

117TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

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

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IN THE SENATE OF THE UNITED STATES

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

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**A BILL**

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

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

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

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Retirement Security and Savings Act of 2021”.

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

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

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

Sec. 1. Short title, etc.

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

- Sec. 101. Secure deferral arrangements.
- Sec. 102. Facilitating automatic enrollment.
- Sec. 103. Credit for employers with respect to modified safe harbor requirements.
- Sec. 104. Expansion of saver's credit.
- Sec. 105. 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. 202. Remove required minimum distribution barriers for life annuities.
- Sec. 203. Eliminating a penalty on partial annuitization.
- Sec. 204. Insurance-dedicated exchange-traded funds.

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

## 3

- 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.

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

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

5 (a) IN GENERAL.—Subsection (k) of section 401 is  
6 amended by adding at the end the following new para-  
7 graph:

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

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

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

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

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

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

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

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

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

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

21           “(D) MATCHING CONTRIBUTIONS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

1           (1) in clause (i), by striking “section  
2           401(k)(12) or 401(k)(13)” and inserting “paragraph  
3           (12), (13), or (16) of section 401(k)”, and

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

7           (d) **EFFECTIVE DATE.**—The amendments made by  
8 this section shall apply to plan years beginning after De-  
9 cember 31, 2021.

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

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

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



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

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

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

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

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

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

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

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

1 credit determined under this section for any taxable year  
2 is the amount equal to the total of the employer's match-  
3 ing contributions under section 401(k)(16)(D) during the  
4 taxable year on behalf of employees who are not highly  
5 compensated employees.

6 “(b) LIMITATIONS.—

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

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

19 “(c) DEFINITIONS.—

20 “(1) IN GENERAL.—Any term used in this sec-  
21 tion which is also used in section 401(k)(16) shall  
22 have the same meaning as when used in such sec-  
23 tion.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17 “(i) such taxable year, and

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

19 (c) **TREATMENT AS REFUNDABLE.**—

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

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

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

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

8 (B) TECHNICAL AMENDMENTS.—

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

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

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

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

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

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

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

3           “(g) DEPOSIT INTO QUALIFIED ACCOUNT.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



1 **SEC. 105. MODIFICATION OF PARTICIPATION REQUIRE-**  
2 **MENTS FOR LONG-TERM, PART-TIME WORK-**  
3 **ERS.**

4 (a) PARTICIPATION REQUIREMENT.—Clause (ii) of  
5 section 401(k)(2)(D) is amended by striking “3 consecu-  
6 tive” and inserting “2 consecutive”.

7 (b) SPECIAL RULES.—Subclause (II) of section  
8 401(k)(15)(B)(i) is amended by striking “subsection  
9 (a)(4), paragraphs (3), (12), and (13)” and inserting  
10 “paragraphs (3), (12), (13), and (16), subsection (a)(4)”.

11 (c) EFFECTIVE DATE.—The amendments made by  
12 this section shall take effect as if included in the enact-  
13 ment of section 112 of the Setting Every Community Up  
14 for Retirement Enhancement Act of 2019.

15 **SEC. 106. SEPARATE APPLICATION OF TOP HEAVY RULES**  
16 **TO DEFINED CONTRIBUTION PLANS COV-**  
17 **ERING EXCLUDIBLE EMPLOYEES.**

18 (a) IN GENERAL.—Paragraph (2) of section 416(c)  
19 is amended by adding at the end the following new sub-  
20 paragraph:

21 “(C) SEPARATE APPLICATION TO EMPLOY-  
22 EES NOT MEETING AGE AND SERVICE REQUIRE-  
23 MENTS.—If employees not meeting the age or  
24 service requirements of section 410(a)(1) (with-  
25 out regard to subparagraph (B) thereof) are  
26 covered under a plan of the employer which

1           meets the requirements of paragraphs (A) and  
2           (B) separately with respect to such employees,  
3           such employees may be excluded from consider-  
4           ation in determining whether any plan of the  
5           employer meets the requirements of subpara-  
6           graphs (A) and (B).”.

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

10 **SEC. 107. 60-DAY ROLLOVER TO INHERITED INDIVIDUAL**  
11 **RETIREMENT PLAN OF NONSPOUSE BENE-**  
12 **FICIARY.**

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

16                   “(A) **IN GENERAL.**—If—

17                           “(i) any portion of a distribution at-  
18                           tributable to an employee is paid after the  
19                           death of the employee to an individual who  
20                           is a designated beneficiary (as defined by  
21                           section 401(a)(9)(E)) of the employee and  
22                           who is not the surviving spouse of the em-  
23                           ployee, and

24                           “(ii) such portion is transferred or  
25                           paid to an individual retirement plan in a

1 transfer or payment meeting the require-  
2 ments of subparagraph (B),  
3 the preceding provisions of this subsection shall  
4 apply to such distribution in the same manner  
5 as if the designated beneficiary were the em-  
6 ployee.

7 “(B) REQUIREMENTS FOR TRANSFER OF  
8 DISTRIBUTION.—The requirements of this sub-  
9 paragraph are met with respect to the portion  
10 of any distribution if—

11 “(i) such portion is transferred or  
12 paid to an individual retirement plan de-  
13 scribed in clause (i) or (ii) of paragraph  
14 (8)(B) established for the purposes of re-  
15 ceiving the distribution on behalf of the  
16 designated beneficiary,

17 “(ii) such individual retirement plan is  
18 established as an inherited individual re-  
19 tirement account or individual retirement  
20 annuity (within the meaning of section  
21 408(d)(3)(C)), whichever is applicable, and

22 “(iii) notice is provided to the trustee,  
23 insurance company, or other provider of  
24 the individual retirement plan that such in-  
25 dividual retirement plan is being estab-

1                   lished as an inherited individual retirement  
2                   account or individual retirement annuity.

3                   Section 401(a)(9)(B) (other than clause (iv)  
4                   thereof) shall apply to such individual retire-  
5                   ment plan.”.

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

9                   “(iii) EXCEPTION FOR QUALIFIED  
10                   TRANSFERS TO ANOTHER INHERITED AC-  
11                   COUNT.—Clause (i) shall not apply to any  
12                   portion of a distribution from an inherited  
13                   individual retirement account or inherited  
14                   individual retirement annuity if such por-  
15                   tion is paid to another such individual re-  
16                   tirement plan or annuity, but only if the  
17                   requirements of subparagraphs (A), (B),  
18                   and (E) of this paragraph and the require-  
19                   ments of section 402(c)(11)(B) are met  
20                   with respect to such transfer or payment.”.

21           (c) EFFECTIVE DATE.—The amendments made by  
22   this section shall apply to distributions made after Decem-  
23   ber 31, 2021.

1 **SEC. 108. INCREASE IN AGE FOR REQUIRED BEGINNING**  
2 **DATE FOR MANDATORY DISTRIBUTIONS.**

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

5 (1) IN GENERAL.—Subclause (I) of section  
6 401(a)(9)(C)(i) is amended to read as follows:

7 “(I) the first calendar year in  
8 which the employee attains the appli-  
9 cable age for such calendar year, or”.

10 (2) SPECIAL RULE FOR OWNERS.—Subclause  
11 (I) of section 401(a)(9)(C)(ii) is amended by strik-  
12 ing “in which the employee attains age 72” and in-  
13 serting “described in clause (i)(I) with respect to the  
14 employee”.

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

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

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

22 “(I) for calendar years before  
23 2032, age 72, and

24 “(II) for calendar years after  
25 2031, age 75.

1                   “(ii) TRANSITION RULE.—If, as of a  
2                   calendar year, an employee has not at-  
3                   tained the applicable age with respect to  
4                   such year, such employee shall be treated  
5                   as not having attained the applicable age  
6                   under this paragraph for such year without  
7                   regard to whether, in a previous calendar  
8                   year, the employee had attained the appli-  
9                   cable age with respect to such previous cal-  
10                  endar year.”.

11           (c) SPOUSE BENEFICIARIES.—Subclause (I) of sec-  
12           tion 401(a)(9)(B)(iv) is amended by striking “age 72” and  
13           inserting “the applicable age”.

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

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

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

24           (a) IN GENERAL.—Subsection (a) of section 45E is  
25           amended by inserting before the period at the end the fol-

1 lowing: “(75 percent of such costs in the case of an eligible  
2 employer, as determined by substituting ‘25’ for ‘100’ in  
3 section 408(p)(2)(C)(i))”.

4 (b) CONFORMING AMENDMENT.—Paragraph (2) of  
5 section 3511(d), as amended by this Act, is further  
6 amended—

7 (1) by redesignating subparagraphs (E), (F),  
8 (G), (H), and (I) as subparagraphs (F), (G), (H),  
9 (I), and (J), respectively, and

10 (2) by inserting after subparagraph (D) the fol-  
11 lowing new subparagraph:

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

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

17 **SEC. 110. CREDIT FOR RE-ENROLLMENT.**

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

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

23 “(a) IN GENERAL.—For purposes of section 38, in  
24 the case of an eligible employer, the retirement re-enroll-

1 ment credit determined under this section for any taxable  
2 year is an amount equal to—

3 “(1) \$500 for any taxable year occurring during  
4 the credit period, and

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

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

8 “(1) IN GENERAL.—The credit period with re-  
9 spect to any eligible employer is the 3-taxable-year  
10 period beginning with the first taxable year for  
11 which the employer includes a re-enrollment provi-  
12 sion in an eligible automatic contribution arrange-  
13 ment (as defined in section 414(w)(3)) in a qualified  
14 employer plan (as defined in section 4972(d)) main-  
15 tained by the employer.

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

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

24 “(d) RE-ENROLLMENT PROVISION.—For purposes of  
25 this section, the term ‘re-enrollment provision’ means a



1 provision of an eligible automatic contribution arrange-  
2 ment under which—

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

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

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

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

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

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

24                   “(B) EXCEPTION.—Following any applica-  
25 ble year of an employee (determined after the

1 application of this subparagraph), the plan may  
2 elect to treat the next 1 or 2 plan years as not  
3 being applicable years with respect to such em-  
4 ployee.”.

5 (b) CREDIT TO BE PART OF GENERAL BUSINESS  
6 CREDIT.—Subsection (b) of section 38, as amended by  
7 this Act, is further amended by striking “plus” at the end  
8 of paragraph (33), by striking the period at the end of  
9 paragraph (34) and inserting “, plus”, and by adding at  
10 the end the following new paragraph:

11 “(35) in the case of an eligible employer (as de-  
12 fined in section 45V(c)), the retirement re-enroll-  
13 ment credit determined under section 45V(a).”.

14 (c) CONFORMING AMENDMENT.—Paragraph (2) of  
15 section 3511(d), as amended by this Act, is further  
16 amended—

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

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

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

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

1 is amended by inserting after the item relating to section  
2 45U the following new item:

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

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

6 **SEC. 111. TREATMENT OF STUDENT LOAN PAYMENTS AS**  
7 **ELECTIVE DEFERRALS FOR PURPOSES OF**  
8 **MATCHING CONTRIBUTIONS.**

9 (a) **IN GENERAL.**—Subparagraph (A) of section  
10 401(m)(4) is amended by striking “and” at the end of  
11 clause (i), by striking the period at the end of clause (ii)  
12 and inserting “, and”, and by adding at the end the fol-  
13 lowing new clause:

14 “(iii) subject to the requirements of  
15 paragraph (13), any employer contribution  
16 made to a defined contribution plan on be-  
17 half of an employee on account of a quali-  
18 fied student loan payment.”.

19 (b) **QUALIFIED STUDENT LOAN PAYMENT.**—Para-  
20 graph (4) of section 401(m) is amended by adding at the  
21 end the following new subparagraph:

22 “(D) **QUALIFIED STUDENT LOAN PAY-**  
23 **MENT.**—The term ‘qualified student loan pay-  
24 ment’ means a payment made by an employee

1 in repayment of a qualified education loan (as  
2 defined in section 221(d)(1)) incurred by the  
3 employee to pay qualified higher education ex-  
4 penses, but only—

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

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

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

15 “(ii) if the employee certifies to the  
16 employer making the matching contribu-  
17 tion under this paragraph that such pay-  
18 ment has been made on such loan.

19 For purposes of this subparagraph, the term  
20 ‘qualified higher education expenses’ means the  
21 cost of attendance (as defined in section 472 of  
22 the Higher Education Act of 1965, as in effect  
23 on the day before the date of the enactment of  
24 the Taxpayer Relief Act of 1997) at an eligible

1 educational institution (as defined in section  
2 221(d)(2)).”.

3 (c) MATCHING CONTRIBUTIONS FOR QUALIFIED  
4 STUDENT LOAN PAYMENTS.—Subsection (m) of section  
5 401, as amended by this Act, is further amended by redес-  
6 ignating paragraph (14) as paragraph (15), and by insert-  
7 ing after paragraph (13) the following new paragraph:

8 “(14) MATCHING CONTRIBUTIONS FOR QUALI-  
9 FIED STUDENT LOAN PAYMENTS.—

10 “(A) IN GENERAL.—For purposes of para-  
11 graph (4)(A)(iii), an employer contribution  
12 made to a defined contribution plan on account  
13 of a qualified student loan payment shall be  
14 treated as a matching contribution for purposes  
15 of this title if—

16 “(i) the plan provides matching con-  
17 tributions on account of elective deferrals  
18 at the same rate as contributions on ac-  
19 count of qualified student loan payments,

20 “(ii) the plan provides matching con-  
21 tributions on account of qualified student  
22 loan payments only on behalf of employees  
23 otherwise eligible to receive matching con-  
24 tributions on account of elective deferrals,

1           “(iii) under the plan, all employees el-  
2           igible to receive matching contributions on  
3           account of elective deferrals are eligible to  
4           receive matching contributions on account  
5           of qualified student loan payments, and

6           “(iv) the plan provides that matching  
7           contributions on account of qualified stu-  
8           dent loan payments vest in the same man-  
9           ner as matching contributions on account  
10          of elective deferrals.

