plans is de-
 15 scribed in this subsection if all plans in the group—

16 (1) are individual account plans or defined con-
 17 tribution plans (as defined in section 3(34) of the
 18 Employee Retirement Income Security Act of 1974
 19 (29 U.S.C. 1002(34)) or in section 414(i) of the In-
 20 ternal Revenue Code of 1986);

21 (2) have—

22 (A) the same trustee (as described in sec-
 23 tion 403(a) of such Act (29 U.S.C. 1103(a)));

1 (B) the same one or more named fidu-
 2 ciaries (as described in section 402(a) of such
 3 Act (29 U.S.C. 1102(a)));

4 (C) the same administrator (as defined in
 5 section 3(16)(A) of such Act (29 U.S.C.
 6 1002(16)(A))) and plan administrator (as de-
 7 fined in section 414(g) of the Internal Revenue
 8 Code of 1986); and

9 (D) plan years beginning on the same
 10 date; and

11 (3) provide the same investments or investment
 12 options to participants and beneficiaries.

13 A plan not subject to title I of the Employee Retirement
 14 Income Security Act of 1974 shall be treated as meeting
 15 the requirements of paragraph (2) as part of a group of
 16 plans if the same person that performs each of the func-
 17 tions described in such paragraph, as applicable, for all
 18 other plans in such group performs each of such functions
 19 for such plan.

20 (d) CLARIFICATION RELATING TO ELECTRONIC FIL-
 21 ING OF RETURNS FOR DEFERRED COMPENSATION
 22 PLANS.—

23 (1) IN GENERAL.—Section 6011(e) of the Inter-
 24 nal Revenue Code of 1986 is amended by adding at
 25 the end the following new paragraph:

1 “(6) APPLICATION OF NUMERICAL LIMITATION
 2 TO RETURNS RELATING TO DEFERRED COMPENSA-
 3 TION PLANS.—For purposes of applying the numer-
 4 ical limitation under paragraph (2)(A) to any return
 5 required under section 6058, information regarding
 6 each plan for which information is provided on such
 7 return shall be treated as a separate return.”.

8 (2) EFFECTIVE DATE.—The amendment made
 9 by paragraph (1) shall apply to returns required to
 10 be filed with respect to plan years beginning after
 11 December 31, 2019.

12 (e) EFFECTIVE DATE.—The modification required by
 13 subsection (a) shall be implemented not later than Janu-
 14 ary 1, 2022, and shall apply to returns and reports for
 15 plan years beginning after December 31, 2021.

16 **SEC. 203. DISCLOSURE REGARDING LIFETIME INCOME.**

17 (a) IN GENERAL.—Subparagraph (B) of section
 18 105(a)(2) of the Employee Retirement Income Security
 19 Act of 1974 (29 U.S.C. 1025(a)(2)) is amended—

20 (1) in clause (i), by striking “and” at the end;

21 (2) in clause (ii), by striking “diversification.”

22 and inserting “diversification, and”; and

23 (3) by inserting at the end the following:

24 “(iii) the lifetime income disclosure
 25 described in subparagraph (D)(i).

1 In the case of pension benefit statements de-
 2 scribed in clause (i) of paragraph (1)(A), a life-
 3 time income disclosure under clause (iii) of this
 4 subparagraph shall be required to be included
 5 in only one pension benefit statement during
 6 any one 12-month period.”.

7 (b) LIFETIME INCOME.—Paragraph (2) of section
 8 105(a) of the Employee Retirement Income Security Act
 9 of 1974 (29 U.S.C. 1025(a)) is amended by adding at the
 10 end the following new subparagraph:

11 “(D) LIFETIME INCOME DISCLOSURE.—

12 “(i) IN GENERAL.—

13 “(I) DISCLOSURE.—A lifetime in-
 14 come disclosure shall set forth the life-
 15 time income stream equivalent of the
 16 total benefits accrued with respect to
 17 the participant or beneficiary.

18 “(II) LIFETIME INCOME STREAM
 19 EQUIVALENT OF THE TOTAL BENE-
 20 FITS ACCRUED.—For purposes of this
 21 subparagraph, the term ‘lifetime in-
 22 come stream equivalent of the total
 23 benefits accrued’ means the amount of
 24 monthly payments the participant or
 25 beneficiary would receive if the total

1 accrued benefits of such participant or
2 beneficiary were used to provide life-
3 time income streams described in sub-
4 clause (III), based on assumptions
5 specified in rules prescribed by the
6 Secretary.

7 “(III) LIFETIME INCOME
8 STREAMS.—The lifetime income
9 streams described in this subclause
10 are a qualified joint and survivor an-
11 nuity (as defined in section 205(d)),
12 based on assumptions specified in
13 rules prescribed by the Secretary, in-
14 cluding the assumption that the par-
15 ticipant or beneficiary has a spouse of
16 equal age, and a single life annuity.
17 Such lifetime income streams may
18 have a term certain or other features
19 to the extent permitted under rules
20 prescribed by the Secretary.

21 “(ii) MODEL DISCLOSURE.—Not later
22 than 1 year after the date of the enact-
23 ment of the Retirement Enhancement and
24 Savings Act of 2019, the Secretary shall
25 issue a model lifetime income disclosure,

1 written in a manner so as to be understood
2 by the average plan participant, which—

3 “(I) explains that the lifetime in-
4 come stream equivalent is only pro-
5 vided as an illustration;

6 “(II) explains that the actual
7 payments under the lifetime income
8 stream described in clause (i)(III)
9 which may be purchased with the
10 total benefits accrued will depend on
11 numerous factors and may vary sub-
12 stantially from the lifetime income
13 stream equivalent in the disclosures;

14 “(III) explains the assumptions
15 upon which the lifetime income stream
16 equivalent was determined; and

17 “(IV) provides such other similar
18 explanations as the Secretary con-
19 siders appropriate.

20 “(iii) ASSUMPTIONS AND RULES.—
21 Not later than 1 year after the date of the
22 enactment of the Retirement Enhancement
23 and Savings Act of 2019, the Secretary
24 shall—

1 “(I) prescribe assumptions which
2 administrators of individual account
3 plans may use in converting total ac-
4 crued benefits into lifetime income
5 stream equivalents for purposes of
6 this subparagraph; and

7 “(II) issue interim final rules
8 under clause (i).

9 In prescribing assumptions under sub-
10 clause (I), the Secretary may prescribe a
11 single set of specific assumptions (in which
12 case the Secretary may issue tables or fac-
13 tors which facilitate such conversions), or
14 ranges of permissible assumptions. To the
15 extent that an accrued benefit is or may be
16 invested in a lifetime income stream de-
17 scribed in clause (i)(III), the assumptions
18 prescribed under subclause (I) shall, to the
19 extent appropriate, permit administrators
20 of individual account plans to use the
21 amounts payable under such lifetime in-
22 come stream as a lifetime income stream
23 equivalent.

24 “(iv) LIMITATION ON LIABILITY.—No
25 plan fiduciary, plan sponsor, or other per-

son shall have any liability under this title solely by reason of the provision of lifetime income stream equivalents which are derived in accordance with the assumptions and rules described in clause (iii) and which include the explanations contained in the model lifetime income disclosure described in clause (ii). This clause shall apply without regard to whether the provision of such lifetime income stream equivalent is required by subparagraph (B)(iii).

“(v) EFFECTIVE DATE.—The requirement in subparagraph (B)(iii) shall apply to pension benefit statements furnished more than 12 months after the latest of the issuance by the Secretary of—

“(I) interim final rules under clause (i);

“(II) the model disclosure under clause (ii); or

“(III) the assumptions under clause (iii).”.

1 **SEC. 204. FIDUCIARY SAFE HARBOR FOR SELECTION OF**
 2 **LIFETIME INCOME PROVIDER.**

3 Section 404 of the Employee Retirement Income Se-
 4 curity Act of 1974 (29 U.S.C. 1104) is amended by adding
 5 at the end the following:

6 “(e) SAFE HARBOR FOR ANNUITY SELECTION.—

7 “(1) IN GENERAL.—With respect to the selec-
 8 tion of an insurer for a guaranteed retirement in-
 9 come contract, the requirements of subsection
 10 (a)(1)(B) will be deemed to be satisfied if a fidu-
 11 ciary—

12 “(A) engages in an objective, thorough,
 13 and analytical search for the purpose of identi-
 14 fying insurers from which to purchase such con-
 15 tracts;

16 “(B) with respect to each insurer identified
 17 under subparagraph (A)—

18 “(i) considers the financial capability
 19 of such insurer to satisfy its obligations
 20 under the guaranteed retirement income
 21 contract; and

22 “(ii) considers the cost (including fees
 23 and commissions) of the guaranteed retire-
 24 ment income contract offered by the in-
 25 surer in relation to the benefits and prod-
 26 uct features of the contract and adminis-

1 trative services to be provided under such
2 contract; and

3 “(C) on the basis of such consideration,
4 concludes that—

5 “(i) at the time of the selection, the
6 insurer is financially capable of satisfying
7 its obligations under the guaranteed retire-
8 ment income contract; and

9 “(ii) the relative cost of the selected
10 guaranteed retirement income contract as
11 described in subparagraph (B)(ii) is rea-
12 sonable.

13 “(2) FINANCIAL CAPABILITY OF THE IN-
14 SURER.—A fiduciary will be deemed to satisfy the
15 requirements of paragraphs (1)(B)(i) and (1)(C)(i)
16 if—

17 “(A) the fiduciary obtains written rep-
18 resentations from the insurer that—

19 “(i) the insurer is licensed to offer
20 guaranteed retirement income contracts;

21 “(ii) the insurer, at the time of selec-
22 tion and for each of the immediately pre-
23 ceding 7 plan years—

24 “(I) operates under a certificate
25 of authority from the insurance com-

1 missioner of its domiciliary State
2 which has not been revoked or sus-
3 pended;

4 “(II) has filed audited financial
5 statements in accordance with the
6 laws of its domiciliary State under ap-
7 plicable statutory accounting prin-
8 ciples;

9 “(III) maintains (and has main-
10 tained) reserves which satisfies all the
11 statutory requirements of all States
12 where the insurer does business; and

13 “(IV) is not operating under an
14 order of supervision, rehabilitation, or
15 liquidation;

16 “(iii) the insurer undergoes, at least
17 every 5 years, a financial examination
18 (within the meaning of the law of its domi-
19 ciliary State) by the insurance commis-
20 sioner of the domiciliary State (or rep-
21 resentative, designee, or other party ap-
22 proved by such commissioner); and

23 “(iv) the insurer will notify the fidu-
24 ciary of any change in circumstances oc-
25 curring after the provision of the represen-

tations in clauses (i), (ii), and (iii) which would preclude the insurer from making such representations at the time of issuance of the guaranteed retirement income contract; and

“(B) after receiving such representations and as of the time of selection, the fiduciary has not received any notice described in subparagraph (A)(iv) and is in possession of no other information which would cause the fiduciary to question the representations provided.

“(3) NO REQUIREMENT TO SELECT LOWEST COST.—Nothing in this subsection shall be construed to require a fiduciary to select the lowest cost contract. A fiduciary may consider the value of a contract, including features and benefits of the contract and attributes of the insurer (including, without limitation, the insurer’s financial strength) in conjunction with the cost of the contract.

“(4) TIME OF SELECTION.—

“(A) IN GENERAL.—For purposes of this subsection, the time of selection is—

“(i) the time that the insurer and the contract are selected for distribution of

benefits to a specific participant or beneficiary; or

“(ii) if the fiduciary periodically reviews the continuing appropriateness of the conclusion described in paragraph (1)(C) with respect to a selected insurer, taking into account the considerations described in such paragraph, the time that the insurer and the contract are selected to provide benefits at future dates to participants or beneficiaries under the plan.

