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

IN THE SENATE OF THE UNITED STATES

MAY 20, 2021

Mr. CARDIN (for himself and Mr. PORTMAN) 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 reform retirement provisions, 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, ETC.

(a) Short Title.—This Act may be cited as the “Retirement Security and Savings Act of 2021”.

(b) Amendment of 1986 Code.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference
shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) Table of Contents.—The table of contents for this Act is as follows:

Sec. 1. Short title, etc.

TITLE I—EXPANDING COVERAGE AND INCREASING RETIREMENT SAVINGS

Sec. 101. Secure deferral arrangements.
Sec. 102. Facilitating automatic enrollment.
Sec. 103. Credit for employers with respect to modified safe harbor requirements.
Sec. 104. Expansion of saver’s credit.
Sec. 105. Modification of participation requirements for long-term, part-time workers.
Sec. 106. Separate application of top-heavy rules to defined contribution plans covering excludible employees.
Sec. 107. 60-day rollover to inherited individual retirement plan of nonspouse beneficiary.
Sec. 108. Increase in age for required beginning date for mandatory distributions.
Sec. 109. Increase in credit limitation for small employer pension plan startup costs of certain employers.
Sec. 110. Credit for re-enrollment.
Sec. 111. Treatment of student loan payments as elective deferrals for purposes of matching contributions.
Sec. 112. Treatment of qualified retirement planning services.
Sec. 113. Allow additional nonelective contributions to simple plans.
Sec. 114. Reform of the minimum participation rule.
Sec. 115. Expansion of Employee Plans Compliance Resolution System.
Sec. 116. Enhancement of 403(b) plans.
Sec. 117. Eligibility for participation in retirement plans.
Sec. 118. Small immediate financial incentives for contributing to a plan.
Sec. 119. Indexing IRA catch-up limit.
Sec. 120. Higher catch-up limit to apply at age 60.
Sec. 121. Deferral of tax for certain sales of employer stock to employee stock ownership plan sponsored by S corporation.
Sec. 122. Credit for small employers providing retirement plans for military spouses.

TITLE II—PRESERVATION OF INCOME

Sec. 201. Qualifying longevity annuity contracts.
Sec. 203. Eliminating a penalty on partial annuitization.
Sec. 204. Insurance-dedicated exchange-traded funds.

TITLE III—SIMPLIFICATION AND CLARIFICATION OF RETIREMENT PLAN RULES
Sec. 301. Review and report to the Congress relating to reporting and disclosure requirements.
Sec. 302. Consolidation of defined contribution plan notices.
Sec. 303. Performance benchmarks for asset allocation funds.
Sec. 304. Permit nonspousal beneficiaries to roll assets to plans.
Sec. 305. Deferral agreements.
Sec. 306. Simplifying 402(f) notices.
Sec. 307. Permit plans to use base pay or rate of pay calculation.
Sec. 308. Roth SIMPLE IRAs.
Sec. 309. Reduction in excise tax on certain accumulations in qualified retirement plans.
Sec. 310. Clarification of catch-up contributions with respect to separate lines of business.
Sec. 311. Clarification of substantially equal periodic payment rule.
Sec. 312. Clarification of treatment of distributions of annuity contracts.
Sec. 313. Clarification regarding elective deferrals.
Sec. 314. Tax treatment of certain nontrade or business SEP contributions.
Sec. 315. Allow certain plan transfers and mergers.
Sec. 316. Exception from required distributions where aggregate retirement savings do not exceed $100,000.
Sec. 317. Hardship rules for 403(b) plans.
Sec. 318. IRA preservation.
Sec. 319. Elimination of additional tax on certain distributions.
Sec. 320. Distributions to firefighters.
Sec. 321. Eliminating unnecessary plan requirements related to unenrolled participants.
Sec. 322. Recovery of retirement plan overpayments.
Sec. 323. Retirement savings lost and found.

TITLE IV—DEFINED BENEFIT PLAN REFORMS

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

TITLE V—REFORMING PLAN RULES TO HARMONIZE WITH IRA RULES

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

TITLE VI—ADMINISTRATIVE PROVISIONS

Sec. 601. Provisions relating to plan amendments.
TITLE I—EXPANDING COVERAGE
AND INCREASING RETIREMENT SAVINGS

SEC. 101. SECURE DEFERRAL ARRANGEMENTS.

(a) IN GENERAL.—Subsection (k) of section 401 is amended by adding at the end the following new paragraph:

“(16) ALTERNATIVE METHOD FOR SECURE DEFERRAL ARRANGEMENTS TO MEET NONDISCRIMINATION REQUIREMENTS.—

“(A) IN GENERAL.—A secure deferral arrangement shall be treated as meeting the requirements of paragraph (3)(A)(ii).

“(B) SECURE DEFERRAL ARRANGEMENT.—For purposes of this paragraph, the term ‘secure deferral arrangement’ means any cash or deferred arrangement which meets the requirements of subparagraphs (C), (D), and (E) of paragraph (13), except as modified by this paragraph.

“(C) QUALIFIED PERCENTAGE.—For purposes of this paragraph, with respect to any employee, the term ‘qualified percentage’ means, in lieu of the meaning given such term in paragraph (13)(C)(iii), any percentage deter-
mined under the arrangement if such percent-age is applied uniformly and is—

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

“(ii) at least 7 percent during the first plan year following the plan year described in clause (i),

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

“(iv) at least 9 percent during the third plan year following the plan year described in clause (i), and

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

“(D) MATCHING CONTRIBUTIONS.—

“(i) IN GENERAL.—For purposes of this paragraph, an arrangement shall be treated as having met the requirements of paragraph (13)(D)(i) if and only if the em-
ployer makes matching contributions on behalf of each employee who is not a highly compensated employee in an amount equal to the sum of—

“(I) 100 percent of the elective contributions of the employee to the extent such contributions do not exceed 2 percent of compensation,

“(II) 50 percent of so much of such contributions as exceed 2 percent but do not exceed 6 percent of compensation, plus

“(III) 20 percent of so much of such contributions as exceed 6 percent but do not exceed 10 percent of compensation.

“(ii) APPLICATION OF RULES FOR MATCHING CONTRIBUTIONS.—The rules of clause (ii) of paragraph (12)(B) and clauses (iii) and (iv) of paragraph (13)(D) shall apply for purposes of clause (i), but the rule of clause (iii) of paragraph (12)(B) shall not apply for such purposes. The rate of matching contribution for each incremental deferral must be at least as
high as the rate specified in clause (i), and
may be higher, so long as such rate does
not increase as an employee’s rate of elec-
tive contributions increases.”.

(b) Matching Contributions and Employee
Contributions.—Subsection (m) of section 401 is
amended by redesignating paragraph (13) as paragraph
(14) and by inserting after paragraph (12) the following
new paragraph:

“(13) Alternative Method for Secure De-
ferral Arrangements.—A defined contribution
plan shall be treated as meeting the requirements of
paragraph (2) with respect to matching contribu-
tions and employee contributions if the plan—

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

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

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

(c) Conforming Amendments.—Subparagraph
(H) of section 416(g)(4) is amended—
(1) in clause (i), by striking “section 401(k)(12) or 401(k)(13)” and inserting “paragraph (12), (13), or (16) of section 401(k)”, and

(2) in clause (ii), by striking “section 401(m)(11) or 401(m)(12)” and inserting “paragraph (11), (12), or (13) of section 401(m)”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2021.

SEC. 102. FACILITATING AUTOMATIC ENROLLMENT.

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

(1) simplifies and clarifies the rules regarding the timing of participant notices required under the Internal Revenue Code of 1986 with respect to an eligible automatic enrollment contribution arrangement (within the meaning of section 414(w)(3) of the Internal Revenue Code of 1986) or required under section 336(c)(3) of the Consolidated Appropriations Act, 2016 with respect to an automatic contribution arrangement (within the meaning of section 336(c)(2) of such Act), with specific application to—
(A) plans which allow employees to be eligible for participation immediately upon beginning employment; and

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

(2) simplifies and clarifies the application of automatic escalation features under arrangements described in paragraph (1) in the context of employers with multiple payroll and administrative systems.

Such regulations or guidance shall address the particular case of employees within the same plan who are subject to different notice timing and different percentage requirements, and provide assistance for plan sponsors in managing such cases.

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

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

"SEC. 45U. CREDIT FOR SMALL EMPLOYERS WITH RESPECT TO MODIFIED SAFE HARBOR REQUIREMENTS FOR AUTOMATIC CONTRIBUTION ARRANGEMENTS.

“(a) GENERAL RULE.—For purposes of section 38, in the case of a small employer, the safe harbor adoption
credit determined under this section for any taxable year is the amount equal to the total of the employer’s matching contributions under section 401(k)(16)(D) during the taxable year on behalf of employees who are not highly compensated employees.

“(b) LIMITATIONS.—

“(1) LIMITATION WITH RESPECT TO COMPENSATION.—The credit determined under subsection (a) with respect to contributions made on behalf of any employee shall not exceed 2 percent of the compensation of such employee for the taxable year.

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

“(c) DEFINITIONS.—

“(1) IN GENERAL.—Any term used in this section which is also used in section 401(k)(16) shall have the same meaning as when used in such section.
“(2) SMALL EMPLOYER.—The term ‘small employer’ means an eligible employer (as defined in section 408(p)(2)(C)(i)).

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

(b) CREDIT TO BE PART OF GENERAL BUSINESS CREDIT.—Subsection (b) of section 38 is amended by striking “plus” at the end of paragraph (32), by striking the period at the end of paragraph (33) and inserting “, plus”, and by adding at the end the following new paragraph:

“(34) the safe harbor adoption credit determined under section 45U.”.

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

(1) by redesignating subparagraphs (F), (G), and (H) as subparagraphs (G), (H), and (I), respectively, and

(2) by inserting after subparagraph (E) the following new subparagraph:

“(F) section 45U (safe harbor adoption credit),”.

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

“Sec. 45U. Credit for small employers with respect to modified safe harbor requirements for automatic contribution arrangements.”.

(e) **Effective Date.**—The amendments made by this section shall apply to taxable years which include any portion of a plan year beginning after December 31, 2021.

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

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

(b) **Testing Period.**—Subparagraph (B) of section 25B(d)(2) is amended to read as follows:

“(B) **Testing Period.**—For purposes of subparagraph (A), the testing period, with respect to a taxable year, is the period which includes—

“(i) such taxable year, and

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

(c) **Treatment as Refundable.**—

(1) **Credit Moved to Subpart Relating to Refundable Credits.**—

(A) **In General.**—The Internal Revenue Code of 1986 is amended—
(i) by redesignating section 25B, as amended by this Act, as section 36C; and

(ii) by moving such section, as so redesignated, from subpart A of part IV of subchapter A of chapter 1 to the location immediately before section 37 in subpart C of part IV of subchapter A of chapter 1.

(B) TECHNICAL AMENDMENTS.—

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

(ii) The table of sections for subpart C of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 36B the following new item:

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

(2) MANDATORY DEPOSIT INTO QUALIFIED ACCOUNT.—

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

(B) DEPOSIT INTO QUALIFIED ACCOUNT.—Section 36C, as so moved and redesig-
nated, is amended by adding at the end the fol-
lowing new subsection:

“(g) DEPOSIT INTO QUALIFIED ACCOUNT.—

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

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

“(B) in the case of a taxpayer who does
not properly designate an applicable retirement
plan in a timely manner or who designates an
applicable retirement plan which does not ac-
cept such amount in a timely manner, shall be
paid or credited on behalf of the individual tax-
payer in a manner determined under rules pre-
scribed by the Secretary which provides treatment comparable to the treatment under subparagraph (A) and which—

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

“(ii) utilizes, to the extent appropriate, private sector services.

“(2) APPLICABLE RETIREMENT PLAN.—For purposes of this subsection, the term ‘applicable retirement plan’ means a plan which elects to accept deposits under this subsection and which is described in clause (iii), (iv), (v), or (vi) of section 402(c)(8)(B) or in section 408A(b).

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

“(A) except as otherwise provided in this section or by the Secretary under regulations, such payment shall be treated in the same manner as a payment made by the individual on whose behalf such payment was made,

“(B) such payment shall not be treated as income to the taxpayer, and
“(C) such payment shall not be taken into account with respect to any applicable limitation under section 402(g)(1), 403(b), 408(a)(1), 408(b)(2)(B), 408A(e)(2), 414(v)(2), 415(c), or 457(b)(2).

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

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

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

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2021.
SEC. 105. MODIFICATION OF PARTICIPATION REQUIREMENTS FOR LONG-TERM, PART-TIME WORKERS.

(a) Participation Requirement.—Clause (ii) of section 401(k)(2)(D) is amended by striking “3 consecutive” and inserting “2 consecutive”.

(b) Special Rules.—Subclause (II) of section 401(k)(15)(B)(i) is amended by striking “subsection (a)(4), paragraphs (3), (12), and (13)” and inserting “paragraphs (3), (12), (13), and (16), subsection (a)(4)”.

(c) Effective Date.—The amendments made by this section shall take effect as if included in the enactment of section 112 of the Setting Every Community Up for Retirement Enhancement Act of 2019.

SEC. 106. SEPARATE APPLICATION OF TOP HEAVY RULES TO DEFINED CONTRIBUTION PLANS COVERING EXCLUDIBLE EMPLOYEES.

(a) In General.—Paragraph (2) of section 416(c) is amended by adding at the end the following new sub-paragraph:

“(C) Separate application to employees not meeting age and service requirements.—If employees not meeting the age or service requirements of section 410(a)(1) (without regard to subparagraph (B) thereof) are covered under a plan of the employer which
meets the requirements of paragraphs (A) and (B) separately with respect to such employees, such employees may be excluded from consideration in determining whether any plan of the employer meets the requirements of subparagraphs (A) and (B)."

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

SEC. 107. 60-DAY ROLLOVER TO INHERITED INDIVIDUAL RETIREMENT PLAN OF NONSPOUSE BENEFICIARY.

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

"(A) IN GENERAL.—If—

"(i) any portion of a distribution attributable to an employee is paid after the death of the employee to an individual who is a designated beneficiary (as defined by section 401(a)(9)(E)) of the employee and who is not the surviving spouse of the employee, and

"(ii) such portion is transferred or paid to an individual retirement plan in a
transfer or payment meeting the requirements of subparagraph (B),

the preceding provisions of this subsection shall apply to such distribution in the same manner as if the designated beneficiary were the employee.

“(B) REQUIREMENTS FOR TRANSFER OF DISTRIBUTION.—The requirements of this subparagraph are met with respect to the portion of any distribution if—

“(i) such portion is transferred or paid to an individual retirement plan described in clause (i) or (ii) of paragraph (8)(B) established for the purposes of receiving the distribution on behalf of the designated beneficiary,

“(ii) such individual retirement plan is established as an inherited individual retirement account or individual retirement annuity (within the meaning of section 408(d)(3)(C)), whichever is applicable, and

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

Section 401(a)(9)(B) (other than clause (iv) thereof) shall apply to such individual retirement plan.”.

(b) Rollover Treatment for Inherited Accounts.—Section 408(d)(3)(C) is amended by adding at the end the following:

“(iii) Exception for Qualified Transfers to Another Inherited Account.—Clause (i) shall not apply to any portion of a distribution from an inherited individual retirement account or inherited individual retirement annuity if such portion is paid to another such individual retirement plan or annuity, but only if the requirements of subparagraphs (A), (B), and (E) of this paragraph and the requirements of section 402(c)(11)(B) are met with respect to such transfer or payment.”.