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

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

22                 “(ii) STUDENT LOAN PAYMENTS NOT  
23                 TREATED AS PLAN CONTRIBUTION.—Ex-  
24                 cept as provided in clause (iii), a qualified

1 student loan payment shall not be treated  
2 as a contribution to a plan under this title.

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

12 “(iv) ACTUAL DEFERRAL PERCENT-  
13 AGE TESTING.—In determining whether a  
14 plan meets the requirements of subsection  
15 (k)(3)(A)(ii) for a plan year, the plan may  
16 apply the requirements of such subsection  
17 separately with respect to all employees  
18 who receive matching contributions de-  
19 scribed in paragraph (4)(A)(iii) for the  
20 plan year.

21 “(C) EMPLOYER MAY RELY ON EMPLOYEE  
22 CERTIFICATION.—The employer may rely on an  
23 employee certification of payment under para-  
24 graph (4)(D)(ii).”.

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

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

6 “(i) IN GENERAL.—Subject to the  
7 rules of clause (iii), an arrangement shall  
8 not fail to be treated as meeting the re-  
9 quirements of subparagraph (A)(iii) solely  
10 because under the arrangement, solely for  
11 purposes of such subparagraph, qualified  
12 student loan payments are treated as  
13 amounts elected by the employee under  
14 subparagraph (A)(i)(I) to the extent such  
15 payments do not exceed—

16 “(I) the applicable dollar amount  
17 under subparagraph (E) (after appli-  
18 cation of section 414(v)) for the year  
19 (or, if lesser, the employee’s com-  
20 pensation (as defined in section  
21 415(c)(3)) for the year), reduced by

22 “(II) any other amounts elected  
23 by the employee under subparagraph  
24 (A)(i)(I) for the year.



1                   “(ii) QUALIFIED STUDENT LOAN PAY-  
2                   MENT.—For purposes of this subpara-  
3                   graph—

4                   “(I) IN GENERAL.—The term  
5                   ‘qualified student loan payment’  
6                   means a payment made by an em-  
7                   ployee in repayment of a qualified  
8                   education loan (as defined in section  
9                   221(d)(1)) incurred to pay qualified  
10                  higher education expenses, but only if  
11                  the employee certifies to the employer  
12                  making the matching contribution  
13                  that such payment has been made on  
14                  such a loan.

15                  “(II) QUALIFIED HIGHER EDU-  
16                  CATION EXPENSES.—The term ‘quali-  
17                  fied higher education expenses’ has  
18                  the same meaning as when used in  
19                  section 401(m)(4)(D).

20                  “(iii) APPLICABLE RULES.—Clause (i)  
21                  shall apply to an arrangement only if,  
22                  under the arrangement—

23                  “(I) matching contributions on  
24                  account of qualified student loan pay-  
25                  ments are provided only on behalf of

1 employees otherwise eligible to elect  
2 contributions under subparagraph  
3 (A)(i)(I), and

4 “(II) all employees otherwise eli-  
5 gible to participate in the arrange-  
6 ment are eligible to receive matching  
7 contributions on account of qualified  
8 student loan payments.”.

9 (e) 403(b) PLANS.—Subparagraph (A) of section  
10 403(b)(12) is amended by adding at the end the following:  
11 “The fact that the employer offers matching contributions  
12 on account of qualified student loan payments as described  
13 in section 401(m)(14) shall not be taken into account in  
14 determining whether the arrangement satisfies the re-  
15 quirements of clause (ii) (and any regulation there-  
16 under).”.

17 (f) 457(b) PLANS.—Subsection (b) of section 457 is  
18 amended by adding at the end the following: “A plan  
19 which is established and maintained by an employer which  
20 is described in subsection (e)(1)(A) shall not be treated  
21 as failing to meet the requirements of this subsection sole-  
22 ly because the plan, or another plan maintained by the  
23 employer which meets the requirements of section 401(a),  
24 provides for matching contributions on account of quali-

1 fied student loan payments as described in section  
2 401(m)(14).”.

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

7 (1) permitting a plan to make matching con-  
8 tributions for qualified student loan payments, as  
9 defined in sections 401(m)(4)(D) and 408(p)(2)(F)  
10 of the Internal Revenue Code of 1986, as added by  
11 this section, at a different frequency than matching  
12 contributions are otherwise made under the plan,  
13 provided that the frequency is not less than annu-  
14 ally;

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

21 (3) promulgating model amendments which  
22 plans may adopt to implement matching contribu-  
23 tions on such qualified student loan payments for  
24 purposes of sections 401(m), 408(p), 403(b), and  
25 457(b) of the Internal Revenue Code of 1986.

1 (h) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to contributions made for years  
3 beginning after December 31, 2021.

4 **SEC. 112. TREATMENT OF QUALIFIED RETIREMENT PLAN-**  
5 **NING SERVICES.**

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

9 “(4) NO CONSTRUCTIVE RECEIPT.—No amount  
10 shall be included in the gross income of any em-  
11 ployee solely because the employee may choose be-  
12 tween any qualified retirement planning services and  
13 compensation which would otherwise be includible in  
14 the gross income of such employee. The preceding  
15 sentence shall apply to highly compensated employ-  
16 ees only if the choice described in such sentence is  
17 available on substantially the same terms to each  
18 member of the group of employees normally provided  
19 education and information regarding the employer’s  
20 qualified employer plan.”.

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

24 “(A) advice regarding investments in any  
25 arrangement described in section 219(g)(5)

1 (without regard to the last sentence thereof),  
2 and

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

5 (c) CONFORMING AMENDMENTS.—

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

8 (2) Section 414(s)(2) is amended by inserting  
9 “132(m)(4),” after “132(f)(4),”.

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

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

15 **SEC. 113. ALLOW ADDITIONAL NONELECTIVE CONTRIBU-**  
16 **TIONS TO SIMPLE PLANS.**

17 (a) IN GENERAL.—

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

23 “(iv) the employer may make nonelec-  
24 tive contributions of a uniform percentage  
25 (up to 10 percent) of compensation for

1           each employee who is eligible to participate  
2           in the arrangement and who has at least  
3           \$5,000 of compensation from the employer  
4           for the year, and”.

5           (2) LIMITATION.—Subparagraph (A) of section  
6           408(p)(2) is amended by adding at the end the fol-  
7           lowing: “The compensation taken into account under  
8           clause (iv) for any year shall not exceed the limita-  
9           tion in effect for such year under section  
10          401(a)(17).”.

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

14                 “(8) COORDINATION WITH MAXIMUM LIMITA-  
15                 TION UNDER SUBSECTION (a).—In the case of any  
16                 simple retirement account, subsections (a)(1) and  
17                 (b)(2) shall be applied by substituting for ‘the dollar  
18                 amount in effect under section 219(b)(1)(A)’ the fol-  
19                 lowing: ‘the sum (but not to exceed 50 percent of  
20                 the amount in effect under section 415(c)(1)(A) (ex-  
21                 cept as provided in section 414(v))) of the dollar  
22                 amount in effect under paragraph (2)(A)(ii) of this  
23                 subsection; the employer contribution required under  
24                 paragraph (2)(A)(iii) or (2)(B)(i) of this subsection,  
25                 whichever is applicable; and the employer contribu-

1       tion made on behalf of the employee under para-  
2       graph (2)(A)(iv) of this subsection’.”.

3       (b) CONFORMING AMENDMENTS.—

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

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

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

17                               “(III) the employer may make  
18                               nonelective contributions of a uniform  
19                               percentage (up to 10 percent) of com-  
20                               pensation for each employee who is el-  
21                               igible to participate in the arrange-  
22                               ment and who has at least \$5,000 of  
23                               compensation from the employer for  
24                               the year,

1                   “(IV) contributions on behalf of  
2                   any employee for any year may not  
3                   exceed 50 percent of the amount in  
4                   effect under section 415(c)(1)(A) (ex-  
5                   cept as provided in section 414(v)),  
6                   and”.

7                   (4) Section 401(k)(11)(B)(i)(V), as redesignig-  
8                   nated by paragraph (3), is amended by striking “or  
9                   (II)” and inserting “, (II), or (III)”.

10                  (c) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to years beginning after December  
12 31, 2021.

13 **SEC. 114. REFORM OF THE MINIMUM PARTICIPATION RULE.**

14                  (a) IN GENERAL.—Subparagraph (H) of section  
15 401(a)(26) is amended by adding at the end the following:  
16 “Not later than December 31, 2022, the Secretary shall  
17 issue final regulations under which this paragraph may  
18 be applied separately to bona fide separate subsidiaries or  
19 divisions.”.

20                  (b) EFFECTIVE DATE.—The amendment made by  
21 subsection (a) shall take effect on the date of enactment  
22 of this Act.



1 **SEC. 115. EXPANSION OF EMPLOYEE PLANS COMPLIANCE**  
2 **RESOLUTION SYSTEM.**

3 (a) IN GENERAL.—Except as otherwise provided in  
4 regulations prescribed by the Secretary of the Treasury  
5 or the Secretary’s delegate (referred to in this section as  
6 the “Secretary”), any inadvertent failure to comply with  
7 the rules applicable under section 401(a), 403(a), 403(b),  
8 408(p), or 408(k) of the Internal Revenue Code of 1986  
9 may be self-corrected under the Employee Plans Compli-  
10 ance Resolution System (as described in Revenue Proce-  
11 dure 2019–19 or any successor guidance), except to the  
12 extent that such failure was identified by the Secretary  
13 prior to any actions which demonstrate a commitment to  
14 implement a self-correction. Revenue Procedure 2019–19  
15 is deemed amended as of the date of the enactment of  
16 this Act to provide that the correction period under section  
17 9.02 of such Revenue Procedure (or any successor provi-  
18 sion) for an inadvertent failure is indefinite and has no  
19 last day, other than with respect to failures identified by  
20 the Secretary prior to any self-correction as described in  
21 the preceding sentence.

22 (b) LOAN ERROR.—The Secretary of Labor shall  
23 treat any loan error corrected pursuant to subsection (a)  
24 as meeting the requirements of the Voluntary Fiduciary  
25 Correction Program of the Department of Labor.

1 (c) EPCRS FOR IRAS.—The Secretary shall expand  
2 the Employee Plans Compliance Resolution System to  
3 allow custodians of individual retirement plans to address  
4 inadvertent failures for which the owner of an individual  
5 retirement plan was not at fault, including (but not limited  
6 to)—

7 (1) waivers of the excise tax which would other-  
8 wise apply under section 4974 of the Internal Rev-  
9 enue Code of 1986;

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

15 (3) rules permitting a nonspouse beneficiary to  
16 return distributions to an inherited individual retire-  
17 ment plan described in section 408(d)(3)(C) of the  
18 Internal Revenue Code of 1986 in a case where, due  
19 to an inadvertent error by a service provider, the  
20 beneficiary had reason to believe that the distribu-  
21 tion could be rolled over without inclusion in income  
22 of any part of the distributed amount.

23 (d) REQUIRED MINIMUM DISTRIBUTION CORREC-  
24 TIONS.—The Secretary shall expand the Employee Plans  
25 Compliance Resolution System to allow plans to which

1 such system applies and custodians and owners of indi-  
2 vidual retirement plans to self-correct, without an excise  
3 tax, any inadvertent failures pursuant to which a distribu-  
4 tion is made no more than 180 days after it was required  
5 to be made.

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

15 (f) DEFINITIONS AND SPECIAL RULES.—

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

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

22 (i) satisfy the standards set forth in  
23 section 4.04 of Revenue Procedure 2019–  
24 19 (or any successor provision); or

1 (ii) satisfy similar standards in the  
2 case of an individual retirement plan.

3 (B) CORRECTION BY OWNER OF INDI-  
4 VIDUAL RETIREMENT PLAN.—In the case of a  
5 correction by an owner of an individual retire-  
6 ment plan under subsection (d), the term “in-  
7 advertent failure” means a failure due to rea-  
8 sonable cause.

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

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

18 (a) IN GENERAL.—

19 (1) PERMITTED INVESTMENTS.—Subparagraph  
20 (A) of section 403(b)(7) is amended by striking “the  
21 amounts are to be invested in regulated investment  
22 company stock to be held in that custodial account”  
23 and inserting “the amounts to be held in that custo-  
24 dial account are invested in regulated investment  
25 company stock or a group trust intended to satisfy

1 the requirements of Internal Revenue Service Rev-  
2 enue Ruling 81–100 (or any successor guidance)”.

