

Calendar No. 426

117TH CONGRESS
2^D SESSION

S. 4353

To amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986 to improve retirement plan provisions, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 7, 2022

Mrs. MURRAY (for herself and Mr. BURR) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

JUNE 21, 2022

Reported by Mrs. MURRAY, with amendments

[Omit the part struck through and insert the part printed in *italic*]

A BILL

To amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986 to improve retirement plan provisions, and for other purposes.

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

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the
 3 “Retirement Improvement and Savings Enhancement to
 4 Supplement Healthy Investments for the Nest Egg Act”
 5 or the “RISE & SHINE Act”.

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

Sec. 1. Short title; table of contents.

TITLE I—RETIREMENT IMPROVEMENT AND SAVINGS
 ENHANCEMENT (RISE)

Sec. 101. Updating dollar limit for mandatory distributions.

Sec. 102. Multiple employer 403(b) plans.

Sec. 103. Performance benchmarks for asset allocation funds.

Sec. 104. Pooled employer plans modification.

Sec. 105. Review of pension risk transfer interpretive bulletin.

Sec. 106. Review and report to congress relating to reporting and disclosure re-
 quirements.

Sec. 107. Eliminating unnecessary plan requirements related to unenrolled par-
 ticipants.

Sec. 108. Recovery of retirement plan overpayments.

Sec. 109. Improving coverage for part-time workers.

Sec. 110. Recognition of tribal government domestic relations orders.

TITLE II—EMERGENCY SAVINGS ACT OF 2022

Sec. 201. Short title.

Sec. 202. Emergency savings accounts linked to defined contribution plans.

TITLE III—NOTICE AND DISCLOSURE

Sec. 301. Defined contribution plan fee disclosure improvements.

Sec. 302. Consolidation of defined contribution plan notices.

Sec. 303. Information needed for financial options risk mitigation act.

Sec. 304. Defined benefit annual funding notices.

TITLE IV—MODERNIZATION

Sec. 401. Automatic reenrollment under qualified automatic contribution ar-
 rangements and eligible automatic contribution arrangements.

Sec. 402. Incidental plan expenses.

TITLE V—AMENDMENTS TO PLANS OFFERED BY MULTIPLE
 EMPLOYERS

Sec. 501. Report on pooled employer plans.

Sec. 502. Annual audits for group of plans.

TITLE VI—DEFINED BENEFIT PLAN PROVISIONS

- Sec. 601. Cash balance.
 Sec. 602. Termination of variable rate premium indexing.
 Sec. 603. Enhancing retiree health benefits in pension plans.

TITLE VII—ADDITIONAL RETIREMENT ENHANCEMENTS

- Sec. 701. Provisions relating to plan amendments.
 Sec. 702. Worker Ownership, Readiness, and Knowledge (WORK) Act.
 Sec. 703. Report by the Secretary of Labor on the impact of inflation on retirement savings.

1 **TITLE I—RETIREMENT IM-** 2 **PROVEMENT AND SAVINGS** 3 **ENHANCEMENT (RISE)**

4 **SEC. 101. UPDATING DOLLAR LIMIT FOR MANDATORY DIS-** 5 **TRIBUTIONS.**

6 (a) IN GENERAL.—Section 203(e)(1) of the Em-
 7 ployee Retirement Income Security Act of 1974 (29
 8 U.S.C. 1053(e)(1)) and sections 401(a)(31)(B)(ii) and
 9 411(a)(11)(A) of the Internal Revenue Code of 1986 are
 10 each amended by striking “\$5,000” and inserting
 11 “\$7,000”.

12 (b) EFFECTIVE DATE.—The amendments made by
 13 this section shall apply to distributions made after Decem-
 14 ber 31, 2023.

15 **SEC. 102. MULTIPLE EMPLOYER 403(B) PLANS.**

16 (a) IN GENERAL.—Section 3(43)(A) of the Employee
 17 Retirement Income Security Act of 1974 (29 U.S.C.
 18 1002(43)(A)) is amended—

19 (1) in clause (ii), by striking “section 501(a) of
 20 such Code or” and inserting “section 501(a) of such

1 Code, a plan that consists of contracts described in
 2 section 403(b) of such Code, or”; and

3 (2) in the flush text at the end, by striking “the
 4 plan.” and inserting “the plan, but such term shall
 5 include any program (other than a governmental
 6 plan) maintained for the benefit of the employees of
 7 more than 1 employer that consists of contracts de-
 8 scribed in section 403(b) of such Code and that
 9 meets the requirements of subparagraph (A) or (B)
 10 of section 413(e)(1) of such Code.”.

11 (b) CONFORMING AMENDMENTS.—Sections
 12 3(43)(B)(v)(II) and 3(44)(A)(i)(I) of the Employee Re-
 13 tirement Income Security Act of 1974 (29 U.S.C.
 14 1002(43)(B)(v)(II) and 1002(44)(A)(i)(I)) are each
 15 amended by striking “section 401(a) of such Code or” and
 16 inserting “section 401(a) of such Code, a plan that con-
 17 sists of contracts described in section 403(b) of such Code,
 18 or”.

19 (c) EFFECTIVE DATE.—The amendments made by
 20 this section shall apply to plan years beginning after De-
 21 cember 31, 2022.

22 **SEC. 103. PERFORMANCE BENCHMARKS FOR ASSET ALLO-**
 23 **CATION FUNDS.**

24 (a) IN GENERAL.—Not later than 2 years after the
 25 date of enactment of this Act, the Secretary of Labor shall

1 promulgate regulations providing that, in the case of a
2 designated investment alternative that contains a mix of
3 asset classes, the administrator of a plan may, but is not
4 required to, use a benchmark that is a blend of different
5 broad-based securities market indices if—

6 (1) the blend is reasonably representative of the
7 asset class holdings of the designated investment al-
8 ternative;

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

15 (3) the blend is furnished to participants and
16 beneficiaries in a manner that is reasonably designed
17 to be understandable; and

18 (4) each securities market index that is used for
19 an associated asset class would separately satisfy the
20 requirements of such regulation for such asset class.

21 (b) STUDY.—Not later than 3 years after the date
22 of enactment of this Act, the Secretary of Labor shall de-
23 liver a report to the Committees on Finance and Health,
24 Education, Labor, and Pensions of the Senate and the
25 Committees on Ways and Means and Education and

1 Labor of the House of Representatives regarding the utili-
 2 zation, effectiveness, and participants’ understanding of
 3 the benchmarking requirements under this section.

4 **SEC. 104. POOLED EMPLOYER PLANS MODIFICATION.**

5 (a) IN GENERAL.—Section 3(43)(B)(ii) of the Em-
 6 ployee Retirement Income Security Act of 1974 (29
 7 U.S.C. 1002(43)(B)(ii)) is amended to read as follows:

8 “(ii) designate a named fiduciary
 9 (other than an employer in the plan) to be
 10 responsible for collecting contributions to
 11 the plan and require such fiduciary to im-
 12 plement written contribution collection pro-
 13 cedures that are reasonable, diligent, and
 14 systematic;”.

15 (b) EFFECTIVE DATE.—The amendments made by
 16 this section shall apply to plan years beginning after De-
 17 cember 31, 2022.

18 **SEC. 105. REVIEW OF PENSION RISK TRANSFER INTERPRE-**
 19 **TIVE BULLETIN.**

20 Not later than 1 year after the date of enactment
 21 of this Act, the Secretary of Labor shall—

22 (1) review section 2509.95–1 of title 29, Code
 23 of Federal Regulations (relating to the fiduciary
 24 standards under the Employee Retirement Income
 25 Security Act of 1974 when selecting an annuity pro-

vider for a defined benefit pension plan) and consult with the Advisory Council on Employee Welfare and Pension Benefit Plans (established under section 512 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1142)), to determine whether amendments to section 2509.95–1 of title 29, Code of Federal Regulations are warranted; and

(2) report to Congress on the findings of such review and consultation, including an assessment of any risk to participants.

**SEC. 106. REVIEW AND REPORT TO CONGRESS RELATING
TO REPORTING AND DISCLOSURE REQUIRE-
MENTS.**

(a) STUDY.—As soon as practicable after the date of enactment of this Act, the Secretary of Labor, the Secretary of the Treasury, and the Director of the Pension Benefit Guaranty Corporation shall review the reporting and disclosure requirements, as applicable to each such agency head, of the Employee Retirement Income Security Act of 1974 applicable to pension plans (as defined in section 3(2) of such Act (29 U.S.C. 1002(2))).

(b) REPORT.—

(1) IN GENERAL.—Not later than 3 years after the date of enactment of this Act, the Secretary of Labor, the Secretary of the Treasury, and the Direc-

1 tor of the Pension Benefit Guaranty Corporation,
2 jointly, and after consultation with a balanced group
3 of participant and employer representatives, shall
4 with respect to plans referenced in subsection (a) re-
5 port on the effectiveness of the applicable reporting
6 and disclosure requirements and make such rec-
7 ommendations as may be appropriate to the Com-
8 mittee on Education and Labor and the Committee
9 on Ways and Means of the House of Representatives
10 and the Committee on Health, Education, Labor,
11 and Pensions and the Committee on Finance of the
12 Senate to consolidate, simplify, standardize, and im-
13 prove such requirements so as to simplify reporting
14 for such plans and ensure that plans can furnish
15 and participants and beneficiaries timely receive and
16 better understand the information they need to mon-
17 itor their plans, plan for retirement, and obtain the
18 benefits they have earned.

19 (2) ANALYSIS OF EFFECTIVENESS.—To assess
20 the effectiveness of the applicable reporting and dis-
21 closure requirements, the report shall include an
22 analysis, based on plan data, of how participants
23 and beneficiaries are providing preferred contact in-
24 formation, the methods by which plan sponsors and
25 plans are furnishing disclosures, and the rate at

1 which participants and beneficiaries (grouped by key
2 demographics) are receiving, accessing, under-
3 standing, and retaining disclosures.

4 (3) COLLECTION OF INFORMATION.—The agen-
5 cies shall conduct appropriate surveys and data col-
6 lection to obtain any needed information.

