S. 1431

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

IN THE SENATE OF THE UNITED STATES

MAY 13, 2019

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

A BILL

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

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

SECTION 1. SHORT TITLE, ETC.

(a) Short Title.—This Act may be cited as the “Retirement Security and Savings Act of 2019”.

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

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

Sec. 1. Short title, etc.

TITLE I—EXPANDING COVERAGE AND INCREASING RETIREMENT SAVINGS

Sec. 101. Secure deferral arrangements.
Sec. 102. Facilitating automatic enrollment.
Sec. 103. Credit for employers with respect to modified safe harbor requirements.
Sec. 104. Expansion of saver’s credit.
Sec. 105. Qualified cash or deferred arrangements must allow long-term employees working more than 500 but less than 1,000 hours per year to participate.
Sec. 106. Separate application of top heavy rules to defined contribution plans covering part-time 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. Updating of mortality tables for minimum required distributions.
Sec. 110. Increase in credit limitation for small employer pension plan startup costs of certain employers.
Sec. 111. Credit for re-enrollment.
Sec. 112. Treatment of student loan payments as elective deferrals for purposes of matching contributions.
Sec. 113. Treatment of qualified retirement planning services.
Sec. 114. Allow additional nonelective contributions to simple plans.
Sec. 115. Reform of the minimum participation rule.
Sec. 116. Expansion of Employee Plans Compliance Resolution System.
Sec. 117. Enhancement of 403(b) plans.
Sec. 118. Eligibility for participation in retirement plans.
Sec. 119. Small immediate financial incentives for contributing to a plan.
Sec. 120. Indexing IRA catch-up limit.
Sec. 121. Higher catch-up limit to apply at age 60.

TITLE II—PRESERVATION OF INCOME

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

TITLE III—SIMPLIFICATION AND CLARIFICATION OF RETIREMENT PLAN RULES

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

TITLE IV—DEFINED BENEFIT PLAN REFORMS

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

TITLE V—REFORMING PLAN RULES TO HARMONIZE WITH IRA RULES

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

TITLE VI—ADMINISTRATIVE PROVISIONS

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

SEC. 101. SECURE DEFERRAL ARRANGEMENTS.

(a) In General.—Subsection (k) of section 401, as amended by Public Law 115–123, is further amended by adding at the end the following new paragraph:

“(15) Alternative method for secure deferral arrangements to meet nondiscrimination requirements.—

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

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

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

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

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

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

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

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

“(D) MATCHING CONTRIBUTIONS.—

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

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

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

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

“(ii) Application of rules for matching contributions.—The rules of clause (ii) of paragraph (12)(B) and clauses (iii) and (iv) of paragraph (13)(D) shall apply for purposes of clause (i), but the rule of clause (iii) of paragraph (12)(B) shall not apply for such purposes.

The rate of matching contribution for each incremental deferral must be at least as
high as the rate specified in clause (i), and
may be higher, so long as such rate does
not increase as an employee’s rate of elec-
tive contributions increases.”.

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

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

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

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

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

(c) Conforming Amendments.—Subparagraph (H) of section 416(g)(4) is amended—
(1) in clause (i), by striking “section 401(k)(12) or 401(k)(13)” and inserting “paragraph (12), (13), or (15) of section 401(k)”;

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

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

SEC. 102. FACILITATING AUTOMATIC ENROLLMENT.

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

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

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

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

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

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

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

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

"(a) GENERAL RULE.—For purposes of section 38, in the case of a small employer, the safe harbor adoption
credit determined under this section for any taxable year is the amount equal to the total of the employer’s matching contributions under section 401(k)(15)(D) during the taxable year on behalf of employees who are not highly compensated employees.

“(b) LIMITATIONS.—

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

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

“(c) DEFINITIONS.—

“(1) IN GENERAL.—Any term used in this section which is also used in section 401(k)(15) shall have the same meaning as when used in such section.
“(2) SMALL EMPLOYER.—The term ‘small employer’ means an eligible employer (as defined in section 408(p)(2)(C)(i)).