Nothing in the preceding sentence shall be construed to require the fiduciary to review the appropriateness of a selection after the purchase of a contract for a participant or beneficiary.

“(B) PERIODIC REVIEW.—A fiduciary will be deemed to have conducted the periodic review described in subparagraph (A)(ii) if the fiduciary obtains the written representations described in clauses (i), (ii), and (iii) of paragraph (2)(A) from the insurer on an annual basis, unless the fiduciary receives any notice described in paragraph (2)(A)(iv) or otherwise becomes aware of facts that would cause the fiduciary to question such representations.

1 “(5) LIMITED LIABILITY.—A fiduciary which
 2 satisfies the requirements of this subsection shall not
 3 be liable following the distribution of any benefit, or
 4 the investment by or on behalf of a participant or
 5 beneficiary pursuant to the selected guaranteed re-
 6 tirement income contract, for any losses that may
 7 result to the participant or beneficiary due to an in-
 8 surer’s inability to satisfy its financial obligations
 9 under the terms of such contract.

10 “(6) DEFINITIONS.—For purposes of this sub-
 11 section—

12 “(A) INSURER.—The term ‘insurer’ means
 13 an insurance company, insurance service, or in-
 14 surance organization, including affiliates of
 15 such companies.

16 “(B) GUARANTEED RETIREMENT INCOME
 17 CONTRACT.—The term ‘guaranteed retirement
 18 income contract’ means an annuity contract for
 19 a fixed term or a contract (or provision or fea-
 20 ture thereof) which provides guaranteed bene-
 21 fits annually (or more frequently) for at least
 22 the remainder of the life of the participant or
 23 the joint lives of the participant and the partici-
 24 pant’s designated beneficiary as part of an indi-
 25 vidual account plan.”.

1 **SEC. 205. MODIFICATION OF NONDISCRIMINATION RULES**
 2 **TO PROTECT OLDER, LONGER SERVICE PAR-**
 3 **TICIPANTS.**

4 (a) IN GENERAL.—Section 401 of the Internal Rev-
 5 enue Code of 1986 is amended—

6 (1) by redesignating subsection (o) as sub-
 7 section (p), and

8 (2) by inserting after subsection (n) the fol-
 9 lowing new subsection:

10 “(o) SPECIAL RULES FOR APPLYING NON-
 11 DISCRIMINATION RULES TO PROTECT OLDER, LONGER
 12 SERVICE AND GRANDFATHERED PARTICIPANTS.—

13 “(1) TESTING OF DEFINED BENEFIT PLANS
 14 WITH CLOSED CLASSES OF PARTICIPANTS.—

15 “(A) BENEFITS, RIGHTS, OR FEATURES
 16 PROVIDED TO CLOSED CLASSES.—A defined
 17 benefit plan which provides benefits, rights, or
 18 features to a closed class of participants shall
 19 not fail to satisfy the requirements of sub-
 20 section (a)(4) by reason of the composition of
 21 such closed class or the benefits, rights, or fea-
 22 tures provided to such closed class, if—

23 “(i) for the plan year as of which the
 24 class closes and the 2 succeeding plan
 25 years, such benefits, rights, and features
 26 satisfy the requirements of subsection

(a)(4) (without regard to this subparagraph but taking into account the rules of subparagraph (I)),

“(ii) after the date as of which the class was closed, any plan amendment which modifies the closed class or the benefits, rights, and features provided to such closed class does not discriminate significantly in favor of highly compensated employees, and

“(iii) the class was closed before September 21, 2016, or the plan is described in subparagraph (C).

“(B) AGGREGATE TESTING WITH DEFINED CONTRIBUTION PLANS PERMITTED ON A BENEFITS BASIS.—

“(i) IN GENERAL.—For purposes of determining compliance with subsection (a)(4) and section 410(b), a defined benefit plan described in clause (iii) may be aggregated and tested on a benefits basis with one or more defined contribution plans, including with the portion of one or more defined contribution plans which—

1 “(I) provides matching contribu-
 2 tions (as defined in subsection
 3 (m)(4)(A)),

4 “(II) provides annuity contracts
 5 described in section 403(b) which are
 6 purchased with matching contribu-
 7 tions or nonelective contributions, or

8 “(III) consists of an employee
 9 stock ownership plan (within the
 10 meaning of section 4975(e)(7)) or a
 11 tax credit employee stock ownership
 12 plan (within the meaning of section
 13 409(a)).

14 “(ii) SPECIAL RULES FOR MATCHING
 15 CONTRIBUTIONS.—For purposes of clause
 16 (i), if a defined benefit plan is aggregated
 17 with a portion of a defined contribution
 18 plan providing matching contributions—

19 “(I) such defined benefit plan
 20 must also be aggregated with any por-
 21 tion of such defined contribution plan
 22 which provides elective deferrals de-
 23 scribed in subparagraph (A) or (C) of
 24 section 402(g)(3), and

1 “(II) such matching contribu-
2 tions shall be treated in the same
3 manner as nonelective contributions,
4 including for purposes of applying the
5 rules of subsection (l).

6 “(iii) PLANS DESCRIBED.—A defined
7 benefit plan is described in this clause if—

8 “(I) the plan provides benefits to
9 a closed class of participants,

10 “(II) for the plan year as of
11 which the class closes and the 2 suc-
12 ceeding plan years, the plan satisfies
13 the requirements of section 410(b)
14 and subsection (a)(4) (without regard
15 to this subparagraph but taking into
16 account the rules of subparagraph
17 (I)),

18 “(III) after the date as of which
19 the class was closed, any plan amend-
20 ment which modifies the closed class
21 or the benefits provided to such closed
22 class does not discriminate signifi-
23 cantly in favor of highly compensated
24 employees, and

1 “(IV) the class was closed before
2 September 21, 2016, or the plan is
3 described in subparagraph (C).

4 “(C) PLANS DESCRIBED.—A plan is de-
5 scribed in this subparagraph if, taking into ac-
6 count any predecessor plan—

7 “(i) such plan has been in effect for
8 at least 5 years as of the date the class is
9 closed, and

10 “(ii) during the 5-year period pre-
11 ceding the date the class is closed, there
12 has not been a substantial increase in the
13 coverage or value of the benefits, rights, or
14 features described in subparagraph (A) or
15 in the coverage or benefits under the plan
16 described in subparagraph (B)(iii) (which-
17 ever is applicable).

18 “(D) DETERMINATION OF SUBSTANTIAL
19 INCREASE FOR BENEFITS, RIGHTS, AND FEA-
20 TURES.—In applying subparagraph (C)(ii) for
21 purposes of subparagraph (A)(iii), a plan shall
22 be treated as having had a substantial increase
23 in coverage or value of the benefits, rights, or
24 features described in subparagraph (A) during

the applicable 5-year period only if, during such period—

“(i) the number of participants covered by such benefits, rights, or features on the date such period ends is more than 50 percent greater than the number of such participants on the first day of the plan year in which such period began, or

“(ii) such benefits, rights, and features have been modified by one or more plan amendments in such a way that, as of the date the class is closed, the value of such benefits, rights, and features to the closed class as a whole is substantially greater than the value as of the first day of such 5-year period, solely as a result of such amendments.

“(E) DETERMINATION OF SUBSTANTIAL INCREASE FOR AGGREGATE TESTING ON BENEFITS BASIS.—In applying subparagraph (C)(ii) for purposes of subparagraph (B)(iii)(IV), a plan shall be treated as having had a substantial increase in coverage or benefits during the applicable 5-year period only if, during such period—

1 “(i) the number of participants bene-
 2 fitting under the plan on the date such pe-
 3 riod ends is more than 50 percent greater
 4 than the number of such participants on
 5 the first day of the plan year in which such
 6 period began, or

7 “(ii) the average benefit provided to
 8 such participants on the date such period
 9 ends is more than 50 percent greater than
 10 the average benefit provided on the first
 11 day of the plan year in which such period
 12 began.

13 “(F) CERTAIN EMPLOYEES DIS-
 14 REGARDED.—For purposes of subparagraphs
 15 (D) and (E), any increase in coverage or value
 16 or in coverage or benefits, whichever is applica-
 17 ble, which is attributable to such coverage and
 18 value or coverage and benefits provided to em-
 19 ployees—

20 “(i) who became participants as a re-
 21 sult of a merger, acquisition, or similar
 22 event which occurred during the 7-year pe-
 23 riod preceding the date the class is closed,
 24 or

1 “(ii) who became participants by rea-
2 son of a merger of the plan with another
3 plan which had been in effect for at least
4 5 years as of the date of the merger,
5 shall be disregarded, except that clause (ii)
6 shall apply for purposes of subparagraph (D)
7 only if, under the merger, the benefits, rights,
8 or features under 1 plan are conformed to the
9 benefits, rights, or features of the other plan
10 prospectively.

11 “(G) RULES RELATING TO AVERAGE BEN-
12 EFIT.—For purposes of subparagraph (E)—

13 “(i) the average benefit provided to
14 participants under the plan will be treated
15 as having remained the same between the
16 2 dates described in subparagraph (E)(ii)
17 if the benefit formula applicable to such
18 participants has not changed between such
19 dates, and

20 “(ii) if the benefit formula applicable
21 to one or more participants under the plan
22 has changed between such 2 dates, then
23 the average benefit under the plan shall be
24 considered to have increased by more than
25 50 percent only if—

1 “(I) the total amount determined
2 under section 430(b)(1)(A)(i) for all
3 participants benefiting under the plan
4 for the plan year in which the 5-year
5 period described in subparagraph (E)
6 ends, exceeds

7 “(II) the total amount deter-
8 mined under section 430(b)(1)(A)(i)
9 for all such participants for such plan
10 year, by using the benefit formula in
11 effect for each such participant for
12 the first plan year in such 5-year pe-
13 riod,

14 by more than 50 percent. In the case of a
15 CSEC plan (as defined in section 414(y)),
16 the normal cost of the plan (as determined
17 under section 433(j)(1)(B)) shall be used
18 in lieu of the amount determined under
19 section 430(b)(1)(A)(i).

20 “(H) TREATMENT AS SINGLE PLAN.—For
21 purposes of subparagraphs (E) and (G), a plan
22 described in section 413(c) shall be treated as
23 a single plan rather than as separate plans
24 maintained by each employer in the plan.

1 “(I) SPECIAL RULES.—For purposes of
 2 subparagraphs (A)(i) and (B)(iii)(II), the fol-
 3 lowing rules shall apply:

4 “(i) In applying section 410(b)(6)(C),
 5 the closing of the class of participants shall
 6 not be treated as a significant change in
 7 coverage under section 410(b)(6)(C)(i)(II).

8 “(ii) Two or more plans shall not fail
 9 to be eligible to be aggregated and treated
 10 as a single plan solely by reason of having
 11 different plan years.

12 “(iii) Changes in the employee popu-
 13 lation shall be disregarded to the extent at-
 14 tributable to individuals who become em-
 15 ployees or cease to be employees, after the
 16 date the class is closed, by reason of a
 17 merger, acquisition, divestiture, or similar
 18 event.

19 “(iv) Aggregation and all other testing
 20 methodologies otherwise applicable under
 21 subsection (a)(4) and section 410(b) may
 22 be taken into account.

23 The rule of clause (ii) shall also apply for pur-
 24 poses of determining whether plans to which
 25 subparagraph (B)(i) applies may be aggregated

and treated as 1 plan for purposes of determining whether such plans meet the requirements of subsection (a)(4) and section 410(b).