7 **SEC. 107. ELIMINATING UNNECESSARY PLAN REQUIRE-**
8 **MENTS RELATED TO UNENROLLED PARTICI-**
9 **PANTS.**

10 (a) AMENDMENT OF EMPLOYEE RETIREMENT IN-
11 COME SECURITY ACT OF 1974.—

12 (1) IN GENERAL.—Part 1 of subtitle B of title
13 I of the Employee Retirement Income Security Act
14 of 1974 (29 U.S.C. 1021 et seq.) is amended by re-
15 designating section 111 as section 112 and by in-
16 serting after section 110 the following new section:

17 **“SEC. 111. ELIMINATING UNNECESSARY PLAN REQUIRE-**
18 **MENTS RELATED TO UNENROLLED PARTICI-**
19 **PANTS.**

20 “(a) IN GENERAL.—Notwithstanding any other pro-
21 vision of this title, with respect to any individual account
22 plan, no disclosure, notice, or other plan document (other
23 than the notices and documents described in paragraphs
24 (1) and (2)) shall be required to be furnished under this

1 title to any unenrolled participant if the unenrolled partici-
2 pant is furnished—

3 “(1) an annual reminder notice of such partici-
4 pant’s eligibility to participate in such plan and any
5 applicable election deadlines under the plan; and

6 “(2) any document requested by such partici-
7 pant that the participant would be entitled to receive
8 notwithstanding this section.

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

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

14 “(2) has been furnished—

15 “(A) the summary plan description pursu-
16 ant to section 104(b), and

17 “(B) any other notices related to eligibility
18 under the plan required to be furnished under
19 this title, or the Internal Revenue Code of
20 1986, in connection with such participant’s ini-
21 tial eligibility to participate in such plan;

22 “(3) does not have an account balance in the
23 plan; and

24 “(4) satisfies such other criteria as the Sec-
25 retary of Labor may determine appropriate, as pre-

1 scribed in guidance issued in consultation with the
2 Secretary of Treasury.

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

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

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

17 “(2) notifies the unenrolled participant of—

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

20 “(B) the key benefits and rights under the
21 plan, with a focus on employer contributions
22 and vesting provisions; and

23 “(3) provides such information in a prominent
24 manner and calculated to be understood by the aver-
25 age participant.”.

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

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

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

7 (b) AMENDMENT OF INTERNAL REVENUE CODE OF
 8 1986.—Section 414 of the Internal Revenue Code of 1986
 9 is amended by adding at the end the following new sub-
 10 section:

11 “(aa) ELIMINATING UNNECESSARY PLAN REQUIRE-
 12 MENTS RELATED TO UNENROLLED PARTICIPANTS.—

13 “(1) IN GENERAL.—Notwithstanding any other
 14 provision of this title, with respect to any defined
 15 contribution plan, no disclosure, notice, or other plan
 16 document (other than the notices and documents de-
 17 scribed in subparagraphs (A) and (B)) shall be re-
 18 quired to be furnished under this title to any
 19 unenrolled participant if the unenrolled participant
 20 is furnished—

21 “(A) an annual reminder notice of such
 22 participant’s eligibility to participate in such
 23 plan and any applicable election deadlines under
 24 the plan, and

1 “(B) any document requested by such par-
2 ticipant that the participant would be entitled
3 to receive notwithstanding this subsection.

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

7 “(A) is eligible to participate in a defined
8 contribution plan,

9 “(B) has been furnished—

10 “(i) the summary plan description
11 pursuant to section 104(b) of the Em-
12 ployee Retirement Income Security Act of
13 1974, and

14 “(ii) any other notices related to eligi-
15 bility under the plan and required to be
16 furnished under this title, or the Employee
17 Retirement Income Security Act of 1974,
18 in connection with such participant’s initial
19 eligibility to participate in such plan,

20 “(C) does not have an account balance in
21 the plan, and

22 “(D) satisfies such other criteria as the
23 Secretary of the Treasury may determine ap-
24 propriate, as prescribed in guidance issued in
25 consultation with the Secretary of Labor.

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

5 “(3) ANNUAL REMINDER NOTICE.—For pur-
 6 poses of this subsection, the term ‘annual reminder
 7 notice’ means the notice described in section 111(c)
 8 of the Employee Retirement Income Security Act of
 9 1974.”.

10 (c) EFFECTIVE DATE.—The amendments made by
 11 this section shall apply to plan years beginning after De-
 12 cember 31, 2022.

13 **SEC. 108. RECOVERY OF RETIREMENT PLAN OVERPAY-**
 14 **MENTS.**

15 (a) OVERPAYMENTS UNDER ERISA.—Section 206 of
 16 the Employee Retirement Income Security Act of 1974
 17 (29 U.S.C. 1056) is amended by adding at the end the
 18 following new subsection:

19 “(h) SPECIAL RULES APPLICABLE TO BENEFIT
 20 OVERPAYMENTS.—

21 “(1) GENERAL RULE.—In the case of an inad-
 22 vertent benefit overpayment by any pension plan, the
 23 responsible plan fiduciary shall not be considered to
 24 have failed to comply with the requirements of this
 25 title merely because such fiduciary determines, in

1 the exercise of its fiduciary discretion, not to seek
2 recovery of all or part of such overpayment from—

3 “(A) any participant or beneficiary,

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

6 “(i) an individual account plan, pro-
7 vided that the amount needed to prevent or
8 restore any impermissible forfeiture from
9 any participant’s or beneficiary’s account
10 arising in connection with the overpayment
11 is, separately from and independently of
12 the overpayment, allocated to such account
13 pursuant to the nonforfeitability require-
14 ments of section 203 (for example, out of
15 the plan’s forfeiture account, additional
16 employer contributions, or recoveries from
17 those responsible for the overpayment), or

18 “(ii) a defined benefit pension plan
19 subject to the funding rules in part 3 of
20 this subtitle B, unless the responsible plan
21 fiduciary determines, in the exercise of its
22 fiduciary discretion, that failure to recover
23 all or part of the overpayment faster than
24 required under such funding rules would
25 materially affect the plan’s ability to pay

1 benefits due to other participants and
2 beneficiaries, or

3 “(C) any fiduciary of the plan, other than
4 a fiduciary (including a plan sponsor or contrib-
5 uting employer acting in a fiduciary capacity)
6 whose breach of its fiduciary duties resulted in
7 such overpayment, provided that if the plan has
8 established prudent procedures to prevent and
9 minimize overpayment of benefits and the rel-
10 evant plan fiduciaries have followed such proce-
11 dures, an inadvertent benefit overpayment will
12 not give rise to a breach of fiduciary duty.

13 “(2) REDUCTION IN FUTURE BENEFIT PAY-
14 MENTS AND RECOVERY FROM RESPONSIBLE
15 PARTY.—Paragraph (1) shall not fail to apply with
16 respect to any inadvertent benefit overpayment
17 merely because, after discovering such overpayment,
18 the responsible plan fiduciary—

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

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

24 “(3) EMPLOYER FUNDING OBLIGATIONS.—
25 Nothing in this subsection shall relieve an employer

1 of any obligation imposed on it to make contribu-
 2 tions to a plan to meet the minimum funding stand-
 3 ards under part 3 of this subtitle B or to prevent
 4 or restore an impermissible forfeiture in accordance
 5 with section 203.

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

13 “(A) No interest or other additional
 14 amounts (such as collection costs or fees) are
 15 sought on overpaid amounts for any period.

16 “(B) If the plan seeks to recoup past over-
 17 payments of a non-decreasing periodic benefit
 18 by reducing future benefit payments—

19 “(i) the reduction ceases after the
 20 plan has recovered the full dollar amount
 21 of the overpayment,

22 “(ii) the amount recouped each cal-
 23 endar year does not exceed 10 percent of
 24 the full dollar amount of the overpayment,
 25 and

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

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

12 “(C) If the plan seeks to recoup past over-
13 payments of a benefit other than a non-decreas-
14 ing periodic benefit, the plan satisfies require-
15 ments developed by the Secretary for purposes
16 of this subparagraph.

17 “(D) Efforts to recoup overpayments are—

18 “(i) not accompanied by threats of
19 litigation, unless the responsible plan fidu-
20 ciary reasonably believes it could prevail in
21 a civil action brought in Federal or State
22 court to recoup the overpayments, and

23 “(ii) not made through a collection
24 agency or similar third party, unless the
25 participant or beneficiary ignores or rejects

1 efforts to recoup the overpayment following
2 either a final judgment in Federal or State
3 court or a settlement between the partici-
4 pant or beneficiary and the plan, in either
5 case authorizing such recoupment.

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

10 “(F) Recoupment may not be sought if the
11 first overpayment occurred more than 3 years
12 before the participant or beneficiary is first no-
13 tified in writing of the error.

14 “(G) A participant or beneficiary from
15 whom recoupment is sought is entitled to con-
16 test all or part of the recoupment pursuant to
17 the plan’s claims procedures.

18 “(H) In determining the amount of
19 recoupment to seek, the responsible plan fidu-
20 ciary shall take into account the hardship that
21 recoupment likely would impose on the partici-
22 pant or beneficiary.

23 “(5) EFFECT OF CULPABILITY.—Subpara-
24 graphs (A) through (F) of paragraph (4) shall not
25 apply to protect a participant or beneficiary who is

1 culpable. For purposes of this paragraph, a partici-
2 pant or beneficiary is culpable if the individual bears
3 responsibility for the overpayment (such as through
4 misrepresentations or omissions that led to the over-
5 payment), or if the individual knew, or had good
6 reason to know under the circumstances, that the
7 benefit payment or payments were materially in ex-
8 cess of the correct amount. Notwithstanding the pre-
9 ceding sentence, an individual is not culpable merely
10 because the individual believed the benefit payment
11 or payments were or might be in excess of the cor-
12 rect amount, if the individual raised that question
13 with an authorized plan representative and was told
14 the payment or payments were not in excess of the
15 correct amount. With respect to a culpable partici-
16 pant or beneficiary, efforts to recoup overpayments
17 shall not be made through threats of litigation, un-
18 less a lawyer for the plan makes a determination
19 that there is a reasonable likelihood of success to re-
20 cover an amount that would be greater than the cost
21 of recovery.”.

22 (b) EFFECTIVE DATE.—The amendments made by
23 this section shall apply as of the date of enactment of this
24 Act.

1 (c) CERTAIN ACTIONS BEFORE DATE OF ENACT-
2 MENT.—Plans, fiduciaries, employers, and plan sponsors
3 are entitled to rely on—

4 (1) a good faith interpretation of then existing
5 administrative guidance for inadvertent benefit over-
6 payment recoupments and recoveries that com-
7 menced before the date of enactment of this Act,
8 and

9 (2) determinations made before the date of en-
10 actment of this Act by the responsible plan fidu-
11 ciary, in the exercise of its fiduciary discretion, not
12 to seek recoupment or recovery of all or part of an
13 inadvertent benefit overpayment.

14 In the case of a benefit overpayment that occurred prior
15 to the date of enactment of this Act, any installment pay-
16 ments by the participant or beneficiary to the plan or any
17 reduction in periodic benefit payments to the participant
18 or beneficiary, which were made in recoupment of such
19 overpayment and which commenced prior to such date,
20 may continue after such date. Nothing in this subsection
21 shall relieve a fiduciary from responsibility for an overpay-
22 ment that resulted from a breach of its fiduciary duties.