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

(b) CREDIT TO BE PART OF GENERAL BUSINESS CREDIT.—Subsection (b) of section 38 is amended by striking “plus” at the end of paragraph (31), by striking the period at the end of paragraph (32) and inserting “, plus”, and by adding at the end the following new paragraph:

“(33) the safe harbor adoption credit determined under section 45T.”.

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

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

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

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

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

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

(c) Effective Date.—The amendments made by this section shall apply to taxable years which include any portion of a plan year beginning after December 31, 2019.

SEC. 104. EXPANSION OF SAVER’S CREDIT.

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

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

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

“(i) such taxable year, and

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

(c) Treatment as Refundable.—

(1) Credit moved to subpart relating to refundable credits.—

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

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

(B) TECHNICAL AMENDMENTS.—

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

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

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

(2) MANDATORY DEPOSIT INTO QUALIFIED ACCOUNT.—

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

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

lowing new subsection:

“(g) DEPOSIT INTO QUALIFIED ACCOUNT.—

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

“(A) shall be paid on behalf of the indi-

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

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

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

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

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

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

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

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

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

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

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

(e) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2019.
SEC. 105. QUALIFIED CASH OR DEFERRED ARRANGEMENTS

MUST ALLOW LONG-TERM EMPLOYEES WORKING MORE THAN 500 BUT LESS THAN 1,000 HOURS PER YEAR TO PARTICIPATE.

(a) Participation Requirement.—

(1) In general.—Subparagraph (D) of section 401(k)(2) is amended to read as follows:

“(D) which does not require, as a condition of participation in the arrangement, that an employee complete a period of service with the employer (or employers) maintaining the plan extending beyond the close of the earlier of—

“(i) the period permitted under section 410(a)(1) (determined without regard to subparagraph (B)(i) thereof), or

“(ii) subject to the provisions of paragraph (16), the first period of 2 consecutive 12-month periods during each of which the employee has at least 500 hours of service.”.

(2) Special rules.—Section 401(k), as amended by this Act, is further amended by adding at the end the following new paragraph:
“(16) Special rules for participation requirement for long-term, part-time workers.—For purposes of paragraph (2)(D)(ii)—

“(A) Age requirement must be met.—Paragraph (2)(D)(ii) shall not apply to an employee unless the employee has met the requirement of section 410(a)(1)(A)(i) by the close of the last of the 12-month periods described in such paragraph.

“(B) Nondiscrimination and top-heavy rules not to apply.—

“(i) Nondiscrimination rules.—In the case of employees who are eligible to participate in the arrangement solely by reason of paragraph (2)(D)(ii)—

“(I) notwithstanding subsection (a)(4), an employer shall not be required to make nonelective or matching contributions on behalf of such employees even if such contributions are made on behalf of other employees eligible to participate in the arrangement, and

“(II) an employer may elect to exclude such employees from the ap-
application of paragraphs (3), (11), (12), (13), and (15), subsection (a)(4), paragraphs (2), (10), (11), (12), and (13) of subsection (m), and section 410(b).

“(ii) **Top-heavy rules.**—An employer may elect to exclude all employees who are eligible to participate in a plan maintained by the employer solely by reason of paragraph (2)(D)(ii) from the application of the vesting and benefit requirements under subsections (b) and (c) of section 416.

“(iii) **Vesting.**—For purposes of determining whether an employee described in clause (i) has a nonforfeitable right to employer contributions (other than contributions described in paragraph (3)(D)(i)) under the arrangement, each 12-month period for which the employee has at least 500 hours of service shall be treated as a year of service.

“(iv) **Employees who become full-time employees.**—This subparagraph shall cease to apply to any employee...
as of the first plan year beginning after
the plan year in which the employee meets
the requirements of section
410(a)(1)(A)(ii) without regard to para-
graph (2)(D)(ii) of this subsection.

“(C) Exception for employees under
Collectively bargained plans, etc.—Para-
graph (2)(D)(ii) shall not apply to employees
described in section 410(b)(3).