“(J) SPUN-OFF PLANS.—For purposes of this paragraph, if a portion of a defined benefit plan described in subparagraph (A) or (B)(iii) is spun off to another employer and the spun-off plan continues to satisfy the requirements of—

“(i) subparagraph (A)(i) or (B)(iii)(II), whichever is applicable, if the original plan was still within the 3-year period described in such subparagraph at the time of the spin off, and

“(ii) subparagraph (A)(ii) or (B)(iii)(III), whichever is applicable, the treatment under subparagraph (A) or (B) of the spun-off plan shall continue with respect to such other employer.

“(2) TESTING OF DEFINED CONTRIBUTION PLANS.—

“(A) TESTING ON A BENEFITS BASIS.—A defined contribution plan shall be permitted to be tested on a benefits basis if—

1 “(i) such defined contribution plan
2 provides make-whole contributions to a
3 closed class of participants whose accruals
4 under a defined benefit plan have been re-
5 duced or eliminated,

6 “(ii) for the plan year of the defined
7 contribution plan as of which the class eli-
8 gible to receive such make-whole contribu-
9 tions closes and the 2 succeeding plan
10 years, such closed class of participants sat-
11 isfies the requirements of section
12 410(b)(2)(A)(i) (determined by applying
13 the rules of paragraph (1)(I)),

14 “(iii) after the date as of which the
15 class was closed, any plan amendment to
16 the defined contribution plan which modi-
17 fies the closed class or the allocations, ben-
18 efits, rights, and features provided to such
19 closed class does not discriminate signifi-
20 cantly in favor of highly compensated em-
21 ployees, and

22 “(iv) the class was closed before Sep-
23 tember 21, 2016, or the defined benefit
24 plan under clause (i) is described in para-

graph (1)(C) (as applied for purposes of paragraph (1)(B)(iii)(IV)).

“(B) AGGREGATION WITH PLANS INCLUDING MATCHING CONTRIBUTIONS.—

“(i) IN GENERAL.—With respect to one or more defined contribution plans described in subparagraph (A), for purposes of determining compliance with subsection (a)(4) and section 410(b), the portion of such plans which provides make-whole contributions or other nonelective contributions may be aggregated and tested on a benefits basis with the portion of one or more other defined contribution plans which—

“(I) provides matching contributions (as defined in subsection (m)(4)(A)),

“(II) provides annuity contracts described in section 403(b) which are purchased with matching contributions or nonelective contributions, or

“(III) consists of an employee stock ownership plan (within the meaning of section 4975(e)(7)) or a

1 tax credit employee stock ownership
 2 plan (within the meaning of section
 3 409(a)).

4 “(ii) SPECIAL RULES FOR MATCHING
 5 CONTRIBUTIONS.—Rules similar to the
 6 rules of paragraph (1)(B)(ii) shall apply
 7 for purposes of clause (i).

8 “(C) SPECIAL RULES FOR TESTING DE-
 9 FINED CONTRIBUTION PLAN FEATURES PRO-
 10 VIDING MATCHING CONTRIBUTIONS TO CERTAIN
 11 OLDER, LONGER SERVICE PARTICIPANTS.—In
 12 the case of a defined contribution plan which
 13 provides benefits, rights, or features to a closed
 14 class of participants whose accruals under a de-
 15 fined benefit plan have been reduced or elimi-
 16 nated, the plan shall not fail to satisfy the re-
 17 quirements of subsection (a)(4) solely by reason
 18 of the composition of the closed class or the
 19 benefits, rights, or features provided to such
 20 closed class if the defined contribution plan and
 21 defined benefit plan otherwise meet the require-
 22 ments of subparagraph (A) but for the fact that
 23 the make-whole contributions under the defined
 24 contribution plan are made in whole or in part
 25 through matching contributions.

1 “(D) SPUN-OFF PLANS.—For purposes of
 2 this paragraph, if a portion of a defined con-
 3 tribution plan described in subparagraph (A) or
 4 (C) is spun off to another employer, the treat-
 5 ment under subparagraph (A) or (C) of the
 6 spun-off plan shall continue with respect to the
 7 other employer if such plan continues to comply
 8 with the requirements of clauses (ii) (if the
 9 original plan was still within the 3-year period
 10 described in such clause at the time of the spin
 11 off) and (iii) of subparagraph (A), as deter-
 12 mined for purposes of subparagraph (A) or (C),
 13 whichever is applicable.

14 “(3) DEFINITIONS.—For purposes of this sub-
 15 section—

16 “(A) MAKE-WHOLE CONTRIBUTIONS.—Ex-
 17 cept as otherwise provided in paragraph (2)(C),
 18 the term ‘make-whole contributions’ means non-
 19 elective allocations for each employee in the
 20 class which are reasonably calculated, in a con-
 21 sistent manner, to replace some or all of the re-
 22 tirement benefits which the employee would
 23 have received under the defined benefit plan
 24 and any other plan or qualified cash or deferred
 25 arrangement under subsection (k)(2) if no

1 change had been made to such defined benefit
 2 plan and such other plan or arrangement. For
 3 purposes of the preceding sentence, consistency
 4 shall not be required with respect to employees
 5 who were subject to different benefit formulas
 6 under the defined benefit plan.

7 “(B) REFERENCES TO CLOSED CLASS OF
 8 PARTICIPANTS.—References to a closed class of
 9 participants and similar references to a closed
 10 class shall include arrangements under which
 11 one or more classes of participants are closed,
 12 except that one or more classes of participants
 13 closed on different dates shall not be aggre-
 14 gated for purposes of determining the date any
 15 such class was closed.

16 “(C) HIGHLY COMPENSATED EMPLOYEE.—
 17 The term ‘highly compensated employee’ has
 18 the meaning given such term in section
 19 414(q).”.

20 (b) PARTICIPATION REQUIREMENTS.—Paragraph
 21 (26) of section 401(a) of the Internal Revenue Code of
 22 1986 is amended by adding at the end the following new
 23 subparagraph:

24 “(I) PROTECTED PARTICIPANTS.—

1 “(i) IN GENERAL.—A plan shall be
 2 deemed to satisfy the requirements of sub-
 3 paragraph (A) if—

4 “(I) the plan is amended—

5 “(aa) to cease all benefit ac-
 6 cruals, or

7 “(bb) to provide future ben-
 8 efit accruals only to a closed
 9 class of participants,

10 “(II) the plan satisfies subpara-
 11 graph (A) (without regard to this sub-
 12 paragraph) as of the effective date of
 13 the amendment, and

14 “(III) the amendment was adopt-
 15 ed before September 21, 2016, or the
 16 plan is described in clause (ii).

17 “(ii) PLANS DESCRIBED.—A plan is
 18 described in this clause if the plan would
 19 be described in subsection (o)(1)(C), as ap-
 20 plied for purposes of subsection
 21 (o)(1)(B)(iii)(IV) and by treating the effec-
 22 tive date of the amendment as the date the
 23 class was closed for purposes of subsection
 24 (o)(1)(C).

“(iii) SPECIAL RULES.—For purposes of clause (i)(II), in applying section 410(b)(6)(C), the amendments described in clause (i) shall not be treated as a significant change in coverage under section 410(b)(6)(C)(i)(II).

“(iv) SPUN-OFF PLANS.—For purposes of this subparagraph, if a portion of a plan described in clause (i) is spun off to another employer, the treatment under clause (i) of the spun-off plan shall continue with respect to the other employer.”.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall take effect on the date of the enactment of this Act, without regard to whether any plan modifications referred to in such amendments are adopted or effective before, on, or after such date of enactment.

(2) SPECIAL RULES.—

(A) ELECTION OF EARLIER APPLICATION.—At the election of the plan sponsor, the amendments made by this section shall apply to plan years beginning after December 31, 2013.

(B) CLOSED CLASSES OF PARTICIPANTS.—

For purposes of paragraphs (1)(A)(iii), (1)(B)(iii)(IV), and (2)(A)(iv) of section 401(o) of the Internal Revenue Code of 1986 (as added by this section), a closed class of participants shall be treated as being closed before September 21, 2016, if the plan sponsor's intention to create such closed class is reflected in formal written documents and communicated to participants before such date.

(C) CERTAIN POST-ENACTMENT PLAN

AMENDMENTS.—A plan shall not be treated as failing to be eligible for the application of section 401(o)(1)(A), 401(o)(1)(B)(iii), or 401(a)(26) of such Code (as added by this section) to such plan solely because in the case of—

(i) such section 401(o)(1)(A), the plan was amended before the date of the enactment of this Act to eliminate one or more benefits, rights, or features, and is further amended after such date of enactment to provide such previously eliminated benefits, rights, or features to a closed class of participants, or

1 (ii) such section 401(o)(1)(B)(iii) or
 2 section 401(a)(26), the plan was amended
 3 before the date of the enactment of this
 4 Act to cease all benefit accruals, and is
 5 further amended after such date of enact-
 6 ment to provide benefit accruals to a closed
 7 class of participants.

8 Any such section shall only apply if the plan
 9 otherwise meets the requirements of such sec-
 10 tion and in applying such section, the date the
 11 class of participants is closed shall be the effec-
 12 tive date of the later amendment.

13 **SEC. 206. MODIFICATION OF PBGC PREMIUMS FOR CSEC**
 14 **PLANS.**

15 (a) **FLAT RATE PREMIUM.**—Subparagraph (A) of
 16 section 4006(a)(3) of the Employee Retirement Income
 17 Security Act of 1974 (29 U.S.C. 1306(a)(3)) is amend-
 18 ed—

19 (1) in clause (i), by striking “plan,” and insert-
 20 ing “plan other than a CSEC plan (as defined in
 21 section 210(f)(1))”;

22 (2) in clause (v), by striking “or” at the end;

23 (3) in clause (vi), by striking the period at the
 24 end and inserting “, or”; and

1 (4) by adding at the end the following new
2 clause:

3 “(vii) in the case of a CSEC plan (as
4 defined in section 210(f)(1)), for plan
5 years beginning after December 31, 2018,
6 for each individual who is a participant in
7 such plan during the plan year an amount
8 equal to the sum of—

9 “(I) the additional premium (if
10 any) determined under subparagraph
11 (E), and

12 “(II) \$19.”.

13 (b) VARIABLE RATE PREMIUM.—

14 (1) UNFUNDED VESTED BENEFITS.—

15 (A) IN GENERAL.—Subparagraph (E) of
16 section 4006(a)(3) of the Employee Retirement
17 Income Security Act of 1974 (29 U.S.C.
18 1306(a)(3)) is amended by adding at the end
19 the following new clause:

20 “(v) For purposes of clause (ii), in the
21 case of a CSEC plan (as defined in section
22 210(f)(1)), the term ‘unfunded vested ben-
23 efits’ means, for plan years beginning after
24 December 31, 2018, the excess (if any)
25 of—

1 “(I) the funding liability of the
 2 plan as determined under section
 3 306(j)(5)(C) for the plan year by only
 4 taking into account vested benefits,
 5 over

6 “(II) the fair market value of
 7 plan assets for the plan year which
 8 are held by the plan on the valuation
 9 date.”.

10 (B) CONFORMING AMENDMENT.—Clause
 11 (iii) of section 4006(a)(3)(E) of such Act (29
 12 U.S.C. 1306(a)(3)(E)) is amended by striking
 13 “For purposes” and inserting “Except as pro-
 14 vided in clause (v), for purposes”.

15 (2) APPLICABLE DOLLAR AMOUNT.—

16 (A) IN GENERAL.—Paragraph (8) of sec-
 17 tion 4006(a) of such Act (29 U.S.C. 1306(a))
 18 is amended by adding at the end the following
 19 new subparagraph:

20 “(E) CSEC PLANS.—In the case of a
 21 CSEC plan (as defined in section 210(f)(1)),
 22 the applicable dollar amount shall be \$9.”.