1 **SEC. 109. IMPROVING COVERAGE FOR PART-TIME WORK-**
 2 **ERS.**

3 (a) IN GENERAL.—Section 202 of the Employee Re-
 4 tirement Income Security Act of 1974 (29 U.S.C. 1052)
 5 is amended by adding at the end the following new sub-
 6 section:

7 “(c) SPECIAL RULE FOR CERTAIN PART-TIME EM-
 8 PLOYEES.—

9 “(1) IN GENERAL.—A pension plan that in-
 10 cludes either a qualified cash or deferred arrange-
 11 ment (as defined in section 401(k) of the Internal
 12 Revenue Code of 1986) or a salary reduction agree-
 13 ment (as described in section 403(b) of such Code)
 14 shall not require, as a condition of participation in
 15 the arrangement or agreement, that an employee
 16 complete a period of service with the employer (or
 17 employers) maintaining the plan extending beyond
 18 the close of the earlier of—

19 “(A) the period permitted under subsection
 20 (a)(1) (determined without regard to subpara-
 21 graph (B)(i) thereof); or

22 “(B) the first 24-month period—

23 “(i) consisting of 2 consecutive 12-
 24 month periods during each of which the
 25 employee has at least 500 hours of service;
 26 and

1 “(ii) by the close of which the em-
 2 ployee has attained the age of 21.

3 “(2) EXCEPTION.—Paragraph (1)(B) shall not
 4 apply to any employee described in section 410(b)(3)
 5 of the Internal Revenue Code of 1986.

6 “(3) COORDINATION WITH OTHER RULES.—

7 “(A) IN GENERAL.—In the case of employ-
 8 ees who are eligible to participate in the ar-
 9 rangement or agreement solely by reason of
 10 paragraph (1)(B):

11 “(i) EXCLUSIONS.—An employer may
 12 elect to exclude such employees from the
 13 application of subsections (a)(4), (k)(3),
 14 (k)(12), (k)(13), and (m)(2) of section 401
 15 of the Internal Revenue Code of 1986 and
 16 section 410(b) of such Code.

17 “(ii) NONDISCRIMINATION RULES.—
 18 Notwithstanding paragraph (1), section
 19 401(k)(15)(B)(i)(I) of such Code shall
 20 apply.

21 “(iii) TIME OF PARTICIPATION.—The
 22 rules of subsection (a)(4) shall apply to
 23 such employees.

24 “(B) TOP-HEAVY RULES.—An employer
 25 may elect to exclude all employees who are eligi-

1 ble to participate in a plan maintained by the
 2 employer solely by reason of paragraph (1)(B)
 3 from the application of the vesting and benefit
 4 requirements under subsections (b) and (c) of
 5 section 416 of the Internal Revenue Code of
 6 1986.

7 “(4) 12-MONTH PERIOD.—For purposes of this
 8 subsection, 12-month periods shall be determined in
 9 the same manner as under the last sentence of sub-
 10 section (a)(3)(A), except that 12-month periods be-
 11 ginning before January 1, 2022, shall not be taken
 12 into account.”.

13 (b) VESTING.—Section 203(b) of the Employee Re-
 14 tirement Income Security Act of 1974 (29 U.S.C.
 15 1053(b)) is amended by redesignating paragraph (4) as
 16 paragraph (5) and by inserting after paragraph (3) the
 17 following new paragraph:

18 “(4) PART-TIME EMPLOYEES.—For purposes of
 19 determining whether an employee who is eligible to
 20 participate in a qualified cash or deferred arrange-
 21 ment or a salary reduction agreement under a plan
 22 solely by reason of section 202(c)(1)(B) has a non-
 23 forfeitable right to employer contributions—

24 “(A) except as provided in subparagraph
 25 (B), each 12-month period for which the em-

7 For purposes of this paragraph, 12-month periods
8 shall be determined in the same manner as under
9 the last sentence of section 202(a)(3)(A), except that
10 12-month periods beginning before January 1, 2022,
11 shall not be taken into account.”.

16 *SEC. 110. RECOGNITION OF TRIBAL GOVERNMENT DOMES-*
17 *TIC RELATIONS ORDERS.*

(1) IN GENERAL.—Clause (ii) of section 414(p)(1)(B) of the Internal Revenue Code of 1986 is amended by inserting “or Tribal” after “State”.

(2) CONFORMING AMENDMENT.—Subparagraph
(B) of section 414(p)(1) of such Code is amended by
adding at the end the following flush sentence:

1 *“For purposes of clause (ii), the term ‘Tribal’*
 2 *with respect to a domestic relations law means*
 3 *such a law which is issued by or under the laws*
 4 *of an Indian tribal government.”.*

5 **(b) AMENDMENT OF EMPLOYEE RETIREMENT INCOME**
 6 **SECURITY ACT OF 1974.—**

7 **(1) IN GENERAL.—***Section 206(d)(3)(B)(ii)(II)*
 8 *of the Employee Retirement Income Security Act of*
 9 *1974 (29 U.S.C. 1056(d)(3)(B)(ii)(II)) is amended by*
 10 *inserting “or Tribal” after “State”.*

11 **(2) CONFORMING AMENDMENT.—***Section*
 12 *206(d)(3)(B) of such Act is amended by adding at the*
 13 *end the following flush sentence:*

14 *“For purposes of clause (ii)(II), the term ‘Tribal’*
 15 *with respect to a domestic relations law means*
 16 *such a law which is issued by or under the laws*
 17 *of an Indian tribal government (as defined in*
 18 *section 7701(a)(40) of the Internal Revenue Code*
 19 *of 1986).”.*

20 **(c) EFFECTIVE DATE.—***The amendments made by this*
 21 *section shall apply to domestic relations orders received by*
 22 *plan administrators after December 31, 2022, including*
 23 *any such order which is submitted for reconsideration after*
 24 *such date.*

1 **TITLE II—EMERGENCY SAVINGS**
 2 **ACT OF 2022**

3 **SEC. 201. SHORT TITLE.**

4 This title may be cited as the “Emergency Savings
 5 Act of 2022”.

6 **SEC. 202. EMERGENCY SAVINGS ACCOUNTS LINKED TO DE-**
 7 **FINED CONTRIBUTION PLANS.**

8 (a) EMPLOYEE PENSION BENEFIT PLANS.—Section
 9 3 of the Employee Retirement Income Security Act (29
 10 U.S.C. 1002) is amended—

11 (1) in paragraph (2)(A), by inserting after the
 12 first sentence the following: “A pension plan may in-
 13 clude a pension-linked emergency savings account.”
 14 and

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

16 “(45) PENSION-LINKED EMERGENCY SAVINGS
 17 ACCOUNT.—The term ‘pension-linked emergency sav-
 18 ings account’ means an account established or main-
 19 tained by a sponsor of a defined contribution plan
 20 for purposes of offering or providing a participant of
 21 such plan the opportunity to maintain a short-term
 22 savings account that—

23 “(A) is offered as part of such defined con-
 24 tribution plan;

25 “(B) accepts only—

1 “(i) participant contributions which
 2 are treated in the same manner as Roth
 3 contributions for purposes of inclusion in
 4 gross income; and

5 “(ii) employer contributions which are
 6 includible in gross income of the partici-
 7 pant for purposes of the Internal Revenue
 8 Code of 1986; and

9 “(C) meets the requirements of part 8 of
 10 subtitle B.”.

11 (b) PENSION-LINKED EMERGENCY SAVINGS AC-
 12 COUNTS.—

13 (1) IN GENERAL.—Subtitle B of title I of the
 14 Employee Retirement Income Security Act (29
 15 U.S.C. 1021 et seq.) is amended by adding at the
 16 end the following:

17 **“PART 8—PENSION-LINKED EMERGENCY**
 18 **SAVINGS ACCOUNTS**

19 **“SEC. 801. PENSION-LINKED EMERGENCY SAVINGS AC-**
 20 **COUNTS.**

21 “(a) IN GENERAL.—A plan sponsor of a defined con-
 22 tribution plan may make available to participants of such
 23 pension plan a pension-linked emergency savings account.
 24 A plan sponsor that offers participants a pension-linked
 25 emergency savings account may deduct amounts from

1 each participating employee's compensation in accordance
 2 with subsection (c) and deposit such amounts, and any
 3 employer contributions under such subsection, to an ac-
 4 count that meets the requirements of subsection (b).

5 “(b) ACCOUNT REQUIREMENTS.—

6 “(1) IN GENERAL.—A pension-linked emer-
 7 gency savings account offered in accordance with
 8 subsection (a) shall—

9 “(A) not have a minimum account balance
 10 requirement;

11 “(B) allow for withdrawal by the partici-
 12 pant of the account balance, in whole or in part
 13 at the discretion of the participant, at least
 14 once per calendar month and for distribution of
 15 such withdrawal to the participant as soon as
 16 practicable but, other than in exceptional cir-
 17 cumstances, not later than 1 week from the
 18 date on which the participant elects to make
 19 such withdrawal;

20 “(C) be held as cash, in an interest-bearing
 21 deposit account, or in an investment or insur-
 22 ance product designed to preserve principal and
 23 provide a reasonable rate of return, whether or
 24 not such return is guaranteed, consistent with
 25 liquidity; and

1 “(D) not be subject to—

2 “(i) any unreasonable fees, restric-
3 tions, expenses, or charges in connection
4 with such pension-linked emergency sav-
5 ings account; and

6 “(ii) any fees in connection with the
7 withdrawal of funds from such pension-
8 linked emergency savings account other
9 than reasonable reimbursement fees im-
10 posed for paper mailings and the handling
11 of paper checks related to such pension-
12 linked emergency savings account.

13 “(2) ESTABLISHMENT AND TERMINATION OF
14 ACCOUNT.—

15 “(A) ESTABLISHMENT OF ACCOUNT.—The
16 establishment of a pension-linked emergency
17 savings account shall be included in the defined
18 contribution plan document of the associated
19 defined contribution plan.

20 “(B) TERMINATION OF ACCOUNT.—A plan
21 sponsor may terminate the pension-linked emer-
22 gency savings account feature of an associated
23 defined contribution plan at any time. Such ter-
24 mination shall be treated as if a termination of
25 employment had occurred in accordance with

subsection (d), except the reasonable time described in such subsection shall be as soon as practicable not later than 60 days after the date of such termination of the pension-linked emergency savings account feature of such associated defined contribution plan.