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

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

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

14 “(11) Any—

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

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

21 “(C) governmental plan described in sec-  
22 tion 3(a)(2)(C) of the Securities Act of 1933  
23 (15 U.S.C. 77c(a)(2)(C));

24 “(D) collective trust fund maintained by a  
25 bank consisting solely of assets of one or more

1 of such trusts, government plans, or church  
2 plans, companies or accounts that are excluded  
3 from the definition of an investment company  
4 under paragraph (14) of this subsection;

5 “(E) plan which meets the requirements of  
6 section 403(b) of the Internal Revenue Code of  
7 1986 if—

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

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

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

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

21 “(i) contributions under pension or  
22 profit-sharing plans which meet the re-  
23 quirements of section 401 of the Internal  
24 Revenue Code of 1986 or the requirements

1 for deduction of the employer's contribu-  
2 tion under section 404(a)(2) of such Code;

3 “(ii) contributions under govern-  
4 mental plans in connection with which in-  
5 terests, participations, or securities are ex-  
6 empted from the registration provisions of  
7 section 5 of the Securities Act of 1933 (15  
8 U.S.C. 77e) by section 3(a)(2)(C) of such  
9 Act (15 U.S.C. 77e(a)(2)(C));

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

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

15 (c) AMENDMENTS TO THE SECURITIES ACT OF  
16 1933.—Section 3(a)(2) of the Securities Act of 1933 (15  
17 U.S.C. 77e(a)(2)) is amended—

18 (1) by striking “beneficiaries, or (D)” and in-  
19 serting “beneficiaries, (D) a plan which meets the  
20 requirements of section 403(b) of such Code if (i)  
21 such plan is subject to title I of the Employee Re-  
22 tirement Income Security Act of 1974 (29 U.S.C.  
23 1001 et seq.), (ii) any employer making such plan  
24 available agrees to serve as a fiduciary for the plan  
25 with respect to the selection of the plan's invest-

1       ments among which participants can choose, or (iii)  
2       such plan is a governmental plan (as defined in sec-  
3       tion 414(d) of such Code), or (E)”;

4           (2) by striking “(C), or (D)” and inserting  
5       “(C), (D), or (E)”; and

6           (3) by striking “(iii) which is a plan funded”  
7       and inserting “(iii) in the case of a plan not de-  
8       scribed in subparagraph (D), which is a plan fund-  
9       ed”.

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

14           (1) by striking “or (iv)” and inserting “(iv) a  
15       plan which meets the requirements of section 403(b)  
16       of such Code if (I) such plan is subject to title I of  
17       the Employee Retirement Income Security Act of  
18       1974 (29 U.S.C. 1001 et seq.), (II) any employer  
19       making such plan available agrees to serve as a fidu-  
20       ciary for the plan with respect to the selection of the  
21       plan’s investments among which participants can  
22       choose, or (III) such plan is a governmental plan (as  
23       defined in section 414(d) of such Code), or (v)”;

24           (2) by striking “(ii), or (iii)” and inserting  
25       “(ii), (iii), or (iv)”; and



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

4 **SEC. 117. ELIGIBILITY FOR PARTICIPATION IN RETIRE-**  
5 **MENT PLANS.**

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

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

14          (a) **IN GENERAL.**—Subparagraph (A) of section  
15          401(k)(4) is amended by inserting “(other than a de mini-  
16          mis financial incentive)” after “any other benefit”.

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

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

1 striking “or” at the end of paragraph (22), by striking  
2 the period at the end of paragraph (23) and inserting “,  
3 or”, and by adding at the end the following new para-  
4 graph:

5           “(24) the provision of a de minimis financial in-  
6           centive described in section 401(k)(4)(A) or  
7           403(b)(12)(A).”.

8           (d) AMENDMENT OF EMPLOYEE RETIREMENT IN-  
9 COME SECURITY ACT OF 1974.—Subsection (b) of section  
10 408 of the Employee Retirement Income Security Act of  
11 1974 (29 U.S.C. 1108(b)) is amended by adding at the  
12 end the following new paragraph:

13           “(21) The provision of a de minimis financial  
14           incentive described in section 401(k)(4)(A) or  
15           403(b)(12)(A) of the Internal Revenue Code of  
16           1986.”.

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

20 **SEC. 119. INDEXING IRA CATCH-UP LIMIT.**

21           (a) IN GENERAL.—Subparagraph (C) of section  
22 219(b)(5) is amended by adding at the end the following  
23 new clause:

24                           “(iii) INDEXING OF CATCH-UP LIMITA-  
25                           TION.—In the case of any taxable year be-

1           ginning in a calendar year after 2022, the  
2           \$1,000 amount under subparagraph (B)(ii)  
3           shall be increased by an amount equal to—

4                   “(I) such dollar amount, multi-  
5                   plied by

6                   “(II) the cost-of-living adjust-  
7                   ment determined under section 1(f)(3)  
8                   for the calendar year in which the tax-  
9                   able year begins, determined by sub-  
10                  stituting ‘calendar year 2021’ for ‘cal-  
11                  endar year 2016’ in subparagraph  
12                  (A)(ii) thereof.

13           If any amount after adjustment under the  
14           preceding sentence is not a multiple of  
15           \$200, such amount shall be rounded to the  
16           next lower multiple of \$200.”.

17           (b) **EFFECTIVE DATE.**—The amendments made by  
18           this section shall apply to years beginning after December  
19           31, 2022.

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

21           (a) **IN GENERAL.**—

22                   (1) **PLANS OTHER THAN SIMPLE PLANS.**—Sec-  
23                   tion 414(v)(2)(B)(i) is amended by inserting the fol-  
24                   lowing before the period: “(\$10,000, in the case of

1 an eligible participant who has attained age 60 be-  
2 fore the close of the taxable year”.

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

8 (b) COST-OF-LIVING ADJUSTMENTS.—Subparagraph  
9 (C) of section 414(v)(2) is amended by adding at the end  
10 the following: “In the case of a year beginning after De-  
11 cember 31, 2022, the Secretary shall adjust annually the  
12 \$10,000 amount in subparagraph (B)(i) and the \$5,000  
13 amount in subparagraph (B)(ii) for increases in the cost-  
14 of-living at the same time and in the same manner as ad-  
15 justments under the preceding sentence; except that the  
16 base period taken into account shall be the calendar quar-  
17 ter beginning July 1, 2021.”.

18 (c) EFFECTIVE DATE.—The amendments made by  
19 this section shall apply to years beginning after December  
20 31, 2021.

1 **SEC. 121. DEFERRAL OF TAX FOR CERTAIN SALES OF EM-**  
2 **EMPLOYER STOCK TO EMPLOYEE STOCK OWN-**  
3 **ERSHIP PLAN SPONSORED BY S CORPORA-**  
4 **TION.**

5       (a) IN GENERAL.—Section 1042(c)(1)(A) is amended  
6 by striking “domestic C corporation” and inserting “do-  
7 mestic corporation”.

8       (b) EFFECTIVE DATE.—The amendment made by  
9 this section shall apply to sales after the date of the enact-  
10 ment of this Act.

11 **SEC. 122. CREDIT FOR SMALL EMPLOYERS PROVIDING RE-**  
12 **TIREMENT PLANS FOR MILITARY SPOUSES.**

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

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

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

23               “(1) \$200 for each eligible military spouse em-  
24 ployee who is eligible to participate in an eligible em-  
25 ployer plan during the plan year ending with or  
26 within such taxable year, plus

1           “(2) with respect to each eligible military  
2 spouse employee participating in such plan, the less-  
3 er of—

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

10           “(B) \$300.

11           In the case of a defined benefit plan, the amount  
12 treated as an employer contribution under para-  
13 graph (2)(A) shall be the increase in the partici-  
14 pant’s nonforfeitable accrued benefit (determined by  
15 using the rules of section 417(e)(3)) reduced by the  
16 amount of such increase attributable to employee  
17 contributions.

18           “(b) ELIGIBLE EMPLOYER PLAN.—For purposes of  
19 this section, the term ‘eligible employer plan’ means a  
20 qualified employer plan (within the meaning of section  
21 4972(d)) in which all eligible military spouse employees  
22 of the covered small employer—

23           “(1) are eligible to participate as of the later of  
24 the first day of the first plan year of the plan or the

1 date the employee has been employed for at least 2  
2 months,

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

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

10 “(c) COVERED SMALL EMPLOYER.—For purposes of  
11 this section, the term ‘covered small employer’ means an  
12 eligible employer (within the meaning of section  
13 408(p)(2)(C)(i)).

14 “(d) ELIGIBLE MILITARY SPOUSE EMPLOYEE.—

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

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

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

22 “(C) makes a certification to the small em-  
23 ployer that, as of the date such employee is  
24 hired by the employer, such employee is mar-  
25 ried to an individual who has performed service

1 in the uniformed services (as defined in chapter  
2 43 of title 38, United States Code) while on ac-  
3 tive duty for a period of more than 30 days (in-  
4 cluding the date such employee is hired).

5 Any certification under subparagraph (C) shall in-  
6 clude the servicemember's name, rank, and military  
7 branch and the employee's uniformed services identi-  
8 fication card number.

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

13 (b) CREDIT TO BE PART OF GENERAL BUSINESS  
14 CREDIT.—Section 38(b), as amended by this Act, is fur-  
15 ther amended by striking “plus” at the end of paragraph  
16 (34), by striking the period at the end of paragraph (35)  
17 and inserting “, plus”, and by adding at the end the fol-  
18 lowing new paragraph:

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

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

“Sec. 45W. Small employer provision of retirement savings for military spouses.”.



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

4 **TITLE II—PRESERVATION OF**  
5 **INCOME**

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

7 (a) IN GENERAL.—Not later than the date which is  
8 1 year after the date of the enactment of this Act, the  
9 Secretary of the Treasury (or the Secretary’s delegate)  
10 shall amend the regulation issued by the Department of  
11 the Treasury relating to “Longevity Annuity Contracts”  
12 (79 Fed. Reg. 37633 (July 2, 2014)), as follows:

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

23 (2) INCREASE DOLLAR LIMITATION.—

24 (A) IN GENERAL.—The Secretary (or dele-  
25 gate) shall amend Q&A–17(b)(2)(i) of Treas.

1           Reg. section 1.401(a)(9)-6 and Q&A-  
2           12(b)(2)(i) of Treas. Reg. section 1.408-8 to  
3           increase the dollar limitation on premiums for  
4           qualifying longevity annuity contracts from  
5           \$125,000 to \$200,000, and to make such cor-  
6           responding changes to the regulations and re-  
7           lated forms as are necessary to reflect this in-  
8           crease in the dollar limitation.

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

1           (3) FACILITATE JOINT AND SURVIVOR BENE-  
2           FITS.—The Secretary (or delegate) shall amend  
3           Q&A–17(c) of Treas. Reg. section 1.401(a)(9)–6,  
4           and make such corresponding changes to the regula-  
5           tions and related forms as are necessary, to provide  
6           that, in the case of a qualifying longevity annuity  
7           contract which was purchased with joint and sur-  
8           vivor annuity benefits for the individual and the in-  
9           dividual’s spouse which were permissible under the  
10          regulations at the time the contract was originally  
11          purchased, a divorce occurring after the original  
12          purchase and before the annuity payments com-  
13          mence under the contract will not affect the permis-  
14          sibility of the joint and survivor annuity benefits or  
15          other benefits under the contract, or require any ad-  
16          justment to the amount or duration of benefits pay-  
17          able under the contract, provided that any qualified  
18          domestic relations order (within the meaning of sec-  
19          tion 414(p) of the Internal Revenue Code of 1986)  
20          or any divorce or separation instrument (within the  
21          meaning of section 71(b)(2) of the Internal Revenue  
22          Code of 1986)—

23                   (A) provides that the former spouse is en-  
24                   titled to the survivor benefits under the con-  
25                   tract;

1 (B) does not modify the treatment of the  
2 former spouse as the beneficiary under the con-  
3 tract who is entitled to the survivor benefits; or

4 (C) does not modify the treatment of the  
5 former spouse as the measuring life for the sur-  
6 vivor benefits under the contract.

7 (4) PERMIT SHORT FREE LOOK PERIOD.—The  
8 Secretary (or delegate) shall amend Q&A–17(a)(4)  
9 of Treas. Reg. section 1.401(a)(9)–6 to ensure that  
10 such Q&A does not preclude a contract from includ-  
11 ing a provision under which an employee may re-  
12 scind the purchase of the contract within a period  
13 not exceeding 90 days from the date of purchase.

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

23 (A) either—

1 (i) is a variable contract under section  
2 817(d) of the Internal Revenue Code of  
3 1986; or

4 (ii) is an indexed contract;

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

12 (C) provides for a guaranteed minimum  
13 level of annuity payments irrespective of such  
14 investment return, market value, or perform-  
15 ance; and

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

23 For purposes of the preceding sentence, a downward  
24 adjustment to the dollar amount of annuity pay-  
25 ments shall not be treated as an impermissible re-

1       duction in such payments, provided that the adjust-  
2       ment is made to reflect a change in annuitant that  
3       is required or permitted under the Internal Revenue  
4       Code of 1986 or regulations and the adjustment is  
5       based on reasonable actuarial assumptions.

6       (b) EFFECTIVE DATES, ENFORCEMENT, AND INTER-  
7       PRETATIONS.—

8               (1) EFFECTIVE DATES.—

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

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

17               (2) ENFORCEMENT AND INTERPRETATIONS.—

18       Prior to the date on which the Secretary of the  
19       Treasury issues final regulations pursuant to sub-  
20       section (a)—

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

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

3 **SEC. 202. REMOVE REQUIRED MINIMUM DISTRIBUTION**  
4 **BARRIERS FOR LIFE ANNUITIES.**

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

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

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

21 “(ii) A lump sum payment which—

22 “(I) results in a shortening of the  
23 payment period with respect to an an-  
24 nuity or a full or partial commutation  
25 of the future annuity payments, pro-

1                   vided that such lump sum is deter-  
2                   mined using reasonable actuarial  
3                   methods and assumptions, as deter-  
4                   mined in good faith by the issuer of  
5                   the contract, or

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

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

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



1                   “(I) the total amount of the con-  
2                   sideration paid for the annuity pay-  
3                   ments, over

4                   “(II) the aggregate amount of  
5                   prior distributions or payments from  
6                   or under the contract.”.