“(D) Special rules.—

“(i) Time of participation.—The
rules of section 410(a)(4) shall apply to an
employee eligible to participate in an ar-
angement solely by reason of paragraph
(2)(D)(ii).

“(ii) 12-Month periods.—12-month
periods shall be determined in the same
manner as under the last sentence of sec-
tion 410(a)(3)(A).”.

(3) Conforming Amendment.—Paragraph (1)
of section 413(c) is amended by striking “Section
410(a)” and inserting “Sections 401(k)(2)(D)(ii)
and 410(a)”.

(b) Effective Date.—The amendments made by
this section shall apply to plan years beginning after De-
November 31, 2019, except that, for purposes of section 401(k)(2)(D)(ii) of the Internal Revenue Code of 1986 (as added by such amendments), 12-month periods beginning before January 1, 2020, shall not be taken into account.

SEC. 106. SEPARATE APPLICATION OF TOP HEAVY RULES TO DEFINED CONTRIBUTION PLANS COVERING PART-TIME EMPLOYEES.

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

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

(b) Effective Date.—The amendment made by subsection (a) shall apply to plan years beginning after the date of the enactment of this Act.
SEC. 107. 60-DAY ROLLOVER TO INHERITED INDIVIDUAL RETIREMENT PLAN OF NONSPOUSE BENEFICIARY.

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

“(A) In General.—If—

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

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

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

“(B) Requirements for Transfer of Distribution.—The requirements of this subparagraph are met with respect to the portion of any distribution if—
“(i) such portion is transferred or paid to an individual retirement plan described in clause (i) or (ii) of paragraph 1 (8)(B) established for the purposes of receiving the distribution on behalf of the designated beneficiary,

“(ii) such individual retirement plan is established as an inherited individual retirement account or individual retirement annuity (within the meaning of section 1 408(d)(3)(C)), whichever is applicable, and

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

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

(b) ROLLOVER TREATMENT FOR INHERITED ACCOUNTS.—Section 408(d)(3)(C) is amended by adding at the end the following:

“(iii) EXCEPTION FOR QUALIFIED TRANSFERS TO ANOTHER INHERITED AC-
Clause (i) shall not apply to any portion of a distribution from an inherited individual retirement account or inherited individual retirement annuity if such portion is paid to another such individual retirement plan or annuity, but only if the requirements of subparagraphs (A), (B), and (E) of this paragraph and the requirements of section 402(c)(11)(B) are met with respect to such transfer or payment.”.

(c) Effective Date.—The amendments made by this section shall apply to distributions made after December 31, 2019.

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

(a) Increase in Age for Required Beginning Date.—

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

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

(2) Special rule for owners.—Subclause (I) of section 401(a)(9)(C)(ii) is amended by striking “in which the employee attains age 70 1⁄2” and
inserting “described in clause (i)(I) with respect to the employee”.

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

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

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

“(I) for calendar years before 2023, age 70 1/2,

“(II) for calendar years 2023, 2024, 2025, 2026, 2027, 2028, and 2029, age 72, and

“(III) for calendar years after 2029, age 75.

“(ii) TRANSITION RULE.—If, as of a calendar year, an employee has not attained the applicable age with respect to such year, such employee shall be treated as not having attained the applicable age under this paragraph for such year without regard to whether, in a previous calendar year, the employee had attained the appli-
cable age with respect to such previous cal-
endar year.’’.

(c) Spouse Beneficiaries.—Subclause (I) of sec-
tion 401(a)(9)(B)(iv) is amended by striking ‘‘age 70½’’
and inserting ‘‘the applicable age’’.

(d) Conforming Amendment.—Subsection (b) of
section 408 is amended by striking ‘‘age 70½’’ and insert-
ing ‘‘the applicable age determined under section
401(a)(9)(H) with respect to such individual’’.

(e) Effective Date.—The amendments made by
this section shall apply to calendar years beginning after
December 31, 2019.

SEC. 109. Updating of Mortality Tables for Minimum
Required Distributions.