“(c) ACCOUNT CONTRIBUTIONS.—

“(1) EMPLOYER CONTRIBUTIONS.—

“(A) IN GENERAL.—Subject to the maximum account balance under paragraph (3), a plan sponsor may, without regard to any election otherwise by a participant, deposit to the pension-linked emergency savings account of the participant an amount in addition to the amount contributed by the participant under paragraph (2).

“(B) EMPLOYER CONTRIBUTIONS.—Employer contributions shall be included in the gross income of a participant for purposes of the Internal Revenue Code of 1986.

“(2) PARTICIPANT CONTRIBUTIONS.—

“(A) IN GENERAL.—Subject to the maximum account balance under paragraph (3)—

“(i) a plan sponsor may automatically enroll a participant in the pension-linked

emergency savings account at a participant contribution rate selected by the plan sponsor, which, unless the participant affirmatively elects a different percentage of the compensation of the participant to be contributed to the pension-linked emergency savings account, may not exceed 3 percent of the compensation of the participant; or

“(ii) a participant may enroll in the pension-linked emergency savings account at a participant contribution rate selected by the participant.

“(B) CONTROL OF TRANSFER.—A participant, at any time (subject to such reasonable advance notice as is required by the plan administrator), may—

“(i) adjust the participant contribution rate under subparagraph (A) to the pension-linked emergency savings account of the participant; or

“(ii) opt out of or pause for a specified period of time such contributions.

“(C) ADJUSTMENT OF PARTICIPANT CONTRIBUTION RATE BY PLAN SPONSOR.—A plan sponsor may adjust the participant contribution

rate selected by such plan sponsor described in subparagraph (A)(i) not more than once annually.

“(3) ACCOUNT LIMITS.—

“(A) IN GENERAL.—Subject to subparagraph (B), no contributions under paragraphs (1) and (2) shall be accepted to the extent such contributions would cause the balance of the pension-linked emergency savings account to exceed the lesser of—

“(i) \$2,500; or

“(ii) an amount determined by the plan sponsor of the pension-linked emergency savings account.

In the case of contributions made in taxable years beginning after December 1, 2023, the Secretary shall adjust the amount under clause (i) at the same time and in the same manner as the adjustment made by the Secretary of the Treasury under section 415(d) of the Internal Revenue Code of 1986, except that the base period shall be the calendar quarter beginning July 1, 2022. Any increase under the preceding sentence which is not a multiple of \$100 shall be rounded to the next lowest multiple of \$100.

1 “(B) EXCESS CONTRIBUTIONS DIRECTED
2 TO PLAN.—To the extent any elected contribu-
3 tions under paragraphs (1) and (2) to the pen-
4 sion-linked emergency savings account of a par-
5 ticipant for a taxable year would cause the bal-
6 ance of the pension-linked emergency savings
7 account to exceed the maximum account bal-
8 ance described in subparagraph (A)—

9 “(i) the participant may be treated as
10 having elected to increase the participant’s
11 contributions to the associated defined con-
12 tribution plan by an amount not more than
13 the rate at which contributions were being
14 made to the pension-linked emergency sav-
15 ings account, and

16 “(ii) any such contributions shall be
17 treated as elective deferrals (as such term
18 is defined in section 402(g)(3) of the Inter-
19 nal Revenue Code of 1986) under such
20 plan and shall be contributed to the plan
21 on behalf of the participant instead of to
22 the pension-linked emergency savings ac-
23 count.

24 “(4) DISCLOSURE BY PLAN SPONSOR OF
25 TRANSFER.—

1 “(A) IN GENERAL.—Not less than 15 days
2 prior to the date on which the first transfer
3 under this subsection occurs, the percentage of
4 compensation and amount of the participant’s
5 compensation transferred under paragraph (1)
6 is adjusted, or the plan sponsor adjusts the per-
7 centage of compensation of the automatic par-
8 ticipant contribution under paragraph (2)(A)(i),
9 the plan sponsor shall provide to the participant
10 notice of—

11 “(i) the purpose of the account being
12 for short-term, emergency savings;

13 “(ii) the amount of the intended con-
14 tribution or the change in the percentage
15 of the compensation of the participant of
16 such contribution;

17 “(iii) in accordance with paragraph
18 (2)(B), the instructions on how to—

19 “(I) adjust the participant con-
20 tribution rate under paragraph (2)(A)
21 to the pension-linked emergency sav-
22 ings account of the participant; or

23 “(II) opt out of or pause for a
24 specified period of time such contribu-
25 tions;

1 “(iv) how such contributions will be
2 invested;

3 “(v) the limits on, and tax treatment
4 of, such contributions;

5 “(vi) any fees, expenses, or charges
6 associated with such pension-linked emer-
7 gency savings account;

8 “(vii) procedures for participant with-
9 drawals from such pension-linked emer-
10 gency savings account, including any limits
11 on frequency.

12 “(B) CONSOLIDATED NOTICES.—The re-
13 quired notices under subparagraph (A) may be
14 included with any other notice under this Act,
15 including under section 404(c)(5)(B) or
16 514(e)(3), or under section 401(k)(13)(E) or
17 414(w)(4) of the Internal Revenue Code of
18 1986, if such other notice is provided to the
19 participant not less than 15 days prior to the
20 date described in such subparagraph and not
21 more than 60 days prior to the date on which
22 the first transfer under this subsection occurs.

23 “(5) EMPLOYER MATCHING CONTRIBUTIONS TO
24 A DEFINED CONTRIBUTION PLAN FOR EMPLOYEE

1 CONTRIBUTIONS TO A PENSION-LINKED EMERGENCY
2 SAVINGS ACCOUNT.—

3 “(A) IN GENERAL.—If an employer makes
4 any matching contributions to a defined con-
5 tribution plan of which a pension-linked emer-
6 gency savings account is part—

7 “(i) any contribution under paragraph
8 (2) to a pension-linked emergency savings
9 account of the participant shall be treated
10 as an elective deferral for purposes of
11 matching contributions by such employer
12 to such defined contribution plan; and

13 “(ii) such employer shall make match-
14 ing contributions on behalf of such partici-
15 pant to the associated defined contribution
16 plan on account of such contributions
17 under paragraph (2) at the same rate as
18 any other matching contribution on ac-
19 count of an elective deferral by such par-
20 ticipant.

21 To the extent any such matching contribution
22 exceeds the maximum account balance under
23 paragraph (3)(A), such contributions shall be
24 contributed to the plan as provided in para-
25 graph (3)(B).

1 “(B) DEFINITIONS.—For purposes of sub-
 2 paragraph (A), the terms ‘matching contribu-
 3 tion’ and ‘elective deferral’ shall have the mean-
 4 ings given such terms in section 401(m)(4) of
 5 the Internal Revenue Code of 1986.

6 “(d) ACCOUNT BALANCE AFTER TERMINATION OF
 7 EMPLOYMENT.—Upon termination of employment of the
 8 participant, the pension-linked emergency savings account
 9 of such participant shall—

10 “(1) allow, as relevant, for transfer by the par-
 11 ticipant of the account balance of such account, in
 12 whole or in part, into the designated Roth account
 13 (within the meaning of section 402A of the Internal
 14 Revenue Code of 1986) of the participant under the
 15 associated defined contribution plan; and

16 “(2) for any amounts in such account not
 17 transferred under paragraph (1), make such
 18 amounts available within a reasonable time not later
 19 than the earlier of the date on which the employer
 20 contributing to the plan makes the final compensa-
 21 tion payment related to such employment or 60 days
 22 after the date of such termination—

23 “(A) to the participant or the beneficiary;
 24 or

1 “(B) as a direct rollover to a Roth IRA (as
2 defined in section 408A(b) of the Internal Rev-
3 enue Code of 1986) of such participant.

4 “(e) COORDINATION WITH PLAN HARDSHIP
5 RULES.—Under the terms of the plan of which a pension-
6 linked emergency savings account is a part, a participant
7 shall be required to withdraw all amounts in a pension-
8 linked emergency savings account of the participant before
9 receiving any plan distribution which is based on financial
10 hardship or any loan from the plan.

11 "SEC. 802. ANNUAL NOTICE FOR PENSION-LINKED EMER-
12 GENCY SAVINGS ACCOUNT.

“(a) IN GENERAL.—At least annually, the plan sponsor of a pension-linked emergency savings account shall provide to the pension-linked emergency savings account participant a notice containing such information as the Secretary may require, including a description of—

18 “(1) the purpose and tax treatment of the pen-
19 sion-linked emergency savings account and contribu-
20 tions;

“ (2) procedures for opting out of the pension-linked emergency savings account, changing participant contribution rates for such account, and making withdrawals from such account, and limits on contributions and withdrawals;

8 “(5) any fees, expenses, or charges associated
9 with such pension-linked emergency savings account;
10 and

16 “(b) CONSOLIDATED NOTICES.—The required notice
17 under subparagraph (A) may be included with any other
18 notice under this Act if such other notice is provided to
19 the participant at least annually.

“Notwithstanding any other provision of law, this part shall supersede any law of a State which would directly or indirectly prohibit or restrict the use of an automatic contribution arrangement, in accordance with sec-

1 tion 801(c)(2), for a pension-linked emergency savings ac-
 2 count. The Secretary may promulgate regulations to es-
 3 tablish minimum standards that such an arrangement
 4 would be required to satisfy in order for this subsection
 5 to apply with respect to such an account.

6 **“SEC. 804. REPORTING AND DISCLOSURE REQUIREMENTS.**

7 “The Secretary shall prescribe such regulations as
 8 may be necessary to address reporting and disclosure re-
 9 quirements for pension-linked emergency savings accounts
 10 in order to prevent unnecessary reporting and disclosure
 11 for such accounts under this Act, including for purposes
 12 of any reporting or disclosure related to pension plans re-
 13 quired by this title or title IV or under the Internal Rev-
 14 enue Code of 1986.

15 **“SEC. 805. REPORT TO CONGRESS ON MAXIMUM ACCOUNT**
 16 **BALANCE LIMITS.**

17 “The Secretary of Labor and the Secretary of the
 18 Treasury shall—

19 “(1) conduct a study on the use of emergency
 20 savings from a pension-linked emergency savings ac-
 21 count regarding—

22 “(A) whether the maximum account bal-
 23 ance under section 801(c)(3) is sufficient;

1 “(B) whether the limitation on contribu-
 2 tions under sections 801(c)(2)(A)(i) are appro-
 3 priate; and

4 “(C) the participation rate of such ac-
 5 counts by plan sponsors and participants and
 6 the resulting impact on participant retirement
 7 savings, including the impact on retirement sav-
 8 ings leakage and the effect of such accounts on
 9 retirement plan participation by low- and mod-
 10 erate-income households; and

11 “(2) not later than 7 years after the date of en-
 12 actment of the RISE & SHINE Act, submit to Con-
 13 gress a report on the findings of the study under
 14 paragraph (1).”.