23 (B) CONFORMING AMENDMENT.—Subpara-
 24 graph (A) of section 4006(a)(8) of such Act (29

1 U.S.C. 1306(a)(8)) is amended by striking “(B)
 2 and (C)” and inserting “(B), (C), and (E)”.

3 **TITLE III—BENEFITS RELATING**
 4 **TO UNITED STATES TAX COURT**

5 **SEC. 301. THRIFT SAVINGS PLAN CONTRIBUTIONS FOR**
 6 **JUDGES IN THE FEDERAL EMPLOYEES RE-**
 7 **TIREMENT SYSTEM.**

8 (a) IN GENERAL.—Subsection (j)(3)(B) of section
 9 7447 of the Internal Revenue Code of 1986 is amended
 10 to read as follows:

11 “(B) CONTRIBUTIONS FOR BENEFIT OF
 12 JUDGE.—No contributions under section
 13 8432(c) of title 5, United States Code, shall be
 14 made for the benefit of a judge who has filed
 15 an election to receive retired pay under sub-
 16 section (e).”.

17 (b) OFFSET.—Paragraph (3) of section 7447(j) of
 18 the Internal Revenue Code of 1986 is amended by adding
 19 at the end the following new subparagraph:

20 “(F) OFFSET.—In the case of a judge who
 21 receives a distribution from the Thrift Savings
 22 Plan and who later receives retired pay under
 23 subsection (d), the retired pay shall be offset by
 24 an amount equal to the amount of the distribu-
 25 tion which represents the Government’s con-

tribution to the individual's Thrift Savings Account during years of service as a full-time judicial officer under the Federal Employees Retirement System, without regard to earnings attributable to such amount. Where such an offset would exceed 50 percent of the retired pay to be received in the first year, the offset may be divided equally over the first 2 years in which the individual receives the annuity.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to basic pay earned while serving as a judge of the United States Tax Court on or after the date of the enactment of this Act.

SEC. 302. CHANGE IN VESTING PERIOD FOR SURVIVOR ANNUITIES AND WAIVER OF VESTING PERIOD IN THE EVENT OF ASSASSINATION.

(a) ELIGIBILITY IN CASE OF DEATH BY ASSASSINATION.—Subsection (h) of section 7448 of the Internal Revenue Code of 1986 is amended to read as follows:

“(h) ENTITLEMENT TO ANNUITY.—

“(1) IN GENERAL.—

“(A) ANNUITY TO SURVIVING SPOUSE.—If a judge or magistrate judge of the Tax Court described in paragraph (2) is survived by a surviving spouse but not by a dependent child,

1 there shall be paid to such surviving spouse an
2 annuity beginning with the day of the death of
3 the judge or magistrate judge of the Tax Court
4 or following the surviving spouse's attainment
5 of age 50, whichever is the later, in an amount
6 computed as provided in subsection (m).

7 “(B) ANNUITY TO SURVIVING SPOUSE AND
8 CHILD.—If a judge or magistrate judge of the
9 Tax Court described in paragraph (2) is sur-
10 vived by a surviving spouse and dependent child
11 or children, there shall be paid to such sur-
12 viving spouse an annuity, beginning on the day
13 of the death of the judge or magistrate judge
14 of the Tax Court, in an amount computed as
15 provided in subsection (m), and there shall also
16 be paid to or on behalf of each such child an
17 immediate annuity equal to the lesser of—

18 “(i) 10 percent of the average annual
19 salary of such judge or magistrate judge of
20 the Tax Court (determined in accordance
21 with subsection (m)), or

22 “(ii) 20 percent of such average an-
23 nual salary, divided by the number of such
24 children.

“(C) ANNUITY TO SURVIVING DEPENDENT CHILDREN.—If a judge or magistrate judge of the Tax Court described in paragraph (2) leaves no surviving spouse but leaves a surviving dependent child or children, there shall be paid to or on behalf of each such child an immediate annuity equal to the lesser of—

“(i) 20 percent of the average annual salary of such judge or magistrate judge of the Tax Court (determined in accordance with subsection (m)), or

“(ii) 40 percent of such average annual salary divided by the number of such children.

“(2) COVERED JUDGES.—Paragraph (1) applies to any judge or magistrate judge of the Tax Court electing under subsection (b)—

“(A) who dies while a judge or magistrate judge of the Tax Court after having rendered at least 18 months of civilian service computed as prescribed in subsection (n), for the last 18 months of which the salary deductions provided for by subsection (c)(1) or the deposits required by subsection (d) have actually been made or

1 the salary deductions required by the civil serv-
 2 ice retirement laws have actually been made, or

3 “(B) who dies by assassination after hav-
 4 ing rendered less than 18 months of civilian
 5 service computed as prescribed in subsection (n)
 6 if, for the period of such service, the salary de-
 7 ductions provided for by subsection (c)(1) or
 8 the deposits required by subsection (d) have ac-
 9 tually been made.

10 “(3) TERMINATION OF ANNUITY.—

11 “(A) SURVIVING SPOUSE.—The annuity
 12 payable to a surviving spouse under this sub-
 13 section shall be terminable upon such surviving
 14 spouse’s death or such surviving spouse’s re-
 15 marriage before attaining age 55.

16 “(B) SURVIVING CHILD.—Any annuity
 17 payable to a child under this subsection shall be
 18 terminable upon the earliest of—

19 “(i) the child attainment of age 18,

20 “(ii) the child’s marriage, or

21 “(iii) the child’s death,

22 except that if such child is incapable of self-sup-
 23 port by reason of mental or physical disability
 24 the child’s annuity shall be terminable only

1 upon death, marriage, or recovery from such
2 disability.

3 “(C) DEPENDENT CHILD AFTER DEATH
4 OF SURVIVING SPOUSE.—In case of the death of
5 a surviving spouse of a judge or magistrate
6 judge of the Tax Court leaving a dependent
7 child or children of the judge or magistrate
8 judge of the Tax Court surviving such spouse,
9 the annuity of such child or children shall be
10 recomputed and paid as provided in paragraph
11 (1)(C).

12 “(D) RECOMPUTATION WITH RESPECT TO
13 OTHER DEPENDENT CHILDREN.—In any case
14 in which the annuity of a dependent child is
15 terminated under this subsection, the annuities
16 of any remaining dependent child or children
17 based upon the service of the same judge or
18 magistrate judge of the Tax Court shall be re-
19 computed and paid as though the child whose
20 annuity was so terminated had not survived
21 such judge.

22 “(E) SPECIAL RULE FOR ASSASSINATED
23 JUDGES.—In the case of a survivor of a judge
24 or magistrate judge of the Tax Court described
25 in paragraph (2)(B), there shall be deducted

1 from the annuities otherwise payable under this
 2 section an amount equal to the amount of sal-
 3 ary deductions that would have been made if
 4 such deductions had been made for 18 months
 5 prior to the death of the judge or magistrate
 6 judge of the Tax Court.”.

7 (b) DEFINITION OF ASSASSINATION.—Section
 8 7448(a) of the Internal Revenue Code of 1986 is amended
 9 by adding at the end the following new paragraph:

10 “(10) The terms ‘assassinated’ and ‘assassina-
 11 tion’ mean the killing of a judge or magistrate judge
 12 of the Tax Court that is motivated by the perform-
 13 ance by the judge or magistrate judge of the Tax
 14 Court of his or her official duties.”.

15 (c) DETERMINATION OF ASSASSINATION.—Sub-
 16 section (i) of section 7448 of the Internal Revenue Code
 17 of 1986 is amended—

18 (1) by striking “OF DEPENDENCY AND DIS-
 19 ABILITY.—Questions” and inserting “BY CHIEF
 20 JUDGE.—

21 “(1) DEPENDENCY AND DISABILITY.—Ques-
 22 tions”, and

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

1 “(2) ASSASSINATION.—The chief judge shall
 2 determine whether the killing of a judge or mag-
 3 istrate judge of the Tax Court was an assassination,
 4 subject to review only by the Tax Court. The head
 5 of any Federal agency that investigates the killing of
 6 a judge or magistrate judge of the Tax Court shall
 7 provide to the chief judge any information that
 8 would assist the chief judge in making such a deter-
 9 mination.”.

10 (d) COMPUTATION OF ANNUITIES.—Subsection (m)
 11 of section 7448 of the Internal Revenue Code of 1986 is
 12 amended—

13 (1) by striking “ANNUITIES.—The annuity”
 14 and inserting “ANNUITIES.—

15 “(1) IN GENERAL.—The annuity”,

16 (2) by striking “the sum of (1) 1.5 percent”
 17 and inserting “the sum of—

18 “(A) 1.5 percent”,

19 (3) by striking “and (2) three-fourths of 1 per-
 20 cent” and inserting “and

21 “(B) three-fourths of 1 percent”,

22 (4) by striking “prior allowable service, except
 23 that” and inserting “prior allowable service,
 24 “except that”, and

1 (5) by adding at the end the following new
2 paragraph:

3 “(2) ASSASSINATED JUDGES AND MAGISTRATE
4 JUDGES OF THE TAX COURT.—In the case of a
5 judge or magistrate judge of the Tax Court who is
6 assassinated and who has served less than 18
7 months, the annuity of the surviving spouse of such
8 judge or magistrate judge of the Tax Court shall be
9 based upon the average annual salary received by
10 such judge or magistrate judge of the Tax Court for
11 judicial service.”.

12 (e) OTHER BENEFITS.—Section 7448 of the Internal
13 Revenue Code of 1986 is amended by adding at the end
14 the following new subsection:

15 “(u) OTHER BENEFITS IN CASE OF ASSASSINA-
16 TION.—In the case of a judge or magistrate judge of the
17 Tax Court who is assassinated, an annuity shall be paid
18 under this section notwithstanding a survivor’s eligibility
19 for or receipt of benefits under chapter 81 of title 5,
20 United States Code, except that the annuity for which a
21 surviving spouse is eligible under this section shall be re-
22 duced to the extent that the total benefits paid under this
23 section and chapter 81 of that title for any year would
24 exceed the current salary for that year of the office of the
25 judge or magistrate judge of the Tax Court.”.

1 **SEC. 303. COORDINATION OF RETIREMENT AND SURVIVOR**
 2 **ANNUITY WITH THE FEDERAL EMPLOYEES**
 3 **RETIREMENT SYSTEM.**

4 (a) RETIREMENT.—Section 7447 of the Internal Rev-
 5 enue Code of 1986 is amended—

6 (1) by striking “section 8331(8)” in subsection
 7 (g)(2)(C) and inserting “sections 8331(8) and
 8 8401(19)”, and

9 (2) by striking “Civil Service Commission” both
 10 places it appears in subsection (i)(2) and inserting
 11 “Office of Personnel Management”.

12 (b) ANNUITIES TO SURVIVING SPOUSES AND DE-
 13 PENDENT CHILDREN.—Section 7448 of the Internal Rev-
 14 enue Code of 1986 is amended—

15 (1) by striking “section 8332” in subsection (d)
 16 and inserting “sections 8332 and 8411”, and

17 (2) by striking “section 8332” in subsection (n)
 18 and inserting “sections 8332 and 8411”.

19 **SEC. 304. LIMIT ON TEACHING COMPENSATION OF RE-**
 20 **TIRED JUDGES.**

21 (a) IN GENERAL.—Section 7447 of the Internal Rev-
 22 enue Code of 1986 is amended by adding at the end the
 23 following new subsection:

24 “(k) TEACHING COMPENSATION OF RETIRED
 25 JUDGES.—For purposes of the limitation under section
 26 501(a) of the Ethics in Government Act of 1978 (5 U.S.C.