7                   (b) REGULATIONS AND ENFORCEMENT.—

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

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

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

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

20          (2) EFFECTIVE DATE.—The modifications and  
21          amendments required under paragraph (1) shall be  
22          deemed to have been made as of the date of the en-  
23          actment of this Act, and as of such date the Sec-  
24          retary of the Treasury (or the Secretary's delegate)  
25          shall administer and enforce the law with respect to

1 plan years beginning before, on, or after the date of  
2 the enactment of this Act in accordance with the  
3 amendments made by subsection (a) and as though  
4 the actions which the Secretary is required to take  
5 under paragraph (1) had been taken.

6 **SEC. 203. ELIMINATING A PENALTY ON PARTIAL**  
7 **ANNUITIZATION.**

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

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

20 (1) **TOTAL REQUIRED AMOUNT.**—The term  
21 “total required amount”, with respect to a year,  
22 means the amount which would be required to be  
23 distributed under Treas. Reg. section 1.401(a)(9)–5  
24 for the year, determined by treating the account bal-  
25 ance as of the last valuation date in the immediately

1 preceding calendar year as including the value on  
2 that date of all annuity contracts which were pur-  
3 chased with a portion of the account and from which  
4 payments are made in accordance with Treas. Reg.  
5 section 1.401(a)(9)–6.

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

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

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

8 **SEC. 204. INSURANCE-DEDICATED EXCHANGE-TRADED**  
9 **FUNDS.**

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

23 (b) DESIGNATE CERTAIN AUTHORIZED PARTICI-  
24 PANTS AND MARKET MAKERS AS ELIGIBLE INVESTORS.—  
25 The Secretary of the Treasury (or the Secretary’s dele-

1 gate) shall amend Treas. Reg. section 1.817-5(f)(3) to  
2 provide that satisfaction of the requirements in Treas.  
3 Reg. section 1.817-5(f)(2)(i) with respect to an exchange-  
4 traded fund shall not be prevented by reason of beneficial  
5 interests in such a fund being held by 1 or more author-  
6 ized participants or market makers.

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

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

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

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

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

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

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

1 (A) purchasing the shares for its own in-  
2 vestment purposes rather than for the exclusive  
3 purpose of creating and redeeming such shares  
4 on behalf of third parties; and

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

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

20 (e) EFFECTIVE DATES, ENFORCEMENT, AND INTER-  
21 PRETATIONS.—

22 (1) EFFECTIVE DATES.—

23 (A) Subsection (b), and the definitions  
24 under subsection (d), shall apply to segregated



1           asset account investments made on or after the  
2           date of enactment of this Act.

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

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

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

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

16 **TITLE III—SIMPLIFICATION AND**  
17 **CLARIFICATION OF RETIRE-**  
18 **MENT PLAN RULES**

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

22           (a) STUDY.—As soon as practicable after the date of  
23 the enactment of this Act, the Secretary of Labor, the Sec-  
24 retary of the Treasury, and the Director of the Pension

1 Benefit Guaranty Corporation (or their delegates) shall re-  
2 view the reporting and disclosure requirements of—

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

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

10 (b) REPORT.—Not later than 18 months after the  
11 date of the enactment of this Act, the Secretary of Labor,  
12 the Secretary of the Treasury, and the Director of the  
13 Pension Benefit Guaranty Corporation (or their dele-  
14 gates), jointly, and after consultation with a balanced  
15 group of participant and employer representatives, shall  
16 with respect to plans referenced in subsection (a) report  
17 on the effectiveness of the applicable reporting and disclo-  
18 sure requirements and make such recommendations as  
19 may be appropriate to the appropriate committees of the  
20 Congress to consolidate, simplify, standardize, and im-  
21 prove such requirements so as to simplify reporting for  
22 such plans and ensure that plans can simply furnish and  
23 participants and beneficiaries timely receive and better un-  
24 derstand the information they need to monitor their plans,  
25 plan for retirement, and obtain the benefits they have

1 earned. Such report shall assess the extent to which retire-  
2 ment plans are retaining disclosures, work records, and  
3 plan documents that are needed to ensure accurate cal-  
4 culation of future benefits. To assess the effectiveness of  
5 the applicable reporting and disclosure requirements, the  
6 report shall include an analysis, based on plan data, of  
7 how participants and beneficiaries are providing preferred  
8 contact information, the methods by which plan sponsors  
9 and plans are furnishing disclosures, and the rate at which  
10 participants and beneficiaries (grouped by key demo-  
11 graphics) are receiving, accessing, and retaining dislo-  
12 sures. The agencies shall conduct appropriate surveys and  
13 data collection to obtain any needed information.

14 **SEC. 302. CONSOLIDATION OF DEFINED CONTRIBUTION**  
15 **PLAN NOTICES.**

16 Not later than 18 months after the date of the enact-  
17 ment of this Act, the Secretary of Labor and the Secretary  
18 of the Treasury (or such Secretaries' delegates) shall  
19 adopt regulations providing that a plan may, but is not  
20 required to, consolidate 2 or more of the notices required  
21 under sections 404(c)(5)(B) and 514(e)(3) of the Em-  
22 ployee Retirement Income Security Act of 1974 (29  
23 U.S.C. 1104(c)(5)(B) and 29 U.S.C. 1144(e)(3)) and sec-  
24 tions 401(k)(12)(D), 401(k)(13)(E), and 414(w)(4) of the  
25 Internal Revenue Code of 1986 into a single notice so long

1 as the combined notice includes the required content,  
2 clearly identifies the issues addressed therein, is provided  
3 at the time and with the frequency required for each such  
4 notice, and is presented in a manner that is understand-  
5 able and does not obscure or fail to highlight important  
6 points for participants and beneficiaries.

7 **SEC. 303. PERFORMANCE BENCHMARKS FOR ASSET ALLO-**  
8 **CATION FUNDS.**

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

18 (1) the blend is reasonably representative of the  
19 asset class holdings of the designated investment al-  
20 ternative;

21 (2) for purposes of determining the blend’s re-  
22 turns for 1-, 5-, and 10-calendar-year periods (or for  
23 the life of the alternative, if shorter), the blend is  
24 modified at least once per year to reflect changes in

1 the asset class holdings of the designated investment  
2 alternative;

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

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

10 (b) STUDY.—Not later than December 31, 2022, the  
11 Secretary of Labor (or the Secretary’s delegate) shall de-  
12 liver a report to the Committees on Ways and Means and  
13 Education and Labor of the House of Representatives and  
14 the Committees on Finance and Health, Education,  
15 Labor, and Pensions of the Senate regarding the effective-  
16 ness of the benchmarking requirements under section  
17 2550.404a–5 of title 29, Code of Federal Regulations.

18 **SEC. 304. PERMIT NONSPOUSAL BENEFICIARIES TO ROLL**

19 **ASSETS TO PLANS.**

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

22 “(12) DISTRIBUTIONS TO QUALIFIED PLAN OF  
23 NONSPOUSE BENEFICIARY.—If, with respect to any  
24 portion of a distribution from an eligible retirement  
25 plan described in clause (iii), (iv), (v), or (vi) of

1 paragraph (8)(B) of a deceased employee, a direct  
2 trustee-to-trustee transfer is made to another such  
3 plan of an individual who is a designated beneficiary  
4 (as defined by section 401(a)(9)(E)) of the employee  
5 and who is not the surviving spouse of the em-  
6 ployee—

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

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

11 (b) CONFORMING AMENDMENTS.—

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

15 (2) 403(b) PLANS.—Subparagraph (B) of sec-  
16 tion 403(b)(8) is amended by striking “and (11)”  
17 and inserting “(11), and (12)”.

18 (3) 457 PLANS.—Subparagraph (B) of section  
19 457(e)(16) is amended by striking “and (11)” and  
20 inserting “(11), and (12)”.

21 (c) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to distributions made after the  
23 date of the enactment of this Act.

1 **SEC. 305. DEFERRAL AGREEMENTS.**

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

8 (b) EFFECTIVE DATE.—The amendment made by  
9 this section shall apply to years beginning after December  
10 31, 2021.

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

12 Not later than December 31, 2022, the Secretary of  
13 the Treasury (or the Secretary’s delegate), in consultation  
14 with the Secretary of Labor and the Director of the Pen-  
15 sion Benefit Guaranty Corporation (or their delegates),  
16 shall simplify the model notices issued under section  
17 402(f) of the Internal Revenue Code of 1986 so as to fa-  
18 cilitate better understanding by recipients of different dis-  
19 tribution options and corresponding tax consequences.  
20 Such model notices shall include an explanation of the ef-  
21 fect of elections on spousal rights.

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

24 (a) IN GENERAL.—Not later than December 31,  
25 2022, the Secretary of the Treasury (or the Secretary’s  
26 delegate) shall modify Treasury Regulation section

1 1.414(s)–1(d)(3) to facilitate the use of the safe harbors  
2 in sections 401(k)(12), 401(k)(13), 401(k)(16),  
3 401(m)(11), 401(m)(12), and 401(m)(13) of the Internal  
4 Revenue Code of 1986, and in Treasury Regulation sec-  
5 tion 1.401(a)(4)–3(b), by plans which use base pay or rate  
6 of pay in determining contributions or benefits. Such fa-  
7 cilitation shall include increased flexibility in meeting the  
8 definition in section 414(s) of such Code in situations  
9 where the amount of overtime compensation payable in a  
10 year can vary significantly.

11 (b) EXCEPTION.—The Secretary of the Treasury (or  
12 the Secretary’s delegate) may make any modification  
13 under subsection (a) inapplicable to plans with respect to  
14 which, on a consistent basis, overtime is a major compo-  
15 nent of a substantial portion of the employees eligible to  
16 participate in the plan who are not highly compensated  
17 employees (as defined in section 414(q) of the Internal  
18 Revenue Code of 1986).

19 **SEC. 308. ROTH SIMPLE IRAS.**

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

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

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



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

4 “In applying this paragraph to an individual on  
5 whose behalf elective employer contributions are  
6 made to a simple retirement account, the amount  
7 described in subparagraph (A) shall be increased by  
8 the amount of elective employer contributions made  
9 on behalf of the individual to such account, except  
10 to the extent that such contributions exceed the ap-  
11 plicable dollar amount (as defined in subsection  
12 (p)(2)(E)) or cause the elective deferrals (as defined  
13 in section 402(g)(3)) on behalf of such individual to  
14 exceed the limitation under section 402(g)(1) (tak-  
15 ing into account subparagraph (C) thereof).”.

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

19 **SEC. 309. REDUCTION IN EXCISE TAX ON CERTAIN ACCU-**  
20 **MULATIONS IN QUALIFIED RETIREMENT**  
21 **PLANS.**

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

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

4 **SEC. 310. CLARIFICATION OF CATCH-UP CONTRIBUTIONS**  
5 **WITH RESPECT TO SEPARATE LINES OF BUSI-**  
6 **NESS.**

7 (a) IN GENERAL.—Subparagraph (B) of section  
8 414(v)(4) is amended—

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

11 “(i) a plan”;

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

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

16 “(ii) for any year in which an em-  
17 ployer complies with section 410(b) on the  
18 basis of separate lines of business pursuant  
19 to section 410(b)(5), the employer may  
20 apply subparagraph (A) for such year sep-  
21 arately with respect to employees in each  
22 separate line of business.”.

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

1 **SEC. 311. CLARIFICATION OF SUBSTANTIALLY EQUAL PERI-**  
2 **ODIC PAYMENT RULE.**

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

6 “(C) ROLLOVERS TO SUBSEQUENT  
7 PLAN.—If—

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

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

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

21 such transfer or rollover shall not be treated as  
22 a modification under subparagraph (A)(ii), and  
23 compliance with paragraph (2)(A)(iv) shall be  
24 determined on the basis of the combined dis-  
25 tributions described in clause (iii).”.

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

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

6 (2) by redesignating subparagraphs (A) and  
7 (B) as clauses (i) and (ii), by moving such clauses  
8 2 ems to the right, and by adjusting the flush lan-  
9 guage at the end accordingly;

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

12 “(A) IN GENERAL.—If—”; and

13 (4) by adding at the end the following new sub-  
14 paragraph:

15 “(B) EXCHANGES TO SUBSEQUENT CON-  
16 TRACTS.—If—

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

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

23 “(iii) the aggregate distributions from  
24 the contracts involved in the exchange con-  
25 tinue to satisfy the requirements of para-

1 graph (2)(D) as if the exchange had not  
2 taken place,  
3 such exchange shall not be treated as a modi-  
4 fication under subparagraph (A)(ii), and com-  
5 pliance with paragraph (2)(D) shall be deter-  
6 mined on the basis of the combined distribu-  
7 tions described in clause (iii).”.

8 (e) INFORMATION REPORTING.—Section 6724 is  
9 amended by inserting at the end the following new sub-  
10 section:

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

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

17 “(2) such distribution is made following a roll-  
18 over, transfer, or exchange described in section  
19 72(t)(4)(C) or section 72(q)(3)(C),

20 “(3) in making such return or report the person  
21 relies upon a certification provided by the taxpayer  
22 that the distributions satisfy the requirements of  
23 section 72(t)(4)(C)(iii) or section 72(q)(3)(B)(iii), as  
24 applicable, and

1           “(4) such person does not have actual knowl-  
2           edge that the distributions do not satisfy such re-  
3           quirements.”.

4           (d) SAFE HARBOR FOR ANNUITY PAYMENTS.—

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

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

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

19          “For purposes of subparagraph (D), periodic pay-  
20          ments shall not fail to be treated as substantially  
21          equal merely because they are amounts received as  
22          an annuity, and such periodic payments shall be  
23          deemed to be substantially equal if they are payable  
24          over a period described in subparagraph (D) and  
25          would satisfy the requirements applicable to annuity

1 payments under section 401(a)(9) if such require-  
2 ments applied.”.