15 (2) CLERICAL AMENDMENT.—The table of con-
 16 tents in section 1 of the Employee Retirement In-
 17 come Security Act of 1974 (29 U.S.C. 1001 note) is
 18 amended by inserting after the item relating to sec-
 19 tion 734 the following new items:

“PART 8. PENSION-LINKED EMERGENCY SAVINGS ACCOUNTS

“801. Pension-linked emergency savings accounts.

“802. Annual notice for pension-linked emergency savings account.

“803. Preemption of State anti-garnishment laws.

“804. Reporting and disclosure requirements.

“805. Report to Congress on maximum account balance limits.”.

20 (c) REPORTING FOR A PENSION-LINKED EMERGENCY
 21 SAVINGS ACCOUNT.—

1 (1) ALTERNATIVE METHODS OF COMPLI-
 2 ANCE.—Section 110(a) of the Employee Retirement
 3 Income Security Act (29 U.S.C. 1030(a)) is amend-
 4 ed by inserting “(including pension-linked emergency
 5 savings accounts offered in conjunction with a pen-
 6 sion plan)” after “class of pension plans”.

7 (2) MINIMIZED REPORTING BURDEN FOR PEN-
 8 SION-LINKED EMERGENCY SAVINGS ACCOUNTS.—
 9 Section 101 of such Act (29 U.S.C. 1021) is amend-
 10 ed—

11 (A) by redesignating subsection (n) as sub-
 12 section (o); and

13 (B) by inserting after subsection (m) the
 14 following:

15 “(n) PENSION-LINKED EMERGENCY SAVINGS AC-
 16 COUNTS.—

17 “(1) IN GENERAL.—The requirements of sub-
 18 section (a) shall not apply to a pension-linked emer-
 19 gency savings account made available under section
 20 801.

21 “(2) SIMPLIFIED REPORTING.—Nothing in this
 22 subsection shall preclude the Secretary from pro-
 23 viding, by regulations or otherwise, simplified report-
 24 ing procedures or requirements for such a pension-
 25 linked emergency savings account.”.

1 (d) FIDUCIARY DUTY.—Section 404(c) of the Em-
 2 ployee Retirement Income Security Act (29 U.S.C.
 3 1104(c)) is amended by adding at the end the following:

4 “(6) DEFAULT INVESTMENT ARRANGEMENTS
 5 FOR A PENSION-LINKED EMERGENCY SAVINGS AC-
 6 COUNT.—For purposes of paragraph (1), a partici-
 7 pant in a pension-linked emergency savings account
 8 shall be treated as exercising control over the assets
 9 in the account with respect to the amount of con-
 10 tributions and earnings which are invested in accord-
 11 ance with section 801(b)(1)(C).”.

12 (e) JOINT REGULATORY AUTHORITY.—The Sec-
 13 retary of Labor and the Secretary of the Treasury (or a
 14 delegate of either such Secretary) shall have authority to
 15 issue joint regulations or other guidance, or to coordinate
 16 in developing regulations or other guidance, to carry out
 17 the purposes of this title, including adjustment of the max-
 18 imum benefit under section 801(c)(3) of the Employee Re-
 19 tirement Income Security Act, as added by this title, to
 20 account for inflation, as well as expansion of corrections
 21 programs, if necessary.

TITLE III—NOTICE AND DISCLOSURE

SEC. 301. DEFINED CONTRIBUTION PLAN FEE DISCLOSURE IMPROVEMENTS.

Not later than 3 years after the date of enactment of this Act, the Secretary of Labor shall—

(1) review section 2550.404a–5 of title 29, Code of Federal Regulations (relating to fiduciary requirements for disclosure in participant-directed individual account plans);

(2) explore, through a public request for information or otherwise, how the contents and design of the disclosures described in such section may be improved to enhance participants’ understanding of fees and expenses related to a defined contribution plan (as defined in section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002)) as well as the cumulative effect of such fees and expenses on retirement savings over time; and

(3) report to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and Labor of the House of Representatives on the findings of the exploration described in paragraph (2), including beneficial education for consumers on financial literacy concepts

1 as related to retirement plan fees and recommenda-
 2 tions for legislative changes needed to address such
 3 findings.

4 **SEC. 302. CONSOLIDATION OF DEFINED CONTRIBUTION**
 5 **PLAN NOTICES.**

6 Not later than 2 years after the date of enactment
 7 of this Act, the Secretary of Labor and the Secretary of
 8 the Treasury (or such Secretaries' delegates) shall adopt
 9 regulations providing that a plan (as defined in section
 10 3 of the Employee Retirement Income Security Act of
 11 1974 (29 U.S.C. 1002)) may, but is not required to, con-
 12 solidate 2 or more of the notices required under sections
 13 404(c)(5)(B) and 514(e)(3) of the Employee Retirement
 14 Income Security Act of 1974 (29 U.S.C. 1104(c)(5)(B)
 15 and 29 U.S.C. 1144(e)(3)) and sections 401(k)(12)(D),
 16 401(k)(13)(E), and 414(w)(4) of the Internal Revenue
 17 Code of 1986 into a single notice so long as the combined
 18 notice—

- 19 (1) includes the required content;
- 20 (2) clearly identifies the issues addressed there-
- 21 in;
- 22 (3) is furnished at the time and with the fre-
- 23 quency required for each such notice; and
- 24 (4) is presented in a manner that is reasonably
- 25 calculated to be understood by the average plan par-

1 ticipant and that does not obscure or fail to high-
 2 light the primary information required for each no-
 3 tice.

4 **SEC. 303. INFORMATION NEEDED FOR FINANCIAL OPTIONS**
 5 **RISK MITIGATION ACT.**

6 (a) **SHORT TITLE.**—This section may be cited as the
 7 “Information Needed for Financial Options Risk Mitiga-
 8 tion Act” or the “INFORM Act”.

9 (b) **IN GENERAL.**—Part 1 of subtitle B of title I of
 10 the Employee Retirement Income Security Act of 1974
 11 (29 U.S.C. 1021 et seq.), as amended by section 107, is
 12 amended by adding at the end the following:

13 **“SEC. 113. NOTICE AND DISCLOSURE REQUIREMENTS WITH**
 14 **RESPECT TO LUMP SUM WINDOWS.**

15 “(a) **IN GENERAL.**—A plan administrator of a pen-
 16 sion plan that amends the plan to provide a period of time
 17 during which a participant or beneficiary may elect to re-
 18 ceive a lump sum under clause (i) of section 401(a)(9)(A)
 19 of the Internal Revenue Code of 1986, instead of future
 20 monthly payments under clause (ii) of such section, shall
 21 furnish notice—

22 “(1) to each participant or beneficiary offered
 23 such lump sum amount, in the manner in which the
 24 participant and beneficiary receives the lump sum
 25 offer from the plan sponsor, not later than 90 days

1 prior to the first day on which the participant or
 2 beneficiary may make an election with respect to
 3 such lump sum; and

4 “(2) to the Secretary and the Pension Benefit
 5 Guaranty Corporation, not later than 30 days prior
 6 to the first day on which participants and bene-
 7 ficiaries may make an election with respect to such
 8 lump sum.

9 “(b) NOTICE TO PARTICIPANTS AND BENE-
 10 FICIARIES.—

11 “(1) CONTENT.—The notice required under
 12 subsection (a)(1) shall include the following:

13 “(A) Available benefit options, including
 14 the estimated monthly benefit that the partici-
 15 pant or beneficiary would receive at normal re-
 16 tirement age (if not already in pay status),
 17 whether there is a subsidized early retirement
 18 option or qualified joint and survivor annuity
 19 that is fully subsidized (in accordance with sec-
 20 tion 417(a)(5) of the Internal Revenue Code of
 21 1986, the monthly benefit amount if payments
 22 begin immediately, and the lump sum amount
 23 available if the participant or beneficiary takes
 24 the option.

1 “(B) An explanation of how the lump sum
2 was calculated, including the interest rate, mor-
3 tality assumptions, and whether any additional
4 plan benefits were included in the lump sum,
5 such as early retirement subsidies.

6 “(C) In a manner consistent with the man-
7 ner in which a written explanation is required
8 to be given under 417(a)(3) of the Internal
9 Revenue Code of 1986, the relative value of the
10 lump sum option for a terminated vested partic-
11 ipant compared to the value of—

12 “(i) the single life annuity, (or other
13 standard form of benefit); and

14 “(ii) the qualified joint and survivor
15 annuity (as defined in section 205(d)(1));

16 “(D) Whether it would be reasonably likely
17 to replicate the plan’s stream of payments by
18 purchasing a comparable retail annuity using
19 the lump sum.

20 “(E) The potential ramifications of accept-
21 ing the lump sum, including longevity risks, loss
22 of protections guaranteed by the Pension Ben-
23 efit Guaranty Corporation (with an explanation
24 of the monthly benefit amount that would be
25 protected by the Pension Benefit Guaranty Cor-

1 poration if the plan is terminated with insuffi-
2 cient assets to pay benefits), loss of protection
3 from creditors, loss of spousal protections, and
4 other protections under this Act that would be
5 lost.

6 “(F) General tax rules related to accepting
7 a lump sum, including rollover options and
8 early distribution penalties with a disclaimer
9 that the plan does not provide tax, legal, or ac-
10 counting advice, and a suggestion that partici-
11 pants and beneficiaries consult with their own
12 tax, legal, and accounting advisors before deter-
13 mining whether to accept the offer.

14 “(G) How to accept or reject the offer, the
15 deadline for response, and whether a spouse is
16 required to consent to the election.

17 “(H) Contact information for the point of
18 contact at the plan administrator for partici-
19 pants and beneficiaries to get more information
20 or ask questions about the options.

21 “(2) PLAIN LANGUAGE.—The notice under this
22 subsection shall be written in a manner calculated to
23 be understood by the average plan participant.

24 “(3) MODEL NOTICE.—The Secretary shall
25 issue a model notice for purposes of the notice under

1 subsection (a)(1), including for information required
 2 under subparagraphs (C) through (F) of paragraph
 3 (1).

4 “(c) NOTICE TO THE SECRETARY AND PENSION
 5 BENEFIT GUARANTY CORPORATION.—The notice required
 6 under subsection (a)(2) shall include the following:

7 “(1) The total number of participants and
 8 beneficiaries eligible for such lump sum option.

9 “(2) The length of the limited period during
 10 which the lump sum is offered.

11 “(3) An explanation of how the lump sum was
 12 calculated, including the interest rate, mortality as-
 13 sumptions, and whether any additional plan benefits
 14 were included in the lump sum, such as early retire-
 15 ment subsidies.