1 App.), any compensation for teaching approved under sec-
 2 tion 502(a)(5) of such Act shall not be treated as outside
 3 earned income when received by a judge of the United
 4 States Tax Court who has retired under subsection (b)
 5 for teaching performed during any calendar year for which
 6 such a judge has met the requirements of subsection (c),
 7 as certified by the chief judge.”.

8 (b) EFFECTIVE DATE.—The amendment made by
 9 this section shall apply to any individual serving as a re-
 10 tired judge of the United States Tax Court on or after
 11 the date of the enactment of this Act.

12 **SEC. 305. GENERAL PROVISIONS RELATING TO MAG-**
 13 **ISTRATE JUDGES OF THE TAX COURT.**

14 (a) TITLE OF SPECIAL TRIAL JUDGE CHANGED TO
 15 MAGISTRATE JUDGE OF THE TAX COURT.—The heading
 16 of section 7443A of the Internal Revenue Code of 1986
 17 is amended by striking “**SPECIAL TRIAL JUDGES**” and
 18 inserting “**MAGISTRATE JUDGES OF THE TAX**
 19 **COURT**”.

20 (b) APPOINTMENT, TENURE, AND REMOVAL.—Sub-
 21 section (a) of section 7443A of the Internal Revenue Code
 22 of 1986 is amended to read as follows:

23 “(a) APPOINTMENT, TENURE, AND REMOVAL.—

24 “(1) APPOINTMENT.—The chief judge may,
 25 from time to time, appoint and reappoint magistrate

1 judges of the Tax Court for a term of 8 years. The
2 magistrate judges of the Tax Court shall proceed
3 under such rules as may be promulgated by the Tax
4 Court.

5 “(2) REMOVAL.—

6 “(A) IN GENERAL.—Except as provided in
7 subparagraph (B), removal of a magistrate
8 judge of the Tax Court during the term for
9 which such magistrate judge is appointed shall
10 be only for incompetency, misconduct, neglect
11 of duty, or physical or mental disability. Re-
12 moval shall not occur unless a majority of all
13 the judges of the Tax Court concur in the order
14 of removal. Before any order of removal shall
15 be entered, a full specification of the charges
16 shall be furnished to the magistrate judge of
17 the Tax Court, and such magistrate judge shall
18 be accorded by the judges of the Tax Court an
19 opportunity to be heard on the charges.

20 “(B) TERMINATION OF OFFICE.—The of-
21 fice of a magistrate judge of the Tax Court
22 shall be terminated if the judges of the Tax
23 Court determine that the services performed by
24 such magistrate judge of the Tax Court are no
25 longer needed.”.

1 (c) SALARY.—Subsection (d) of section 7443A of the
 2 Internal Revenue Code of 1986 is amended to read as fol-
 3 lows:

4 “(d) SALARY.—Each magistrate judge of the Tax
 5 Court shall receive salary—

6 “(1) at a rate equal to 92 percent of the rate
 7 for judges of the Tax Court, and

8 “(2) in the same installments as such judges.”.

9 (d) EXEMPTION FROM FEDERAL LEAVE PROVI-
 10 SIONS.—Section 7443A of the Internal Revenue Code of
 11 1986 is amended by adding at the end the following new
 12 subsection:

13 “(f) EXEMPTION FROM FEDERAL LEAVE PROVI-
 14 SIONS.—

15 “(1) IN GENERAL.—A magistrate judge of the
 16 Tax Court shall be exempt from the provisions of
 17 subchapter I of chapter 63 of title 5, United States
 18 Code.

19 “(2) TREATMENT OF UNUSED LEAVE.—

20 “(A) AFTER SERVICE AS MAGISTRATE
 21 JUDGE OF THE TAX COURT.—If an individual
 22 who is exempted under paragraph (1) from the
 23 subchapter referred to in such paragraph was
 24 previously subject to such subchapter and, with-
 25 out a break in service, again becomes subject to

1 such subchapter on completion of the individ-
2 ual's service as a magistrate judge of the Tax
3 Court, the unused annual leave and sick leave
4 standing to the individual's credit at the time
5 such individual became a magistrate judge of
6 the Tax Court is deemed to have remained to
7 the individual's credit.

8 “(B) COMPUTATION OF ANNUITY.—In
9 computing an annuity under section 8339 or
10 8415 of title 5, United States Code, the total
11 service of an individual specified in subpara-
12 graph (A) who retires on an immediate annuity
13 or dies leaving a survivor or survivors entitled
14 to an annuity includes, without regard to the
15 limitations imposed by subsection (f) of section
16 8339 of such title 5, the days of unused sick
17 leave standing to the individual's credit at the
18 time such individual became a magistrate judge
19 of the Tax Court, except that such days will not
20 be counted in determining average pay or annu-
21 ity eligibility.

22 “(C) LUMP SUM PAYMENT.—Any accumu-
23 lated and current accrued annual leave or vaca-
24 tion balances credited to a magistrate judge of
25 the Tax Court as of the date of the enactment

1 of this subsection shall be paid in a lump sum
 2 at the time of separation from service pursuant
 3 to the provisions and restrictions set forth in
 4 section 5551 of such title 5 and related provi-
 5 sions referred to in such section.”.

6 (e) CONTEMPT AUTHORITY.—Section 7443A of the
 7 Internal Revenue Code of 1986, as amended by this sec-
 8 tion, is amended by adding at the end the following new
 9 subsection:

10 “(g) INCIDENTAL POWERS.—A magistrate judge of
 11 the Tax Court appointed under this section shall have the
 12 power to punish for contempt of the authority of the Tax
 13 Court as provided in section 7456(c), except the sentence
 14 imposed by such a magistrate judge of the Tax Court for
 15 any contempt shall not exceed the penalties for a Class
 16 C misdemeanor as set forth in sections 3571(b)(6) and
 17 3581(b)(8) of title 18, United States Code. This sub-
 18 section shall not be construed to limit the authority of a
 19 magistrate judge of the Tax Court to order sanctions
 20 under any other statute or any rule of the Tax Court pre-
 21 scribed pursuant to section 7453.”.

22 (f) CONFORMING AMENDMENTS.—

23 (1) The heading of subsection (b) of section
 24 7443A of the Internal Revenue Code of 1986 is
 25 amended by striking “SPECIAL TRIAL JUDGES” and

1 inserting “MAGISTRATE JUDGES OF THE TAX
2 COURT”.

3 (2) Subsection (b) of section 7443A of such
4 Code is amended by striking “special trial judges of
5 the court” and inserting “magistrate judges of the
6 Tax Court”.

7 (3) Subsection (c) of section 7443A of such
8 Code is amended by striking “special trial judge”
9 and inserting “magistrate judge of the Tax Court”.

10 (4) Subsection (e) of section 7443A of such
11 Code is amended by striking “special trial judges”
12 and inserting “magistrate judges of the Tax Court”.

13 (5) The item relating to section 7443A in the
14 table of sections for part I of subchapter C of chap-
15 ter 76 of such Code is amended to read as follows:

“Sec. 7443A. Magistrate judges of the Tax Court.”.

16 (6) The heading of section 7448 of such Code
17 is amended by striking “**SPECIAL TRIAL**
18 **JUDGES**” and inserting “**MAGISTRATE JUDGES**
19 **OF THE TAX COURT**”.

20 (7) Section 7448 of such Code is amended—

21 (A) by striking “special trial judge’s” each
22 place it appears in subsections (a)(6), (c)(1),
23 (d), and (m)(1) and inserting “magistrate judge
24 of the Tax Court’s”, and

1 (B) by striking “special trial judge” each
2 place it appears other than in subsection (n)
3 and inserting “magistrate judge of the Tax
4 Court”.

5 (8) Subsection (n) of section 7448 of such Code
6 is amended to read as follows:

7 “(n) INCLUDIBLE SERVICE.—Subject to the provi-
8 sions of subsection (d), the years of service of a judge or
9 magistrate judge of the Tax Court which are allowable as
10 the basis for calculating the amount of the annuity of such
11 judge or magistrate judge’s surviving spouse shall include
12 the judge or magistrate judge’s years of service—

13 “(1) as a judge or magistrate judge of the Tax
14 Court, a special trial judge of the Tax Court, or a
15 judge of the Tax Court of the United States,

16 “(2) pursuant to any appointment under sec-
17 tion 7443A,

18 “(3) as a Senator, Representative, Delegate, or
19 Resident Commissioner in Congress,

20 “(4) as a member of the Armed Forces of the
21 United States (not including any service for which
22 credit is allowed for purposes of retirement or re-
23 tired pay under any other provision of law), and

24 “(5) in any other civilian service within the pur-
25 view of section 8332 of title 5, United States Code.

1 For purposes of paragraph (4), not more than 5 years of
 2 service shall be taken into account.”.

3 (9) The item relating to section 7448 in the
 4 table of sections for part I of subchapter C of chap-
 5 ter 76 of such Code is amended to read as follows:

“Sec. 7448. Annuities to surviving spouses and dependent children of judges
 and magistrate judges of the Tax Court.”.

6 (10) Subsection (a) of section 7456 of such
 7 Code is amended—

8 (A) by striking “special trial judge” each
 9 place it appears and inserting “magistrate
 10 judge”, and

11 (B) by striking “(or by the clerk” and in-
 12 serting “of the Tax Court (or by the clerk”.

13 (11) Subsection (a) of section 7466 of such
 14 Code is amended by striking “special trial judge”
 15 and inserting “magistrate judge”.

16 (12) Section 7470A of such Code is amended
 17 by striking “special trial judges” both places it ap-
 18 pears in subsections (a) and (b) and inserting “mag-
 19 istrate judges”.

20 (13) Subparagraph (A) of section 7471(a)(2) of
 21 such Code is amended by striking “special trial
 22 judges” and inserting “magistrate judges”.

23 (14) Subsection (c) of section 7471 of such
 24 Code is amended—

1 (A) by striking “SPECIAL TRIAL JUDGES”
2 in the heading and inserting “MAGISTRATE
3 JUDGES OF THE TAX COURT”, and

4 (B) by striking “special trial judges” and
5 inserting “magistrate judges”.

6 (g) EFFECTIVE DATE.—

7 (1) IN GENERAL.—The amendments made by
8 this section shall apply to individuals serving as spe-
9 cial trial judges of the United States Tax Court on
10 or after the day before the date of enactment of this
11 Act.

12 (2) APPOINTMENT SAVINGS PROVISION.—Any
13 individual serving as a special trial judge of the
14 United States Tax Court as of the day before the
15 date of the enactment of this Act shall be considered
16 to have been appointed as a magistrate judge of the
17 Tax Court under section 7443A of the Internal Rev-
18 enue Code of 1986 on such date of enactment, and
19 service as a special trial judge of the Tax Court be-
20 fore such date of enactment shall be considered to
21 be service as a magistrate judge of the Tax Court
22 for purposes of any provision of law relating to
23 length of service.

1 **SEC. 306. LIFE INSURANCE FOR MAGISTRATE JUDGES OF**
2 **THE TAX COURT AGE 65 OR OLDER.**

3 Section 7472 of the Internal Revenue Code of 1986
4 is amended by striking “its judges” in the second sentence
5 and inserting “the judges and magistrate judges of the
6 Tax Court”.