(c) Effective Date.—The amendments made by this section shall apply to distributions made after December 31, 2021.
SEC. 108. INCREASE IN AGE FOR REQUIRED BEGINNING DATE FOR MANDATORY DISTRIBUTIONS.

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

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

“(I) the first calendar year in which the employee attains the applicable age for such calendar year, or”.

(2) SPECIAL RULE FOR OWNERS.—Subclause (I) of section 401(a)(9)(C)(ii) is amended by striking “in which the employee attains age 72” and inserting “described in clause (i)(I) with respect to the employee”.

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

“(J) APPLICABLE AGE.—For purposes of this paragraph—

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

“(I) for calendar years before 2032, age 72, and

“(II) for calendar years after 2031, age 75.
“(ii) Transition Rule.—If, as of a calendar year, an employee has not attained the applicable age with respect to such year, such employee shall be treated as not having attained the applicable age under this paragraph for such year without regard to whether, in a previous calendar year, the employee had attained the applicable age with respect to such previous calendar year.”.

(c) Spouse Beneficiaries.—Subclause (I) of section 401(a)(9)(B)(iv) is amended by striking “age 72” and inserting “the applicable age”.

(d) Conforming Amendment.—Subsection (b) of section 408 is amended by striking “age 72” and inserting “the applicable age determined under section 401(a)(9)(J) with respect to such individual”.

(e) Effective Date.—The amendments made by this section shall apply to calendar years beginning after December 31, 2021.

SEC. 109. INCREASE IN CREDIT LIMITATION FOR SMALL EMPLOYER PENSION PLAN STARTUP COSTS OF CERTAIN EMPLOYERS.

(a) In General.—Subsection (a) of section 45E is amended by inserting before the period at the end the fol-


SEC. 110. CREDIT FOR RE-ENROLLMENT.

(a) In General.—Subpart D of part IV of subchapter A of chapter 1, as amended by this Act, is further amended by adding at the end the following new section:

“SEC. 45V. CREDIT FOR RE-ENROLLMENT PROVISIONS IN PLANS PROVIDED BY SMALL EMPLOYERS.

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

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

“(2) zero for any other taxable year.

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

“(1) IN GENERAL.—The credit period with respect to any eligible employer is the 3-taxable-year period beginning with the first taxable year for which the employer includes a re-enrollment provision in an eligible automatic contribution arrangement (as defined in section 414(w)(3)) in a qualified employer plan (as defined in section 4972(d)) maintained by the employer.

“(2) MAINTENANCE OF ARRANGEMENT.—No taxable year with respect to an employer shall be treated as occurring within the credit period unless the provision described in paragraph (1) is included in the plan for such year.

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

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

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

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

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

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

“(3) APPLICABLE YEAR EVERY THIRD YEAR.—

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

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

(b) CREDIT TO BE PART OF GENERAL BUSINESS

CREDIT.—Subsection (b) of section 38, as amended by
this Act, is further amended by striking “plus” at the end
of paragraph (33), by striking the period at the end of
paragraph (34) and inserting “, plus”, and by adding at
the end the following new paragraph:

“(35) in the case of an eligible employer (as de-

fined in section 45V(c)), the retirement re-enroll-
ment credit determined under section 45V(a).”.

(c) CONFORMING AMENDMENT.—Paragraph (2) of

section 3511(d), as amended by this Act, is further
amended—

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

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

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

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

“Sec. 45V. Credit for re-enrollment provisions in plans provided by small employers.”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2021.

SEC. 111. TREATMENT OF STUDENT LOAN PAYMENTS AS ELECTIVE DEFERRALS FOR PURPOSES OF MATCHING CONTRIBUTIONS.

(a) IN GENERAL.—Subparagraph (A) of section 401(m)(4) is amended by striking “and” at the end of clause (i), by striking the period at the end of clause (ii) and inserting “, and”, and by adding at the end the following new clause:

“(iii) subject to the requirements of paragraph (13), any employer contribution made to a defined contribution plan on behalf of an employee on account of a qualified student loan payment.”.

(b) QUALIFIED STUDENT LOAN PAYMENT.—Paragraph (4) of section 401(m) is amended by adding at the end the following new subparagraph:

“(D) QUALIFIED STUDENT LOAN PAYMENT.—The term ‘qualified student loan payment’ means a payment made by an employee
in repayment of a qualified education loan (as defined in section 221(d)(1)) incurred by the employee to pay qualified higher education expenses, but only—

“(i) to the extent such payments in the aggregate for the year do not exceed an amount equal to—

“(I) the limitation applicable under section 402(g) for the year (or, if lesser, the employee’s compensation (as defined in section 415(c)(3)) for the year), reduced by

“(II) the elective deferrals made by the employee for such year, and

“(ii) if the employee certifies to the employer making the matching contribution under this paragraph that such payment has been made on such loan.

For purposes of this subparagraph, the term ‘qualified higher education expenses’ means the cost of attendance (as defined in section 472 of the Higher Education Act of 1965, as in effect on the day before the date of the enactment of the Taxpayer Relief Act of 1997) at an eligible
educational institution (as defined in section 221(d)(2)).”.

(c) Matching Contributions for Qualified Student Loan Payments.—Subsection (m) of section 401, as amended by this Act, is further amended by redesignating paragraph (14) as paragraph (15), and by inserting after paragraph (13) the following new paragraph:

“(14) Matching contributions for qualified student loan payments.—

“(A) in general.—For purposes of paragraph (4)(A)(iii), an employer contribution made to a defined contribution plan on account of a qualified student loan payment shall be treated as a matching contribution for purposes of this title if—

“(i) the plan provides matching contributions on account of elective deferrals at the same rate as contributions on account of qualified student loan payments,

“(ii) the plan provides matching contributions on account of qualified student loan payments only on behalf of employees otherwise eligible to receive matching contributions on account of elective deferrals,
“(iii) under the plan, all employees eligible to receive matching contributions on account of elective deferrals are eligible to receive matching contributions on account of qualified student loan payments, and

“(iv) the plan provides that matching contributions on account of qualified student loan payments vest in the same manner as matching contributions on account of elective deferrals.

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

“(i) NONDISCRIMINATION RULES.— For purposes of subparagraph (A)(iii), subsection (a)(4), and section 410(b), matching contributions described in paragraph (4)(A)(iii) shall not fail to be treated as available to an employee solely because such employee does not have debt incurred under a qualified education loan (as defined in section 221(d)(1)).

“(ii) STUDENT LOAN PAYMENTS NOT TREATED AS PLAN CONTRIBUTION.—Except as provided in clause (iii), a qualified
student loan payment shall not be treated
as a contribution to a plan under this title.

“(iii) Matching Contribution
rules.—Solely for purposes of meeting
the requirements of paragraph (11)(B),
(12), or (13) of this subsection, or para-
graph (11)(B)(i)(II), (12)(B), (13)(D), or
(15)(D) of subsection (k), a plan may treat
a qualified student loan payment as an
elective deferral or an elective contribution,
whichever is applicable.

“(iv) Actual Deferral Percentage Testing.—In determining whether a
plan meets the requirements of subsection
(k)(3)(A)(ii) for a plan year, the plan may
apply the requirements of such subsection
separately with respect to all employees
who receive matching contributions de-
dscribed in paragraph (4)(A)(iii) for the
plan year.

“(C) Employer May Rely on Employee
Certification.—The employer may rely on an
employee certification of payment under para-
graph (4)(D)(ii).”.

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

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

“(i) IN GENERAL.—Subject to the rules of clause (iii), an arrangement shall not fail to be treated as meeting the requirements of subparagraph (A)(iii) solely because under the arrangement, solely for purposes of such subparagraph, qualified student loan payments are treated as amounts elected by the employee under subparagraph (A)(i)(I) to the extent such payments do not exceed—

“(I) the applicable dollar amount under subparagraph (E) (after application of section 414(v)) for the year (or, if lesser, the employee’s compensation (as defined in section 415(c)(3)) for the year), reduced by

“(II) any other amounts elected by the employee under subparagraph (A)(i)(I) for the year.
“(ii) Qualified Student Loan Payment.—For purposes of this subparagrap—

“(I) In General.—The term ‘qualified student loan payment’ means a payment made by an employee in repayment of a qualified education loan (as defined in section 221(d)(1)) incurred to pay qualified higher education expenses, but only if the employee certifies to the employer making the matching contribution that such payment has been made on such a loan.

“(II) Qualified Higher Education Expenses.—The term ‘qualified higher education expenses’ has the same meaning as when used in section 401(m)(4)(D).

“(iii) Applicable Rules.—Clause (i) shall apply to an arrangement only if, under the arrangement—

“(I) matching contributions on account of qualified student loan payments are provided only on behalf of
employees otherwise eligible to elect contributions under subparagraph (A)(i)(I), and

“(II) all employees otherwise eligible to participate in the arrangement are eligible to receive matching contributions on account of qualified student loan payments.”.

(e) 403(b) Plans.—Subparagraph (A) of section 403(b)(12) is amended by adding at the end the following: “The fact that the employer offers matching contributions on account of qualified student loan payments as described in section 401(m)(14) shall not be taken into account in determining whether the arrangement satisfies the requirements of clause (ii) (and any regulation thereunder).”.

(f) 457(b) Plans.—Subsection (b) of section 457 is amended by adding at the end the following: “A plan which is established and maintained by an employer which is described in subsection (e)(1)(A) shall not be treated as failing to meet the requirements of this subsection solely because the plan, or another plan maintained by the employer which meets the requirements of section 401(a), provides for matching contributions on account of quali-
fied student loan payments as described in section 401(m)(14).”.

(g) REGULATORY AUTHORITY.—The Secretary of the Treasury (or such Secretary’s delegate) shall prescribe regulations for purposes of implementing the amendments made by this section, including regulations—

(1) permitting a plan to make matching contributions for qualified student loan payments, as defined in sections 401(m)(4)(D) and 408(p)(2)(F) of the Internal Revenue Code of 1986, as added by this section, at a different frequency than matching contributions are otherwise made under the plan, provided that the frequency is not less than annually;

(2) permitting employers to establish reasonable procedures to claim matching contributions for such qualified student loan payments under the plan, including an annual deadline (not earlier than 3 months after the close of each plan year) by which a claim must be made; and

(3) promulgating model amendments which plans may adopt to implement matching contributions on such qualified student loan payments for purposes of sections 401(m), 408(p), 403(b), and 457(b) of the Internal Revenue Code of 1986.
(h) Effective Date.—The amendments made by this section shall apply to contributions made for years beginning after December 31, 2021.

SEC. 112. TREATMENT OF QUALIFIED RETIREMENT PLANNING SERVICES.

(a) In General.—Subsection (m) of section 132 is amended by adding at the end the following new paragraph:

“(4) No constructive receipt.—No amount shall be included in the gross income of any employee solely because the employee may choose between any qualified retirement planning services and compensation which would otherwise be includible in the gross income of such employee. The preceding sentence shall apply to highly compensated employees only if the choice described in such sentence is available on substantially the same terms to each member of the group of employees normally provided education and information regarding the employer’s qualified employer plan.”.

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

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

and

“(B) retirement advice regarding investments held outside such an arrangement.”.

(c) CONFORMING AMENDMENTS.—

(1) Section 403(b)(3)(B) is amended by inserting “132(m)(4),” after “132(f)(4),”.

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

(3) Section 415(c)(3)(D)(ii) is amended by inserting “132(m)(4),” after “132(f)(4),”.

(d) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2021.

SEC. 113. ALLOW ADDITIONAL NONELECTIVE CONTRIBUTIONS TO SIMPLE PLANS.

(a) IN GENERAL.—

(1) MODIFICATION TO DEFINITION.—Subparagraph (A) of section 408(p)(2) is amended by striking “and” at the end of clause (iii), by redesignating clause (iv) as clause (v), and by inserting after clause (iii) the following new clause:

“(iv) the employer may make nonelective contributions of a uniform percentage (up to 10 percent) of compensation for
each employee who is eligible to participate
in the arrangement and who has at least
$5,000 of compensation from the employer
for the year, and”.

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

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

“(8) COORDINATION WITH MAXIMUM LIMITA-
TION UNDER SUBSECTION (a).—In the case of any
simple retirement account, subsections (a)(1) and
(b)(2) shall be applied by substituting for ‘the dollar
amount in effect under section 219(b)(1)(A)’ the fol-
lowing: ‘the sum (but not to exceed 50 percent of
the amount in effect under section 415(c)(1)(A) (ex-
cept as provided in section 414(v))) of the dollar
amount in effect under paragraph (2)(A)(ii) of this
subsection; the employer contribution required under
paragraph (2)(A)(iii) or (2)(B)(i) of this subsection,
whichever is applicable; and the employer contribu-
tion made on behalf of the employee under para-
graph (2)(A)(iv) of this subsection’.”

(b) Conforming Amendments.—

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

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

(3) Section 401(k)(11)(B)(i) is amended by
striking “and” at the end of subclause (II), by re-
designating subclause (III) as subclause (V), and by
inserting after subclause (II) the following new sub-
clauses:

“(III) the employer may make
nonelective contributions of a uniform
percentage (up to 10 percent) of comp-
pensation for each employee who is el-
gible to participate in the arrange-
ment and who has at least $5,000 of
compensation from the employer for
the year,
“(IV) contributions on behalf of any employee for any year may not exceed 50 percent of the amount in effect under section 415(c)(1)(A) (except as provided in section 414(v)), and”.

(4) Section 401(k)(11)(B)(i)(V), as redesignated by paragraph (3), is amended by striking “or (II)” and inserting “, (II), or (III)”.

(c) Effective Date.—The amendments made by this section shall apply to years beginning after December 31, 2021.

SEC. 114. REFORM OF THE MINIMUM PARTICIPATION RULE.

(a) In General.—Subparagraph (H) of section 401(a)(26) is amended by adding at the end the following: “Not later than December 31, 2022, the Secretary shall issue final regulations under which this paragraph may be applied separately to bona fide separate subsidiaries or divisions.”.

(b) Effective Date.—The amendment made by subsection (a) shall take effect on the date of enactment of this Act.
SEC. 115. EXPANSION OF EMPLOYEE PLANS COMPLIANCE RESOLUTION SYSTEM.

(a) In General.—Except as otherwise provided in regulations prescribed by the Secretary of the Treasury or the Secretary’s delegate (referred to in this section as the “Secretary”), any inadvertent failure to comply with the rules applicable under section 401(a), 403(a), 403(b), 408(p), or 408(k) of the Internal Revenue Code of 1986 may be self-corrected under the Employee Plans Compliance Resolution System (as described in Revenue Procedure 2019–19 or any successor guidance), except to the extent that such failure was identified by the Secretary prior to any actions which demonstrate a commitment to implement a self-correction. Revenue Procedure 2019–19 is deemed amended as of the date of the enactment of this Act to provide that the correction period under section 9.02 of such Revenue Procedure (or any successor provision) for an inadvertent failure is indefinite and has no last day, other than with respect to failures identified by the Secretary prior to any self-correction as described in the preceding sentence.