3 (e) EFFECTIVE DATES.—

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

8 (2) ANNUITY PAYMENTS.—The amendment  
9 made by subsection (d) shall apply to distributions  
10 commencing on or after the date of the enactment  
11 of this Act.

12 (3) NO INFERENCE.—Nothing in the amend-  
13 ments made by this section shall be construed to  
14 create an inference with respect to the law in effect  
15 prior to the effective date of such amendments.

16 **SEC. 312. CLARIFICATION OF TREATMENT OF DISTRIBUTIONS OF ANNUITY CONTRACTS.**

17  
18 (a) IN GENERAL.—Clause (i) of section 402(e)(4)(D)  
19 is amended by inserting after “section 401(c)(1).” at the  
20 end of the second sentence the following: “A distribution  
21 of an annuity contract from a trust or annuity plan re-  
22 ferred to in the first sentence of this clause may be treated  
23 as a part of a lump sum distribution.”.

24 (b) EFFECTIVE DATE.—The amendment made by  
25 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 **SEC. 313. CLARIFICATION REGARDING ELECTIVE DEFER-**  
4 **RALS.**

5 (a) IN GENERAL.—Not later than 6 months after the  
6 date of the enactment of this Act, the Secretary of the  
7 Treasury (or the Secretary’s delegate) shall amend Treas.  
8 Reg. section 1.415(c)–2(e), and make any necessary con-  
9 forming amendments to other Treasury Regulations, to  
10 provide that plans may allow employees who have had a  
11 severance from employment to make deferrals or contribu-  
12 tions described in subsection (b) with respect to payments  
13 of severance or back pay. The Secretary of the Treasury  
14 (or delegate) may provide for such other conditions on  
15 such deferrals or contributions as are necessary to carry  
16 out the purposes of this section.

17 (b) DEFERRALS AND CONTRIBUTIONS DESCRIBED.—  
18 The deferrals or contributions described in this subsection  
19 are—

20 (1) elective deferrals described in subparagraph  
21 (A), (B), or (C) of section 402(g)(3) of the Internal  
22 Revenue Code of 1986 (other than elective deferrals  
23 under section 401(k)(11) of such Code);



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

4           (3) to the extent provided by such Secretary (or  
5           delegate), elective deferrals described in section  
6           402(g)(3)(D) or 401(k)(11) of such Code.

7           (c) **TREATMENT OF DEFERRALS.**—Except as other-  
8           wise determined by the Secretary of the Treasury (or the  
9           Secretary’s delegate) to be necessary to carry out the pur-  
10          poses of this section, the rules described in subsection (a)  
11          shall provide that the contributions or deferrals shall, for  
12          purposes of section 457 and subchapter D of chapter 1  
13          of subtitle A of the Internal Revenue Code of 1986, be  
14          treated as contributions or deferrals made on behalf of ac-  
15          tive employees, not on behalf of former employees.

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

18           (a) **IN GENERAL.**—Subparagraph (B) of section  
19           4972(c)(6) is amended—

20                   (1) by striking “408(p)) or” and inserting  
21                   “408(p)),”; and

22                   (2) by inserting “, or a simplified employee pen-  
23                   sion (within the meaning of section 408(k))” after  
24                   “401(k)(11))”.

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

4 **SEC. 315. ALLOW CERTAIN PLAN TRANSFERS AND MERG-**  
5 **ERS.**

6 (a) AMENDMENTS TO THE INTERNAL REVENUE  
7 CODE OF 1986.—

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

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

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

14 “(A) a transfer of all or a portion of the  
15 account balance of a participant or beneficiary,  
16 whether or not vested, from a defined contribu-  
17 tion plan described in section 401(a) or section  
18 403(a) of an employer to an annuity contract  
19 described in section 403(b) of the same em-  
20 ployer,

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

1           401(a) or section 403(a) of the same employer,  
2           or

3           “(C) a merger of a defined contribution  
4           plan described in section 401(a) or section  
5           403(a) of an employer with an annuity contract  
6           described in section 403(b) of the same em-  
7           ployer,

8           so long as the transfer or merger does not cause a  
9           reduction in the vested benefit or total benefit (in-  
10          cluding non-vested benefit) of any participant or  
11          beneficiary. A plan or contract shall not fail to be  
12          considered to be described in section 401(a), 403(a),  
13          or 403(b) (as applicable) merely because such plan  
14          or contract engages in a transfer or merger de-  
15          scribed in this paragraph.

16          “(2) DISTRIBUTIONS.—Amounts transferred or  
17          merged pursuant to paragraph (1) shall be subject  
18          to the requirements of paragraphs (3) and (4) and  
19          to the distribution requirements under section  
20          401(a), 403(a), or 403(b) applicable to the trans-  
21          feree or merged plan.

22          “(3) SPOUSAL CONSENT AND ANTI-CUTBACK  
23          PROTECTION.—In the case of a transfer or merger  
24          described in paragraph (1), amounts in the trans-

1       feree or merged plan that are attributable to the  
2       transferor or predecessor plan shall—

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

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

14              “(B) be treated as subject to section  
15              411(d)(6) and section 204(g) of the Employee  
16              Retirement Income Security Act of 1974 to the  
17              extent that such amounts were subject to such  
18              sections in the transferor or predecessor plan.

19              “(4) SPECIAL RULES.—Under rules prescribed  
20              by the Secretary, to the extent amounts transferred  
21              or merged pursuant to paragraph (1) were otherwise  
22              entitled to grandfather treatment under the trans-  
23              feror or predecessor plan, such amounts (and income  
24              or loss attributable thereto) shall remain entitled to  
25              such treatment under the transferee or merged plan.

1       The rules prescribed by the Secretary shall require  
2       that such amounts be separately accounted for by  
3       the transferee or merged plan. For purposes of this  
4       paragraph, the term ‘grandfather treatment’ means  
5       any special treatment under this title that is pro-  
6       vided for prior benefits, prior periods of time, or cer-  
7       tain individuals in connection with a change in the  
8       applicable law.

9               “(5) CONSENT.—In the case of a qualified trust  
10       described in section 401(a) or 403(a) and an annu-  
11       ity contract described in section 403(b) with respect  
12       to which transfers may be made only with the con-  
13       sent of a participant or beneficiary pursuant to the  
14       terms of such trust or contract or pursuant to appli-  
15       cable law, such consent requirement shall apply  
16       without regard to this subsection. Nothing in this  
17       subsection shall affect the application of contract or  
18       plan terms otherwise applicable in the case of a  
19       withdrawal from the contract or plan.”.

20               (2) AGGREGATION.—Paragraph (2) of section  
21       414(t) is amended by inserting “414(aa),” after  
22       “274(j),”.

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

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

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

10 (c) EFFECTIVE DATE.—

11 (1) IN GENERAL.—The amendments made by  
12 this section shall apply to transfers or mergers in  
13 years beginning after the Secretary of the Treasury  
14 (or the Secretary’s delegate) prescribes rules under  
15 section 414(aa) of the Internal Revenue Code of  
16 1986, as added by this section.

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

1 **SEC. 316. EXCEPTION FROM REQUIRED DISTRIBUTIONS**  
2 **WHERE AGGREGATE RETIREMENT SAVINGS**  
3 **DO NOT EXCEED \$100,000.**

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

7 “(L) EXCEPTION FROM REQUIRED MIN-  
8 IMUM DISTRIBUTIONS DURING LIFE OF EM-  
9 PLOYEE OR BENEFICIARY WHERE ASSETS DO  
10 NOT EXCEED \$100,000.—

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

21 “(ii) APPLICABLE ELIGIBLE RETIRE-  
22 MENT PLAN.—For purposes of this sub-  
23 paragraph, the term ‘applicable eligible re-  
24 tirement plan’ means an eligible retirement  
25 plan (as defined in section 402(c)(8)(B))  
26 and any other plan, contract, or arrange-

1 ment to which the requirements of this  
2 paragraph apply, but does not include any  
3 defined benefit plan.

4 “(iii) MEASUREMENT DATE.—

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

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

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

15 “(II) SUBSEQUENT MEASURE-  
16 MENT DATES.—If, in a calendar year,  
17 an employee to whom subparagraph  
18 (A) does not apply by reason of clause  
19 (i) receives contributions, rollovers, or  
20 transfers of amounts which were not  
21 previously taken into account in ap-  
22 plying this subparagraph, then the  
23 last day of that calendar year shall be  
24 a new measurement date and a new  
25 determination shall be made as to



1                   whether clause (i) applies to such em-  
2                   ployee.

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

23                  “(iv) DETERMINATION OF VALUE.—  
24                  For purposes of this subparagraph, the

1 value of an employee's interest in a plan is  
2 the account balance of such plan.

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

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

19 “(II) \$10,000.

20 “(vi) COST-OF-LIVING ADJUST-  
21 MENTS.—The Secretary shall adjust annu-  
22 ally the \$100,000 amount specified in  
23 clause (i) for increases in the cost-of-living  
24 at the same time and in the same manner  
25 as adjustments under section 415(d); ex-

1           cept that the base period shall be the cal-  
2           endar quarter beginning July 1, 2021, and  
3           any increase which is not a multiple of  
4           \$5,000 shall be rounded to the next lowest  
5           multiple of \$5,000.

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

1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to initial measurement dates occur-  
3 ring on or after December 31, 2021.

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

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

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

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

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

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

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

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

22 “(B) NO REQUIREMENT TO TAKE AVAIL-  
23 ABLE LOAN.—A distribution shall not be treat-  
24 ed as failing to be made upon the hardship of

1 an employee solely because the employee does  
2 not take any available loan under the plan.”.

3 (b) CONFORMING AMENDMENTS.—

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

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

11 (A) by striking “in” in subparagraph (B)  
12 and inserting “subject to the provisions of para-  
13 graph (15), in”; and

14 (B) by striking the last sentence.

15 (c) EFFECTIVE DATE.—The amendments made by  
16 this section shall apply to plan years beginning after De-  
17 cember 31, 2021.

18 **SEC. 318. IRA PRESERVATION.**

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

22 (1) An overview of the laws and regulations re-  
23 lated to individual retirement plans (as defined in  
24 section 7701(a)(37) of the Internal Revenue Code of  
25 1986), including—

- 1 (A) limits on contributions;  
2 (B) limits on deductions for contributions;  
3 (C) rollovers;  
4 (D) minimum required distributions;  
5 (E) non-exempt prohibited transactions;  
6 and  
7 (F) tax consequences for early distribu-  
8 tions.

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

13 (b) REDUCTION IN EXCISE TAX ON EXCESS CON-  
14 TRIBUTIONS.—Section 4973 is amended by adding at the  
15 end the following new subsection:

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

17 “(1) REDUCTION.—In the case of a taxpayer  
18 who—

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

1           “(B) submits a return, during the correc-  
2           tion window, reflecting such tax (as modified by  
3           this subsection),  
4           the first and second sentences of subsection (a) shall  
5           be applied by substituting ‘3 percent’ for ‘6 percent’  
6           each place it appears.

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

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

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

19          (c) REDUCTION IN EXCISE TAX ON FAILURES TO  
20          TAKE REQUIRED MINIMUM DISTRIBUTIONS.—Section  
21          4974, as amended by this Act, is further amended by add-  
22          ing at the end the following new subsection:

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

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

1           “(A) corrects, during the correction win-  
2           dow, a shortfall of distributions from an indi-  
3           vidual retirement plan which resulted in imposi-  
4           tion of a tax under subsection (a), and

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

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

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

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

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

23           (d) REPEAL OF TAX DISQUALIFICATION PENALTY.—

24           (1) IN GENERAL.—Paragraph (2) of subsection

25           (e) of section 408 is repealed.



1 (2) CONFORMING AMENDMENTS.—

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

4 (B) Sections 220(e)(2), 223(e)(2), and  
5 530(e) are each amended by striking “para-  
6 graphs (2) and (4) of section 408(e)” and in-  
7 serting “section 408(e)(4)”.

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

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

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

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

20 “(4) INDIVIDUAL RETIREMENT PLANS.—For  
21 purposes of any tax imposed by section 4973, 4974,  
22 or 4975 in connection with an individual retirement  
23 plan, the return referred to in this section shall be  
24 the income tax return filed by the person on whom  
25 the tax under such section is imposed for the year

1 in which the act (or failure to act) giving rise to the  
2 liability for such tax occurred. In the case of a per-  
3 son who is not required to file an income tax return  
4 for such year—

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

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

15 (f) EFFECTIVE DATE.—

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

20 (2) TRANSITION PROVISIONS.—

21 (A) IN GENERAL.—The amendments made  
22 by this section shall apply to any determination  
23 of or affecting liability for taxes, interest, or  
24 penalties which is made on or after the date of  
25 the enactment of this Act, without regard to

1           whether the conduct upon which the determina-  
2           tion is based occurred before such date of en-  
3           actment.

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

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

23                   (ii) the last day of the second taxable  
24                   year that begins after the taxable year in

1           which the date of the enactment of this  
2           Act occurs.

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

7   **SEC. 319. ELIMINATION OF ADDITIONAL TAX ON CERTAIN**  
8           **DISTRIBUTIONS.**

9           (a) IN GENERAL.—Subparagraph (A) of section  
10          72(t)(2), as amended by this Act, is further amended—

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

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

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

16                           “(ix) attributable to withdrawal of in-  
17                           terest or other income earned on excess  
18                           contributions (as defined in section  
19                           4973(b) (without regard to the second to  
20                           last sentence thereof)) to an individual re-  
21                           tirement plan.”.