7 **SEC. 307. RETIREMENT AND ANNUITY PROGRAM.**

8 (a) RETIREMENT AND ANNUITY PROGRAM.—Part I
9 of subchapter C of chapter 76 of the Internal Revenue
10 Code of 1986 is amended by inserting after section 7443A
11 the following new section:

12 **“SEC. 7443B. RETIREMENT FOR MAGISTRATE JUDGES OF**
13 **THE TAX COURT.**

14 “(a) RETIREMENT.—

15 “(1) IN GENERAL.—Each magistrate judge of
16 the Tax Court who makes an election under this sec-
17 tion shall receive an annuity at the same rate and
18 in the same manner as magistrate judges of the dis-
19 trict courts of the United States pursuant to section
20 377 of title 28, United States Code.

21 “(2) RULES OF APPLICATION.—For purposes of
22 subsection (a), section 377 of title 28, United States
23 Code, shall be applied with the following modifica-
24 tions:

25 “(A) By substituting—

1 “(i) ‘magistrate judge of the Tax
2 Court’ for ‘judicial official’, ‘judicial offi-
3 cer’, and ‘magistrate judge’ each place
4 such terms appear,

5 “(ii) ‘magistrate judge of the Tax
6 Court’s’ for ‘magistrate judge’s’ each place
7 it appears,

8 “(iii) ‘chief judge of the Tax Court’
9 for ‘Administrative Office of the United
10 States Courts’, ‘Director of the Adminis-
11 trative Office of the United States Courts’,
12 ‘Director’, and ‘chief judge of the district
13 court’ each place such terms appear,

14 “(iv) ‘Tax Court Judicial Officers’ Re-
15 tirement Fund’ for ‘Judicial Officers’ Re-
16 tirement Fund’ each place it appears,

17 “(v) ‘under section 7443A of the In-
18 ternal Revenue Code of 1986’ for ‘under
19 section 631 of this title’ in subsection
20 (h)(2),

21 “(vi) ‘under section 7443C of the In-
22 ternal Revenue Code of 1986’ for ‘under
23 section 155(b), 375, or 636(h) of this title’
24 each place it appears in paragraphs (2)
25 and (3) of subsection (m), and

1 “(vii) ‘from the date of appointment,
 2 for those individuals appointed pursuant to
 3 section 7443A of the Internal Revenue
 4 Code of 1986 prior to, and in active service
 5 on, the date of enactment of the Retirement
 6 Enhancement and Savings Act of
 7 2019’ for ‘on or after October 1, 1979’ in
 8 subsection (h).

9 “(B) By disregarding subsection (m)(2)
 10 and subsection (o).

11 “(b) 1-YEAR FORFEITURE FOR FAILURE TO PER-
 12 FORM JUDICIAL DUTIES.—Subject to subparagraph (B)
 13 of section 377(m)(1) of title 28, United States Code, any
 14 magistrate judge of the Tax Court who retires under this
 15 section and who fails to perform judicial duties required
 16 of such individual by section 7443C shall forfeit all rights
 17 to an annuity under this section for a 1-year period which
 18 begins on the first day on which such individual fails to
 19 perform such duties.

20 “(c) TAX COURT JUDICIAL OFFICERS’ RETIREMENT
 21 FUND.—

22 “(1) ESTABLISHMENT.—There is established in
 23 the Treasury of the United States a fund which
 24 shall be known as the ‘Tax Court Judicial Officers’
 25 Retirement Fund’. The Fund is appropriated for the

1 payment of annuities, refunds, and other payments
2 under this section.

3 “(2) INVESTMENT OF FUND.—The Secretary
4 shall invest, in interest-bearing securities of the
5 United States, such currently available portions of
6 the Tax Court Judicial Officers’ Retirement Fund as
7 are not immediately required for payments from the
8 Fund. The income derived from these investments
9 constitutes a part of the Fund.

10 “(3) UNFUNDED LIABILITY.—

11 “(A) IN GENERAL.—Not later than the
12 close of each fiscal year, there shall be depos-
13 ited in the Tax Court Judicial Officers’ Retire-
14 ment Fund amounts required to reduce to zero
15 the unfunded liability, if any, of such Fund.

16 “(B) UNFUNDED LIABILITY.—For pur-
17 poses of subparagraph (A), the term ‘unfunded
18 liability’ means the amount estimated by the
19 Secretary to be equal to the excess (as of the
20 close of the fiscal year involved) of—

21 “(i) the present value of all benefits
22 payable from the Tax Court Judicial Offi-
23 cers’ Retirement Fund, over

24 “(ii) the sum of—

1 “(I) the present value of future
 2 deductions to be withheld under this
 3 section from the basic pay of mag-
 4 istrate judges of the Tax Court, plus
 5 “(II) the balance in such Fund
 6 as of the close of such fiscal year.

7 “(d) PARTICIPATION IN THRIFT SAVINGS PLAN.—

8 “(1) ELECTION TO CONTRIBUTE.—A mag-
 9 istrate judge of the Tax Court may elect to con-
 10 tribute out of such individual’s basic pay to the
 11 Thrift Savings Fund established by section 8437 of
 12 title 5, United States Code.

13 “(2) APPLICABILITY OF TITLE 5 PROVISIONS.—
 14 Except as otherwise provided in this subsection, the
 15 provisions of subchapters III and VII of chapter 84
 16 of such title 5 shall apply with respect to a mag-
 17 istrate judge of the Tax Court who makes an elec-
 18 tion under paragraph (1).

19 “(3) SPECIAL RULES.—

20 “(A) AMOUNT CONTRIBUTED.—The
 21 amount contributed by a magistrate judge of
 22 the Tax Court to the Thrift Savings Plan in
 23 any pay period shall not exceed the maximum
 24 percentage of such magistrate judge’s basic pay

1 for such period as allowable under section
2 8440f of such title 5.

3 “(B) CONTRIBUTIONS FOR BENEFIT OF
4 MAGISTRATE JUDGE OF THE TAX COURT.—No
5 contributions under section 8432(c) of such
6 title 5 shall be made for the benefit of a mag-
7 istrate judge of the Tax Court who has filed an
8 election to receive an annuity under this sec-
9 tion.

10 “(C) APPLICABILITY OF RULES RELATING
11 TO ANNUITY OF A CHILD.—Section 8433(b) of
12 such title 5 applies with respect to a magistrate
13 judge of the Tax Court who makes an election
14 under paragraph (1) and who—

15 “(i) retires entitled to an immediate
16 annuity under this section (including a dis-
17 ability annuity under this section),

18 “(ii) retires before attaining age 65
19 but is entitled, upon attaining age 65, to
20 an annuity under this section, or

21 “(iii) retires before becoming entitled
22 to an immediate annuity, or an annuity
23 upon attaining age 65, under this section.

24 “(D) RETIREMENT AS SEPARATION FROM
25 SERVICE.—With respect to a magistrate judge

1 of the Tax Court to whom this subsection ap-
2 plies, retirement under this section is a separa-
3 tion from service for purposes of subchapters
4 III and VII of chapter 84 of such title 5.

5 “(4) DEFINITIONS.—For purposes of this sub-
6 section, the terms ‘retirement’ and ‘retire’ include
7 removal from office under section 7443A(a)(2) on
8 the sole ground of mental or physical disability.

9 “(5) OFFSET.—In the case of a magistrate
10 judge of the Tax Court who receives a distribution
11 from the Thrift Savings Plan and who later receives
12 an annuity under this section, the annuity shall be
13 offset by an amount equal to the amount which rep-
14 resents the Government’s contribution to the individ-
15 ual’s Thrift Savings Account during years of service
16 as a full-time judicial officer under the Federal Em-
17 ployees Retirement System, without regard to earn-
18 ings attributable to such amount. Where such an
19 offset would exceed 50 percent of the annuity to be
20 received in the first year, the offset may be divided
21 equally over the first 2 years in which the individual
22 receives the annuity.

23 “(6) EXCEPTION.—Notwithstanding clauses (i)
24 and (ii) of paragraph (3)(C), if any magistrate judge
25 of the Tax Court retires under circumstances mak-

1 ing such magistrate judge of the Tax Court eligible
 2 to make an election under subsection (b) of section
 3 8433 of such title 5, and the nonforfeitable account
 4 balance of such magistrate judge of the Tax Court
 5 is less than an amount which the Executive Director
 6 of the Office of Personnel Management prescribes by
 7 regulation, the Executive Director shall pay the non-
 8 forfeitable account balance to the participant in a
 9 single payment.

10 “(e) COORDINATION WITH TITLE 5.—A magistrate
 11 judge of the Tax Court who elects to receive an annuity
 12 under this section—

13 “(1) shall not be subject to deductions and con-
 14 tributions otherwise required by section 8334(a) of
 15 title 5 United States Code,

16 “(2) shall be excluded from the application of
 17 chapter 84 (other than subchapters III and VII) of
 18 such title 5, and

19 “(3) is entitled to a lump-sum credit under sec-
 20 tion 8342(a) or 8424 of such title 5, as the case
 21 may be.”.

22 (b) CONFORMING AMENDMENTS.—

23 (1) Section 3121(b)(5)(E) of the Internal Rev-
 24 enue Code of 1986 is amended by inserting “or

1 magistrate judge” before “of the United States Tax
2 Court”.

3 (2) Section 210(a)(5)(E) of the Social Security
4 Act (42 U.S.C. 410(a)(5)(E)) is amended by insert-
5 ing “or a magistrate judge of the Tax Court who
6 files an election under section 7443B(a) of the Inter-
7 nal Revenue Code of 1986” after “of the United
8 States Tax Court”.

9 (3) Section 7448(b)(2) of the Internal Revenue
10 Code of 1986 is amended to read as follows:

11 “(2) MAGISTRATE JUDGES OF THE TAX
12 COURT.—Any magistrate judge of the Tax Court
13 may by written election filed with the chief judge
14 bring himself or herself within the purview of this
15 section. Such election shall be filed while such indi-
16 vidual is a magistrate judge of the Tax Court.”.

17 (c) CLERICAL AMENDMENT.—The table of sections
18 for part I of subchapter C of chapter 76 of the Internal
19 Revenue Code of 1986 is amended by inserting after the
20 item relating to section 7443A the following new item:

“Sec. 7443B. Retirement for magistrate judges of the Tax Court.”.

21 (d) EFFECTIVE DATE.—The amendments made by
22 this section shall take effect on the date of the enactment
23 of this Act.

1 **SEC. 308. PROVISIONS FOR RECALL.**

2 (a) IN GENERAL.—Part I of subchapter C of chapter
3 76 of the Internal Revenue Code of 1986, as amended by
4 section 307, is amended by inserting after section 7443B
5 the following new section:

6 **“SEC. 7443C. RECALL OF MAGISTRATE JUDGES OF THE TAX**
7 **COURT.**

8 “(a) RECALLING OF RETIRED MAGISTRATE JUDGES
9 OF THE TAX COURT.—Any individual who has retired
10 pursuant to section 7443B or the applicable provisions of
11 title 5 or 28, United States Code, upon reaching the age
12 and service requirements established under such titles 5
13 and 28, may be called upon by the chief judge to perform
14 such judicial duties with the Tax Court as may be re-
15 quested of such individual for a period or periods specified
16 by the chief judge, except that in the case of any such
17 individual—

18 “(1) the aggregate of such periods in any 1 cal-
19 endar year shall not (without the consent of such in-
20 dividual) exceed 90 calendar days, and

21 “(2) such individual shall be relieved of per-
22 forming such duties during any period in which ill-
23 ness or disability precludes the performance of such
24 duties.

25 Any act, or failure to act, by an individual performing ju-
26 dicial duties pursuant to this subsection shall have the

1 same force and effect as if it were the act (or failure to
2 act) of a magistrate judge of the Tax Court.