(b) Loan Error.—The Secretary of Labor shall treat any loan error corrected pursuant to subsection (a) as meeting the requirements of the Voluntary Fiduciary Correction Program of the Department of Labor.
(c) EPCRS for IRAs.—The Secretary shall expand the Employee Plans Compliance Resolution System to allow custodians of individual retirement plans to address inadvertent failures for which the owner of an individual retirement plan was not at fault, including (but not limited to)—

(1) waivers of the excise tax which would otherwise apply under section 4974 of the Internal Revenue Code of 1986;

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

(3) rules permitting a nonspouse beneficiary to return distributions to an inherited individual retirement plan described in section 408(d)(3)(C) of the Internal Revenue Code of 1986 in a case where, due to an inadvertent error by a service provider, the beneficiary had reason to believe that the distribution could be rolled over without inclusion in income of any part of the distributed amount.

(d) Required Minimum Distribution Corrections.—The Secretary shall expand the Employee Plans Compliance Resolution System to allow plans to which
such system applies and custodians and owners of individual retirement plans to self-correct, without an excise tax, any inadvertent failures pursuant to which a distribution is made no more than 180 days after it was required to be made.

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

(f) DEFINITIONS AND SPECIAL RULES.—

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

(A) IN GENERAL.—Except as provided in subparagraph (B), the term “inadvertent failure” means a failure that occurs despite the existence of practices and procedures which—

(i) satisfy the standards set forth in section 4.04 of Revenue Procedure 2019–19 (or any successor provision); or
(ii) satisfy similar standards in the
case of an individual retirement plan.

(B) Correction by owner of individual retirement plan.—In the case of a
correction by an owner of an individual retire-
ment plan under subsection (d), the term “in-
adventent failure” means a failure due to rea-
sonable cause.

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

SEC. 116. ENHANCEMENT OF 403(b) PLANS.

(a) In General.—

(1) Permitted investments.—Subparagraph
(A) of section 403(b)(7) is amended by striking “the
amounts are to be invested in regulated investment
company stock to be held in that custodial account”
and inserting “the amounts to be held in that custo-
dial account are invested in regulated investment
company stock or a group trust intended to satisfy
the requirements of Internal Revenue Service Revenue Ruling 81–100 (or any successor guidance)”.

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

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts invested after December 31, 2021.

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

“(11) Any—

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

“(B) custodial account meeting the requirements of section 403(b)(7) of such Code;

“(C) governmental plan described in section 3(a)(2)(C) of the Securities Act of 1933 (15 U.S.C. 77e(a)(2)(C));

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

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

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

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

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

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

“(i) contributions under pension or
profit-sharing plans which meet the re-
quirements of section 401 of the Internal
Revenue Code of 1986 or the requirements
for deduction of the employer’s contribution under section 404(a)(2) of such Code;

“(ii) contributions under governmental plans in connection with which interests, participations, or securities are exempted from the registration provisions of section 5 of the Securities Act of 1933 (15 U.S.C. 77e) by section 3(a)(2)(C) of such Act (15 U.S.C. 77e(a)(2)(C));

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

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

(c) Amendments to the Securities Act of 1933.—Section 3(a)(2) of the Securities Act of 1933 (15 U.S.C. 77e(a)(2)) is amended—

(1) by striking “beneficiaries, or (D)” and inserting “beneficiaries, (D) a plan which meets the requirements of section 403(b) of such Code if (i) such plan is subject to title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.), (ii) any employer making such plan available agrees to serve as a fiduciary for the plan with respect to the selection of the plan’s invest-
ments among which participants can choose, or (iii) such plan is a governmental plan (as defined in section 414(d) of such Code), or (E)’’;

(2) by striking ‘‘(C), or (D)’’ and inserting ‘‘(C), (D), or (E)’’; and

(3) by striking ‘‘(iii) which is a plan funded’’ and inserting ‘‘(iii) in the case of a plan not described in subparagraph (D), which is a plan funded’’.


(1) by striking ‘‘or (iv)’’ and inserting ‘‘(iv) a plan which meets the requirements of section 403(b) of such Code if (I) such plan is subject to title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.), (II) any employer making such plan available agrees to serve as a fiduciary for the plan with respect to the selection of the plan’s investments among which participants can choose, or (III) such plan is a governmental plan (as defined in section 414(d) of such Code), or (v)’’;

(2) by striking ‘‘(ii), or (iii)’’ and inserting ‘‘(ii), (iii), or (iv)’’; and
(3) by striking “(II) is a plan funded” and inserting “(II) in the case of a plan not described in clause (iv), is a plan funded”.

SEC. 117. ELIGIBILITY FOR PARTICIPATION IN RETIREMENT PLANS.

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

SEC. 118. SMALL IMMEDIATE FINANCIAL INCENTIVES FOR CONTRIBUTING TO A PLAN.

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

(b) SECTION 403(b) PLANS.—Subparagraph (A) of section 403(b)(12), as amended by this Act, is further amended by adding at the end the following: “A plan shall not fail to satisfy clause (ii) solely by reason of the offering of a de minimis financial incentive for employees to elect to have the employer make contributions pursuant to a salary reduction agreement.”.

(c) EXEMPTION FROM PROHIBITED TRANSACTION RULES.—Subsection (d) of section 4975 is amended by

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striking “or” at the end of paragraph (22), by striking the period at the end of paragraph (23) and inserting “, or”, and by adding at the end the following new paragraph:

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

(d) Amendment of Employee Retirement Income Security Act of 1974.—Subsection (b) of section 408 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1108(b)) is amended by adding at the end the following new paragraph:

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

(e) Effective Date.—The amendments made by this section shall apply with respect to plan years beginning after the date of enactment of this Act.

SEC. 119. INDEXING IRA CATCH-UP LIMIT.

(a) In General.—Subparagraph (C) of section 219(b)(5) is amended by adding at the end the following new clause:

“(iii) Indexing of catch-up limitation.—In the case of any taxable year be-
ginning in a calendar year after 2022, the $1,000 amount under subparagraph (B)(ii) shall be increased by an amount equal to—

“(I) such dollar amount, multiplied by

“(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2021’ for ‘calendar year 2016’ in subparagraph (A)(ii) thereof.

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

(b) Effective Date.—The amendments made by this section shall apply to years beginning after December 31, 2022.

SEC. 120. HIGHER CATCH-UP LIMIT TO APPLY AT AGE 60.

(a) In General.—

(1) Plans other than simple plans.—Section 414(v)(2)(B)(i) is amended by inserting the following before the period: “($10,000, in the case of
an eligible participant who has attained age 60 before the close of the taxable year’’.

(2) SIMPLE PLANS.—Section 414(v)(2)(B)(ii) is amended by inserting the following before the period: ‘‘($5,000, in the case of an eligible participant who has attained age 60 before the close of the taxable year)’’.

(b) COST-OF-LIVING ADJUSTMENTS.—Subparagraph (C) of section 414(v)(2) is amended by adding at the end the following: ‘‘In the case of a year beginning after December 31, 2022, the Secretary shall adjust annually the $10,000 amount in subparagraph (B)(i) and the $5,000 amount in subparagraph (B)(ii) for increases in the cost-of-living at the same time and in the same manner as adjustments under the preceding sentence; except that the base period taken into account shall be the calendar quarter beginning July 1, 2021.’’.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2021.
SEC. 121. DEFERRAL OF TAX FOR CERTAIN SALES OF EMPLOYER STOCK TO EMPLOYEE STOCK OWNERSHIP PLAN SPONSORED BY S CORPORATION.

(a) In General.—Section 1042(c)(1)(A) is amended by striking “domestic C corporation” and inserting “domestic corporation”.

(b) Effective Date.—The amendment made by this section shall apply to sales after the date of the enactment of this Act.

SEC. 122. CREDIT FOR SMALL EMPLOYERS PROVIDING RETIREMENT PLANS FOR MILITARY SPOUSES.

(a) In General.—Subpart D of part IV of subchapter A of chapter 1, as amended by this Act, is further amended by adding at the end the following new section:

“SEC. 45W. SMALL EMPLOYER PROVISION OF RETIREMENT SAVINGS FOR MILITARY SPOUSES.

“(a) In General.—For purposes of section 38, in the case of a covered small employer, the military spouse employee retirement plan credit determined under this section for the taxable year is an amount equal to the sum of—

“(1) $200 for each eligible military spouse employee who is eligible to participate in an eligible employer plan during the plan year ending with or within such taxable year, plus
“(2) with respect to each eligible military spouse employee participating in such plan, the lesser of—

“(A) the amount of employer contributions (other than any contribution described in subparagraph (B) or (C) of section 25B(d)(1) made under all eligible employer plans on behalf of such eligible military spouse during the plan year ending with or within such taxable year, or

“(B) $300.

In the case of a defined benefit plan, the amount treated as an employer contribution under paragraph (2)(A) shall be the increase in the participant’s nonforfeitable accrued benefit (determined by using the rules of section 417(e)(3)) reduced by the amount of such increase attributable to employee contributions.

“(b) ELIGIBLE EMPLOYER PLAN.—For purposes of this section, the term ‘eligible employer plan’ means a qualified employer plan (within the meaning of section 4972(d)) in which all eligible military spouse employees of the covered small employer—

“(1) are eligible to participate as of the later of the first day of the first plan year of the plan or the
date the employee has been employed for at least 2 months,

“(2) are eligible to receive matching contributions (as defined in section 401(m)) and nonelective contributions in the same manner as an employee (other than a highly compensated employee) with at least 2 years of service, and

“(3) are fully vested in their accrued benefit under the plan upon commencement of participation.

“(c) COVERED SMALL EMPLOYER.—For purposes of this section, the term ‘covered small employer’ means an eligible employer (within the meaning of section 408(p)(2)(C)(i)).

“(d) ELIGIBLE MILITARY SPOUSE EMPLOYEE.—

“(1) IN GENERAL.—The term ‘eligible military spouse employee’ means any employee of the covered small employer who—

“(A) has been employed by the employer for more than 2 months,

“(B) is not a highly compensated employee (within the meaning of section 414(q)), and

“(C) makes a certification to the small employer that, as of the date such employee is hired by the employer, such employee is married to an individual who has performed service
in the uniformed services (as defined in chapter 43 of title 38, United States Code) while on active duty for a period of more than 30 days (including the date such employee is hired).

Any certification under subparagraph (C) shall include the servicemember’s name, rank, and military branch and the employee’s uniformed services identification card number.

“(2) LIMITATION.—An individual may not be treated as an eligible military spouse with respect to any covered small employer for more than 3 taxable years.”.

(b) CREDIT TO BE PART OF GENERAL BUSINESS CREDIT.—Section 38(b), as amended by this Act, is further amended by striking “plus” at the end of paragraph (34), by striking the period at the end of paragraph (35) and inserting “, plus”, and by adding at the end the following new paragraph:

“(36) the military spouse employee retirement plan credit determined under section 45W(a).”.

(c) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1, as amended by this Act, is further amended by adding at the end the following new item:

“Sec. 45W. Small employer provision of retirement savings for military spouses.”.
(d) **Effective Date.**—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

**TITLE II—PRESERVATION OF INCOME**

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

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

1. **(1) Repeal 25-percent premium limit.**—The Secretary (or delegate) shall amend Q&A–17(b)(3) of Treas. Reg. section 1.401(a)(9)–6 and Q&A–12(b)(3) of Treas. Reg. section 1.408–8 to eliminate the requirement that premiums for qualifying longevity annuity contracts be limited to 25 percent of an individual’s account balance, and to make such corresponding changes to the regulations and related forms as are necessary to reflect the elimination of this requirement.

2. **(2) Increase dollar limitation.**—

   (A) **In General.**—The Secretary (or delegate) shall amend Q&A–17(b)(2)(i) of Treas.
Reg. section 1.401(a)(9)–6 and Q&A–12(b)(2)(i) of Treas. Reg. section 1.408–8 to increase the dollar limitation on premiums for qualifying longevity annuity contracts from $125,000 to $200,000, and to make such corresponding changes to the regulations and related forms as are necessary to reflect this increase in the dollar limitation.

(B) ADJUSTMENTS FOR INFLATION.—The Secretary (or delegate) shall amend Q&A–17(d)(2)(i) of Treas. Reg. section 1.401(a)(9)–6 to provide that, in the case of calendar years beginning on or after January 1 of the second year following the year of enactment of this Act, the $200,000 dollar limitation (as increased by subparagraph (A)) will be adjusted at the same time and in the same manner as the limits are adjusted under section 415(d) of the Internal Revenue Code of 1986, except that the base period shall be the calendar quarter beginning July 1 of the year of enactment of this Act, and any increase to such dollar limitation which is not a multiple of $10,000 will be rounded to the next lowest multiple of $10,000.
(3) FACILITATE JOINT AND SURVIVOR BENEFITS.—The Secretary (or delegate) shall amend Q&A–17(c) of Treas. Reg. section 1.401(a)(9)–6, and make such corresponding changes to the regulations and related forms as are necessary, to provide that, in the case of a qualifying longevity annuity contract which was purchased with joint and survivor annuity benefits for the individual and the individual’s spouse which were permissible under the regulations at the time the contract was originally purchased, a divorce occurring after the original purchase and before the annuity payments commence under the contract will not affect the permissibility of the joint and survivor annuity benefits or other benefits under the contract, or require any adjustment to the amount or duration of benefits payable under the contract, provided that any qualified domestic relations order (within the meaning of section 414(p) of the Internal Revenue Code of 1986) or any divorce or separation instrument (within the meaning of section 71(b)(2) of the Internal Revenue Code of 1986)—

(A) provides that the former spouse is entitled to the survivor benefits under the contract;
(B) does not modify the treatment of the former spouse as the beneficiary under the contract who is entitled to the survivor benefits; or

(C) does not modify the treatment of the former spouse as the measuring life for the survivor benefits under the contract.

(4) Permit short free look period.—The Secretary (or delegate) shall amend Q&A–17(a)(4) of Treas. Reg. section 1.401(a)(9)–6 to ensure that such Q&A does not preclude a contract from including a provision under which an employee may rescind the purchase of the contract within a period not exceeding 90 days from the date of purchase.

(5) Facilitate indexed and variable contracts with guaranteed benefits.—The Secretary (or delegate) shall amend Q&A–17(d)(4) of Treas. Reg. section 1.401(a)(9)–6, and make such corresponding changes to the regulations and related forms as are necessary, to provide that an annuity contract is not treated as a contract described in such Q&A–17(a)(7) to the extent that the contract—

(A) either—
(i) is a variable contract under section 817(d) of the Internal Revenue Code of 1986; or

(ii) is an indexed contract;

(B) provides for the possibility of annuity payment increases (but not decreases) based on the investment return and market value of 1 or more segregated asset accounts (in the case of a variable contract) or based on the performance of 1 or more specified indexes (in the case of an indexed contract);

(C) provides for a guaranteed minimum level of annuity payments irrespective of such investment return, market value, or performance; and

(D) in the event of death before the annuity starting date, provides that any death benefit that is payable in a lump sum is equal to the premiums paid, without reduction for investment return, market value, index performance, surrender charges, market value adjustments, or any other amounts.

For purposes of the preceding sentence, a downward adjustment to the dollar amount of annuity payments shall not be treated as an impermissible re-
duction in such payments, provided that the adjust-
ment is made to reflect a change in annuitant that
is required or permitted under the Internal Revenue
Code of 1986 or regulations and the adjustment is
based on reasonable actuarial assumptions.

(b) Effective Dates, Enforcement, and Inter-
pretations.—

(1) Effective dates.—

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

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

(2) Enforcement and Interpretations.—
Prior to the date on which the Secretary of the
Treasury issues final regulations pursuant to sub-
section (a)—

(A) the Secretary (or delegate) shall ad-
minister and enforce the law in accordance with
subsection (a) and the effective dates in para-
graph (1) of this subsection; and
(B) taxpayers may rely upon their reasonable good faith interpretations of subsection (a).