Section 401(a)(9), as amended by this Act, is further
amended by adding at the end the following new subpara-
graph:

‘‘(I) Mortality tables.—

‘‘(i) Initial update.—Not later than

1 year after the date of the enactment of
this subparagraph, the Secretary shall ei-
ther update, or provide new tables to re-
place, the mortality tables used as of such
date for purposes of this paragraph.
“(ii) Periodic revision.—The Secretary shall (at least every 10 years) make revisions in, or provide new tables to replace, any table in effect under this subparagraph to reflect the actual experience of pension plans and projected trends in such experience.

“(iii) Effective date.—Any table prescribed under this subparagraph shall apply to plan years beginning after the date which is 1 year after publication of the final table.”.

SEC. 110. INCREASE IN CREDIT LIMITATION FOR SMALL EMPLOYER PENSION PLAN STARTUP COSTS OF CERTAIN EMPLOYERS.

(a) In general.—Subsection (a) of section 45E is amended by inserting before the period at the end the following: “(75 percent of such costs in the case of an eligible employer, as determined by substituting ‘25’ for ‘100’ in section 408(p)(2)(C)(i))”.

(b) Increase.—Paragraph (1) of section 45E(b) is amended to read as follows:

“(1) for the first credit year and each of the 2 taxable years immediately following the first credit year, the greater of—
“(A) $500, or

“(B) the lesser of—

“(i) $250 for each employee of the eligi-
gible employer who is not a highly com-
pensated employee (as defined in section
415(q)) and who is eligible to participate
in the eligible employer plan maintained by
the eligible employer, or

“(ii) $5,000, and”.

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

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

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

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

(d) EFFECTIVE DATE.—The amendments made by
this section shall apply to taxable years beginning after
December 31, 2019.
SEC. 111. CREDIT FOR RE-ENROLLMENT.

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

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

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

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

“(2) zero for any other taxable year.

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

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

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

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

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

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

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

“(A) to not have such contributions made,

or

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

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

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

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

“(34) in the case of an eligible employer (as defined in section 45U(e)), the retirement re-enrollment credit determined under section 45U(a).”.

(c) CONFORMING AMENDMENT.—Paragraph (2) of section 3511(d), as amended by this Act, is further amended—
(1) by redesignating subparagraphs (H), (I), and (J) as subparagraphs (I), (J), and (K), respectively, and

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

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

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

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

(e) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2019.

SEC. 112. TREATMENT OF STUDENT LOAN PAYMENTS AS ELECTIVE DEFERRALS FOR PURPOSES OF MATCHING CONTRIBUTIONS.

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

“(iii) subject to the requirements of paragraph (14), any employer contribution
made to a defined contribution plan on behalf of an employee on account of a qualified student loan payment.’’.

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

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

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

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

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

‘‘(ii) if the employee certifies to the employer making the matching contribu-
tion under this paragraph that such payment has been made on such loan.

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

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

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

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

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

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

“(iii) under the plan, all employees eligible to receive matching contributions on account of elective deferrals are eligible to receive matching contributions on account of qualified student loan payments.

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

“(i) NONDISCRIMINATION RULES.—

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

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

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

(d) Simple Retirement Accounts.—Paragraph (2) of section 408(p) is amended by adding at the end the following new subparagraph:

“(F) Matching Contributions for Qualified Student Loan Payments.—

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

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

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

“(ii) QUALIFIED STUDENT LOAN PAYMENT.—For purposes of this subparagraph—

“(I) IN GENERAL.—The term ‘qualified student loan payment’ means a payment made by an employee in repayment of a qualified education loan (as defined in section 221(d)(1)) incurred to pay qualified higher education expenses of the employee, but only if the employee certifies to the employer making the matching contribution that such payment has been made on such a loan.
“(II) QUALIFIED HIGHER EDUCATION EXPENSES.—The term ‘qualified higher education expenses’ has the same meaning as when used in section 401(m)(4)(D).

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

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

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

(e) 403(b) PLANS.—Subparagraph (A) of section 403(b)(12) is amended by adding at the end the following:

“The fact that the employer offers matching contributions on account of qualified student loan payments as described in section 401(m)(14) shall not be taken into account in determining whether the arrangement satisfies the re-
quirements of clause (ii) (and any regulation thereunder).”.