3 “(b) COMPENSATION.—For the year in which a pe-
4 riod of recall occurs, the magistrate judge of the Tax
5 Court shall receive, in addition to the annuity provided
6 under the provisions of section 7443B, an amount equal
7 to the difference between that annuity and the current sal-
8 ary of the office to which the magistrate judge of the Tax
9 Court is recalled (and allowances for travel and other ex-
10 penses of the magistrate judge of the Tax Court). The
11 annuity for years after the year in which a period of recall
12 occurs of the magistrate judge of the Tax Court who com-
13 pletes such a period of service, who is not recalled in a
14 subsequent year, and who retired under section 7443B,
15 shall be equal to the salary in effect at the end of the
16 year in which the period of recall occurred for the office
17 from which such magistrate judge of the Tax Court re-
18 tired.

19 “(c) RULEMAKING AUTHORITY.—The provisions of
20 this section shall be implemented under such rules and
21 regulations as may be promulgated by the Tax Court.”.

22 (b) CLERICAL AMENDMENT.—The table of sections
23 for part I of subchapter C of chapter 76 of the Internal
24 Revenue Code of 1986, as amended by section 307, is

1 amended by inserting after the item relating to section
 2 7443B the following new item:

“Sec. 7443C. Recall of magistrate judges of the Tax Court.”.

3 **TITLE IV—OTHER BENEFITS**

4 **SEC. 401. BENEFITS PROVIDED TO VOLUNTEER FIRE-** 5 **FIGHTERS AND EMERGENCY MEDICAL RE-** 6 **SPONDERS.**

7 (a) INCREASE IN DOLLAR LIMITATION ON QUALI-
 8 FIED PAYMENTS.—Subparagraph (B) of section
 9 139B(c)(2) of the Internal Revenue Code of 1986 is
 10 amended by striking “\$30” and inserting “\$50”.

11 (b) EXTENSION.—Subsection (d) of section 139B of
 12 the Internal Revenue Code of 1986 is amended by striking
 13 “beginning after December 31, 2010.” and inserting “be-
 14 ginning—

15 “(1) after December 31, 2010, and before Jan-
 16 uary 1, 2020, or

17 “(2) after December 31, 2020.”.

18 (c) TECHNICAL CORRECTION.—Section 139B(b)(1)
 19 of the Internal Revenue Code of 1986 is amended by in-
 20 serting “section” before “164”.

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

1 **TITLE V—REVENUE PROVISIONS**

2 **SEC. 501. MODIFICATIONS OF REQUIRED DISTRIBUTION**
3 **RULES FOR DEFINED CONTRIBUTION AC-**
4 **COUNTS AND PLANS.**

5 (a) MODIFICATION OF RULES WHERE EMPLOYEE
6 DIES BEFORE ENTIRE DISTRIBUTION.—

7 (1) IN GENERAL.—Section 401(a)(9) of the In-
8 ternal Revenue Code of 1986 is amended by adding
9 at the end the following new subparagraph:

10 “(H) SPECIAL RULES FOR CERTAIN DE-
11 FINED CONTRIBUTION PLANS.—

12 “(i) IN GENERAL.—In the case of dis-
13 tributions from a defined contribution
14 plan, a trust forming part of such plan
15 shall not constitute a qualified trust under
16 this section unless the plan provides that,
17 if an employee dies before the distribution
18 of the employee’s interest (whether or not
19 such distribution has begun in accordance
20 with subparagraph (A)), so much of the
21 entire interest of any designated bene-
22 ficiary of the employee as exceeds
23 \$400,000 (as of the date of the death of
24 the employee) will be distributed within 5
25 years after the death of such employee.

1 “(ii) ANNUAL ALLOCATION OF LIM-
2 TATION.—If a person is a designated bene-
3 ficiary under more than 1 defined con-
4 tribution plan during any calendar year,
5 the limitation under clause (i)—

6 “(I) shall only apply with respect
7 to interests acquired by such bene-
8 ficiary during the calendar year by
9 reason of the death of another indi-
10 vidual,

11 “(II) shall be applied by aggre-
12 gating each such interest as of the
13 date of the death of the individual
14 who designated such beneficiary, and

15 “(III) shall be allocated among
16 each such interest on a pro rata basis
17 determined by the relative size of each
18 such plan or account, or as otherwise
19 provided in regulations prescribed by
20 the Secretary.

21 “(iii) TREATMENT OF REMAINING
22 AMOUNT.—The method of distribution and
23 period of time over which any portion of
24 the interest of the designated beneficiary
25 to which clause (i) does not apply is dis-

1 tributed shall be determined without re-
 2 gard to the portion of the designated bene-
 3 ficiary's interest distributed under clause
 4 (i).

5 “(iv) EXCEPTION FOR ELIGIBLE DES-
 6 IGNATED BENEFICIARIES.—If—

7 “(I) any portion of the employ-
 8 ee's interest is payable to (or for the
 9 benefit of) an eligible designated bene-
 10 ficiary,

11 “(II) such portion will be distrib-
 12 uted (in accordance with regulations)
 13 over the life of such eligible des-
 14 ignated beneficiary (or over a period
 15 not extending beyond the life expect-
 16 ancy of such beneficiary), and

17 “(III) such distributions begin
 18 not later than 1 year after the date of
 19 the employee's death or such later
 20 date as the Secretary may by regula-
 21 tions prescribe,

22 for purposes of clause (i), the portion re-
 23 ferred to in subclause (I) shall be treated
 24 as distributed on the date on which such
 25 distributions begin.

1 “(v) SPECIAL RULE FOR SURVIVING
2 SPOUSE OF EMPLOYEE.—If the eligible
3 designated beneficiary is the surviving
4 spouse of the employee—

5 “(I) the date on which the dis-
6 tributions are required to begin under
7 clause (iv)(III) shall not be earlier
8 than the date on which the employee
9 would have attained age 70½, and

10 “(II) if the surviving spouse dies
11 before the distributions to such spouse
12 begin, this subparagraph shall be ap-
13 plied as if the surviving spouse were
14 the employee.

15 “(vi) RULES UPON DEATH OF ELIGI-
16 BLE DESIGNATED BENEFICIARY.—If an el-
17 igible designated beneficiary dies before the
18 portion of the employee’s interest to which
19 clause (i) applies which is payable to (or
20 for the benefit of) such eligible designated
21 beneficiary is entirely distributed, the ex-
22 ception under clause (iv) shall not apply to
23 any beneficiary of such eligible designated
24 beneficiary and the remainder of such por-
25 tion shall be distributed within 5 years

1 after the death of such eligible designated
2 beneficiary.

3 “(vii) SAFE HARBOR FOR PLAN AD-
4 MINISTRATOR RELIANCE ON DESIGNATED
5 BENEFICIARY CERTIFICATION.—A defined
6 contribution plan shall not be treated as
7 failing to meet the requirements of this
8 paragraph in the case of any failure to
9 make a required minimum distribution for
10 a calendar year if—

11 “(I) the aggregate value of a des-
12 ignated beneficiary’s entire interest
13 acquired by such beneficiary during
14 the calendar year under all such plans
15 of the employer by reason of the death
16 of the employee does not exceed the
17 dollar amount in effect for such year
18 under clause (i), and

19 “(II) the designated beneficiary
20 certifies, within 1 year after the death
21 of the employee from whom the bene-
22 ficiary acquired the interest, that the
23 aggregate value of the designated
24 beneficiary’s entire interest acquired
25 by such beneficiary during the cal-

1 endar year under all defined contribu-
2 tion plans by reason of the death of
3 another individual does not exceed the
4 dollar amount in effect for such year
5 under clause (i).

6 For purposes of this clause, the value of
7 any interest shall be determined as of the
8 date of the death of the individual from
9 whom the beneficiary acquired such inter-
10 est, and all employers treated as a single
11 employer under subsection (b), (c), (m), or
12 (o) of section 414 shall be treated as a sin-
13 gle employer.

14 “(viii) APPLICATION TO ELIGIBLE RE-
15 TIREMENT PLANS.—For purposes of apply-
16 ing the provisions of this subparagraph
17 and subsections (a)(6) and (b)(3) of sec-
18 tion 408, all eligible retirement plans (as
19 defined in section 402(c)(8)(B)) other than
20 defined benefit plans shall be treated as
21 defined contribution plans in determining
22 the aggregate account balances to the cred-
23 it of the designated beneficiary under all
24 defined contribution plans and the amount

1 required to be distributed to each bene-
 2 ficiary under such provisions.

3 “(ix) ADJUSTMENT FOR INFLATION.—
 4 In the case of any taxable year beginning
 5 after 2020, the \$400,000 amount in clause
 6 (i) shall be increased by an amount equal
 7 to—

8 “(I) such dollar amount, multi-
 9 plied by

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

17 If any amount as adjusted under the pre-
 18 ceding sentence is not a multiple of \$500,
 19 such amount shall be rounded to the next
 20 lowest multiple of \$500.”.

21 (2) DEFINITION OF ELIGIBLE DESIGNATED
 22 BENEFICIARY.—Section 401(a)(9)(E) of such Code
 23 is amended to read as follows:

1 “(E) DEFINITIONS AND RULES RELATING
2 TO DESIGNATED BENEFICIARY.—For purposes
3 of this paragraph—

4 “(i) DESIGNATED BENEFICIARY.—The
5 term ‘designated beneficiary’ means any
6 individual designated as a beneficiary by
7 the employee.

8 “(ii) ELIGIBLE DESIGNATED BENE-
9 FICIARY.—The term ‘eligible designated
10 beneficiary’ means, with respect to any em-
11 ployee, any designated beneficiary who is—

12 “(I) the surviving spouse of the
13 employee,

14 “(II) subject to clause (iii), a
15 child of the employee who has not
16 reached majority (within the meaning
17 of subparagraph (F)),

18 “(III) disabled (within the mean-
19 ing of section 72(m)(7)),

20 “(IV) a chronically ill individual
21 (within the meaning of section
22 7702B(c)(2), except that the require-
23 ments of subparagraph (A)(i) thereof
24 shall only be treated as met if there is
25 a certification that, as of such date,

1 the period of inability described in
 2 such subparagraph with respect to the
 3 individual is an indefinite one which is
 4 reasonably expected to be lengthy in
 5 nature), or

6 “(V) an individual not described
 7 in any of the preceding subclauses
 8 who is not more than 10 years young-
 9 er than the employee.

10 “(iii) SPECIAL RULE FOR CHIL-
 11 DREN.—Subject to subparagraph (F), an
 12 individual described in clause (ii)(II) shall
 13 cease to be an eligible designated bene-
 14 ficiary as of the date the individual reaches
 15 majority and any remainder of the portion
 16 of the interest described in subparagraph
 17 (H)(iv) which exceeds the amount in effect
 18 under subparagraph (H)(i) as of such date
 19 shall be distributed within 5 years after
 20 such date.

21 “(iv) TIME FOR DETERMINATION OF
 22 ELIGIBLE DESIGNATED BENEFICIARY.—
 23 The determination of whether a designated
 24 beneficiary is an eligible designated bene-

1 ficiary shall be made as of the date of
2 death of the employee.”.

3 (3) CONFORMING AMENDMENTS.—

4 (A) Clause (ii) of section 401(a)(9)(B) of
5 the Internal Revenue Code of 1986 is amended
6 by striking “A trust” and inserting “Except as
7 provided in subparagraph (H), a trust”.

8 (B) Section 402(c)(11)(A)(iii) of such
9 Code is amended by striking “section
10 401(a)(9)(B) (other than clause (iv) thereof)”
11 and inserting “subparagraphs (B) (other than
12 clause (iv) thereof) and (H) (other than clause
13 (v) thereof) of section 401(a)(9)”.

14 (4) EFFECTIVE DATES.—

15 (A) IN GENERAL.—Except as provided in
16 this paragraph and paragraphs (5) and (6), the
17 amendments made by this subsection shall
18 apply to distributions with respect to employees
19 who die after December 31, 2019.