SEC. 202. REMOVE REQUIRED MINIMUM DISTRIBUTION BARRIERS FOR LIFE ANNUITIES.

(a) In General.—Paragraph (9) of section 401(a), as amended by this Act, is further amended by adding at the end the following new subparagraph:

``(K) CERTAIN INCREASES IN PAYMENTS UNDER A COMMERCIAL ANNUITY.—Nothing in this section shall prohibit a commercial annuity (within the meaning of section 3405(e)(6)) which is issued in connection with any eligible retirement plan (within the meaning of section 402(c)(8)(B)) from providing 1 or more of the following types of payments on or after the annuity starting date:

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

``(ii) A lump sum payment which—

``(I) results in a shortening of the payment period with respect to an annuity or a full or partial commutation of the future annuity payments, pro-
vided that such lump sum is determined using reasonable actuarial methods and assumptions, as determined in good faith by the issuer of the contract, or

“(II) accelerates the receipt of annuity payments which are scheduled to be received within the ensuing 12 months, regardless of whether such acceleration shortens the payment period with respect to the annuity, reduces the dollar amount of benefits to be paid under the contract, or results in a suspension of annuity payments during the period being accelerated.

“(iii) An amount which is in the nature of a dividend or similar distribution, provided that the issuer of the contract determines such amount based on a reasonable comparison of the actuarial factors assumed when calculating the initial annuity payments and the issuer’s experience with respect to those factors.

“(iv) A final payment upon death which does not exceed the excess of—
“(I) the total amount of the consideration paid for the annuity payments, over
“(II) the aggregate amount of prior distributions or payments from or under the contract.”.

(b) Regulations and Enforcement.—

(1) Regulations.—Not later than the date which is 1 year after the date of the enactment of this Act, the Secretary of the Treasury (or the Secretary’s delegate) shall amend the regulation issued by the Department of the Treasury relating to “Required Distributions from Retirement Plans” (69 Fed. Reg. 33288 (June 15, 2004)), and make any necessary corresponding amendments to other regulations, in order to—

(A) conform such regulations to the amendments made by subsection (a), including by eliminating the types of payments described in section 401(a)(9)(K) of the Internal Revenue Code of 1986, as added by subsection (a), from the scope of the requirement in Q&A–14(c) of Treas. Reg. section 1.401(a)(9)–6 that the total future expected payments must exceed the total value being annuitized;
(B) amend Q&A–14(c) of such section 1.401(a)(9)–6 to provide that a commercial annuity which provides an initial payment which is at least equal to the initial payment which would be required from an individual account pursuant to Treas. Reg. section 1.401(a)(9)–5 will be deemed to satisfy the requirement in Q&A–14(c) of such section 1.401(a)(9)–6 that the total future expected payments must exceed the total value being annuitized; and

(C) amend Q&A–14(e)(3) of Treas. Reg. section 1.401(a)(9)–6 to provide that the total future expected payments under a commercial annuity are determined using the tables or other actuarial assumptions which the issuer of the contract actually uses in pricing the premiums and benefits with respect to the contract, provided that such tables or other actuarial assumptions are reasonable.

(2) **Effective Date.**—The modifications and amendments required under paragraph (1) shall be deemed to have been made as of the date of the enactment of this Act, and as of such date the Secretary of the Treasury (or the Secretary’s delegate) shall administer and enforce the law with respect to
plan years beginning before, on, or after the date of
the enactment of this Act in accordance with the
amendments made by subsection (a) and as though
the actions which the Secretary is required to take
under paragraph (1) had been taken.

SEC. 203. ELIMINATING A PENALTY ON PARTIAL
ANNUITIZATION.

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

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

(1) TOTAL REQUIRED AMOUNT.—The term
“total required amount”, with respect to a year,
means the amount which would be required to be
distributed under Treas. Reg. section 1.401(a)(9)–5
for the year, determined by treating the account bal-
ance as of the last valuation date in the immediately
preceding calendar year as including the value on that date of all annuity contracts which were purchased with a portion of the account and from which payments are made in accordance with Treas. Reg. section 1.401(a)(9)–6.

(2) Annuity Amount.—The term “annuity amount”, with respect to a year, is the total amount distributed in the year from all annuity contracts described in paragraph (1).

(c) Conforming Regulatory Amendments.—The Secretary of the Treasury (or the Secretary’s delegate) shall amend the regulations under sections 403(b)(10), 408(a)(6), 408(b)(3), and 457(d)(2) of the Internal Revenue Code of 1986 to conform to the amendments described in subsection (a). Such conforming amendments shall treat all individual retirement plans (as defined in section 7701(a)(37) of such Code) which an individual holds as the owner, or which an individual holds as a beneficiary of the same decedent, as one such plan for purposes of the amendments described in subsection (a). Such conforming amendments shall also treat all contracts described in section 403(b) of such Code which an individual holds as an employee, or which an individual holds as a beneficiary of the same decedent, as one such contract for such purposes.
(d) Effective Date.—The modifications and amendments required under subsections (a) and (c) shall be deemed to have been made as of the date of the enactment of this Act, and as of such date all applicable laws shall be applied in all respects as though the actions which the Secretary of the Treasury (or the Secretary’s delegate) is required to take under such subsections had been taken.

SEC. 204. INSURANCE-DEDICATED EXCHANGE-TRADED FUNDS.

(a) In General.—Not later than the date which is 1 year after the date of the enactment of this Act, the Secretary of the Treasury (or the Secretary’s delegate) shall amend the regulation issued by the Department of the Treasury relating to “Income Tax; Diversification Requirements for Variable Annuity, Endowment, and Life Insurance Contracts”, 54 Fed. Reg. 8728 (March 2, 1989), and make any necessary corresponding amendments to other regulations, in order to facilitate the use of exchange-traded funds as investment options under variable contracts within the meaning of section 817(d) of the Internal Revenue Code of 1986, in accordance with subsections (b) and (c) of this section.

(b) Designate Certain Authorized Participants and Market Makers as Eligible Investors.—The Secretary of the Treasury (or the Secretary’s dele-
gate) shall amend Treas. Reg. section 1.817–5(f)(3) to provide that satisfaction of the requirements in Treas. Reg. section 1.817–5(f)(2)(i) with respect to an exchange-traded fund shall not be prevented by reason of beneficial interests in such a fund being held by 1 or more authorized participants or market makers.

(e) Confirm That Similarities to Other Funds Are Irrelevant.—The Secretary of the Treasury (or the Secretary’s delegate) shall amend Treas. Reg. section 1.817–5(f) to confirm that, for Federal income tax purposes, a regulated investment company, partnership, or trust (including an exchange-traded fund) that satisfies the requirements of Treas. Reg. section 1.817–5(f) (2) and (3) shall not be treated as owned by the holder of a variable contract pursuant to the principles of Rev. Rul. 81–225, 1981–2 C.B. 12, merely because another regulated investment company, partnership, trust, or similar investment vehicle follows the same investment strategy, has the same investment manager, or holds the same investments.

(d) Define Relevant Terms.—In amending Treas. Reg. section 1.817–5(f)(3) in accordance with subsections (b) and (e) of this section, the Secretary of the Treasury (or the Secretary’s delegate) shall provide definitions consistent with the following:
(1) Exchange-traded fund.—The term “exchange-traded fund” means a regulated investment company, partnership, or trust—

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

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

(C) the shares of which are traded throughout the day on a national stock exchange at market prices that may or may not be the same as the net asset value of the shares.

(2) Authorized participant.—The term “authorized participant” means a financial institution that is a member or participant of a clearing agency registered under section 17A(b) of the Securities Exchange Act of 1934 that enters into a contractual relationship with an exchange-traded fund pursuant to which the financial institution is permitted to purchase and redeem shares directly from the fund and to sell such shares to third parties, but only if the contractual arrangement or applicable law precludes the financial institution from—
(A) purchasing the shares for its own investment purposes rather than for the exclusive purpose of creating and redeeming such shares on behalf of third parties; and

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

(3) Market Maker.—The term “market maker” means a financial institution that is a registered broker or dealer under section 15(b) of the Securities Exchange Act of 1934 that maintains liquidity for an exchange-traded fund on a national stock exchange by being always ready to buy and sell shares of such fund on the market, but only if the financial institution is contractually or legally precluded from selling or buying such shares to or from persons who are not authorized participants or otherwise described in Treas. Reg. section 1.817–5(f) (2) and (3).

(e) Effective Dates, Enforcement, and Interpretations.—

(1) Effective dates.—

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

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

(2) Enforcement and Interpretations.—

Prior to the date that the Secretary of the Treasury
(or the Secretary’s delegate) issues final regulations
pursuant to this section—

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

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

TITLE III—SIMPLIFICATION AND
CLARIFICATION OF RETIRE-
MENT PLAN RULES

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

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

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

(2) the Internal Revenue Code of 1986 applica-
table to qualiﬁed retirement plans (as deﬁned in sec-
tion 4974(c) of such Code, without regard to para-
graphs (4) and (5) thereof).

(b) REPORT.—Not later than 18 months after the
date of the enactment of this Act, the Secretary of Labor,
the Secretary of the Treasury, and the Director of the
Pension Benefit Guaranty Corporation (or their dele-
gates), jointly, and after consultation with a balanced
group of participant and employer representatives, shall
with respect to plans referenced in subsection (a) report
on the effectiveness of the applicable reporting and disclo-
sure requirements and make such recommendations as
may be appropriate to the appropriate committees of the
Congress to consolidate, simplify, standardize, and im-
prove such requirements so as to simplify reporting for
such plans and ensure that plans can simply furnish and
participants and beneﬁciaries timely receive and better un-
derstand the information they need to monitor their plans,
plan for retirement, and obtain the beneﬁts they have
earned. Such report shall assess the extent to which retirement plans are retaining disclosures, work records, and plan documents that are needed to ensure accurate calculation of future benefits. To assess the effectiveness of the applicable reporting and disclosure requirements, the report shall include an analysis, based on plan data, of how participants and beneficiaries are providing preferred contact information, the methods by which plan sponsors and plans are furnishing disclosures, and the rate at which participants and beneficiaries (grouped by key demographics) are receiving, accessing, and retaining disclosures. The agencies shall conduct appropriate surveys and data collection to obtain any needed information.

SEC. 302. CONSOLIDATION OF DEFINED CONTRIBUTION PLAN NOTICES.

Not later than 18 months after the date of the enactment of this Act, the Secretary of Labor and the Secretary of the Treasury (or such Secretaries’ delegates) shall adopt regulations providing that a plan may, but is not required to, consolidate 2 or more of the notices required under sections 404(c)(5)(B) and 514(c)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104(c)(5)(B) and 29 U.S.C. 1144(c)(3)) and sections 401(k)(12)(D), 401(k)(13)(E), and 414(w)(4) of the Internal Revenue Code of 1986 into a single notice so long
as the combined notice includes the required content, clearly identifies the issues addressed therein, is provided at the time and with the frequency required for each such notice, and is presented in a manner that is understandable and does not obscure or fail to highlight important points for participants and beneficiaries.

SEC. 303. PERFORMANCE BENCHMARKS FOR ASSET ALLOCATION FUNDS.

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

(1) the blend is reasonably representative of the asset class holdings of the designated investment alternative;

(2) for purposes of determining the blend’s returns for 1-, 5-, and 10-calendar-year periods (or for the life of the alternative, if shorter), the blend is modified at least once per year to reflect changes in
the asset class holdings of the designated investment alternative;

(3) the blend is presented to participants and beneficiaries in a manner that is reasonably designed to be understandable and helpful; and

(4) each securities market index which is used for an associated asset class would separately satisfy the requirements of such regulations for such asset class.

(b) STUDY.—Not later than December 31, 2022, the Secretary of Labor (or the Secretary’s delegate) shall deliver a report to the Committees on Ways and Means and Education and Labor of the House of Representatives and the Committees on Finance and Health, Education, Labor, and Pensions of the Senate regarding the effectiveness of the benchmarking requirements under section 2550.404a–5 of title 29, Code of Federal Regulations.

SEC. 304. PERMIT NONSPOUSAL BENEFICIARIES TO ROLL ASSETS TO PLANS.

(a) IN GENERAL.—Section 402(c) is amended by adding at the end the following new paragraph:

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

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

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

(b) CONFORMING AMENDMENTS.—

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

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

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

(c) EFFECTIVE DATE.—The amendments made by
this section shall apply to distributions made after the
date of the enactment of this Act.
SEC. 305. DEFERRAL AGREEMENTS.

(a) In General.—Paragraph (4) of section 457(b) of the Internal Revenue Code of 1986 is amended by inserting “, or, in the case of a plan of an eligible employer described in subsection (e)(1)(A), before the date on which the compensation is (but for the deferral) available” before the comma at the end.

(b) Effective Date.—The amendment made by this section shall apply to years beginning after December 31, 2021.

SEC. 306. SIMPLIFYING 402(f) NOTICES.

Not later than December 31, 2022, the Secretary of the Treasury (or the Secretary’s delegate), in consultation with the Secretary of Labor and the Director of the Pension Benefit Guaranty Corporation (or their delegates), shall simplify the model notices issued under section 402(f) of the Internal Revenue Code of 1986 so as to facilitate better understanding by recipients of different distribution options and corresponding tax consequences. Such model notices shall include an explanation of the effect of elections on spousal rights.

SEC. 307. PERMIT PLANS TO USE BASE PAY OR RATE OF PAY CALCULATION.

(a) In General.—Not later than December 31, 2022, the Secretary of the Treasury (or the Secretary’s delegate) shall modify Treasury Regulation section
1.414(s)–1(d)(3) to facilitate the use of the safe harbors in sections 401(k)(12), 401(k)(13), 401(k)(16), 401(m)(11), 401(m)(12), and 401(m)(13) of the Internal Revenue Code of 1986, and in Treasury Regulation section 1.401(a)(4)–3(b), by plans which use base pay or rate of pay in determining contributions or benefits. Such facilitation shall include increased flexibility in meeting the definition in section 414(s) of such Code in situations where the amount of overtime compensation payable in a year can vary significantly.

(b) Exception.—The Secretary of the Treasury (or the Secretary’s delegate) may make any modification under subsection (a) inapplicable to plans with respect to which, on a consistent basis, overtime is a major component of a substantial portion of the employees eligible to participate in the plan who are not highly compensated employees (as defined in section 414(q) of the Internal Revenue Code of 1986).

SEC. 308. ROTH SIMPLE IRAS.

(a) In General.—Section 408A(f) is amended—

(1) by striking “or a simple retirement account” in paragraph (1); and

(2) by striking “or account” in paragraph (2).
(b) CONFORMING AMENDMENTS.—Section 408A(c)(2) is amended by adding at the end the following flush sentence:

“"In applying this paragraph to an individual on whose behalf elective employer contributions are made to a simple retirement account, the amount described in subparagraph (A) shall be increased by the amount of elective employer contributions made on behalf of the individual to such account, except to the extent that such contributions exceed the applicable dollar amount (as defined in subsection (p)(2)(E)) or cause the elective deferrals (as defined in section 402(g)(3)) on behalf of such individual to exceed the limitation under section 402(g)(1) (taking into account subparagraph (C) thereof).”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2021.