22           (b) EFFECTIVE DATE.—The amendments made by  
23          this section shall apply to any determination of, or affect-  
24          ing, liability for taxes, interest, or penalties which is made  
25          on or after the date of the enactment of this Act, without

1 regard to whether the act (or failure to act) upon which  
2 the determination is based occurred before such date of  
3 enactment. Notwithstanding the preceding sentence, noth-  
4 ing in the amendments made by this section shall be con-  
5 strued to create an inference with respect to the law in  
6 effect prior to the effective date of such amendments.

7 **SEC. 320. DISTRIBUTIONS TO FIREFIGHTERS.**

8 (a) **IN GENERAL.**—Subparagraph (A) of section  
9 72(t)(10) is amended by striking “414(d)” and inserting  
10 “414(d) or a distribution from a plan described in clause  
11 (iii), (iv), or (vi) of section 402(c)(8)(B) to an employee  
12 who provides firefighting services”.

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

15 (1) by striking “PUBLIC”, and

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

17 (c) **EFFECTIVE DATE.**—The amendments made by  
18 this section shall apply to distributions made after Decem-  
19 ber 31, 2021.

20 **SEC. 321. ELIMINATING UNNECESSARY PLAN REQUIRE-**  
21 **MENTS RELATED TO UNENROLLED PARTICI-**  
22 **PANTS.**

23 (a) **AMENDMENT OF EMPLOYEE RETIREMENT IN-**  
24 **COME SECURITY ACT OF 1974.**—

1           (1) IN GENERAL.—Part 1 of subtitle B of sub-  
2           chapter I of the Employee Retirement Income Secu-  
3           rity Act of 1974 is amended by redesignating section  
4           111 as section 112 and by inserting after section  
5           110 the following new section:

6   **“SEC. 111. ELIMINATING UNNECESSARY PLAN REQUIRE-**  
7                           **MENTS RELATED TO UNENROLLED PARTICI-**  
8                           **PANTS.**

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

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

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

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

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

6           “(2) has received all required notices, dislo-  
7 sures, and other plan documents, including the sum-  
8 mary plan description, required to be furnished  
9 under this title in connection with such participant’s  
10 initial eligibility to participate in such plan;

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

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

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

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

22           “(1) is furnished in connection with the annual  
23 open season election period with respect to the plan  
24 or, if there is no such period, is furnished within a

1 reasonable period prior to the beginning of each plan  
2 year;

3 “(2) notifies the unenrolled participant of—

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

6 “(B) the key benefits under the plan and  
7 the key rights and features under the plan af-  
8 fecting such benefits; and

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

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

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

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

18 (b) AMENDMENT OF INTERNAL REVENUE CODE OF  
19 1986.—Section 414, as amended by this Act, is further  
20 amended by adding at the end the following new sub-  
21 section:

22 “(bb) ELIMINATING UNNECESSARY PLAN REQUIRE-  
23 MENTS RELATED TO UNENROLLED PARTICIPANTS.—



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

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

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

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

23           “(A) is eligible to participate in a defined  
24 contribution plan,

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

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

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

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

15           “(3) ANNUAL REMINDER NOTICE.—For pur-  
16           poses of this subsection, the term ‘annual reminder  
17           notice’ means the notice described in section 111(c)  
18           of the Employee Retirement Income Security Act of  
19           1974.”.

20           (c) EFFECTIVE DATE.—The amendments made by  
21           this section shall apply to plan years beginning after De-  
22           cember 31, 2021.

1 **SEC. 322. RECOVERY OF RETIREMENT PLAN OVERPAY-**  
2 **MENTS.**

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

5 (1) QUALIFICATION REQUIREMENTS.—Section  
6 414, as amended by the preceding provisions of this  
7 Act, is further amended by adding at the end the  
8 following new subsection:

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

11 “(1) IN GENERAL.—A plan shall not fail to be  
12 treated as described in clause (i), (ii), (iii), or (iv)  
13 of section 219(g)(5)(A) (and shall not fail to be  
14 treated as satisfying the requirements of section  
15 401(a) or 403) merely because—

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

21 “(B) the plan sponsor amends the plan to  
22 increase past or future benefit payments to af-  
23 fected participants and beneficiaries in order to  
24 adjust for prior inadvertent benefit overpay-  
25 ments.

1           “(2) REDUCTION IN FUTURE BENEFIT PAY-  
2           MENTS AND RECOVERY FROM RESPONSIBLE  
3           PARTY.—Paragraph (1) shall not fail to apply to a  
4           plan merely because, after discovering a benefit over-  
5           payment, such plan—

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

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

11           “(3) EMPLOYER FUNDING OBLIGATIONS.—  
12           Nothing in this subsection shall relieve an employer  
13           of any obligation imposed on it to make contribu-  
14           tions to a plan to meet the minimum funding stand-  
15           ards under sections 412 and 430 or to prevent or re-  
16           store an impermissible forfeiture in accordance with  
17           section 411.

18           “(4) OBSERVANCE OF BENEFIT LIMITATIONS.—  
19           Notwithstanding paragraph (1), a plan to which  
20           paragraph (1) applies shall observe any limitations  
21           imposed on it by section 401(a)(17) or 415. The  
22           plan may enforce such limitations using any method  
23           approved by the Secretary for recouping benefits  
24           previously paid or allocations previously made in ex-  
25           cess of such limitations.

1           “(5) COORDINATION WITH OTHER QUALIFICA-  
2           TION REQUIREMENTS.—The Secretary may issue  
3           regulations or other guidance of general applicability  
4           specifying how benefit overpayments and their  
5           recoupment or non-recoupment from a participant or  
6           beneficiary shall be taken into account for purposes  
7           of satisfying any requirement applicable to a plan to  
8           which paragraph (1) applies.”.

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

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

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

24                 “(B) the portion of such overpayment with  
25                 respect to which recoupment is sought on behalf

1 of the plan shall be permitted to be returned to  
2 such plan and in such case shall be treated as  
3 an eligible rollover distribution transferred to  
4 such plan by the participant or beneficiary who  
5 received such overpayment (and the plans mak-  
6 ing and receiving such transfer shall be treated  
7 as permitting such transfer).

8 In any case in which recoupment is sought on behalf  
9 of the plan but is disputed by the participant or ben-  
10 efiiciary who received such overpayment, such dispute  
11 shall be subject to the claims and appeals procedures  
12 of the plan that made such overpayment, such plan  
13 shall notify the plan receiving the rollover of such  
14 dispute, and the plan receiving the rollover shall re-  
15 tain such overpayment on behalf of the participant  
16 or beneficiary (and shall be entitled to treat such  
17 overpayment as plan assets) pending the outcome of  
18 such procedures.”.

19 (b) OVERPAYMENTS UNDER ERISA.—Section 206 of  
20 the Employee Retirement Income Security Act of 1974  
21 (29 U.S.C. 1056) is amended by adding at the end the  
22 following new subsection:

23 “(h) SPECIAL RULES APPLICABLE TO BENEFIT  
24 OVERPAYMENTS.—

1           “(1) GENERAL RULE.—In the case of an inad-  
2           vertent benefit overpayment by any pension plan, the  
3           responsible plan fiduciary shall not be considered to  
4           have failed to comply with the requirements of this  
5           title merely because such fiduciary determines, in  
6           the exercise of its fiduciary discretion, not to seek  
7           recovery of all or part of such overpayment from—

8                   “(A) any participant or beneficiary,

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

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

23                   “(ii) a defined benefit pension plan  
24           subject to the funding rules in part 3 of  
25           this subtitle B, unless the responsible plan

1           fiduciary determines, in the exercise of its  
2           fiduciary discretion, that failure to recover  
3           all or part of the overpayment faster than  
4           required under such funding rules would  
5           materially affect the plan's ability to pay  
6           benefits due to other participants and  
7           beneficiaries, or

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

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



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

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

6           “(3) EMPLOYER FUNDING OBLIGATIONS.—  
7           Nothing in this subsection shall relieve an employer  
8           of any obligation imposed on it to make contribu-  
9           tions to a plan to meet the minimum funding stand-  
10          ards under part 3 of this subtitle B or to prevent  
11          or restore an impermissible forfeiture in accordance  
12          with section 203.

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

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

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

1           “(i) the reduction ceases after the  
2           plan has recovered the full dollar amount  
3           of the overpayment,

4           “(ii) the amount recouped each cal-  
5           endar year does not exceed 10 percent of  
6           the full dollar amount of the overpayment,  
7           and

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

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

19          “(C) If the plan seeks to recoup past over-  
20          payments of a benefit other than a non-decreas-  
21          ing periodic benefit, the plan satisfies require-  
22          ments developed by the Secretary of the Treas-  
23          ury for purposes of this subparagraph.

24          “(D) Efforts to recoup overpayments are  
25          not made through a collection agency or similar

1           third party and such efforts are not accom-  
2           panied by threats of litigation, unless the re-  
3           sponsible plan fiduciary reasonably believes it  
4           could prevail in a civil action brought in Fed-  
5           eral or State court to recoup the overpayments.

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 and appeals procedures.

18           “(H) In determining the amount of  
19           recoupment to seek, the responsible plan fidu-  
20           ciary may 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 could make the representa-  
19 tions required under Rule 11 of the Federal Rules  
20 of Civil Procedure if the litigation were brought in  
21 Federal court.”.

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

1 (d) 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 such date of en-  
10 actment by the responsible plan fiduciary, in the ex-  
11 ercise of its fiduciary discretion, not to seek  
12 recoupment or recovery of all or part of an inad-  
13 vertent 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.

23 **SEC. 323. RETIREMENT SAVINGS LOST AND FOUND.**

24 (a) RETIREMENT SAVINGS LOST AND FOUND.—

25 (1) ESTABLISHMENT.—

1 (A) IN GENERAL.—Not later than 3 years  
2 after the date of the enactment of this Act, the  
3 Secretary of Labor, the Secretary of the Treas-  
4 ury, and the Secretary of Commerce, in co-  
5 operation, shall establish an online searchable  
6 database (to be managed by the Pension Ben-  
7 efit Guaranty Corporation in accordance with  
8 section 4051 of the Employee Retirement In-  
9 come Security Act of 1974) to be known as the  
10 “Retirement Savings Lost and Found”. The  
11 Retirement Savings Lost and Found shall—

12 (i) allow an individual to search for  
13 information that enables the individual to  
14 locate the plan administrator of any plans  
15 with respect to which the individual is or  
16 was a participant or beneficiary, and to  
17 provide contact information for the plan  
18 administrator of any plan described in sub-  
19 paragraph (B);

20 (ii) allow the Pension Benefit Guar-  
21 anty Corporation to assist such an indi-  
22 vidual in locating any plan of the indi-  
23 vidual; and

24 (iii) allow the Pension Benefit Guar-  
25 anty Corporation to make any necessary

1 changes to contact information on record  
2 for the plan administrator based on any  
3 changes to the plan due to merger or con-  
4 solidation of the plan with any other plan,  
5 division of the plan into two or more plans,  
6 bankruptcy, termination, change in name  
7 of the plan, change in name or address of  
8 the plan administrator, or other causes.

9 The Retirement Savings Lost and Found estab-  
10 lished under this paragraph shall include infor-  
11 mation reported under section 4051 of the Em-  
12 ployee Retirement Income Security Act of 1974  
13 and other relevant information obtained by the  
14 Pension Benefit Guaranty Corporation.

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

20 (2) ADMINISTRATION.—The Retirement Sav-  
21 ings Lost and Found established under paragraph  
22 (1) shall provide individuals described in paragraph  
23 (1)(A) only with the ability to view contact informa-  
24 tion for the plan administrator of any plan with re-  
25 spect to which the individual is or was a participant

1 or beneficiary, sufficient to allow the individual to lo-  
2 cate the individual's plan in order to recover any  
3 benefit owing to the individual under the plan.

4 (3) SAFEGUARDING PARTICIPANT PRIVACY AND  
5 SECURITY.—In establishing the Retirement Savings  
6 Lost and Found under paragraph (1), the Pension  
7 Benefit Guaranty Corporation, in consultation with  
8 the Secretary of Labor, the Secretary of the Treas-  
9 ury, and the Secretary of Commerce, shall take all  
10 necessary and proper precautions to ensure that in-  
11 dividuals' plan information maintained by the Re-  
12 tirement Savings Lost and Found is protected and  
13 that persons other than the individual cannot fraud-  
14 ulently claim the benefits to which any individual is  
15 entitled, and to allow any individual to opt out of in-  
16 clusion in the Retirement Savings Lost and Found  
17 at the election of the individual.

18 (b) OFFICE OF THE RETIREMENT SAVINGS LOST  
19 AND FOUND.—

20 (1) IN GENERAL.—Subtitle C of title IV of the  
21 Employee Retirement Income Security Act of 1974  
22 (29 U.S.C. 1341 et seq.) is amended by adding at  
23 the end the following:



1 **“SEC. 4051. OFFICE OF THE RETIREMENT SAVINGS LOST**  
2 **AND FOUND.**

3 “(a) ESTABLISHMENT; RESPONSIBILITIES OF OF-  
4 FICE.—

5 “(1) IN GENERAL.—Not later than 2 years  
6 after the date of the enactment of this section, the  
7 Secretary of Labor, the Secretary of the Treasury,  
8 and the Secretary of Commerce shall establish with-  
9 in the corporation an Office of the Retirement Sav-  
10 ings Lost and Found (in this section referred to as  
11 the ‘Office’).

12 “(2) RESPONSIBILITIES OF OFFICE.—

13 “(A) IN GENERAL.—The Office shall—

14 “(i) carry out subsection (b) of this  
15 section;

16 “(ii) maintain the Retirement Savings  
17 Lost and Found established under section  
18 323(a) of the Retirement Security and  
19 Savings Act of 2021; and

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

24 “(B) OPTION TO CONTRACT.—

25 “(i) IN GENERAL.—Not later than 2  
26 years after the date of enactment of this

1 section, the corporation shall conduct an  
2 analysis of the cost effectiveness of con-  
3 tracting with a third party to carry out the  
4 responsibilities under subparagraph (A)(iii)  
5 and, upon a determination that such con-  
6 tracting would be more cost effective than  
7 carrying out such responsibilities within  
8 the Office, the corporation may enter into  
9 such contracts as merited by such analysis.