(f) 457(b) Plans.—Subsection (b) of section 457 of the Internal Revenue Code of 1986 is amended by adding at the end the following: “A plan which is established and maintained by an employer which is described in subsection (e)(1)(A) shall not be treated as failing to meet the requirements of this subsection solely because the plan, or another plan maintained by the employer which meets the requirements of section 401(a), provides for matching contributions on account of qualified student loan payments as described in section 401(m)(14).”.

(g) Regulatory Authority.—The Secretary shall prescribe regulations for purposes of implementing the amendments made by this section, including regulations—

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

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

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

(h) Effective Date.—The amendments made by
this section shall apply to contributions made for years
beginning after December 31, 2019.

SEC. 113. TREATMENT OF QUALIFIED RETIREMENT PLAN-
NING SERVICES.

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

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

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

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

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

(c) CONFORMING AMENDMENTS.—
(1) Section 403(b)(3)(B) is amended by insert-
ing “132(m)(4),” after “132(f)(4),”.
(2) Section 414(s)(2) is amended by inserting
“132(m)(4),” after “132(f)(4),”.
(3) Section 415(c)(3)(D)(ii) is amended by in-
serting “132(m)(4),” after “132(f)(4),”.

(d) EFFECTIVE DATE.—The amendment made by
this section shall apply to taxable years beginning after
December 31, 2019.
SEC. 114. ALLOW ADDITIONAL NONELECTIVE CONTRIBUTIONS TO SIMPLE PLANS.

(a) IN GENERAL.—

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

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

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

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

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

(b) Conforming Amendments.—

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

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

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

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

“(IV) contributions on behalf of any employee for any year may not exceed 50 percent of the amount in effect under section 415(c)(1)(A) (except as provided in section 414(v)), and”.

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

(e) Effective Date.—The amendments made by this section shall apply to years beginning after December 31, 2019.

SEC. 115. REFORM OF THE MINIMUM PARTICIPATION RULE.

(a) In General.—Subparagraph (II) of section 401(a)(26) is amended by adding at the end the following:
“Not later than December 31, 2020, the Secretary shall issue final regulations under which this paragraph may be applied separately to bona fide separate subsidiaries or divisions.”.

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

SEC. 116. EXPANSION OF EMPLOYEE PLANS COMPLIANCE RESOLUTION SYSTEM.

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

(b) Loan Error.—The Secretary of Labor shall
treat any loan error corrected pursuant to subsection (a)
as meeting the requirements of the Voluntary Fiduciary
Correction Program of the Department of Labor.

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

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

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

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

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

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

(f) DEFINITIONS AND SPECIAL RULES.—

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

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

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

(B) CORRECTION BY OWNER OF INDIVIDUAL RETIREMENT PLAN.—In the case of a correction by an owner of an individual retirement plan under subsection (d), the term “inadvertent failure” means a failure due to reasonable cause.

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

SEC. 117. ENHANCEMENT OF 403(b) PLANS.

(a) IN GENERAL.—
(1) PERMITTED INVESTMENTS.—Clause (i) of section 403(b)(7)(A) is amended to read as follows:

“(i) the amounts to be held in that custodial account are invested in regulated investment company stock or a group trust intended to satisfy the requirements of Internal Revenue Service Revenue Ruling 81–100 (or any successor guidance), and”.

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

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts invested after December 31, 2019.

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

“(11) Any—

“(A) employee’s stock bonus, pension, or profit-sharing trust which meets the requirements for qualification under section 401 of the Internal Revenue Code of 1986;
“(B) custodial account meeting the requirements of section 403(b)(7) of such Code;

“(C) governmental plan described in section 3(a)(2)(C) of the Securities Act of 1933;

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

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

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

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

“(iii) such plan is a governmental plan (as defined in section 414(d) of such Code); or
“(F) separate account the assets of which are derived solely from—

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

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

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

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

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

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

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

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


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

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

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

SEC. 118. ELIGIBILITY FOR PARTICIPATION IN RETIRE-
MENT PLANS.