16 “(4) A sample of the notice provided to partici-
 17 pants and beneficiaries under subsection (a)(1).

18 “(d) POST-OFFER REPORT TO THE SECRETARY AND
 19 PENSION BENEFIT GUARANTY CORPORATION.—Not later
 20 than 90 days after the conclusion of the limited period
 21 during which participants and beneficiaries in a plan may
 22 accept a plan’s offer to convert their annuity into a lump
 23 sum as generally permitted under section 401(a)(9) of the
 24 Internal Revenue Code of 1986, a plan sponsor shall sub-
 25 mit a report to the Secretary and the Director of the Pen-

1 sion Benefit Guaranty Corporation that includes the num-
 2 ber of participants and beneficiaries who accepted the
 3 lump sum offer and such other information as the Sec-
 4 retary may require.

5 “(e) PUBLIC AVAILABILITY.—The Secretary shall
 6 make the information provided in the notice to the Sec-
 7 retary required under subsection (a)(2) and in the post-
 8 offer reports submitted under subsection (d) publicly avail-
 9 able in a form that protects the confidentiality of the infor-
 10 mation provided.

11 “(f) BIENNIAL REPORT.—Not later than 6 months
 12 after the date of enactment of this section and every 6
 13 months thereafter, so long as the Secretary has received
 14 notices and post-offer reports under subsections (c) and
 15 (d), the Secretary shall submit to Congress a report that
 16 summarizes such notices and post-offer reports during the
 17 applicable reporting period.”.

18 (c) CLERICAL AMENDMENT.—The table of contents
 19 in section 1 of the Employee Retirement Income Security
 20 Act of 1974, as amended by section 107(a)(2), is further
 21 amended by inserting after the item relating to section
 22 112 the following new item:

Sec. 113. Notice and disclosure requirements with respect to lump sum win-
 dows.

1 (d) ENFORCEMENT.—Section 502 of the Employee
 2 Retirement Income Security Act of 1974 (29 U.S.C. 1132)
 3 is amended—

4 (1) in subsection (c)(1), by striking “or section
 5 105(a)” and inserting “, section 105(a), or section
 6 112(a)”;

7 (2) in subsection (a)(4), by striking “105(c)”
 8 and inserting “section 105(c) or 112(a)”.

9 (e) APPLICATION.—The requirements of section 113
 10 of the ERISA, as added by subsection (b), shall apply be-
 11 ginning on the applicable effective date specified in the
 12 final regulations promulgated pursuant to subsection (f).

13 (f) REGULATORY AUTHORITY.—Not earlier than 1
 14 year after the date of enactment of this Act, the Secretary
 15 of Labor and the Secretary of the Treasury shall jointly
 16 issue regulations to implement section 113 of the Em-
 17 ployee Retirement Income Security Act of 1974, as added
 18 by subsection (a). Such regulations shall require plan
 19 sponsors to comply in good faith with the regulations be-
 20 ginning not later than 1 year after issuance of a final rule
 21 with respect to subsections (a)(1) and (b) of such section
 22 113, and beginning not later than 6 months after issuance
 23 of a final rule with respect to subsections (a)(2), (c), (d),
 24 and (e) of such section 113.

1 **SEC. 304. DEFINED BENEFIT ANNUAL FUNDING NOTICES.**

2 (a) IN GENERAL.—Section 101(f)(2)(B) of the Em-
 3 ployee Retirement Income Security Act of 1974 (29
 4 U.S.C. 1021(f)(2)(B)) is amended—

5 (1) in clause (i)(I), by striking “funding target
 6 attainment percentage (as defined in section
 7 303(d)(2))” and inserting “percentage of plan liabil-
 8 ities funded (as described in clause (ii)(I)(bb))”;

9 (2) in clause (ii)(I)—

10 (A) by striking “, a statement of”;

11 (B) by striking item (aa);

12 (C) by redesignating item (bb) as item
 13 (aa);

14 (D) in item (aa), as so redesignated—

15 (i) by inserting “a statement of” be-
 16 fore “the value” and

17 (ii) by striking “and” at the end; and

18 (E) by adding at the end the following:

19 “(bb) a statement of the
 20 percentage of plan liabilities
 21 funded, calculated as the ratio
 22 between the value of the plan’s
 23 assets and liabilities, as deter-
 24 mined under item (aa), for the
 25 plan year to which the notice re-

1 lates and for the 2 preceding
2 plan years, and

3 “(cc) if the information in
4 (aa) and (bb) is presented in tab-
5 ular form, a statement that de-
6 scribes that in the event of a plan
7 termination the corporation’s cal-
8 culation of plan liabilities may be
9 greater and that references the
10 section of the notice with the in-
11 formation required under clause
12 (x), and”;

13 (3) in clause (iii), in the matter preceding sub-
14 clause (I), by inserting “for the plan year to which
15 the notice relates as of the last day of such plan
16 year and the preceding 2 plan years, in tabular for-
17 mat,” after “participants”;

18 (4) in clause (iv)—

19 (A) by striking “plan and the asset” and
20 inserting “plan, the asset”; and

21 (B) by inserting “, and the average return
22 on assets for the plan year,” after “assets”;

23 (5) by redesignating clauses (ix) through (xi) as
24 clause (x) through (xii), respectively;

25 (6) by inserting after clause (viii) the following:

“(ix) in the case of a single-employer plan, a statement as to whether the plan’s funded status, based on the plan’s liabilities described under subclause (II) for the plan year to which the notice relates, and for the 2 preceding plan years, is at least 100 percent (and, if not, the actual percentages), that includes—

“(I) the plan’s assets, as of the last day of the plan year and for the 2 preceding plan years, as determined under clause (ii)(I)(aa),

“(II) the plan’s liabilities, as of the last day of the plan year and for the 2 preceding plan years, as determined under clause (ii)(1)(aa), and

“(III) the funded status of the plan, determined as the ratio of the plan’s assets and liabilities calculated under subclauses (I) and (II), for the plan year to which the notice relates, and for the 2 preceding plan years,”; and

(7) in clause (x), as so redesignated, by striking the comma at the end and inserting the following:

1 “and a statement that, in the case of a single-em-
2 ployer plan—

3 “(I) if plan assets are sufficient
4 to pay vested benefits that are not
5 guaranteed by the Pension Benefit
6 Guaranty Corporation, participants
7 and beneficiaries may receive benefits
8 in excess of the guaranteed amount,
9 and

10 “(II) in determining valuation of
11 guaranteed benefits, the Pension Ben-
12 efit Guaranty Corporation uses, as of
13 the date of enactment of the RISE &
14 SHINE Act, a valuation methodology
15 that—

16 “(aa) places a higher value
17 on the future cost of benefits
18 than any valuation methodology
19 required under Federal statute,
20 and

21 “(bb) makes it less likely
22 that participants and bene-
23 ficiaries will receive amounts in
24 excess of the guaranteed amount
25 under Federal law,”.

1 (b) EFFECTIVE DATE.—The amendments made by
 2 subsection (a) shall apply with respect to plan years begin-
 3 ning after December 31, 2023.

4 **TITLE IV—MODERNIZATION**

5 **SEC. 401. AUTOMATIC REENROLLMENT UNDER QUALIFIED** 6 **AUTOMATIC CONTRIBUTION ARRANGEMENTS** 7 **AND ELIGIBLE AUTOMATIC CONTRIBUTION** 8 **ARRANGEMENTS.**

9 (a) ELIGIBLE AUTOMATIC CONTRIBUTION ARRANGE-
 10 MENTS.—Section 514(e)(2) of the Employee Retirement
 11 Income Security Act of 1974 (29 U.S.C. 1144(e)(2)) is
 12 amended—

13 (1) by redesignating subparagraphs (A) through
 14 (C) as clauses (i) through (iii), respectively, and by
 15 moving such clauses 2 ems to the right;

16 (2) by striking “(2) For purposes of” and in-
 17 serting “(2)(A) For purposes of”; and

18 (3) by adding at the end the following:

19 “(B) In the case of an automatic contribution
 20 arrangement taking effect after December 31, 2024,
 21 the requirements of subparagraph (A)(ii) shall be
 22 treated as met only if, under the arrangement, at
 23 least every 3 plan years but not more than once an-
 24 nually each employee—

1 “(i) who is eligible to participate in the ar-
 2 rangement; and

3 “(ii) who, at the time of the determination,
 4 has in effect an affirmative election pursuant to
 5 subparagraph (A)(ii) not to have any contribu-
 6 tions described in such subparagraph made;
 7 is treated as having made the election at the uni-
 8 form percentage of compensation described in sub-
 9 paragraph (A)(ii) unless the employee makes a new
 10 election under such subparagraph. Such determina-
 11 tion may be made at one time for all employees de-
 12 scribed in the preceding sentence for a plan year, re-
 13 gardless of individual employee dates of enroll-
 14 ment.”.

15 (b) EFFECTIVE DATE.—The amendments made by
 16 this section shall apply to arrangements taking effect after
 17 December 31, 2024.

18 **SEC. 402. INCIDENTAL PLAN EXPENSES.**

19 (a) FINDINGS.—Congress finds the following:

20 (1) Retirement plan sponsors engage advisors
 21 to assist in administering their retirement plans.
 22 Such advisors and other service providers are paid
 23 via monthly or annual retainers to advise on plan
 24 administration or the investment fund lineup. Such
 25 retainers are charged to the retirement plan.

1 (2) Other, incidental expenses incurred related
2 to plan design, may not be charged to the plan be-
3 cause they are deemed settlor functions. For exam-
4 ple, if a plan sponsor were to inquire about a bene-
5 ficial plan design feature, such as automatic enroll-
6 ment and reenrollment or automatic escalation, the
7 advisor or other service provider would bill the em-
8 ployer a separate amount that could not be charged
9 back to the plan. Because these inquiries result in
10 additional costs, many employers, especially small
11 employers, choose to forego these incidental plan de-
12 sign features, even when they might generate tre-
13 mendous benefits for their employees.

14 (3) According to the 2021 Plan Sponsor Coun-
15 cil of America's Annual Survey of Profit Sharing
16 and 401(k) Plans, only 30.5 percent of employers
17 with fewer than 50 workers have an automatic en-
18 rollment feature in their retirement plan, compared
19 to over 77 percent of employers with more than
20 1,000 workers. Small employers need additional re-
21 sources to improve their retirement plan design.

22 (b) FACILITATING THE IMPLEMENTATION OF BENE-
23 FICIAL PLAN FEATURES.—

24 (1) PLAN ASSETS.—Section 403(c)(1) of the
25 Employee Retirement Income Security Act of 1974

1 (29 U.S.C. 1103(c)(1)) is amended by inserting
 2 “(including incidental expenses solely for the benefit
 3 of the participants and their beneficiaries)” before
 4 the period.