SEC. 309. REDUCTION IN EXCISE TAX ON CERTAIN ACCUMULATIONS IN QUALIFIED RETIREMENT PLANS.

(a) IN GENERAL.—Subsection (a) of section 4974 is amended by striking “50 percent” and inserting “25 percent”.

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(b) **Effective Date.**—The amendment made by this section shall apply to taxable years beginning after December 31, 2021.

**SEC. 310. CLARIFICATION OF CATCH-UP CONTRIBUTIONS WITH RESPECT TO SEPARATE LINES OF BUSINESS.**

(a) **In General.**—Subparagraph (B) of section 414(v)(4) is amended—

(1) by striking “except that a plan” and inserting “except that—

“(i) a plan”;

(2) by striking the period at the end and inserting “, and”; and

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

“(ii) for any year in which an employer complies with section 410(b) on the basis of separate lines of business pursuant to section 410(b)(5), the employer may apply subparagraph (A) for such year separately with respect to employees in each separate line of business.”.

(b) **Effective Date.**—The amendments made by this section shall apply to taxable years beginning after December 31, 2021.
SEC. 311. CLARIFICATION OF SUBSTANTIALLY EQUAL PERIODIC PAYMENT RULE.

(a) In General.—Paragraph (4) of section 72(t) is amended by inserting at the end the following new sub-paragraph:

“(C) Rollovers to subsequent plan.—If—

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

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

“(iii) distributions from the transferor and transferee plans would in combination continue to satisfy the requirements of paragraph (2)(A)(iv) if they had been made only from the transferor plan,

such transfer or rollover shall not be treated as a modification under subparagraph (A)(ii), and compliance with paragraph (2)(A)(iv) shall be determined on the basis of the combined distributions described in clause (iii).”.
(b) Nonqualified Annuity Contracts.—Paragraph (3) of section 72(q) is amended—

(1) by redesignating clauses (i) and (ii) of subparagraph (B) as subclauses (I) and (II), and by moving such subclauses 2 ems to the right;

(2) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), by moving such clauses 2 ems to the right, and by adjusting the flush language at the end accordingly;

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

“(A) IN GENERAL.—If—”; and

(4) by adding at the end the following new subparagraph:

“(B) EXCHANGES TO SUBSEQUENT CONTRACTS.—If—

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

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

“(iii) the aggregate distributions from the contracts involved in the exchange continue to satisfy the requirements of para-
graph (2)(D) as if the exchange had not taken place,
such exchange shall not be treated as a modification under subparagraph (A)(ii), and compliance with paragraph (2)(D) shall be determined on the basis of the combined distributions described in clause (iii).”.

(c) INFORMATION REPORTING.—Section 6724 is amended by inserting at the end the following new subsection:

“(g) SPECIAL RULE FOR REPORTING CERTAIN ADDITIONAL TAXES.—No penalty shall be imposed under section 6721 or 6722 if—

“(1) a person makes a return or report under section 6047(d) or 408(i) with respect to any distribution,

“(2) such distribution is made following a rollover, transfer, or exchange described in section 72(t)(4)(C) or section 72(q)(3)(C),

“(3) in making such return or report the person relies upon a certification provided by the taxpayer that the distributions satisfy the requirements of section 72(t)(4)(C)(iii) or section 72(q)(3)(B)(iii), as applicable, and
“(4) such person does not have actual knowledge that the distributions do not satisfy such requirements.”.

(d) Safe Harbor for Annuity Payments.—

(1) Qualified Retirement Plans.—Subparagraph (A) of section 72(t)(2) is amended by adding at the end the following flush sentence:

“For purposes of clause (iv), periodic payments shall not fail to be treated as substantially equal merely because they are amounts received as an annuity, and such periodic payments shall be deemed to be substantially equal if they are payable over a period described in clause (iv) and satisfy the requirements applicable to annuity payments under section 401(a)(9).”.

(2) Other Annuity Contracts.—Paragraph (2) of section 72(q) is amended by adding at the end the following flush sentence:

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

(c) Effective Dates.—

(1) In general.—The amendments made by subsections (a), (b), and (c) shall apply to transfers, rollovers, and exchanges occurring on or after the date of the enactment of this Act.

(2) Annuity Payments.—The amendment made by subsection (d) shall apply to distributions commencing on or after the date of the enactment of this Act.

(3) No Inference.—Nothing in the amendments made by this section shall be construed to create an inference with respect to the law in effect prior to the effective date of such amendments.

SEC. 312. Clarification of Treatment of Distributions of Annuity Contracts.

(a) In General.—Clause (i) of section 402(e)(4)(D) is amended by inserting after “section 401(c)(1).” at the end of the second sentence the following: “A distribution of an annuity contract from a trust or annuity plan referred to in the first sentence of this clause may be treated as a part of a lump sum distribution.”.

(b) Effective Date.—The amendment made by this section shall take effect as if included in section
1 1401(b)(1) of the Small Business Job Protection Act of
2 1996.
3
4 SEC. 313. CLARIFICATION REGARDING ELECTIVE DEFER-
5 RALS.
6
7 (a) IN GENERAL.—Not later than 6 months after the
8 date of the enactment of this Act, the Secretary of the
9 Treasury (or the Secretary’s delegate) shall amend Treas.
10 Reg. section 1.415(c)–2(e), and make any necessary con-
11 forming amendments to other Treasury Regulations, to
12 provide that plans may allow employees who have had a
13 severance from employment to make deferrals or contribu-
14 tions described in subsection (b) with respect to payments
15 of severance or back pay. The Secretary of the Treasury
16 (or delegate) may provide for such other conditions on
17 such deferrals or contributions as are necessary to carry
18 out the purposes of this section.
19
20 (b) DEFERRALS AND CONTRIBUTIONS DESCRIBED.——
21 The deferrals or contributions described in this subsection
22 are—
23
24 (1) elective deferrals described in subparagraph
25 (A), (B), or (C) of section 402(g)(3) of the Internal
26 Revenue Code of 1986 (other than elective deferrals
27 under section 401(k)(11) of such Code);
(2) elective contributions under an eligible deferred compensation plan described in section 457(b) of such Code; and

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

(e) TREATMENT OF DEFERRALS.—Except as otherwise determined by the Secretary of the Treasury (or the Secretary’s delegate) to be necessary to carry out the purposes of this section, the rules described in subsection (a) shall provide that the contributions or deferrals shall, for purposes of section 457 and subchapter D of chapter 1 of subtitle A of the Internal Revenue Code of 1986, be treated as contributions or deferrals made on behalf of active employees, not on behalf of former employees.

SEC. 314. TAX TREATMENT OF CERTAIN NONTRADE OR BUSINESS SEP CONTRIBUTIONS.

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

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

(2) by inserting “, or a simplified employee pension (within the meaning of section 408(k))” after “401(k)(11))”. 
(b) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2019.

SEC. 315. ALLOW CERTAIN PLAN TRANSFERS AND MERGERS.

(a) Amendments to the Internal Revenue Code of 1986.—

(1) In general.—Section 414 is amended by adding at the end the following new subsection:

“(aa) Certain Plan Transfers and Mergers.—

“(1) In general.—Under rules prescribed by the Secretary, no amount shall be includible in gross income by reason of—

“(A) a transfer of all or a portion of the account balance of a participant or beneficiary, whether or not vested, from a defined contribution plan described in section 401(a) or section 403(a) of an employer to an annuity contract described in section 403(b) of the same employer,

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

or

“(C) a merger of a defined contribution plan described in section 401(a) or section 403(a) of an employer with an annuity contract described in section 403(b) of the same employer,

so long as the transfer or merger does not cause a reduction in the vested benefit or total benefit (including non-vested benefit) of any participant or beneficiary. A plan or contract shall not fail to be considered to be described in section 401(a), 403(a), or 403(b) (as applicable) merely because such plan or contract engages in a transfer or merger described in this paragraph.

“(2) DISTRIBUTIONS.—Amounts transferred or merged pursuant to paragraph (1) shall be subject to the requirements of paragraphs (3) and (4) and to the distribution requirements under section 401(a), 403(a), or 403(b) applicable to the transferee or merged plan.

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

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

“(ii) be required to satisfy the requirements of section 401(a)(11)(B)(iii)(I) and section 205(b)(1)(C)(i) of the Employee Retirement Income Security Act of 1974 to the extent that such sections applied to such amounts in the transferor or predecessor plan, and

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

“(4) SPECIAL RULES.—Under rules prescribed by the Secretary, to the extent amounts transferred or merged pursuant to paragraph (1) were otherwise entitled to grandfather treatment under the transferor or predecessor plan, such amounts (and income or loss attributable thereto) shall remain entitled to such treatment under the transferee or merged plan.
The rules prescribed by the Secretary shall require that such amounts be separately accounted for by the transferee or merged plan. For purposes of this paragraph, the term ‘grandfather treatment’ means any special treatment under this title that is provided for prior benefits, prior periods of time, or certain individuals in connection with a change in the applicable law.

“(5) CONSENT.—In the case of a qualified trust described in section 401(a) or 403(a) and an annuity contract described in section 403(b) with respect to which transfers may be made only with the consent of a participant or beneficiary pursuant to the terms of such trust or contract or pursuant to applicable law, such consent requirement shall apply without regard to this subsection. Nothing in this subsection shall affect the application of contract or plan terms otherwise applicable in the case of a withdrawal from the contract or plan.”.

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

(3) TECHNICAL AMENDMENT.—The heading of subsection (z) of section 414 is amended by striking “PLAN” and inserting “CHURCH PLAN”.
(b) Amendment to the Employee Retirement Income Security Act of 1974.—Section 4 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1003) is amended by adding at the end the following new subsection:

“(d) This title shall apply to any plan or contract described in section 414(aa) of the Internal Revenue Code of 1986 to the extent necessary to comply with the requirements of such section.”.

(c) Effective Date.—

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

(2) Rules.—The Secretary of the Treasury (or the Secretary’s delegate) shall issue rules under section 414(aa) of the Internal Code of 1986, as so added, within 1 year after the date of the enactment of this Act.
SEC. 316. EXCEPTION FROM REQUIRED DISTRIBUTIONS WHERE AGGREGATE RETIREMENT SAVINGS DO NOT EXCEED $100,000.

(a) In General.—Section 401(a)(9), as amended by this Act, is further amended by adding at the end the following new subparagraph:

“(L) Exception from required minimum distributions during life of employee or beneficiary where assets do not exceed $100,000.—

“(i) In General.—If, as of a measurement date, the aggregate value of the entire interest of an employee under all applicable eligible retirement plans does not exceed $100,000, then, with respect to any applicable eligible retirement plan of the employee, during any succeeding calendar year beginning before the next measurement date the requirements of subparagraph (A) shall not apply to the employee.

“(ii) Applicable eligible retirement plan.—For purposes of this subparagraph, the term ‘applicable eligible retirement plan’ means an eligible retirement plan (as defined in section 402(c)(8)(B)) and any other plan, contract, or arrange-
ment to which the requirements of this paragraph apply, but does not include any defined benefit plan.

“(iii) MEASUREMENT DATE.—

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

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

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

“(II) SUBSEQUENT MEASUREMENT DATES.—If, in a calendar year, an employee to whom subparagraph (A) does not apply by reason of clause (i) receives contributions, rollovers, or transfers of amounts which were not previously taken into account in applying this subparagraph, then the last day of that calendar year shall be a new measurement date and a new determination shall be made as to
whether clause (i) applies to such employee.

“(III) Special rule.—In the case of an employee who receives account statements at least annually with respect to a plan, the value of the employee’s interest in such plan as shown on the last account statement provided to such employee for such calendar year may (at the election of the employee) be treated as the value of the employee’s interest in such plan on the measurement date. If such last account statement does not include all amounts described in subclause (II) for such calendar year, the last day of the next calendar year shall be a new measurement date in accordance with subclause (II) and a new determination shall be made as to whether clause (i) applies to such employee.

“(iv) Determination of value.—For purposes of this subparagraph, the
value of an employee’s interest in a plan is
the account balance of such plan.

“(v) Phase-out of Exception.—In
the case of an employee whose aggregate
balance described in clause (i) as of a
measurement date exceeds the dollar
amount in effect under such clause by less
than $10,000, the required distributions
under this paragraph for calendar years
beginning after such measurement date
and before the next measurement date
shall be equal to the amount which bears
the same ratio to the required distributions
otherwise determined under this paragraph
as—

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

“(II) $10,000.

“(vi) Cost-of-Living Adjust-
ments.—The Secretary shall adjust annu-
ally the $100,000 amount specified in
clause (i) for increases in the cost-of-living
at the same time and in the same manner
as adjustments under section 415(d); ex-
cept that the base period shall be the cal-
endar quarter beginning July 1, 2021, and
any increase which is not a multiple of
$5,000 shall be rounded to the next lowest
multiple of $5,000.

“(vii) PLAN RELIANCE.—The plan ad-
ministrator of an applicable eligible retire-
ment plan shall be entitled to rely on a cer-
tification provided by an employee that
such employee’s interest in other applicable
eligible retirement plans does not prevent
such employee from being described in
clause (i). Any such certification shall
apply to all future years in the absence of
a contrary certification from the employee,
and shall apply to the current year if re-
ceived not later than March 1 of such cur-
rent year. If no such certification is re-
ceived by the plan administrator by March
1 of a year for which a required distribu-
tion is to be made under subparagraph
(A), the plan administrator shall be treated
as required to make the distribution re-
quired under subparagraph (A) for such
year.”.
(b) **Effective Date.**—The amendment made by this section shall apply to initial measurement dates occurring on or after December 31, 2021.

**SEC. 317. HARDSHIP RULES FOR 403(b) PLANS.**

(a) **In General.**—Section 403(b) is amended by adding at the end the following new paragraph:

“(15) **Special rules relating to hardship withdrawals.**—For purposes of paragraphs (7) and (11)—

“(A) **Amounts which may be withdrawn.**—The following amounts may be distributed upon hardship of the employee:

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

“(ii) Qualified nonelective contributions (as defined in section 401(m)(4)(C)).

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

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

“(B) **No requirement to take available loan.**—A distribution shall not be treated as failing to be made upon the hardship of
an employee solely because the employee does not take any available loan under the plan.”.

(b) CONFORMING AMENDMENTS.—

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

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

(A) by striking “in” in subparagraph (B) and inserting “subject to the provisions of paragraph (15), in”; and

(B) by striking the last sentence.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2021.

SEC. 318. IRA PRESERVATION.

(a) INFORMATION MADE AVAILABLE.—The Secretary of the Treasury (or the Secretary’s delegate) shall make available to the public the following information:

(1) An overview of the laws and regulations related to individual retirement plans (as defined in section 7701(a)(37) of the Internal Revenue Code of 1986), including—
(A) limits on contributions;
(B) limits on deductions for contributions;
(C) rollovers;
(D) minimum required distributions;
(E) non-exempt prohibited transactions;
and
(F) tax consequences for early distributions.

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

(b) Reduction in Excise Tax on Excess Contributions.—Section 4973 is amended by adding at the end the following new subsection:

“(i) Reduction of Tax in Certain Cases.—

“(1) Reduction.—In the case of a taxpayer who—

“(A) corrects, during the correction window, an excess contribution which was made to an individual retirement plan and which resulted in imposition of a tax under paragraph (1) or (3) of subsection (a), and
“(B) submits a return, during the correction window, reflecting such tax (as modified by this subsection),
the first and second sentences of subsection (a) shall be applied by substituting ‘3 percent’ for ‘6 percent’ each place it appears.