20 (B) COLLECTIVE BARGAINING EXCEP-
21 TION.—In the case of a plan maintained pursu-
22 ant to one or more collective bargaining agree-
23 ments between employee representatives and
24 one or more employers ratified before the date
25 of the enactment of this Act, the amendments

1 made by this subsection shall apply to distribu-
2 tions with respect to employees who die in cal-
3 endar years beginning after the earlier of—

4 (i) the later of—

5 (I) the date on which the last of
6 such collective bargaining agreements
7 terminates (determined without re-
8 gard to any extension thereof agreed
9 to on or after the date of the enact-
10 ment of this Act), or

11 (II) December 31, 2019, or

12 (ii) December 31, 2021.

13 For purposes of clause (i)(I), any plan amend-
14 ment made pursuant to a collective bargaining
15 agreement relating to the plan which amends
16 the plan solely to conform to any requirement
17 added by this section shall not be treated as a
18 termination of such collective bargaining agree-
19 ment.

20 (C) GOVERNMENTAL PLANS.—In the case
21 of a governmental plan (as defined in section
22 414(d) of the Internal Revenue Code of 1986),
23 subparagraph (A) shall be applied by sub-
24 stituting “December 31, 2021” for “December
25 31, 2019”.

1 (5) EXCEPTION FOR CERTAIN EXISTING ANNU-
2 ITY CONTRACTS.—

3 (A) IN GENERAL.—The amendments made
4 by this subsection shall not apply to a qualified
5 annuity which is a binding annuity contract in
6 effect on the date of enactment of this Act and
7 at all times thereafter.

8 (B) QUALIFIED ANNUITY.—For purposes
9 of this paragraph, the term “qualified annuity”
10 means, with respect to an employee, an annu-
11 ity—

12 (i) which is a commercial annuity (as
13 defined in section 3405(e)(6) of the Inter-
14 nal Revenue Code of 1986),

15 (ii) under which the annuity payments
16 are made over the life of the employee or
17 over the joint lives of such employee and a
18 designated beneficiary (or over a period
19 not extending beyond the life expectancy of
20 such employee or the joint life expectancy
21 of such employee and a designated bene-
22 ficiary) in accordance with the regulations
23 described in section 401(a)(9)(A)(ii) of
24 such Code (as in effect before such amend-
25 ments) and which meets the other require-

ments of section 401(a)(9) of such Code
(as so in effect) with respect to such pay-
ments, and

(iii) with respect to which—

(I) annuity payments to the em-
ployee have begun before the date of
the enactment of this Act, and the
employee has made an irrevocable
election before such date as to the
method and amount of the annuity
payments to the employee or any des-
ignated beneficiaries, or

(II) if subclause (I) does not
apply, the employee has made an ir-
revocable election before the date of
the enactment of this Act as to the
method and amount of the annuity
payments to the employee or any des-
ignated beneficiaries.

(6) EXCEPTION FOR CERTAIN BENE-
FICIARIES.—

(A) IN GENERAL.—If an employee dies be-
fore the effective date, then, in applying the
amendments made by this subsection to such

1 employee's designated beneficiary who dies after
2 such date—

3 (i) such amendments shall apply to
4 any beneficiary of such designated bene-
5 ficiary, and

6 (ii) the designated beneficiary shall be
7 treated as an eligible designated bene-
8 ficiary for purposes of applying section
9 401(a)(9)(H)(iv) of the Internal Revenue
10 Code of 1986 (as in effect after such
11 amendments).

12 (B) EFFECTIVE DATE.—For purposes of
13 this paragraph, the term “effective date” means
14 the first day of the first calendar year to which
15 the amendments made by this subsection apply
16 to a plan with respect to employees dying on or
17 after such date.

18 (b) PROVISIONS RELATING TO PLAN AMEND-
19 MENTS.—

20 (1) IN GENERAL.—If this subsection applies to
21 any plan amendment—

22 (A) such plan shall be treated as being op-
23 erated in accordance with the terms of the plan
24 during the period described in paragraph
25 (2)(B)(i), and

(B) except as provided by the Secretary of the Treasury (or such Secretary's delegate), such plan shall not fail to meet the requirements of section 411(d)(6) of the Internal Revenue Code of 1986 and section 204(g) of the Employee Retirement Income Security Act of 1974 by reason of such amendment.

(2) AMENDMENTS TO WHICH SUBSECTION APPLIES.—

(A) IN GENERAL.—This subsection shall apply to any amendment to any plan which is made—

(i) pursuant to any amendment made by this section or pursuant to any regulation issued by the Secretary of the Treasury (or delegate) under this section or such amendments, and

(ii) on or before the last day of the first plan year beginning after December 31, 2021, or such later date as the Secretary of the Treasury (or delegate) may prescribe.

In the case of a governmental or collectively bargained plan to which subparagraph (B) or (C) of subsection (a)(4) applies, clause (ii) shall

1 be applied by substituting the date which is 2
 2 years after the date otherwise applied under
 3 such clause.

4 (B) CONDITIONS.—This subsection shall
 5 not apply to any amendment unless—

6 (i) during the period—

7 (I) beginning on the date the leg-
 8 islative or regulatory amendment de-
 9 scribed in subparagraph (A)(i) takes
 10 effect (or in the case of a plan amend-
 11 ment not required by such legislative
 12 or regulatory amendment, the effec-
 13 tive date specified by the plan), and

14 (II) ending on the date described
 15 in subparagraph (A)(ii) (or, if earlier,
 16 the date the plan amendment is
 17 adopted),

18 the plan is operated as if such plan amend-
 19 ment were in effect; and

20 (ii) such plan amendment applies
 21 retroactively for such period.

22 (c) PLAN ADMINISTRATOR REPORTING.—

23 (1) IN GENERAL.—Section 6047 of the Internal
 24 Revenue Code of 1986 is amended by redesignating

1 subsection (h) as subsection (i) and by inserting
 2 after subsection (g) the following new subsection:

3 “(h) ACCOUNT BALANCE FOR DESIGNATED BENE-
 4 FICIARIES OF DECEASED PARTICIPANTS.—

5 “(1) IN GENERAL.—Not later than January 31
 6 of each year, the plan administrator (as defined in
 7 section 414(g)) of each eligible retirement plan (as
 8 defined in section 402(c)(8)(B)) other than a de-
 9 fined benefit plan shall make a return to the Sec-
 10 retary with respect to each designated beneficiary of
 11 a deceased participant of such plan. Such return
 12 shall state the following:

13 “(A) the name and plan number of the
 14 plan,

15 “(B) the name and address of the plan ad-
 16 ministrator,

17 “(C) the name, address, and taxpayer
 18 identification number of the designated bene-
 19 ficiary,

20 “(D) the account balance (or portion of the
 21 interest therein) of such designated beneficiary
 22 as of the end of such preceding calendar year
 23 (and in the case such preceding year is the year
 24 of the death of the participant, as of the date
 25 of such death), and

1 “(E) the amount of the account balance
2 (or portion of the interest therein) described in
3 subparagraph (D) which is attributable to the
4 portion of the account balance which did not ex-
5 ceed the amount in effect under section
6 401(a)(9)(H)(i) as of the date of such death,
7 and the amount of such account balance (or
8 portion of the interest therein), if any, which is
9 attributable to the portion of the account bal-
10 ance which exceeded such amount as of the
11 date of such death.

12 “(2) STATEMENT FURNISHED TO DESIGNATED
13 BENEFICIARY.—Every person required to make a re-
14 turn under paragraph (1) with respect to a des-
15 ignated beneficiary shall furnish a copy of such re-
16 turn to such designated beneficiary.

17 “(3) APPLICATION TO INDIVIDUAL RETIREMENT
18 PLANS AND ANNUITIES.—In the case of an eligible
19 retirement plan described in clause (i) or (ii) of sec-
20 tion 402(c)(8)(B)—

21 “(A) any reference in this subsection to
22 the plan administrator shall be treated as a ref-
23 erence to the trustee or issuer, as the case may
24 be, and

1 “(B) any reference in this subsection to
 2 the participant shall be treated as a reference
 3 to the individual for whom such account or an-
 4 nuity is maintained.”.

5 (2) EFFECTIVE DATE.—The amendments made
 6 by this subsection shall apply to calendar years be-
 7 ginning after December 31, 2020, with respect to
 8 designated beneficiaries of participants whose date
 9 of death is after December 31, 2019.

10 **SEC. 502. INCREASE IN PENALTY FOR FAILURE TO FILE.**

11 (a) IN GENERAL.—The second sentence of subsection
 12 (a) of section 6651 of the Internal Revenue Code of 1986
 13 is amended by striking “\$205” and inserting “\$400”.

14 (b) ADJUSTMENT FOR INFLATION.—Paragraph (1)
 15 of section 6651(j) of the Internal Revenue Code of 1986
 16 is amended—

17 (1) by striking “\$205” and inserting “\$400”,

18 (2) by striking “2014” and inserting “2020”,

19 and

20 (3) by striking “calendar year 2013” and in-
 21 serting “calendar year 2019”.

22 (c) EFFECTIVE DATE.—The amendment made by
 23 this section shall apply to returns the due date for which
 24 (including extensions) is after December 31, 2019.

1 **SEC. 503. INCREASED PENALTIES FOR FAILURE TO FILE**
2 **RETIREMENT PLAN RETURNS.**

3 (a) IN GENERAL.—Subsection (e) of section 6652 of
4 the Internal Revenue Code of 1986 is amended—

5 (1) by striking “\$25” and inserting “\$100”,
6 and

7 (2) by striking “\$15,000” and inserting
8 “\$50,000”.

9 (b) ANNUAL REGISTRATION STATEMENT AND NOTI-
10 FICATION OF CHANGES.—Subsection (d) of section 6652
11 of the Internal Revenue Code of 1986 is amended—

12 (1) by striking “\$1” both places it appears in
13 paragraphs (1) and (2) and inserting “\$2”,

14 (2) by striking “\$5,000” in paragraph (1) and
15 inserting “\$10,000”, and

16 (3) by striking “\$1,000” in paragraph (2) and
17 inserting “\$5,000”.

18 (c) FAILURE TO PROVIDE NOTICE.—Subsection (h)
19 of section 6652 of the Internal Revenue Code of 1986 is
20 amended—

21 (1) by striking “\$10” and inserting “\$100”,
22 and

23 (2) by striking “\$5,000” and inserting
24 “\$50,000”.

25 (d) EFFECTIVE DATE.—The amendments made by
26 this section shall apply to returns, statements, and notifi-

1 cations required to be filed, and notices required to be pro-
 2 vided, after December 31, 2019.

3 **SEC. 504. INCREASE INFORMATION SHARING TO ADMIN-**
 4 **ISTER EXCISE TAXES.**

5 (a) IN GENERAL.—Section 6103(o) of the Internal
 6 Revenue Code of 1986 is amended by adding at the end
 7 the following new paragraph:

8 “(3) TAXES IMPOSED BY SECTION 4481.—Re-
 9 turns and return information with respect to taxes
 10 imposed by section 4481 shall be open to inspection
 11 by or disclosure to officers and employees of United
 12 States Customs and Border Protection of the De-
 13 partment of Homeland Security whose official duties
 14 require such inspection or disclosure for purposes of
 15 administering such section.”.

16 (b) CONFORMING AMENDMENTS.—Paragraph (4) of
 17 section 6103(p) of the Internal Revenue Code of 1986 is
 18 amended by striking “or (o)(1)(A)” each place it appears
 19 and inserting “, (o)(1)(A), or (o)(3)”.

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