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

SEC. 119. SMALL IMMEDIATE FINANCIAL INCENTIVES FOR
CONTRIBUTING TO A PLAN.

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

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

(c) Exemption From Prohibited Transaction Rules.—Subsection (d) of section 4975 is amended by striking “or” at the end of paragraph (22), by striking the period at the end of paragraph (23) and inserting “, or”, and by adding at the end the following new paragraph:

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

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

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

(e) Effective Date.—The amendments made by this section shall apply with respect to plan years beginning after the date of enactment of this Act.
SEC. 120. INDEXING IRA CATCH-UP LIMIT.

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

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“(iii) Indexing of catch-up limitation.—In the case of any taxable year beginning in a calendar year after 2020, the $1,000 amount under subparagraph (B)(ii) shall be increased by an amount equal to—

“(I) such dollar amount, multiplied by

“(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2019’ for ‘calendar year 2016’ in subparagraph (A)(ii) thereof.

If any amount after adjustment under the preceding sentence is not a multiple of $200, such amount shall be rounded to the next lower multiple of $200.”.
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(b) Effective Date.—The amendments made by this section shall apply to years beginning after December 31, 2020.
SEC. 121. HIGHER CATCH-UP LIMIT TO APPLY AT AGE 60.

(a) In General.—

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

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

(b) Cost-of-Living Adjustments.—Subparagraph (C) of section 414(v)(2) is amended by adding at the end the following: "In the case of a year beginning after December 31, 2020, the Secretary shall adjust annually the $10,000 amount in subparagraph (B)(i) and the $5,000 amount in subparagraph (B)(ii) for increases in the cost-of-living at the same time and in the same manner as adjustments under the preceding sentence; except that the base period taken into account shall be the calendar quarter beginning July 1, 2019.".

(c) Effective Date.—The amendments made by this section shall apply to years beginning after December 31, 2019.
TITLE II—PRESERVATION OF INCOME

SEC. 201. QUALIFYING LONGEVITY ANNUITY CONTRACTS.

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

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

(2) Increase dollar limitation.—

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

(B) Adjustments for Inflation.—The Secretary (or delegate) shall amend Q&A–17(d)(2)(i) of Treas. Reg. section 1.401(a)(9)–6 to provide that, in the case of calendar years beginning on or after January 1 of the second year following the year of enactment of this Act, the $200,000 dollar limitation (as increased by subparagraph (A)) will be adjusted at the same time and in the same manner as the limits are adjusted under section 415(d) of the Internal Revenue Code of 1986, except that the base period shall be the calendar quarter beginning July 1 of the year of enactment of this Act, and any increase to such dollar limitation which is not a multiple of $10,000 will be rounded to the next lowest multiple of $10,000.

(3) Facilitate Joint and Survivor Benefits.—The Secretary (or delegate) shall amend Q&A–17(c) of Treas. Reg. section 1.401(a)(9)–6, and make such corresponding changes to the regula-
tions and related forms as are necessary, to provide
that, in the case of a qualifying longevity annuity
contract which was purchased with joint and sur-
vivor annuity benefits for the individual and the in-
dividual’s spouse which were permissible under the
regulations at the time the contract was originally
purchased, a divorce occurring after the original
purchase and before the annuity payments com-
merce under the contract will not affect the permis-
sibility of the joint and survivor annuity benefits or
other benefits under the contract, or require any ad-
justment to the amount or duration of benefits pay-
able under the contract, provided that any qualified
domestic relations order (within the meaning of sec-
tion 414(p) of the Internal Revenue Code of 1986)
or any divorce or separation instrument (within the
meaning of section 71(b)(2) of the Internal Revenue
Code of 1986)—

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

(B) does not modify the treatment of the
former spouse as the beneficiary under the con-
tact who is entitled to the survivor benefits; or
(C) does not modify the treatment of the former spouse as the measuring life for the survivor benefits under the contract.