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

“(A) the date on which the Secretary initiates an audit, or otherwise demands payment, with respect to the excess contribution, or

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

(c) REDUCTION IN EXCISE TAX ON FAILURES TO TAKE REQUIRED MINIMUM DISTRIBUTIONS.—Section 4974, as amended by this Act, is further amended by adding at the end the following new subsection:

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

“(1) REDUCTION.—In the case of a taxpayer who—
“(A) corrects, during the correction window, a shortfall of distributions from an individual retirement plan which resulted in imposition of a tax under subsection (a), and

“(B) submits a return, during the correction window, reflecting such tax (as modified by this subsection),

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

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

“(A) the date on which the Secretary initiates an audit, or otherwise demands payment, with respect to the shortfall of distributions, or

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

(d) REPEAL OF TAX DISQUALIFICATION PENALTY.—

(1) IN GENERAL.—Paragraph (2) of subsection (e) of section 408 is repealed.
(A) Section 408(e)(1) is amended by striking “(2) or”.

(B) Sections 220(e)(2), 223(e)(2), and 530(e) are each amended by striking “paragraphs (2) and (4) of section 408(e)” and inserting “section 408(e)(4)”.

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

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

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

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

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

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

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

(f) EFFECTIVE DATE.—

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

(2) TRANSITION PROVISIONS.—

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

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

(i) the date on which the Secretary of
the Treasury (or the Secretary’s delegate)
initiates an audit or otherwise demands
payment with respect to the conduct de-
scribed in section 4973(a) or 4974(a), as
the case may be, of such Code; or

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

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

SEC. 319. ELIMINATION OF ADDITIONAL TAX ON CERTAIN DISTRIBUTIONS.

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

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

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

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

“(ix) attributable to withdrawal of interest or other income earned on excess contributions (as defined in section 4973(b) (without regard to the second to last sentence thereof)) to an individual retirement plan.”.

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

SEC. 320. DISTRIBUTIONS TO FIREFIGHTERS.

(a) In General.—Subparagraph (A) of section
72(t)(10) is amended by striking “414(d))” and inserting
“414(d)) or a distribution from a plan described in clause
(iii), (iv), or (vi) of section 402(e)(8)(B) to an employee
who provides firefighting services”.

(b) Conforming Amendment.—The heading of
paragraph (10) of section 72(t) is amended—

(1) by striking “PUBLIC”, and

(2) by striking “IN GOVERNMENTAL PLANS”.

(c) Effective Date.—The amendments made by
this section shall apply to distributions made after Decem-
ber 31, 2021.

SEC. 321. ELIMINATING UNNECESSARY PLAN REQUIRE-
MENTS RELATED TO UNENROLLED PARTICI-
PANTS.

(a) Amendment of Employee Retirement In-
come Security Act of 1974.—
(1) IN GENERAL.—Part 1 of subtitle B of sub-
chapter I of the Employee Retirement Income Secu-
rity Act of 1974 is amended by redesignating section
111 as section 112 and by inserting after section
110 the following new section:

"SEC. 111. ELIMINATING UNNECESSARY PLAN REQUIRE-
MENTS RELATED TO UNENROLLED PARTICI-
PANTS.

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

"(1) in connection with the annual open season
election period with respect to the plan or, if there
is no such period, within a reasonable period prior
to the beginning of each plan year, an annual re-
minder notice of such participant’s eligibility to par-
ticipate in such plan and any applicable election
deadlines under the plan; and

"(2) any document requested by such partici-
pant which the participant would be entitled to re-
ceive without regard to this section.
“(b) UNENROLLED PARTICIPANT.—For purposes of this section, the term ‘unenrolled participant’ means an employee who—

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

“(2) has received all required notices, disclosures, and other plan documents, including the summary plan description, required to be furnished under this title in connection with such participant’s initial eligibility to participate in such plan;

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

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

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

“(c) ANNUAL REMINDER NOTICE.—For purposes of this section, the term ‘annual reminder notice’ means a notice provided in accordance with section 2520.104b–1 of title 29, Code of Federal Regulations (or any successor regulation), which—

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

“(2) notifies the unenrolled participant of—

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

“(B) the key benefits under the plan and the key rights and features under the plan affecting such benefits; and

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

(2) CLERICAL AMENDMENT.—The table of contents in section 1 of the Employee Retirement Income Security Act of 1974 is amended by striking the item relating to section 111 and by inserting after the item relating to section 110 the following new items:

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

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

(b) AMENDMENT OF INTERNAL REVENUE CODE OF 1986.—Section 414, as amended by this Act, is further amended by adding at the end the following new subsection:

“(bb) ELIMINATING UNNECESSARY PLAN REQUIREMENTS RELATED TO UNENROLLED PARTICIPANTS.—
“(1) IN GENERAL.—Notwithstanding any other provision of this title, with respect to any defined contribution plan, no disclosure, notice, or other plan document (other than the notices and documents described in subparagraphs (A) and (B)) shall be required to be furnished under this title to any unenrolled participant if the unenrolled participant receives—

“(A) in connection with the annual open season election period with respect to the plan or, if there is no such period, within a reasonable period prior to the beginning of each plan year, an annual reminder notice of such participant’s eligibility to participate in such plan and any applicable election deadlines under the plan, and

“(B) any document requested by such participant which the participant would be entitled to receive without regard to this subsection.

“(2) UNENROLLED PARTICIPANT.—For purposes of this subsection, the term ‘unenrolled participant’ means an employee who—

“(A) is eligible to participate in a defined contribution plan,
“(B) has received all required notices, disclosures, and other plan documents required to be furnished under this title and the summary plan description as provided in section 104(b) of the Employee Retirement Income Security Act of 1974 in connection with such participant’s initial eligibility to participate in such plan,

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

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

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

“(3) ANNUAL REMINDER NOTICE.—For purposes of this subsection, the term ‘annual reminder notice’ means the notice described in section 111(c) of the Employee Retirement Income Security Act of 1974.”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2021.
SEC. 322. RECOVERY OF RETIREMENT PLAN OVERPAYMENTS.

(a) OVERPAYMENTS UNDER INTERNAL REVENUE CODE OF 1986.—

(1) QUALIFICATION REQUIREMENTS.—Section 414, as amended by the preceding provisions of this Act, is further amended by adding at the end the following new subsection:

“(cc) SPECIAL RULES APPLICABLE TO BENEFIT OVERPAYMENTS.—

“(1) IN GENERAL.—A plan shall not fail to be treated as described in clause (i), (ii), (iii), or (iv) of section 219(g)(5)(A) (and shall not fail to be treated as satisfying the requirements of section 401(a) or 403) merely because—

“(A) the plan fails to obtain payment from any participant, beneficiary, employer, plan sponsor, fiduciary, or other party on account of any inadvertent benefit overpayment made by the plan, or

“(B) the plan sponsor amends the plan to increase past or future benefit payments to affected participants and beneficiaries in order to adjust for prior inadvertent benefit overpayments.
“(2) Reduction in future benefit payments and recovery from responsible party.—Paragraph (1) shall not fail to apply to a plan merely because, after discovering a benefit overpayment, such plan—

“(A) reduces future benefit payments to the correct amount provided for under the terms of the plan, or

“(B) seeks recovery from the person or persons responsible for such overpayment.

“(3) Employer funding obligations.—Nothing in this subsection shall relieve an employer of any obligation imposed on it to make contributions to a plan to meet the minimum funding standards under sections 412 and 430 or to prevent or restore an impermissible forfeiture in accordance with section 411.

“(4) Observance of benefit limitations.—Notwithstanding paragraph (1), a plan to which paragraph (1) applies shall observe any limitations imposed on it by section 401(a)(17) or 415. The plan may enforce such limitations using any method approved by the Secretary for recouping benefits previously paid or allocations previously made in excess of such limitations.
“(5) Coordination with other qualification requirements.—The Secretary may issue regulations or other guidance of general applicability specifying how benefit overpayments and their recoupment or non-recoupment from a participant or beneficiary shall be taken into account for purposes of satisfying any requirement applicable to a plan to which paragraph (1) applies.”.

(2) Rollovers.—Section 402(c), as amended by this Act, is further amended by adding at the end the following new paragraph:

“(13) In the case of an inadvertent benefit overpayment from a plan to which section 414(cc)(1) applies which is transferred to an eligible retirement plan by or on behalf of a participant or beneficiary—

“(A) the portion of such overpayment with respect to which recoupment is not sought on behalf of the plan shall be treated as having been paid in an eligible rollover distribution if the payment would have been an eligible rollover distribution but for being an overpayment, and

“(B) the portion of such overpayment with respect to which recoupment is sought on behalf
of the plan shall be permitted to be returned to such plan and in such case shall be treated as an eligible rollover distribution transferred to such plan by the participant or beneficiary who received such overpayment (and the plans making and receiving such transfer shall be treated as permitting such transfer).

In any case in which recoupment is sought on behalf of the plan but is disputed by the participant or beneficiary who received such overpayment, such dispute shall be subject to the claims and appeals procedures of the plan that made such overpayment, such plan shall notify the plan receiving the rollover of such dispute, and the plan receiving the rollover shall retain such overpayment on behalf of the participant or beneficiary (and shall be entitled to treat such overpayment as plan assets) pending the outcome of such procedures.”.

(b) OVERPAYMENTS UNDER ERISA.—Section 206 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1056) is amended by adding at the end the following new subsection:

“(h) SPECIAL RULES APPLICABLE TO BENEFIT OVERPAYMENTS.—
“(1) GENERAL RULE.—In the case of an inadvertent benefit overpayment by any pension plan, the responsible plan fiduciary shall not be considered to have failed to comply with the requirements of this title merely because such fiduciary determines, in the exercise of its fiduciary discretion, not to seek recovery of all or part of such overpayment from—

“(A) any participant or beneficiary,

“(B) any plan sponsor of, or contributing employer to—

“(i) an individual account plan, provided that the amount needed to prevent or restore any impermissible forfeiture from any participant’s or beneficiary’s account arising in connection with the overpayment is, separately from and independently of the overpayment, allocated to such account pursuant to the nonforfeitability requirements of section 203 (for example, out of the plan’s forfeiture account, additional employer contributions, or recoveries from those responsible for the overpayment), or

“(ii) a defined benefit pension plan subject to the funding rules in part 3 of this subtitle B, unless the responsible plan
fiduciary determines, in the exercise of its fiduciary discretion, that failure to recover all or part of the overpayment faster than required under such funding rules would materially affect the plan’s ability to pay benefits due to other participants and beneficiaries, or

“(C) any fiduciary of the plan, other than a fiduciary (including a plan sponsor or contributing employer acting in a fiduciary capacity) whose breach of its fiduciary duties resulted in such overpayment, provided that if the plan has established prudent procedures to prevent and minimize overpayment of benefits and the relevant plan fiduciaries have followed such procedures, an inadvertent benefit overpayment will not give rise to a breach of fiduciary duty.

“(2) Reduction in future benefit payments and recovery from responsible party.—Paragraph (1) shall not fail to apply with respect to any inadvertent benefit overpayment merely because, after discovering such overpayment, the responsible plan fiduciary—
“(A) reduces future benefit payments to the correct amount provided for under the terms of the plan, or

“(B) seeks recovery from the person or persons responsible for the overpayment.

“(3) EMPLOYER FUNDING OBLIGATIONS.—Nothing in this subsection shall relieve an employer of any obligation imposed on it to make contributions to a plan to meet the minimum funding standards under part 3 of this subtitle B or to prevent or restore an impermissible forfeiture in accordance with section 203.

“(4) RECOUPMENT FROM PARTICIPANTS AND BENEFICIARIES.—If the responsible plan fiduciary, in the exercise of its fiduciary discretion, decides to seek recoupment from a participant or beneficiary of all or part of an inadvertent benefit overpayment made by the plan to such participant or beneficiary, it may do so, subject to the following conditions:

“(A) No interest or other additional amounts (such as collection costs or fees) are sought on overpaid amounts.

“(B) If the plan seeks to recoup past overpayments of a non-decreasing periodic benefit by reducing future benefit payments—
“(i) the reduction ceases after the plan has recovered the full dollar amount of the overpayment,

“(ii) the amount recouped each calendar year does not exceed 10 percent of the full dollar amount of the overpayment, and

“(iii) future benefit payments are not reduced to below 90 percent of the periodic amount otherwise payable under the terms of the plan.

Alternatively, if the plan seeks to recoup past overpayments of a non-decreasing periodic benefit through one or more installment payments, the sum of such installment payments in any calendar year does not exceed the sum of the reductions that would be permitted in such year under the preceding sentence.

“(C) If the plan seeks to recoup past overpayments of a benefit other than a non-decreasing periodic benefit, the plan satisfies requirements developed by the Secretary of the Treasury for purposes of this subparagraph.

“(D) Efforts to recoup overpayments are not made through a collection agency or similar
third party and such efforts are not accompanied by threats of litigation, unless the responsible plan fiduciary reasonably believes it could prevail in a civil action brought in Federal or State court to recoup the overpayments.

“(E) Recoupment of past overpayments to a participant is not sought from any beneficiary of the participant, including a spouse, surviving spouse, former spouse, or other beneficiary.

“(F) Recoupment may not be sought if the first overpayment occurred more than 3 years before the participant or beneficiary is first notified in writing of the error.

“(G) A participant or beneficiary from whom recoupment is sought is entitled to contest all or part of the recoupment pursuant to the plan’s claims and appeals procedures.

“(H) In determining the amount of recoupment to seek, the responsible plan fiduciary may take into account the hardship that recoupment likely would impose on the participant or beneficiary.

“(5) EFFECT OF CULPABILITY.—Subparagraphs (A) through (F) of paragraph (4) shall not apply to protect a participant or beneficiary who is
culpable. For purposes of this paragraph, a participant or beneficiary is culpable if the individual bears responsibility for the overpayment (such as through misrepresentations or omissions that led to the overpayment), or if the individual knew, or had good reason to know under the circumstances, that the benefit payment or payments were materially in excess of the correct amount. Notwithstanding the preceding sentence, an individual is not culpable merely because the individual believed the benefit payment or payments were or might be in excess of the correct amount, if the individual raised that question with an authorized plan representative and was told the payment or payments were not in excess of the correct amount. With respect to a culpable participant or beneficiary, efforts to recoup overpayments shall not be made through threats of litigation, unless a lawyer for the plan could make the representations required under Rule 11 of the Federal Rules of Civil Procedure if the litigation were brought in Federal court.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply as of the date of the enactment of this Act.
(d) Certain Actions Before Date of Enactment.—Plans, fiduciaries, employers, and plan sponsors are entitled to rely on—

1. a good faith interpretation of then existing administrative guidance for inadvertent benefit overpayment recoupments and recoveries that commenced before the date of enactment of this Act, and

2. determinations made before such date of enactment by the responsible plan fiduciary, in the exercise of its fiduciary discretion, not to seek recoupment or recovery of all or part of an inadvertent benefit overpayment.

In the case of a benefit overpayment that occurred prior to the date of enactment of this Act, any installment payments by the participant or beneficiary to the plan or any reduction in periodic benefit payments to the participant or beneficiary, which were made in recoupment of such overpayment and which commenced prior to such date, may continue after such date. Nothing in this subsection shall relieve a fiduciary from responsibility for an overpayment that resulted from a breach of its fiduciary duties.

