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

IN THE HOUSE OF REPRESENTATIVES

February 15, 2022

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

A BILL

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

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

SEC. 2. DEFAULT INVESTMENT IN ANNUITY CONTRACTS.

(a) In General.—Section 404(c)(5) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104(c)(5)) is amended—

(1) in subparagraph (A)—
(A) by inserting “or subparagraph (C), as appropriate,” after “subparagraph (B)”; and

(B) by inserting “or in a covered annuity contract.” after “by the Secretary”; and

(2) by adding at the end the following:

“(C) COVERED ANNUITY CONTRACT.—

“(i) IN GENERAL.—For purposes of this paragraph, the term ‘covered annuity contract’ means an investment in an annuity contract that meets the following requirements:

“(I) The annuity contract does not impose a liquidity restriction on the transfer of invested amounts during the 180-day period beginning on the date of the initial investment in such contract by the participant or beneficiary.

“(II) The fiduciary ensures that each participant or beneficiary is provided notice in writing in accordance with clause (ii).

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

“(ii) NOTICE REQUIREMENT.—For
the purposes of this subparagraph, each
participant or beneficiary shall be provided
notice in writing in a manner that is rea-
sonably designed to be understood by the
average plan participant, as follows:

“(I) Not later than 30 days in
advance of the initial investment, a
notice that includes—

“(aa) an explanation of the
circumstances under which assets
in the account may be invested
on behalf of the participant or
beneficiary in the annuity con-
tract, including an explanation of
the targeted range and maximum
amount or percentage of such as-
sets to be invested;
“(bb) an explanation of the rights, and any limitations or restrictions thereon, of a participant or beneficiary to direct or transfer amounts invested, or to be invested, in an annuity contract to other investment alternatives available under the plan;

“(cc) a general description of the annuity contract, including the duration of guaranteed payments and identification of the insurer;

“(dd) an explanation of how a participant or beneficiary may obtain additional information in writing about their investment alternatives; and

“(ee) a description of how to obtain a copy of the annuity contract.

“(II) Not later than 30 days before the date of the imposition of a liquidity restriction described in subclause (i)(I), that includes—
“(aa) a statement explaining that the participant’s or beneficiaries’ contributions will shortly become subject to liquidity restrictions;

“(bb) an explanation of the rights of the participant or beneficiary to direct or transfer amounts to be invested in alternatives under the plan; and

“(cc) an explanation of how a participant or beneficiary may obtain additional information about their investment alternatives.

“(iii) Definition of Annuity Contract.—For purposes of this subparagraph, the term ‘annuity contract’ means a contract (or provision or feature thereof) that—

“(I) is issued by an insurer qualified to do business in a State; and

“(II) provides for the payment of guaranteed benefits annually (or more frequently) for a fixed term or for the
remainder of the life of the participant or beneficiary or the joint lives of the participant and the participant’s designated beneficiary.”.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply with respect to investments made on or after the date of enactment of this Act.