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

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

(A) either—

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

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

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

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

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

(b) **Effective Dates, Enforcement, and Interpretations.**—

(1) **Effective dates.**—

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

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

(2) **Enforcement and Interpretations.**—

Prior to the date on which the Secretary of the Treasury issues final regulations pursuant to subsection (a)—

(A) the Secretary (or delegate) shall administer and enforce the law in accordance with subsection (a) and the effective dates in paragraph (1) of this subsection; and

(B) taxpayers may rely upon their reasonable good faith interpretations of subsection (a).
SEC. 202. REMOVE REQUIRED MINIMUM DISTRIBUTION BARRIERS FOR LIFE ANNUITIES.

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

“(J) Certain increases in payments under a commercial annuity.—Nothing in this section shall prohibit a commercial annuity (within the meaning of section 3405(e)(6)) which is issued in connection with any eligible retirement plan (within the meaning of section 402(c)(8)(B)) from providing 1 or more of the following types of payments on or after the annuity starting date:

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

“(ii) A lump sum payment which—

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

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

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

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

“(I) the total amount of the con-
sideration paid for the annuity pay-
ments, over
“(II) the aggregate amount of
prior distributions or payments from
or under the contract.”.

(b) Regulations and Enforcement.—

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

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

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

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

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

SEC. 203. ELIMINATING A PENALTY ON PARTIAL ANNUITIZATION.

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

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

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

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

(e) **CONFORMING REGULATORY AMENDMENTS.**—The Secretary of the Treasury (or the Secretary’s delegate) shall amend the regulations under sections 403(b)(10), 408(a)(6), 408(b)(3), and 457(d)(2) of the Internal Revenue Code of 1986 to conform to the amendments described in subsection (a). Such conforming amendments shall treat all individual retirement plans (as defined in section 7701(a)(37) of such Code) which an individual holds as the owner, or which an individual holds as a beneficiary of the same decedent, as one such plan for purposes of the amendments described in subsection (a). Such conforming amendments shall also treat all contracts described in section 403(b) of such Code which an individual holds as an employee, or which an individual holds as a beneficiary of the same decedent, as one such contract for such purposes.

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

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

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

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

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

(d) Define Relevant Terms.—In amending Treas. Reg. section 1.817–5(f)(3) in accordance with subsections (b) and (c) of this section, the Secretary of the Treasury (or the Secretary's delegate) shall provide definitions consistent with the following:

(1) Exchange-Traded Fund.—The term "exchange-traded fund" means a regulated investment company, partnership, or trust—
(A) that is registered with the Securities and Exchange Commission as an open-end investment company or a unit investment trust;

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

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

(2) AUTHORIZED PARTICIPANT.—The term “authorized participant” means a financial institution that is a member or participant of a clearing agency registered under section 17A(b) of the Securities Exchange Act of 1934 that enters into a contractual relationship with an exchange-traded fund pursuant to which the financial institution is permitted to purchase and redeem shares directly from the fund and to sell such shares to third parties, but only if the contractual arrangement or applicable law precludes the financial institution from—

(A) purchasing the shares for its own investment purposes rather than for the exclusive
purpose of creating and redeeming such shares
on behalf of third parties; and

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

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

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

(1) Effective dates.—

(A) Subsection (b), and the definitions
under subsection (d), shall apply to segregated
asset account investments made on or after the
date of enactment of this Act.
(B) Subsection (c) shall apply to taxable years beginning after December 31, 1983.

(2) Enforcement and Interpretations.—

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

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

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

TITLE III—SIMPLIFICATION AND CLARIFICATION OF RETIREMENT PLAN RULES

SEC. 301. REVIEW AND REPORT TO THE CONGRESS RELATING TO REPORTING AND DISCLOSURE REQUIREMENTS.