SEC. 323. RETIREMENT SAVINGS LOST AND FOUND.

(a) Retirement Savings Lost and Found.—

1. Establishment.—
(A) In general.—Not later than 3 years after the date of the enactment of this Act, the Secretary of Labor, the Secretary of the Treasury, and the Secretary of Commerce, in cooperation, shall establish an online searchable database (to be managed by the Pension Benefit Guaranty Corporation in accordance with section 4051 of the Employee Retirement Income Security Act of 1974) to be known as the “Retirement Savings Lost and Found”. The Retirement Savings Lost and Found shall—

(i) allow an individual to search for information that enables the individual to locate the plan administrator of any plans with respect to which the individual is or was a participant or beneficiary, and to provide contact information for the plan administrator of any plan described in subparagraph (B);

(ii) allow the Pension Benefit Guaranty Corporation to assist such an individual in locating any plan of the individual; and

(iii) allow the Pension Benefit Guaranty Corporation to make any necessary
changes to contact information on record for the plan administrator based on any changes to the plan due to merger or consolidation of the plan with any other plan, division of the plan into two or more plans, bankruptcy, termination, change in name of the plan, change in name or address of the plan administrator, or other causes.

The Retirement Savings Lost and Found established under this paragraph shall include information reported under section 4051 of the Employee Retirement Income Security Act of 1974 and other relevant information obtained by the Pension Benefit Guaranty Corporation.

(B) PLANS DESCRIBED.—A plan described in this subparagraph is a plan to which the vesting standards of section 203 of part 2 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 apply.

(2) ADMINISTRATION.—The Retirement Savings Lost and Found established under paragraph (1) shall provide individuals described in paragraph (1)(A) only with the ability to view contact information for the plan administrator of any plan with respect to which the individual is or was a participant.
or beneficiary, sufficient to allow the individual to locate the individual’s plan in order to recover any benefit owing to the individual under the plan.

(3) Safeguarding participant privacy and security.—In establishing the Retirement Savings Lost and Found under paragraph (1), the Pension Benefit Guaranty Corporation, in consultation with the Secretary of Labor, the Secretary of the Treasury, and the Secretary of Commerce, shall take all necessary and proper precautions to ensure that individuals’ plan information maintained by the Retirement Savings Lost and Found is protected and that persons other than the individual cannot fraudulently claim the benefits to which any individual is entitled, and to allow any individual to opt out of inclusion in the Retirement Savings Lost and Found at the election of the individual.

(b) Office of the Retirement Savings Lost and Found.—

(1) In general.—Subtitle C of title IV of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1341 et seq.) is amended by adding at the end the following:
SEC. 4051. OFFICE OF THE RETIREMENT SAVINGS LOST AND FOUND.

(a) Establishment; Responsibilities of Office.—

(1) In general.—Not later than 2 years after the date of the enactment of this section, the Secretary of Labor, the Secretary of the Treasury, and the Secretary of Commerce shall establish within the corporation an Office of the Retirement Savings Lost and Found (in this section referred to as the ‘Office’).

(2) Responsibilities of office.—

(A) In general.—The Office shall—

(i) carry out subsection (b) of this section;

(ii) maintain the Retirement Savings Lost and Found established under section 323(a) of the Retirement Security and Savings Act of 2021; and

(iii) perform an annual audit of plan information contained in the Retirement Savings Lost and Found and ensure that such information is current and accurate.

(B) Option to contract.—

(i) In general.—Not later than 2 years after the date of enactment of this
section, the corporation shall conduct an analysis of the cost effectiveness of contracting with a third party to carry out the responsibilities under subparagraph (A)(iii) and, upon a determination that such contracting would be more cost effective than carrying out such responsibilities within the Office, the corporation may enter into such contracts as merited by such analysis.

“(ii) REPORT.—The corporation shall report on the results of the analysis under clause (i) to the Committees on Finance and Health, Education, Labor, and Pensions of the Senate and the Committees on Ways and Means and Education and Labor of the House of Representatives.

“(b) Certain Non-Responsive Participants Entitled to Small Benefits.—

“(1) GENERAL RULE.—

“(A) Transfer to the Office of the Retirement Savings Lost and Found.—The administrator of a plan that is not terminated and to which section 401(a)(31)(B) of the Internal Revenue Code of 1986 applies shall transfer to the Office the amount required to be
transferred under section 401(a)(31)(B)(iv) of
such Code for a non-responsive participant.

“(B) INFORMATION AND PAYMENT TO THE
OFFICE.—Upon making a transfer under sub-
paragraph (A), the plan administrator shall
provide such information and certifications as
the Office shall specify, including with respect
to the transferred amount and the non-respon-
sive participant.

“(C) INFORMATION REQUIREMENTS AFTER
TRANSFER.—In the event that, after a transfer
is made under subparagraph (A), the relevant
non-responsive participant contacts the plan ad-
ministrator or the plan administrator discovers
information that may assist the Office in locat-
ing the non-responsive participant, the plan ad-
ministrator shall notify and provide such infor-
mation as the Office shall specify to the Office.

“(D) SEARCH AND PAYMENT BY THE OFF-
ICE FOLLOWING TRANSFER.—The Office shall
periodically, and upon receiving information de-
scribed in subparagraph (C), conduct a search
for the non-responsive participant for whom the
Office has received a transfer under subpara-
graph (A). Upon location of a non-responsive
participant who claims benefits, the Office shall
make a single payment to the non-responsive
participant in an amount equal to the sum of—
“(i) the amount transferred to the Of-
fice under subparagraph (A) for such par-
ticipant; and
“(ii) the return on the investment at-
tributable to such amount under section
4005(j)(3).
“(2) DEFINITION.—For purposes of this sub-
section, the term ‘non-responsive participant’ means
a participant or beneficiary of a plan described in
paragraph (1)(A)—
“(A) who is entitled to a benefit subject to
a mandatory transfer under section
401(a)(31)(B)(iii) of the Internal Revenue Code
of 1986; and
“(B) for whom the plan has satisfied the
conditions in section 401(a)(31)(B)(iv) of such
Code.
“(3) REGULATORY AUTHORITY.—The Office
shall prescribe such regulations as are necessary to
carry out the purposes of this section, including
rules relating to the amount payable to the Office
and the amount to be paid by the Office.
“(c) INFORMATION COLLECTION.—Within such period after the end of a plan year as the Office may by regulations prescribe, the administrator of a plan to which the vesting standards of section 203 apply shall submit the following information, and such other information as the corporation may require, to the corporation in such form as the corporation may require:

“(1) The information described in paragraphs (1) through (4) of section 6057(b) of the Internal Revenue Code of 1986.

“(2) The information described in subparagraphs (A), (B), (E), and (F) of section 6057(a)(2) of the Internal Revenue Code of 1986.

“(d) EFFECTIVE DATE.—The requirements of subsections (b) and (c) shall apply with respect to plan years beginning after the second December 31 occurring after the date of the enactment of this section.

“(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section.”.

(2) ESTABLISHMENT OF FUND FOR TRANSFERRED ASSETS.—Section 4005 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1305) is amended by adding at the end the following:
“(j)(1) A ninth fund shall be established for the payment of benefits under section 4051(b)(1)(D).

“(2) Such fund shall be credited with the appropriate—

“(A) amounts transferred to the Office of the Retirement Savings Lost and Found under section 4051(b)(1)(A); and

“(B) earnings on investments of the fund or on assets credited to the fund.

“(3) Whenever the corporation determines that the moneys of any fund are in excess of current needs, it may request the investment of such amounts as it determines advisable by the Secretary of the Treasury in obligations issued or guaranteed by the United States.”.

(3) CONFORMING AMENDMENT.—The table of contents for the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.) is amended by inserting after the matter relating to section 4050 the following:

“Sec. 4051. Certain non-responsive participants entitled to small benefits.”.

(c) MANDATORY TRANSFERS OF ROLLOVER DISTRIBUTIONS.—

(1) INVESTMENT OPTIONS.—

(A) IN GENERAL.—Subparagraph (B) of section 404(c)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C.
1104(c)(3)) is amended by striking the period
at the end and inserting “, and, to the extent
the Secretary provides in guidance or regula-
tions issued after the enactment of the Retire-
ment Security and Savings Act of 2021, is
made to—

“(i) a target date or life cycle fund
held under such account;

“(ii) as described in section
2550.404a–2 of title 29, Code of Federal
Regulations, an investment product held
under such account designed to preserve
principal and provide a reasonable rate of
return;

“(iii) the Office of the Retirement
Savings Lost and Found in accordance
with section 401(a)(31)(B)(iv) of the In-
ternal Revenue Code of 1986 and section
323(c)(2)(A)(ii) of the Retirement Security
and Savings Act of 2021; or

“(iv) such other option as the Sec-
retary may so provide.”.

(B) REGULATIONS.—Not later than 270
days after the date of the enactment of this
Act, the Secretary of Labor shall promulgate
regulations identifying the target date or life cycle funds, or specifying the characteristics of such a fund, that will be deemed to meet the requirements of section 404(c)(3)(B)(i) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104(c)(3)(B)), as amended by subparagraph (A).

(2) EXPANSION OF CAP; AUTHORITY TO TRANSFER LESSER AMOUNTS.—

(A) CAP.—Sections 401(a)(31)(B)(ii) and 411(a)(11)(A) of the Internal Revenue Code of 1986 and section 203(e)(1) of the Employee Retirement Income Security Act of 1974 are each amended by striking “$5,000” and inserting “$6,000”.

(B) DISTRIBUTION OF LARGER AMOUNTS TO INDIVIDUAL RETIREMENT PLANS ONLY.—Section 401(a)(31)(B)(i) of such Code is amended by adding at the end the following: “The Office of the Retirement Savings Lost and Found established by section 323 of the Retirement Security and Savings Act of 2021 shall not be treated as a trustee or issuer that is eligible to receive such distributions.”.
(C) LESSER AMOUNTS.—Section 401(a)(31)(B) of such Code is amended by adding at the end the following new clauses:

“(iii) TREATMENT OF LESSER AMOUNTS.—In the case of a trust which is part of an eligible plan, such trust shall not be a qualified trust under this section unless such plan provides that, if a participant in the plan separates from the service covered by the plan and the nonforfeitable accrued benefit described in clause (ii) is not in excess of $1,000, the plan administrator shall (either separately or as part of the notice under section 402(f)) notify the participant that the participant is entitled to such benefit or attempt to pay the benefit directly to the participant.

“(iv) TRANSFERS TO RETIREMENT SAVINGS LOST AND FOUND.—If, after a plan administrator takes the action required under clause (iii), the participant does not—

“(I) within 6 months of the notification under such clause, make an election under subparagraph (A) or
elect to receive a distribution of the
benefit directly, or

“(II) accept any direct payment
made under such clause within 6
months of the attempted payment,
the plan administrator shall transfer the
amount of such benefit to the Office of the
Retirement Savings Lost and Found in ac-
cordance with section 4051(b) of the Em-
ployee Retirement Income Security Act of
1974.

“(v) INCOME TAX TREATMENT OF
TRANSFERS TO RETIREMENT SAVINGS
LOST AND FOUND.—For purposes of deter-
mining the income tax treatment of trans-
fers to the Office of the Retirement Sav-
ings Lost and Found under clause (iv)—

“(I) such a transfer shall be
treated as a transfer to an individual
retirement plan under clause (i), and

“(II) the distribution of such
amounts by the Office of the Retire-
ment Savings Lost and Found shall
be treated as a distribution from an
individual retirement plan.”.
(D) EFFECTIVE DATE.—The amendments made by this paragraph shall apply to vested benefits with respect to participants who separate from service connected to the plan in plan years beginning after the second December 31 occurring after the date of the enactment of this Act.

(d) BETTER REPORTING FOR MANDATORY TRANSFERS.—

(1) IN GENERAL.—Paragraph (2) of section 6057(a) of the Internal Revenue Code of 1986 is amended—

(A) in subparagraph (C)—

(i) by striking “during such plan year” in clause (i) and inserting “during the plan year immediately preceding such plan year”;  
(ii) by adding “and” at the end of clause (i); and  
(iii) by striking clause (iii);  

(B) by redesignating subparagraph (E) as subparagraph (G);  

(C) by striking “and” at the end of subparagraph (D); and
(D) by inserting after subparagraph (D) the following new subparagraphs:

“(E) the name and taxpayer identifying number of each participant or former participant in the plan—

“(i) who, during the current plan year or any previous plan year, was reported under subparagraph (C), and with respect to whom the benefits described in subparagraph (C)(ii) were fully paid during the plan year,

“(ii) with respect to whom any amount was distributed under section 401(a)(31)(B) during the plan year, or

“(iii) with respect to whom a deferred annuity contract was distributed during the plan year,

“(F) in the case of a participant or former participant to whom subparagraph (E) applies—

“(i) in the case of a participant described in clause (ii) thereof, the name and address of the designated trustee or issuer described in section 401(a)(31)(B)(i) and the account number of the individual re-
tirement plan to which the amount was distributed, and

“(ii) in the case of a participant described in clause (iii) thereof, the name and address of the issuer of such annuity contract and the contract or certificate number, and”.

(2) RULES RELATING TO DIRECT TRUSTEE-TO-TRUSTEE TRANSFERS.—

(A) IN GENERAL.—Paragraph (6) of section 402(e) of such Code is amended—

(i) by striking “TRANSFERS.—Any” and inserting “TRANSFERS.—

“(A) IN GENERAL.—Any”; and

(ii) by adding at the end the following new subparagraph:

“(B) NOTIFICATION OF TRUSTEE.—In the case of a distribution under section 401(a)(31)(B), the plan administrator shall notify the designated trustee or issuer described in clause (i) thereof that the transfer is a mandatory distribution required by such section.”.

(B) PENALTY.—Subsection (i) of section 6652 of such Code is amended—
(i) by striking “TO RECIPIENTS” in
the heading and inserting “OR NOTIFICA-
TION”;

(ii) by striking “402(f),” and insert-
ing “402(f) or a notification as required by
section 402(e)(6)(B),”; and

(iii) by striking “such written expla-
nation” and inserting “such written expla-
nation or notification”.

(C) REPORTS.—Subsection (i) of section
408 of such Code is amended—

(i) by redesignating subparagraphs
(A) and (B) of paragraph (2) as clauses (i)
and (ii), respectively, and by moving such
clauses 2 ems to the right;

(ii) by redesignating paragraphs (1)
and (2) as subparagraphs (A) and (B), re-
spectively, and by moving such subpara-
graphs 2 ems to the right; and

(iii) by striking “as the Secretary pre-
scribes” in subparagraph (B)(ii), as so re-
designated, and all that follows through “a
simple retirement account” and inserting
“as the Secretary prescribes.”
“(3) Simple retirement accounts.—In the case of a simple retirement account’;

(iv) by striking “REPORTS.—The trustee of” and inserting “REPORTS.—

“(1) In general.—The trustee of”;

(v) by striking “under paragraph (2)”

in paragraph (3), as redesignated by clause

(iii), and inserting “under paragraph

(1)(B)”; and

(vi) by inserting after paragraph

(1)(B)(ii), as redesignated by the pre-
ceeding clauses, the following new para-
graph:

“(2) Mandatory distributions.—In the case
of an account, contract, or annuity to which a trans-
fer under section 401(a)(31)(B) is made (including
a transfer from the individual retirement plan to
which the original transfer under such section was
made to another individual retirement plan), the re-
port required by this subsection for the year of the
transfer and any year in which the information pre-
viously reported in subparagraph (B) changes
shall—

“(A) identify such transfer as a mandatory
distribution required by such section,
“(B) include the name, address, and taxpayer identifying number of the trustee or issuer of the individual retirement plan to which the amount is transferred, and

“(C) be filed with the Pension Benefit Guaranty Corporation as well as with the Secretary.”.