5 (2) FIDUCIARY STANDARD OF CARE.—Section
 6 404(a)(1)(A)(ii) of the Employee Retirement Income
 7 Security Act of 1974 (29 U.S.C. 1104(a)(1)(A)(ii))
 8 is amended by inserting “(including incidental ex-
 9 penses solely for the benefit of the participants and
 10 their beneficiaries)” before the semicolon.

11 **TITLE V—AMENDMENTS TO** 12 **PLANS OFFERED BY MUL-** 13 **TIPLE EMPLOYERS**

14 **SEC. 501. REPORT ON POOLED EMPLOYER PLANS.**

15 The Secretary of Labor shall—

16 (1) conduct a study on the pooled employer
 17 plan (as such term is defined in section 3(43) of the
 18 Employee Retirement Income Security Act of 1974
 19 (29 U.S.C. 1002(43))) industry, including on—

20 (A) the legal name and number of pooled
 21 employer plans;

22 (B) the number of participants in such
 23 plans;

24 (C) the range of investment options pro-
 25 vided in such plans;

1 (D) the fees assessed in such plans;

2 (E) the manner in which employers select
3 and monitor such plans;

4 (F) the disclosures provided to participants
5 in such plans;

6 (G) the number and nature of any enforce-
7 ment actions by the Secretary of Labor on such
8 plans;

9 (H) the extent to which such plans have
10 increased retirement savings coverage in the
11 United States; and

12 (I) any additional information as the Sec-
13 retary determines is necessary; and

14 (2) not later than 5 years after the date of en-
15 actment of this Act, and every 5 years thereafter,
16 submit to Congress and make available on a publicly
17 accessible website of the Department of Labor, a re-
18 port on the findings of the study under paragraph
19 (1), including recommendations on how pooled em-
20 ployer plans can be improved, through legislation, to
21 serve and protect retirement plan participants.

22 **SEC. 502. ANNUAL AUDITS FOR GROUP OF PLANS.**

23 Section 202(a) of the Setting Every Community Up
24 for Retirement Enhancement Act of 2019 (Public Law
25 116–94; 26 U.S.C. 6058 note) is amended—

1 (1) by striking “so that all members” and in-
 2 serting the following: “so that—

3 “(1) all members”;

4 (2) by striking the period and inserting “;
 5 and”; and

6 (3) by adding at the end the following:

7 “(2) any opinions required by section 103(a)(3)
 8 of the Employee Retirement Income Security Act of
 9 1974 (29 U.S.C. 1023(a)(3)) shall relate only to
 10 each individual plan which would otherwise be sub-
 11 ject to the requirements of such section 103(a)(3).”.

12 **TITLE VI—DEFINED BENEFIT** 13 **PLAN PROVISIONS**

14 **SEC. 601. CASH BALANCE.**

15 (a) AMENDMENT OF INTERNAL REVENUE CODE OF
 16 1986.—Section 414 of the Internal Revenue Code of
 17 1986, as amended by the preceding sections of this Act,
 18 is further amended by adding at the end the following new
 19 subsection:

20 “(bb) PROJECTED INTEREST CREDITING RATE.—

21 For purposes of this part, in the case of an applicable de-
 22 fined benefit plan (as defined in section 411(a)(13)(B))
 23 which provides variable interest crediting rates, the inter-
 24 est crediting rate which is treated as in effect and as the
 25 projected interest crediting rate shall be a reasonable pro-

1 jection of such variable interest crediting rate, not to ex-
 2 ceed 6 percent.”.

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

8 “(g) PROJECTED INTEREST CREDITING RATE.—For
 9 purposes of this title, in the case of an applicable defined
 10 benefit plan (within the meaning of section 203(f)(3))
 11 which provides variable interest crediting rates, the inter-
 12 est crediting rate which is treated as in effect and as the
 13 projected interest crediting rate shall be a reasonable pro-
 14 jection of such variable interest crediting rate, not to ex-
 15 ceed 6 percent.”.

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

19 **SEC. 602. TERMINATION OF VARIABLE RATE PREMIUM IN-**
 20 **DEXING.**

21 (a) IN GENERAL.—Paragraph (8) of 4006(a) of the
 22 Employee Retirement Income Security Act of 1974 (29
 23 U.S.C. 1306(a)) is amended by—

24 (1) in subparagraph (A)—

25 (A) in clause (vi), by striking “and”;

1 (B) in clause (vii), by striking the period
 2 at the end and inserting “; and”; and

3 (C) by adding at the end the following:

4 “(viii) for plan years beginning after
 5 calendar year 2022, \$48.”;

6 (2) in subparagraph (B), in the matter pre-
 7 ceding clause (i), by inserting “and before 2023”
 8 after “2012” ; and

9 (3) in subparagraph (D)(vii), by inserting “and
 10 before 2023” after “2019”.

11 (b) TECHNICAL AMENDMENT.—Clause (i) of section
 12 4006(a)(3)(E) of the Employee Retirement Income Secu-
 13 rity Act of 1974 (29 U.S.C. 1306(a)(3)(E)) is amended
 14 by striking “subparagraph (H)” and inserting “subpara-
 15 graph (I)”.

16 **SEC. 603. ENHANCING RETIREE HEALTH BENEFITS IN PEN-**
 17 **SION PLANS.**

18 (a) EXTENSION OF TRANSFERS OF EXCESS PENSION
 19 ASSETS TO RETIREE HEALTH ACCOUNTS UNDER THE IN-
 20 TERNAL REVENUE CODE OF 1986.—Paragraph (4) of sec-
 21 tion 420(b) of the Internal Revenue Code of 1986 is
 22 amended by striking “December 31, 2025” and inserting
 23 “December 31, 2032”.

24 (b) EXTENSION OF TRANSFERS OF EXCESS PENSION
 25 ASSETS TO RETIREE HEALTH ACCOUNTS UNDER THE

1 EMPLOYEE RETIREMENT INCOME SECURITY ACT OF
2 1974.—

3 (1) DEFINITIONS.—Section 101(e)(3) of the
4 Employee Retirement Income Security Act of 1974
5 (29 U.S.C. 1021(e)(3)) is amended by striking “(as
6 in effect on the date of the enactment of the Surface
7 Transportation and Veterans Health Care Choice
8 Improvement Act of 2015)” and inserting “(as in ef-
9 fect on the date of enactment of the RISE &
10 SHINE Act)”.

11 (2) USE OF ASSETS.—Section 403(c)(1) of the
12 Employee Retirement Income Security Act of 1974
13 (29 U.S.C. 1103(c)(1)) is amended by striking “(as
14 in effect on the date of the enactment of the Surface
15 Transportation and Veterans Health Care Choice
16 Improvement Act of 2015)” and inserting “(as in ef-
17 fect on the date of enactment of the RISE &
18 SHINE Act)”.

19 (3) EXEMPTION.—Section 408(b)(13) of the
20 Employee Retirement Income Security Act of 1974
21 (29 U.S.C. 1108(b)(13)) is amended—

22 (A) by striking “January 1, 2026” and in-
23 serting “January 1, 2033”; and

24 (B) by striking “(as in effect on the date
25 of the enactment of the Surface Transportation

1 and Veterans Health Care Choice Improvement
 2 Act of 2015)” and inserting “(as in effect on
 3 the date of enactment of the RISE & SHINE
 4 Act)”.

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

8 **TITLE VII—ADDITIONAL**

9 **RETIREMENT ENHANCEMENTS**

10 **SEC. 701. PROVISIONS RELATING TO PLAN AMENDMENTS.**

11 (a) IN GENERAL.—Part 2 of subtitle B of title I of
 12 the Employee Retirement Income Security Act of 1974
 13 (29 U.S.C. 1021 et seq.) is amended—

14 (1) by redesignating section 211 as section 212;
 15 and

16 (2) by inserting after section 210 the following
 17 new section:

18 **“SEC. 211. PLAN AMENDMENTS DUE TO THE RISE & SHINE**

19 **ACT.**

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

22 “(1) such retirement plan or contract shall be
 23 treated as being operated in accordance with the
 24 terms of the plan during the period described in sub-
 25 section (b)(2)(A); and

1 “(2) except as provided by the Secretary of the
 2 Treasury (or the Secretary’s delegate) and the Sec-
 3 retary of Labor (or the Secretary’s delegate), such
 4 retirement plan shall not fail to meet the require-
 5 ments of section 411(d)(6) of the Internal Revenue
 6 Code of 1986 and section 204(g) of this Act by rea-
 7 son of such amendment.

8 “(b) AMENDMENTS TO WHICH SECTION APPLIES.—

9 “(1) IN GENERAL.—This section shall apply to
 10 any amendment to any retirement plan or annuity
 11 contract which is made—

12 “(A) pursuant to any amendment made by
 13 the RISE & SHINE Act or pursuant to any
 14 regulation issued by the Secretary of the Treas-
 15 ury or the Secretary of Labor (or a delegate of
 16 either such Secretary) under the RISE &
 17 SHINE Act; and

18 “(B) on or before the last day of the first
 19 plan year beginning on or after January 1,
 20 2025.

21 “(2) CONDITIONS.—This section shall not apply
 22 to any amendment unless—

23 “(A) during the period—

24 “(i) beginning on the date the legisla-
 25 tive 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) (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.”.

(b) 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 211 and by inserting after the item relating to section 210 the following new items:

“Sec. 211. Plan amendments due to the RISE & SHINE Act.

“Sec. 212. Effective dates.”.

SEC. 702. WORKER OWNERSHIP, READINESS, AND KNOWLEDGE (WORK) ACT.

(a) SHORT TITLE.—This section may be cited as the “Worker Ownership, Readiness, and Knowledge Act” or the “WORK Act”.

(b) DEFINITIONS.—In this section:

1 (1) EXISTING PROGRAM.—The term “existing
2 program” means a program, designed to promote
3 employee ownership, that exists on the date on
4 which the Secretary is carrying out a responsibility
5 authorized under this section.

6 (2) INITIATIVE.—The term “Initiative” means
7 the Employee Ownership Initiative established under
8 subsection (c).

9 (3) NEW PROGRAM.—The term “new program”
10 means a program, designed to promote employee
11 ownership, that does not exist on the date on which
12 the Secretary is carrying out a responsibility author-
13 ized under this section.

14 (4) SECRETARY.—The term “Secretary” means
15 the Secretary of Labor.

16 (5) STATE.—The term “State” has the mean-
17 ing given the term under section 3 of the Workforce
18 Innovation and Opportunity Act (29 U.S.C. 3102).