10 “(ii) REPORT.—The corporation shall  
11 report on the results of the analysis under  
12 clause (i) to the Committees on Finance  
13 and Health, Education, Labor, and Pen-  
14 sions of the Senate and the Committees on  
15 Ways and Means and Education and  
16 Labor of the House of Representatives.

17 “(b) CERTAIN NON-RESPONSIVE PARTICIPANTS EN-  
18 TITLED TO SMALL BENEFITS.—

19 “(1) GENERAL RULE.—

20 “(A) TRANSFER TO THE OFFICE OF THE  
21 RETIREMENT SAVINGS LOST AND FOUND.—The  
22 administrator of a plan that is not terminated  
23 and to which section 401(a)(31)(B) of the In-  
24 ternal Revenue Code of 1986 applies shall  
25 transfer to the Office the amount required to be

1 transferred under section 401(a)(31)(B)(iv) of  
2 such Code for a non-responsive participant.

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

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

19 “(D) SEARCH AND PAYMENT BY THE OF-  
20 FICE FOLLOWING TRANSFER.—The Office shall  
21 periodically, and upon receiving information de-  
22 scribed in subparagraph (C), conduct a search  
23 for the non-responsive participant for whom the  
24 Office has received a transfer under subpara-  
25 graph (A). Upon location of a non-responsive

1 participant who claims benefits, the Office shall  
2 make a single payment to the non-responsive  
3 participant in an amount equal to the sum of—

4 “(i) the amount transferred to the Of-  
5 fice under subparagraph (A) for such par-  
6 ticipant; and

7 “(ii) the return on the investment at-  
8 tributable to such amount under section  
9 4005(j)(3).

10 “(2) DEFINITION.—For purposes of this sub-  
11 section, the term ‘non-responsive participant’ means  
12 a participant or beneficiary of a plan described in  
13 paragraph (1)(A)—

14 “(A) who is entitled to a benefit subject to  
15 a mandatory transfer under section  
16 401(a)(31)(B)(iii) of the Internal Revenue Code  
17 of 1986; and

18 “(B) for whom the plan has satisfied the  
19 conditions in section 401(a)(31)(B)(iv) of such  
20 Code.

21 “(3) REGULATORY AUTHORITY.—The Office  
22 shall prescribe such regulations as are necessary to  
23 carry out the purposes of this section, including  
24 rules relating to the amount payable to the Office  
25 and the amount to be paid by the Office.

1       “(c) INFORMATION COLLECTION.—Within such pe-  
2 riod after the end of a plan year as the Office may by  
3 regulations prescribe, the administrator of a plan to which  
4 the vesting standards of section 203 apply shall submit  
5 the following information, and such other information as  
6 the corporation may require, to the corporation in such  
7 form as the corporation may require:

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

11               “(2) The information described in subpara-  
12 graphs (A), (B), (E), and (F) of section 6057(a)(2)  
13 of the Internal Revenue Code of 1986.

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

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

21               “(2) ESTABLISHMENT OF FUND FOR TRANS-  
22 FERRED ASSETS.—Section 4005 of the Employee  
23 Retirement Income Security Act of 1974 (29 U.S.C.  
24 1305) is amended by adding at the end the fol-  
25 lowing:

1 “(j)(1) A ninth fund shall be established for the pay-  
2 ment of benefits under section 4051(b)(1)(D).

3 “(2) Such fund shall be credited with the appro-  
4 priate—

5 “(A) amounts transferred to the Office of the  
6 Retirement Savings Lost and Found under section  
7 4051(b)(1)(A); and

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

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

15 (3) CONFORMING AMENDMENT.—The table of  
16 contents for the Employee Retirement Income Secu-  
17 rity Act of 1974 (29 U.S.C. 1001 et seq.) is amend-  
18 ed by inserting after the matter relating to section  
19 4050 the following:

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

20 (c) MANDATORY TRANSFERS OF ROLLOVER DIS-  
21 TRIBUTIONS.—

22 (1) INVESTMENT OPTIONS.—

23 (A) IN GENERAL.—Subparagraph (B) of  
24 section 404(c)(3) of the Employee Retirement  
25 Income Security Act of 1974 (29 U.S.C.

1           1104(c)(3)) is amended by striking the period  
2           at the end and inserting “, and, to the extent  
3           the Secretary provides in guidance or regula-  
4           tions issued after the enactment of the Retirement  
5           Security and Savings Act of 2021, is  
6           made to—

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

9                   “(ii) as described in section  
10                  2550.404a–2 of title 29, Code of Federal  
11                  Regulations, an investment product held  
12                  under such account designed to preserve  
13                  principal and provide a reasonable rate of  
14                  return;

15                  “(iii) the Office of the Retirement  
16                  Savings Lost and Found in accordance  
17                  with section 401(a)(31)(B)(iv) of the In-  
18                  ternal Revenue Code of 1986 and section  
19                  323(c)(2)(A)(ii) of the Retirement Security  
20                  and Savings Act of 2021; or

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

23                  (B) REGULATIONS.—Not later than 270  
24                  days after the date of the enactment of this  
25                  Act, the Secretary of Labor shall promulgate

1 regulations identifying the target date or life  
2 cycle funds, or specifying the characteristics of  
3 such a fund, that will be deemed to meet the re-  
4 quirements of section 404(c)(3)(B)(i) of the  
5 Employee Retirement Income Security Act of  
6 1974 (29 U.S.C. 1104(c)(3)(B)), as amended  
7 by subparagraph (A).

8 (2) EXPANSION OF CAP; AUTHORITY TO TRANS-  
9 FER LESSER AMOUNTS.—

10 (A) CAP.—Sections 401(a)(31)(B)(ii) and  
11 411(a)(11)(A) of the Internal Revenue Code of  
12 1986 and section 203(e)(1) of the Employee  
13 Retirement Income Security Act of 1974 are  
14 each amended by striking “\$5,000” and insert-  
15 ing “\$6,000”.

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





1 elect to receive a distribution of the  
2 benefit directly, or

3 “(II) accept any direct payment  
4 made under such clause within 6  
5 months of the attempted payment,  
6 the plan administrator shall transfer the  
7 amount of such benefit to the Office of the  
8 Retirement Savings Lost and Found in ac-  
9 cordance with section 4051(b) of the Em-  
10 ployee Retirement Income Security Act of  
11 1974.

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

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

21 “(II) the distribution of such  
22 amounts by the Office of the Retire-  
23 ment Savings Lost and Found shall  
24 be treated as a distribution from an  
25 individual retirement plan.”.

1           (D) EFFECTIVE DATE.—The amendments  
2           made by this paragraph shall apply to vested  
3           benefits with respect to participants who sepa-  
4           rate from service connected to the plan in plan  
5           years beginning after the second December 31  
6           occurring after the date of the enactment of  
7           this Act.

8           (d) BETTER REPORTING FOR MANDATORY TRANS-  
9           FERS.—

10           (1) IN GENERAL.—Paragraph (2) of section  
11           6057(a) of the Internal Revenue Code of 1986 is  
12           amended—

13           (A) in subparagraph (C)—

14           (i) by striking “during such plan  
15           year” in clause (i) and inserting “during  
16           the plan year immediately preceding such  
17           plan year”;

18           (ii) by adding “and” at the end of  
19           clause (i); and

20           (iii) by striking clause (iii);

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

23           (C) by striking “and” at the end of sub-  
24           paragraph (D); and

1 (D) by inserting after subparagraph (D)  
2 the following new subparagraphs:

3 “(E) the name and taxpayer identifying  
4 number of each participant or former partici-  
5 pant in the plan—

6 “(i) who, during the current plan year  
7 or any previous plan year, was reported  
8 under subparagraph (C), and with respect  
9 to whom the benefits described in subpara-  
10 graph (C)(ii) were fully paid during the  
11 plan year,

12 “(ii) with respect to whom any  
13 amount was distributed under section  
14 401(a)(31)(B) during the plan year, or

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

18 “(F) in the case of a participant or former  
19 participant to whom subparagraph (E) ap-  
20 plies—

21 “(i) in the case of a participant de-  
22 scribed in clause (ii) thereof, the name and  
23 address of the designated trustee or issuer  
24 described in section 401(a)(31)(B)(i) and  
25 the account number of the individual re-

1           tirement plan to which the amount was  
2           distributed, and

3           “(ii) in the case of a participant de-  
4           scribed in clause (iii) thereof, the name  
5           and address of the issuer of such annuity  
6           contract and the contract or certificate  
7           number, and”.

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

10           (A) IN GENERAL.—Paragraph (6) of sec-  
11           tion 402(e) of such Code is amended—

12           (i) by striking “TRANSFERS.—Any”  
13           and inserting “TRANSFERS.—  
14           “(A) IN GENERAL.—Any”; and

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

17           “(B) NOTIFICATION OF TRUSTEE.—In the  
18           case of a distribution under section  
19           401(a)(31)(B), the plan administrator shall no-  
20           tify the designated trustee or issuer described  
21           in clause (i) thereof that the transfer is a man-  
22           datory distribution required by such section.”.

23           (B) PENALTY.—Subsection (i) of section  
24           6652 of such Code is amended—

1 (i) by striking “TO RECIPIENTS” in  
2 the heading and inserting “OR NOTIFICA-  
3 TION”;

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

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

10 (C) REPORTS.—Subsection (i) of section  
11 408 of such Code is amended—

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

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

20 (iii) by striking “as the Secretary pre-  
21 scribes” in subparagraph (B)(ii), as so re-  
22 designated, and all that follows through “a  
23 simple retirement account” and inserting  
24 “as the Secretary prescribes.

1           “(3) SIMPLE RETIREMENT ACCOUNTS.—In the  
2 case of a simple retirement account”;

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

5 “(1) IN GENERAL.—The trustee of”;

6                   (v) by striking “under paragraph (2)”  
7 in paragraph (3), as redesignated by clause  
8 (iii), and inserting “under paragraph  
9 (1)(B)”;

10                   (vi) by inserting after paragraph  
11 (1)(B)(ii), as redesignated by the pre-  
12 ceding clauses, the following new para-  
13 graph:

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

24                   “(A) identify such transfer as a mandatory  
25 distribution required by such section,

1           “(B) include the name, address, and tax-  
2           payer identifying number of the trustee or  
3           issuer of the individual retirement plan to which  
4           the amount is transferred, and

5           “(C) be filed with the Pension Benefit  
6           Guaranty Corporation as well as with the Sec-  
7           retary.”.

8           (3) NOTIFICATION OF PARTICIPANTS UPON SEP-  
9           ARATION.—Subsection (e) of section 6057 of such  
10          Code is amended by inserting “, and, with respect  
11          to any benefit of the individual subject to section  
12          401(a)(31)(B), a notice of availability of, and the  
13          contact information for, the Retirement Savings  
14          Lost and Found established under section 323(a)(1)  
15          of the Retirement Security and Savings Act of  
16          2021” before the period at the end of the second  
17          sentence.

18          (4) EFFECTIVE DATE.—The amendments made  
19          by this subsection shall apply to distributions made  
20          in, and returns and reports relating to, years begin-  
21          ning after the second December 31 occurring after  
22          the date of the enactment of this Act.

23          (e) REQUIREMENT OF ELECTRONIC FILING.—



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

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

7                   (B) by striking “REGULATIONS.—In pre-  
8                   scribing” and inserting “REGULATIONS.—

9                   “(A) IN GENERAL.—In prescribing”; and

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

12                   “(C) EXCEPTIONS.—Notwithstanding sub-  
13                   paragraph (A), the Secretary shall require re-  
14                   turns or reports required under—

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

17                           “(ii) sections 408(i), 6041, and 6047  
18                           to the extent such return or report relates  
19                           to the tax treatment of a distribution from  
20                           a plan, account, contract, or annuity,  
21                   to be filed on magnetic media, but only with re-  
22                   spect to persons who are required to file at  
23                   least 50 returns during the calendar year which  
24                   includes the first day of the plan year to which  
25                   such returns or reports relate.”.

1           (2) EFFECTIVE DATE.—The amendments made  
2           by this subsection shall apply to returns and reports  
3           relating to years beginning after the second Decem-  
4           ber 31 occurring after the date of the enactment of  
5           this Act.

6           (f) RULEMAKING TO CLARIFY FIDUCIARY DUTIES.—

7           (1) REQUEST FOR INFORMATION.—Not later  
8           than 1 year after the date of enactment of this Act,  
9           the Secretary of Labor, in consultation with the Sec-  
10          retary of the Treasury, shall issue a request for in-  
11          formation relating to the rulemaking described in  
12          paragraph (2).

13          (2) ISSUANCE OF FINAL RULE.—Not later than  
14          3 years after such date, the Secretary of Labor, in  
15          consultation with the Secretary of the Treasury,  
16          shall issue a final rule that defines the following:

17                 (A) The steps a plan sponsor must take to  
18                 locate a deferred vested participant in order to  
19                 meet its fiduciary duty under section 404 of the  
20                 Employee Retirement Income Security Act of  
21                 1974 with respect to locating that participant.

22                 (B) The ongoing practices and procedures  
23                 a plan sponsor must institute in order to meet  
24                 such fiduciary duty with respect to maintaining

1 up-to-date contact information on deferred vest-  
2 ed participants.