(3) Notification of Participants Upon Separation.—Subsection (e) of section 6057 of such Code is amended by inserting “, and, with respect to any benefit of the individual subject to section 401(a)(31)(B), a notice of availability of, and the contact information for, the Retirement Savings Lost and Found established under section 323(a)(1) of the Retirement Security and Savings Act of 2021” before the period at the end of the second sentence.

(4) Effective Date.—The amendments made by this subsection shall apply to distributions made in, and returns and reports relating to, years beginning after the second December 31 occurring after the date of the enactment of this Act.

(e) Requirement of Electronic Filing.—
(1) IN GENERAL.—Paragraph (2) of section 6011(e) of the Internal Revenue Code of 1986 is amended—

(A) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively, and by moving such clauses 2 ems to the right;

(B) by striking “REGULATIONS.—In prescribing” and inserting “REGULATIONS.—

“(A) IN GENERAL.—In prescribing”; and

(C) by adding at the end the following new subparagraph:

“(C) EXCEPTIONS.—Notwithstanding subparagraph (A), the Secretary shall require returns or reports required under—

“(i) sections 6057, 6058, and 6059, and

“(ii) sections 408(i), 6041, and 6047 to the extent such return or report relates to the tax treatment of a distribution from a plan, account, contract, or annuity, to be filed on magnetic media, but only with respect to persons who are required to file at least 50 returns during the calendar year which includes the first day of the plan year to which such returns or reports relate.”.
(2) Effective date.—The amendments made by this subsection shall apply to returns and reports relating to years beginning after the second December 31 occurring after the date of the enactment of this Act.

(f) Rulemaking to Clarify Fiduciary Duties.—

(1) Request for information.—Not later than 1 year after the date of enactment of this Act, the Secretary of Labor, in consultation with the Secretary of the Treasury, shall issue a request for information relating to the rulemaking described in paragraph (2).

(2) Issuance of final rule.—Not later than 3 years after such date, the Secretary of Labor, in consultation with the Secretary of the Treasury, shall issue a final rule that defines the following:

(A) The steps a plan sponsor must take to locate a deferred vested participant in order to meet its fiduciary duty under section 404 of the Employee Retirement Income Security Act of 1974 with respect to locating that participant.

(B) The ongoing practices and procedures a plan sponsor must institute in order to meet such fiduciary duty with respect to maintaining
up-to-date contact information on deferred vested participants.

TITLE IV—DEFINED BENEFIT PLAN REFORMS

SEC. 401. CASH BALANCE.

(a) In General.—Section 414, as amended by this Act, is further amended by adding at the end the following new subsection:

“(cc) Projected Interest Crediting Rate.—For purposes of this part, in the case of an applicable defined benefit plan which provides variable interest crediting rates, the interest crediting rate which is treated as in effect and as the projected interest crediting rate shall be a reasonable projection of such variable interest crediting rate, not to exceed 6 percent.”.

(b) Amendment of Employee Retirement Income Security Act of 1974.—Section 210 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1060) is amended by adding at the end the following new subsection:

“(g) Projected Interest Crediting Rate.—For purposes of this title, in the case of an applicable defined benefit plan (within the meaning of section 203(f)(3)) which provides variable interest crediting rates, the interest crediting rate which is treated as in effect and as the
projected interest crediting rate shall be a reasonable projection of such variable interest crediting rate, not to exceed 6 percent.”.

(c) Effective Date.—The amendments made by this section shall apply with respect to years beginning after the date of the enactment of this Act.

SEC. 402. ALIGNING USE OF LOOKBACK MONTHS TO DETERMINE INTEREST RATES.

(a) In General.—The Secretary of the Treasury (or the Secretary’s delegate) shall modify Treasury Regulation section 1.417(e)–1(d)(10)(ii) (or any successor provision) to provide that the same rule applicable to modifications of the time for determining the applicable interest rate shall apply to modifications of the time for determining any interest rate used by a plan to the extent that the use of such interest rate is permissible under section 417(e)(3) of the Internal Revenue Code of 1986. Such modified regulations shall require that after any such modification of such time under a plan pursuant to this section, no further modifications of such time are to be permitted for 5 years with respect to such plan without the consent of the Secretary of the Treasury (or delegate).

(b) Effective Date.—The modifications and amendments required under subsection (a) shall be deemed to have been made as of the date of the enactment
of this Act, and as of such date all applicable laws shall be applied in all respects as though the actions which the Secretary of the Treasury (or the Secretary’s delegate) is required to take under such subsection had been taken.

SEC. 403. CORRECTIONS OF MORTALITY TABLES.

(a) IN GENERAL.—Not later than 6 months after the date of the enactment of this Act, the Secretary of the Treasury (or the Secretary’s delegate) shall amend the regulation relating to “Mortality Tables for Determining Present Value Under Defined Benefit Pension Plans” (82 Fed. Reg. 46388 (October 5, 2017)). Under such amendment, for valuation dates occurring during or after 2022, such mortality improvement rates shall not assume future mortality improvements at any age which are greater than .78 percent. The Secretary of the Treasury (or delegate) shall by regulation modify the .78 percent figure in the preceding sentence as necessary to reflect material changes in the overall rate of improvement projected by the Social Security Administration.

(b) EFFECTIVE DATE.—The amendments required under subsection (a) shall be deemed to have been made as of the date of the enactment of this Act, and as of such date all applicable laws shall be applied in all respects as though the actions which the Secretary of the Treasury
(or the Secretary’s delegate) is required to take under
such subsections had been taken.

SEC. 404. CEASE DOUBLE-INDEXING THE VARIABLE RATE PREMIUM.

(a) In General.—Clause (ii) of section 4006(a)(3)(E) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(E)(ii)) is amended by striking “the applicable dollar amount under paragraph (8)” and inserting “$38”.

(b) Conforming Amendment.—Subsection (a) of section 4006 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)) is amended by striking paragraph (8).


(d) Effective Date.—The amendments made by this section shall apply to plan years beginning after December 31, 2021.

SEC. 405. ENHANCING RETIREE HEALTH BENEFITS IN PENSION PLANS.

(a) Extension of Transfers of Excess Pension Assets to Retiree Health Accounts.—Paragraph
(4) of section 420(b) is amended by striking “December 31, 2025” and inserting “December 31, 2031”.

(b) DE MINIMIS TRANSFER RULE.—

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

“(7) SPECIAL RULE FOR DE MINIMIS TRANSFERS.—

“(A) IN GENERAL.—In the case of a transfer of an amount which is not more than 1.75 percent of the amount determined under paragraph (2)(A) by a plan which meets the requirements of subparagraph (B), paragraph (2)(B) shall be applied by substituting ‘110 percent’ for ‘125 percent’.

“(B) TWO-YEAR LOOKBACK REQUIREMENT.—A plan is described in this subparagraph if, as of any valuation date in each of the 2 plan years immediately preceding the plan year in which the transfer occurs, the amount determined under paragraph (2)(A) with respect to such plan exceeded 110 percent of the sum of the funding target and the target normal cost determined under section 430 for such plan year.”.
(2) Cost maintenance period.—Subparagraph (D) of section 420(e)(3) is amended by striking “5 taxable years” and inserting “5 taxable years (7 taxable years in the case of a transfer to which subsection (e)(7) applies”).

(3) Conforming amendments.—

(A) Excess pension assets.—Clause (i) of section 420(f)(2)(B) is amended—

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

“(I) Determination.—In”,

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

(iii) by adding at the end the following new subclause:

“(II) Special rule for collectively bargained transfers.—In determining excess pension assets for purposes of a collectively bargained transfer, subsection (e)(7) shall not apply.”.

(B) Minimum cost.—Subclause (I) of section 420(f)(2)(D)(i) is amended by striking “4th year” and inserting “4th year (the 6th
year in the case of a transfer to which subsection (e)(7) applies”.

(c) Amendment of Employee Retirement Income Security Act of 1974.—

(1) Definitions.—Section 101(e)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021(e)(3)) is amended by striking “(as in effect on the date of the enactment of the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015)” and inserting “(as in effect on the date of the enactment of the Retirement Security and Savings Act of 2021)”.

(2) Use of assets.—Section 403(c)(1) of such Act (29 U.S.C. 1103(c)(1)) is amended by striking “(as in effect on the date of the enactment of the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015)” and inserting “(as in effect on the date of the enactment of the Retirement Security and Savings Act of 2021)”.

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

(A) by striking “January 1, 2026” and inserting “January 1, 2032”; and

(B) by striking “(as in effect on the date of the enactment of the Surface Transportation
and Veterans Health Care Choice Improvement Act of 2015’’ and inserting ‘‘(as in effect on the date of the enactment of the Retirement Security and Savings Act of 2021)’’.

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

TITLE V—REFORMING PLAN RULES TO HARMONIZE WITH IRA RULES

SEC. 501. ROTH PLAN DISTRIBUTION RULES.

(a) IN GENERAL.—Subsection (d) of section 402A is amended by adding at the end the following new paragraph:

“(5) MANDATORY DISTRIBUTION RULES NOT TO APPLY BEFORE DEATH.—Notwithstanding sections 403(b)(10) and 457(d)(2), the following provisions shall not apply to any designated Roth account:

“(A) Section 401(a)(9)(A).

“(B) The incidental death benefit requirements of section 401(a).”.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by this section shall
apply to taxable years beginning after December 31, 2021.

(2) SPECIAL RULE.—The amendment made by this section shall not apply to distributions which are required with respect to years beginning before January 1, 2022, but are permitted to be paid on or after such date.

SEC. 502. DISTRIBUTIONS FOR CHARITABLE PURPOSES.

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

“(m) DISTRIBUTIONS FOR CHARITABLE PURPOSES.—

“(1) IN GENERAL.—Gross income for any taxable year shall not include so much of the aggregate amount of qualified charitable distributions made with respect to a taxpayer during such taxable year which does not exceed the applicable amount.

“(2) QUALIFIED CHARITABLE DISTRIBUTION.—

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

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

“(B) which is made on or after the date that the individual on whose behalf the distribution is made has attained age 70 1⁄2.

A distribution shall be treated as a qualified charitable distribution only to the extent that the distribution would be includible in gross income without regard to paragraph (1).

“(3) SPECIAL RULES.—

“(A) IN GENERAL.—Rules similar to the rules of subparagraphs (C) and (E) of section 408(d)(8) shall apply for purposes of this subsection.

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

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

“(A) $100,000, over
“(B) the total amount of any distributions not includible in gross income of the taxpayer for the taxable year by reason of sections 403(b)(16), 408(d)(8), and 457(e)(19).”.

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

c) 403(b) PLANS.—Section 403(b), as amended by this Act, is further amended by adding at the end the following new paragraph:

“(16) DISTRIBUTIONS FOR CHARITABLE PURPOSES.—The rules of section 402(m) shall apply to distributions under an annuity contract described in this subsection.”.

d) 457(b) PLANS.—Subsection (e) of section 457 is amended by adding at the end the following new paragraph:

“(19) DISTRIBUTIONS FOR CHARITABLE PURPOSES.—The rules of section 402(m) shall apply to distributions under an eligible deferred compensation plan established and maintained by an employer described in subsection (e)(1)(A).”.

e) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after December 31, 2021.
SEC. 503. SURVIVING SPOUSE ELECTION TO BE TREATED AS EMPLOYEE.

(a) In general.—Clause (iv) of section 401(a)(9)(B) is amended—

(1) by inserting “or at the election of the surviving spouse,” after “begin,” in subclause (II); and

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

“An election described in subclause (II) shall be made at such time and in such manner as prescribed by the Secretary, shall include a timely notice to the plan administrator, and once made may not be revoked except with the consent of the Secretary.”.

(b) Effective date.—The amendment made by this section shall apply to distributions with respect to employees who die after December 31, 2021.

SEC. 504. ROLLOVERS FROM ROTH IRAS TO PLANS.

(a) In general.—Subparagraph (B) of section 402A(c)(3) is amended by striking “shall not” and inserting “or, in the case of a rollover from a Roth IRA, under section 408 shall not”.

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

(c) Effective Date.—

(1) In General.—The amendment made by subsection (a) shall apply to distributions made after December 31, 2021.

(2) Effective Date.—The modifications and amendments required under subsection (b) shall be deemed to have been made as of January 1, 2022, and as of such date all applicable laws shall be applied in all respects as though the actions which the Secretary of the Treasury (or the Secretary’s delegate) is required to take under such subsection had been taken.

**TITLE VI—ADMINISTRATIVE PROVISIONS**

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

(a) In General.—If this section applies to any retirement plan or contract amendment—

(1) such retirement plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in subsection (b)(2)(A); and
(2) except as provided by the Secretary of the Treasury (or the Secretary’s delegate), such retirement 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.

(b) Amendments to Which Section Applies.—

(1) In general.—This section shall apply to any amendment to any retirement plan or annuity contract which is made—

(A) pursuant to any amendment made by this Act or pursuant to any regulation issued by the Secretary of the Treasury or the Secretary of Labor (or a delegate of either such Secretary) under this Act; and

(B) on or before the last day of the first plan year beginning on or after January 1, 2023.

In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), this paragraph shall be applied by substituting “2025” for “2023”.

(2) Conditions.—This section shall not apply to any amendment unless—
(A) during the period—

(i) beginning on the date the legislative or regulatory amendment described in paragraph (1)(A) takes effect (or in the case of a plan or contract amendment not required by such legislative or regulatory amendment, the effective date specified by the plan); and

(ii) ending on the date described in paragraph (1)(B) (as modified by the second sentence of paragraph (1)) (or, if earlier, the date the plan or contract amendment is adopted),

the plan or contract is operated as if such plan or contract amendment were in effect; and

(B) such plan or contract amendment applies retroactively for such period.

(c) COORDINATION WITH OTHER PROVISIONS RELATING TO PLAN AMENDMENTS.—

(1) SECURE ACT.—Section 601(b)(1) of the Setting Every Community Up for Retirement Enhancement Act of 2019 is amended—

(A) by striking “January 1, 2022” in sub-
paragraph (B) and inserting “January 1, 2023”, and

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(B) by striking “substituting ‘2024’ for ‘2022’.” in the flush matter at the end and inserting “substituting ‘2025’ for ‘2023’.”.

(2) CARES ACT.—

(A) Special rules for use of retirement funds.—Section 2202(c)(2)(A) of the CARES Act is amended by striking “January 1, 2022” in clause (ii) and inserting “January 1, 2023”.

(B) Temporary waiver of required minimum distributions rules for certain retirement plans and accounts.—Section 2203(c)(2)(B)(i) of the CARES Act is amended—

(i) by striking “January 1, 2022” in subclause (II) and inserting “January 1, 2023”, and

(ii) by striking “substituting ‘2024’ for ‘2022’.” in the flush matter at the end and inserting “substituting ‘2025’ for ‘2023’.”.

(C) Taxpayer certainty and disaster tax relief act of 2020.—Section 302(d)(2)(A) of the Taxpayer Certainty and Disaster Tax Relief Act of 2020 is amended by
striking “January 1, 2022” in clause (ii) and inserting “January 1, 2023”.