19 (c) EMPLOYEE OWNERSHIP INITIATIVE.—

20 (1) ESTABLISHMENT.—The Secretary shall es-
21 tablish within the Department of Labor an Em-
22 ployee Ownership Initiative to promote employee
23 ownership.

24 (2) FUNCTIONS.—In carrying out the Initiative,
25 the Secretary shall—

1 (A) support within the States existing pro-
2 grams designed to promote employee ownership;
3 and

4 (B) facilitate within the States the forma-
5 tion of new programs designed to promote em-
6 ployee ownership.

7 (3) DUTIES.—To carry out the functions enu-
8 merated in paragraph (2), the Secretary shall—

9 (A) support new programs and existing
10 programs by—

11 (i) making Federal grants authorized
12 under subsection (e); and

13 (ii)(I) acting as a clearinghouse on
14 techniques employed by new programs and
15 existing programs within the States, and
16 disseminating information relating to those
17 techniques to the programs; or

18 (II) funding projects for information
19 gathering on those techniques, and dis-
20 semination of that information to the pro-
21 grams, by groups outside the Department
22 of Labor; and

23 (B) facilitate the formation of new pro-
24 grams, in ways that include holding or funding
25 an annual conference of representatives from

1 States with existing programs, representatives
2 from States developing new programs, and rep-
3 resentatives from States without existing pro-
4 grams.

5 (d) PROGRAMS REGARDING EMPLOYEE OWNER-
6 SHIP.—

7 (1) ESTABLISHMENT OF PROGRAM.—Not later
8 than 180 days after the date of enactment of this
9 Act, the Secretary shall establish a program to en-
10 courage new programs and existing programs within
11 the States to foster employee ownership throughout
12 the United States.

13 (2) PURPOSE OF PROGRAM.—The purpose of
14 the program established under paragraph (1) is to
15 encourage new and existing programs within the
16 States that focus on—

17 (A) providing education and outreach to
18 inform employees and employers about the pos-
19 sibilities and benefits of employee ownership
20 and business ownership succession planning, in-
21 cluding providing information about financial
22 education, employee teams, open-book manage-
23 ment, and other tools that enable employees to
24 share ideas and information about how their
25 businesses can succeed;

1 (B) providing technical assistance to assist
2 employee efforts to become business owners, to
3 enable employers and employees to explore and
4 assess the feasibility of transferring full or par-
5 tial ownership to employees, and to encourage
6 employees and employers to start new em-
7 ployee-owned businesses;

8 (C) training employees and employers with
9 respect to methods of employee participation in
10 open-book management, work teams, commit-
11 tees, and other approaches for seeking greater
12 employee input; and

13 (D) training other entities to apply for
14 funding under this subsection, to establish new
15 programs, and to carry out program activities.

16 (3) PROGRAM DETAILS.—The Secretary may in-
17 clude, in the program established under paragraph
18 (1), provisions that—

19 (A) in the case of activities described in
20 paragraph (2)(A)—

21 (i) target key groups, such as retiring
22 business owners, senior managers, labor
23 organizations, trade associations, commu-
24 nity organizations, and economic develop-
25 ment organizations;

1 (ii) encourage cooperation in the orga-
2 nization of workshops and conferences; and

3 (iii) prepare and distribute materials
4 concerning employee ownership, and busi-
5 ness ownership succession planning;

6 (B) in the case of activities described in
7 paragraph (2)(B)—

8 (i) provide preliminary technical as-
9 sistance to employee groups, managers,
10 and retiring owners exploring the possi-
11 bility of employee ownership;

12 (ii) provide for the performance of
13 preliminary feasibility assessments;

14 (iii) assist in the funding of objective
15 third-party feasibility studies and prelimi-
16 nary business valuations, and in selecting
17 and monitoring professionals qualified to
18 conduct such studies; and

19 (iv) provide a data bank to help em-
20 ployees find legal, financial, and technical
21 advice in connection with business owner-
22 ship;

23 (C) in the case of activities described in
24 paragraph (2)(C)—

1 (i) provide for courses on employee
2 participation; and

3 (ii) provide for the development and
4 fostering of networks of employee-owned
5 companies to spread the use of successful
6 participation techniques; and

7 (D) in the case of training described in
8 paragraph (2)(D)—

9 (i) provide for visits to existing pro-
10 grams by staff from new programs receiv-
11 ing funding under this section; and

12 (ii) provide materials to be used for
13 such training.

14 (4) GUIDANCE.—The Secretary shall issue for-
15 mal guidance, for—

16 (A) recipients of grants awarded under
17 subsection (e) and one-stop partners (as defined
18 in section 3 of the Workforce Innovation and
19 Opportunity Act (29 U.S.C. 3102)) affiliated
20 with the workforce development systems (as so
21 defined) of the States, proposing that programs
22 and other activities funded under this section
23 be—

1 (i) proactive in encouraging actions
 2 and activities that promote employee own-
 3 ership of businesses; and

4 (ii) comprehensive in emphasizing
 5 both employee ownership of businesses so
 6 as to increase productivity and broaden
 7 capital ownership; and

8 (B) acceptable standards and procedures
 9 to establish good faith fair market value for
 10 shares of a business to be acquired by an em-
 11 ployee stock ownership plan (as defined in sec-
 12 tion 407(d)(6) of the Employee Retirement In-
 13 come Security Act of 1974 (29 U.S.C.
 14 1107(d)(6))).

15 (e) GRANTS.—

16 (1) IN GENERAL.—In carrying out the program
 17 established under subsection (d), the Secretary may
 18 make grants for use in connection with new pro-
 19 grams and existing programs within a State for any
 20 of the following activities:

21 (A) Education and outreach as provided in
 22 subsection (d)(2)(A).

23 (B) Technical assistance as provided in
 24 subsection (d)(2)(B).

1 (C) Training activities for employees and
2 employers as provided in subsection (d)(2)(C).

3 (D) Activities facilitating cooperation
4 among employee-owned firms.

5 (E) Training as provided in subsection
6 (d)(2)(D) for new programs provided by partici-
7 pants in existing programs dedicated to the ob-
8 jectives of this section, except that, for each fis-
9 cal year, the amount of the grants made for
10 such training shall not exceed 10 percent of the
11 total amount of the grants made under this sec-
12 tion.

13 (2) AMOUNTS AND CONDITIONS.—The Sec-
14 retary shall determine the amount and any condi-
15 tions for a grant made under this subsection. The
16 amount of the grant shall be subject to paragraph
17 (6), and shall reflect the capacity of the applicant
18 for the grant.

19 (3) APPLICATIONS.—Each entity desiring a
20 grant under this subsection shall submit an applica-
21 tion to the Secretary at such time, in such manner,
22 and accompanied by such information as the Sec-
23 retary may reasonably require.

24 (4) STATE APPLICATIONS.—Each State may
25 sponsor and submit an application under paragraph

1 (3) on behalf of any local entity consisting of a unit
2 of State or local government, State-supported insti-
3 tution of higher education, or nonprofit organization,
4 meeting the requirements of this section.

5 (5) APPLICATIONS BY ENTITIES.—

6 (A) ENTITY APPLICATIONS.—If a State
7 fails to support or establish a program pursu-
8 ant to this section during any fiscal year, the
9 Secretary shall, in the subsequent fiscal years,
10 allow local entities described in paragraph (4)
11 from that State to make applications for grants
12 under paragraph (3) on their own initiative.

13 (B) APPLICATION SCREENING.—Any State
14 failing to support or establish a program pursu-
15 ant to this section during any fiscal year may
16 submit applications under paragraph (3) in the
17 subsequent fiscal years but may not screen ap-
18 plications by local entities described in para-
19 graph (4) before submitting the applications to
20 the Secretary.

21 (6) LIMITATIONS.—A recipient of a grant made
22 under this subsection shall not receive, during a fis-
23 cal year, in the aggregate, more than the following
24 amounts:

25 (A) For fiscal year 2024, \$300,000.

1 (B) For fiscal year 2025, \$330,000.

2 (C) For fiscal year 2026, \$363,000.

3 (D) For fiscal year 2027, \$399,300.

4 (E) For fiscal year 2028, \$439,200.

5 (7) ANNUAL REPORT.—For each year, each re-
6 cipient of a grant under this subsection shall submit
7 to the Secretary a report describing how grant funds
8 allocated pursuant to this subsection were expended
9 during the 12-month period preceding the date of
10 the submission of the report.

11 (f) EVALUATIONS.—The Secretary is authorized to
12 reserve not more than 10 percent of the funds appro-
13 priated for a fiscal year to carry out this section, for the
14 purposes of conducting evaluations of the grant programs
15 identified in subsection (e) and to provide related technical
16 assistance.

17 (g) REPORTING.—Not later than the expiration of the
18 36-month period following the date of enactment of this
19 Act, the Secretary shall prepare and submit to Congress
20 a report—

21 (1) on progress related to employee ownership
22 in businesses in the United States; and

23 (2) containing an analysis of critical costs and
24 benefits of activities carried out under this section.

25 (h) AUTHORIZATIONS OF APPROPRIATIONS.—

1 (1) IN GENERAL.—There are authorized to be
 2 appropriated for the purpose of making grants pur-
 3 suant to subsection (e) the following:

4 (A) For fiscal year 2024, \$4,000,000.

5 (B) For fiscal year 2025, \$7,000,000.

6 (C) For fiscal year 2026, \$10,000,000.

7 (D) For fiscal year 2027, \$13,000,000.

8 (E) For fiscal year 2028, \$16,000,000.

9 (2) ADMINISTRATIVE EXPENSES.—There are
 10 authorized to be appropriated for the purpose of
 11 funding the administrative expenses related to the
 12 Initiative, for each of fiscal years 2022 through
 13 2026, an amount not in excess of the lesser of—

14 (A) \$350,000; or

15 (B) 5.0 percent of the maximum amount
 16 available under paragraph (1) for that fiscal
 17 year.

18 **SEC. 703. REPORT BY THE SECRETARY OF LABOR ON THE**
 19 **IMPACT OF INFLATION ON RETIREMENT SAV-**
 20 **INGS.**

21 *The Secretary of Labor, in consultation with the Sec-*
 22 *retary of the Treasury, shall—*

23 (1) *conduct a study on the impact of inflation*
 24 *on retirement savings; and*

1 (2) *not later than 90 days after the date of en-*
2 *actment of this Act, submit to Congress a report on*
3 *the findings of the study.*

Calendar No. 426

117TH CONGRESS
2D Session

S. 4353

A BILL

To amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986 to improve retirement plan provisions, and for other purposes.

JUNE 21, 2022

Reported with amendments