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

5 **SEC. 401. CASH BALANCE.**

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

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

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

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

1 projected interest crediting rate shall be a reasonable pro-  
2 jection of such variable interest crediting rate, not to ex-  
3 ceed 6 percent.”.

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

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

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

23 (b) EFFECTIVE DATE.—The modifications and  
24 amendments required under subsection (a) shall be  
25 deemed to have been made as of the date of the enactment

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

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

6 (a) IN GENERAL.—Not later than 6 months after the  
7 date of the enactment of this Act, the Secretary of the  
8 Treasury (or the Secretary's delegate) shall amend the  
9 regulation relating to “Mortality Tables for Determining  
10 Present Value Under Defined Benefit Pension Plans” (82  
11 Fed. Reg. 46388 (October 5, 2017)). Under such amend-  
12 ment, for valuation dates occurring during or after 2022,  
13 such mortality improvement rates shall not assume future  
14 mortality improvements at any age which are greater than  
15 .78 percent. The Secretary of the Treasury (or delegate)  
16 shall by regulation modify the .78 percent figure in the  
17 preceding sentence as necessary to reflect material  
18 changes in the overall rate of improvement projected by  
19 the Social Security Administration.

20 (b) EFFECTIVE DATE.—The amendments required  
21 under subsection (a) shall be deemed to have been made  
22 as of the date of the enactment of this Act, and as of  
23 such date all applicable laws shall be applied in all respects  
24 as though the actions which the Secretary of the Treasury

1 (or the Secretary's delegate) is required to take under  
2 such subsections had been taken.

3 **SEC. 404. CEASE DOUBLE-INDEXING THE VARIABLE RATE**  
4 **PREMIUM.**

5 (a) IN GENERAL.—Clause (ii) of section  
6 4006(a)(3)(E) of the Employee Retirement Income Secu-  
7 rity Act of 1974 (29 U.S.C. 1306(a)(3)(E)(ii)) is amended  
8 by striking “the applicable dollar amount under paragraph  
9 (8)” and inserting “\$38”.

10 (b) CONFORMING AMENDMENT.—Subsection (a) of  
11 section 4006 of the Employee Retirement Income Security  
12 Act of 1974 (29 U.S.C. 1306(a)) is amended by striking  
13 paragraph (8).

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

19 (d) EFFECTIVE DATE.—The amendments made by  
20 this section shall apply to plan years beginning after De-  
21 cember 31, 2021.

22 **SEC. 405. ENHANCING RETIREE HEALTH BENEFITS IN PEN-**  
23 **SION PLANS.**

24 (a) EXTENSION OF TRANSFERS OF EXCESS PENSION  
25 ASSETS TO RETIREE HEALTH ACCOUNTS.—Paragraph

1 (4) of section 420(b) is amended by striking “December  
2 31, 2025” and inserting “December 31, 2031”.

3 (b) DE MINIMIS TRANSFER RULE.—

4 (1) IN GENERAL.—Subsection (e) of section  
5 420 is amended by adding at the end the following  
6 new paragraph:

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

9 “(A) IN GENERAL.—In the case of a trans-  
10 fer of an amount which is not more than 1.75  
11 percent of the amount determined under para-  
12 graph (2)(A) by a plan which meets the re-  
13 quirements of subparagraph (B), paragraph  
14 (2)(B) shall be applied by substituting ‘110  
15 percent’ for ‘125 percent’.

16 “(B) TWO-YEAR LOOKBACK REQUIRE-  
17 MENT.—A plan is described in this subpara-  
18 graph if, as of any valuation date in each of the  
19 2 plan years immediately preceding the plan  
20 year in which the transfer occurs, the amount  
21 determined under paragraph (2)(A) with re-  
22 spect to such plan exceeded 110 percent of the  
23 sum of the funding target and the target nor-  
24 mal cost determined under section 430 for such  
25 plan year.”.

1           (2) COST MAINTENANCE PERIOD.—Subpara-  
2           graph (D) of section 420(c)(3) is amended by strik-  
3           ing “5 taxable years” and inserting “5 taxable years  
4           (7 taxable years in the case of a transfer to which  
5           subsection (e)(7) applies)”.

6           (3) CONFORMING AMENDMENTS.—

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

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

11                           “(I) DETERMINATION.—In”,

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

14                           (iii) by adding at the end the fol-  
15                          lowing new subclause:

16                                   “(II) SPECIAL RULE FOR COL-  
17                                   LECTIVELY BARGAINED TRANS-  
18                                   FERS.—In determining excess pension  
19                                   assets for purposes of a collectively  
20                                   bargained transfer, subsection (e)(7)  
21                                   shall not apply.”.

22           (B) MINIMUM COST.—Subclause (I) of sec-  
23           tion 420(f)(2)(D)(i) is amended by striking  
24           “4th year” and inserting “4th year (the 6th



1           year in the case of a transfer to which sub-  
2           section (e)(7) applies”.

3           (c) AMENDMENT OF EMPLOYEE RETIREMENT IN-  
4 COME SECURITY ACT OF 1974.—

5           (1) DEFINITIONS.—Section 101(e)(3) of the  
6           Employee Retirement Income Security Act of 1974  
7           (29 U.S.C. 1021(e)(3)) is amended by striking “(as  
8           in effect on the date of the enactment of the Surface  
9           Transportation and Veterans Health Care Choice  
10          Improvement Act of 2015)” and inserting “(as in ef-  
11          fect on the date of the enactment of the Retirement  
12          Security and Savings Act of 2021)”.

13          (2) USE OF ASSETS.—Section 403(c)(1) of such  
14          Act (29 U.S.C. 1103(c)(1)) is amended by striking  
15          “(as in effect on the date of the enactment of the  
16          Surface Transportation and Veterans Health Care  
17          Choice Improvement Act of 2015)” and inserting  
18          “(as in effect on the date of the enactment of the  
19          Retirement Security and Savings Act of 2021)”.

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

22                  (A) by striking “January 1, 2026” and in-  
23                  serting “January 1, 2032”; 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 the enactment of the Retirement Se-  
4 curity and Savings Act of 2021)”.

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

8 **TITLE V—REFORMING PLAN**  
9 **RULES TO HARMONIZE WITH**  
10 **IRA RULES**

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

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

15 “(5) MANDATORY DISTRIBUTION RULES NOT  
16 TO APPLY BEFORE DEATH.—Notwithstanding sec-  
17 tions 403(b)(10) and 457(d)(2), the following provi-  
18 sions shall not apply to any designated Roth ac-  
19 count:

20 “(A) Section 401(a)(9)(A).

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

23 (b) EFFECTIVE DATE.—

24 (1) IN GENERAL.—Except as provided in para-  
25 graph (2), the amendment made by this section shall

1 apply to taxable years beginning after December 31,  
2 2021.

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

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

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

11 “(m) DISTRIBUTIONS FOR CHARITABLE PUR-  
12 POSES.—

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

18 “(2) QUALIFIED CHARITABLE DISTRIBUTION.—  
19 For purposes of this subsection, the term ‘qualified  
20 charitable distribution’ means any distribution from  
21 an eligible retirement plan described in clause (iii),  
22 (iv), (v), or (vi) of section 402(c)(8)(B)—

23 “(A) which is made directly by the plan to  
24 an organization described in section  
25 170(b)(1)(A) (other than any organization de-

1           scribed in section 509(a)(3) or any fund or ac-  
2           count described in section 4966(d)(2)), and

3                   “(B) which is made on or after the date  
4           that the individual on whose behalf the distribu-  
5           tion is made has attained age 70<sup>1</sup>/<sub>2</sub>.

6           A distribution shall be treated as a qualified chari-  
7           table distribution only to the extent that the dis-  
8           tribution would be includible in gross income without  
9           regard to paragraph (1).

10           “(3) SPECIAL RULES.—

11                   “(A) IN GENERAL.—Rules similar to the  
12           rules of subparagraphs (C) and (E) of section  
13           408(d)(8) shall apply for purposes of this sub-  
14           section.

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

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

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

1           “(B) the total amount of any distributions  
2           not includible in gross income of the taxpayer  
3           for the taxable year by reason of sections  
4           403(b)(16), 408(d)(8), and 457(e)(19).”.

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

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

11           “(16) DISTRIBUTIONS FOR CHARITABLE PUR-  
12          POSES.—The rules of section 402(m) shall apply to  
13          distributions under an annuity contract described in  
14          this subsection.”.

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

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

23          (e) EFFECTIVE DATE.—The amendments made by  
24          this section shall apply to distributions made after Decem-  
25          ber 31, 2021.

1 **SEC. 503. SURVIVING SPOUSE ELECTION TO BE TREATED**  
2 **AS EMPLOYEE.**

3 (a) IN GENERAL.—Clause (iv) of section  
4 401(a)(9)(B) is amended—

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

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

9 “An election described in subclause (II)  
10 shall be made at such time and in such  
11 manner as prescribed by the Secretary,  
12 shall include a timely notice to the plan ad-  
13 ministrator, and once made may not be re-  
14 voked except with the consent of the Sec-  
15 retary.”.

16 (b) EFFECTIVE DATE.—The amendment made by  
17 this section shall apply to distributions with respect to em-  
18 ployees who die after December 31, 2021.

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

20 (a) IN GENERAL.—Subparagraph (B) of section  
21 402A(c)(3) is amended by striking “shall not” and insert-  
22 ing “or, in the case of a rollover from a Roth IRA, under  
23 section 408 shall not”.

24 (b) REGULATIONS.—The Secretary of the Treasury  
25 (or the Secretary’s delegate) shall amend the regulations  
26 with respect to rollovers from Roth IRAs to permit such

1 rollovers to be made to an applicable retirement plan (as  
2 defined in section 402A(e)(1) of the Internal Revenue  
3 Code of 1986) in accordance with the amendment made  
4 by subsection (a).

5 (c) EFFECTIVE DATE.—

6 (1) IN GENERAL.—The amendment made by  
7 subsection (a) shall apply to distributions made after  
8 December 31, 2021.

9 (2) EFFECTIVE DATE.—The modifications and  
10 amendments required under subsection (b) shall be  
11 deemed to have been made as of January 1, 2022,  
12 and as of such date all applicable laws shall be ap-  
13 plied in all respects as though the actions which the  
14 Secretary of the Treasury (or the Secretary's dele-  
15 gate) is required to take under such subsection had  
16 been taken.

## 17 **TITLE VI—ADMINISTRATIVE** 18 **PROVISIONS**

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

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), such retire-  
3           ment plan shall not fail to meet the requirements of  
4           section 411(d)(6) of the Internal Revenue Code of  
5           1986 and section 204(g) of the Employee Retirement  
6           Income Security Act of 1974 by reason of such  
7           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                 this Act or pursuant to any regulation issued by  
14                 the Secretary of the Treasury or the Secretary  
15                 of Labor (or a delegate of either such Sec-  
16                 retary) under this Act; and

17                 (B) on or before the last day of the first  
18                 plan year beginning on or after January 1,  
19                 2023.

20          In the case of a governmental plan (as defined in  
21          section 414(d) of the Internal Revenue Code of  
22          1986), this paragraph shall be applied by sub-  
23          stituting “2025” for “2023”.

24                 (2) CONDITIONS.—This section shall not apply  
25          to any amendment unless—



1 (A) during the period—

2 (i) beginning on the date the legisla-  
3 tive or regulatory amendment described in  
4 paragraph (1)(A) takes effect (or in the  
5 case of a plan or contract amendment not  
6 required by such legislative or regulatory  
7 amendment, the effective date specified by  
8 the plan); and

9 (ii) ending on the date described in  
10 paragraph (1)(B) (as modified by the sec-  
11 ond sentence of paragraph (1)) (or, if ear-  
12 lier, the date the plan or contract amend-  
13 ment is adopted),

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

16 (B) such plan or contract amendment ap-  
17 plies retroactively for such period.

18 (c) COORDINATION WITH OTHER PROVISIONS RE-  
19 LATING TO PLAN AMENDMENTS.—

20 (1) SECURE ACT.—Section 601(b)(1) of the  
21 Setting Every Community Up for Retirement En-  
22 hancement Act of 2019 is amended—

23 (A) by striking “January 1, 2022” in sub-  
24 paragraph (B) and inserting “January 1,  
25 2023”, and

1 (B) by striking “substituting ‘2024’ for  
2 ‘2022’.” in the flush matter at the end and in-  
3 serting “substituting ‘2025’ for ‘2023’.”.

4 (2) CARES ACT.—

5 (A) SPECIAL RULES FOR USE OF RETIRE-  
6 MENT FUNDS.—Section 2202(c)(2)(A) of the  
7 CARES Act is amended by striking “January  
8 1, 2022” in clause (ii) and inserting “January  
9 1, 2023”.

10 (B) TEMPORARY WAIVER OF REQUIRED  
11 MINIMUM DISTRIBUTIONS RULES FOR CERTAIN  
12 RETIREMENT PLANS AND ACCOUNTS.—Section  
13 2203(c)(2)(B)(i) of the CARES Act is amend-  
14 ed—

15 (i) by striking “January 1, 2022” in  
16 subclause (II) and inserting “January 1,  
17 2023”, and

18 (ii) by striking “substituting ‘2024’  
19 for ‘2022’.” in the flush matter at the end  
20 and inserting “substituting ‘2025’ for  
21 ‘2023’.”.

22 (C) TAXPAYER CERTAINTY AND DISASTER  
23 TAX RELIEF ACT OF 2020.—Section  
24 302(d)(2)(A) of the Taxpayer Certainty and  
25 Disaster Tax Relief Act of 2020 is amended by

- 1 striking “January 1, 2022” in clause (ii) and
- 2 inserting “January 1, 2023”.