(a) Study.—As soon as practicable after the date of the enactment of this Act, the Secretary of Labor, the Secretary of the Treasury, and the Director of the Pension Benefit Guaranty Corporation (or their delegates) shall review the reporting and disclosure requirements of—
(1) title I of the Employee Retirement Income Security Act of 1974, as applicable to pension plans (as defined in section 3(2) of such Act); and

(2) the Internal Revenue Code of 1986, as applicable to qualified retirement plans (as defined in section 4974(c) of such Code, without regard to paragraphs (4) and (5) thereof).

(b) REPORT.—Not later than 18 months after the date of the enactment of this Act, the Secretary of Labor, the Secretary of the Treasury, and the Director of the Pension Benefit Guaranty Corporation (or their delegates), jointly, shall make such recommendations as may be appropriate to the appropriate committees of the Congress to consolidate, simplify, standardize, and improve the applicable reporting and disclosure requirements so as to simplify reporting for plans described in subsection (a) and ensure that necessary, comprehensible information is provided to participants and beneficiaries of such plans.

SEC. 302. CONSOLIDATION OF DEFINED CONTRIBUTION PLAN NOTICES.

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

SEC. 303. PERFORMANCE BENCHMARKS FOR ASSET ALLOCATION FUNDS.

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

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

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

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

(b) Study.—Not later than December 31, 2020, the Secretary of Labor (or the Secretary’s delegate) shall deliver a report to the Committees on Ways and Means and Education and Labor of the House of Representatives and the Committees on Finance and Health, Education, Labor, and Pensions of the Senate regarding the effectiveness of the benchmarking requirements under section 2550.404a–5 of title 29, Code of Federal Regulations.

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

(a) In General.—Section 402(c) is amended by adding at the end the following new paragraph:
“(12) DISTRIBUTIONS TO QUALIFIED PLAN OF NONSPouse BENEFICIARY.—If, with respect to any portion of a distribution from an eligible retirement plan described in clause (iii), (iv), (v), or (vi) of paragraph (8)(B) of a deceased employee, a direct trustee-to-trustee transfer is made to another such plan of an individual who is a designated beneficiary (as defined by section 401(a)(9)(E)) of the employee and who is not the surviving spouse of the employee—

“(A) the transfer shall be treated as an eligible rollover distribution, and

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

(b) CONFORMING AMENDMENTS.—

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

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

(3) 457 PLANS.—Subparagraph (B) of section 457(e)(16) is amended by striking “and (11)” and inserting “(11), and (12)”.
(c) **Effective Date.**—The amendments made by this section shall apply to distributions made after the date of the enactment of this Act.

**SEC. 305. DEFERRAL AGREEMENTS.**

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

(b) **Effective Date.**—The amendment made by this section shall apply to years beginning after December 31, 2019.

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

Not later than December 31, 2020, the Secretary of the Treasury (or the Secretary’s delegate), in consultation with the Secretary of Labor and the Director of the Pension Benefit Guaranty Corporation (or their delegates), shall simplify the model notices issued under section 402(f) of the Internal Revenue Code of 1986 so as to facilitate better understanding by recipients of different distribution options and corresponding tax consequences. Such model notices shall include an explanation of the effect of elections on spousal rights.
SEC. 307. TREATMENT OF CUSTODIAL ACCOUNTS ON TERMINATION OF SECTION 403(b) PLANS.

(a) In General.—Not later than 6 months after the date of the enactment of this Act, the Secretary of the Treasury (or the Secretary's delegate) shall issue guidance to provide that, if an employer terminates the plan under which amounts are contributed to a custodial account under subparagraph (A) of section 403(b)(7) of the Internal Revenue Code of 1986—

(1) the plan administrator or custodian may distribute an individual custodial account in kind to a participant or beneficiary of the plan, and

(2) the distributed custodial account shall be maintained by the custodian on the same basis as a custodial account to which section 403(b)(7) of such Code applies, similar to the treatment of fully paid individual annuity contracts under Revenue Ruling 2011–7, until amounts are actually paid to the participant or beneficiary.

(b) Treatment of Accounts.—The guidance issued under subsection (a) shall also provide that—

(1) the status of the distributed custodial account under section 403(b)(7) of the Internal Revenue Code of 1986 is generally maintained if the custodial account thereafter adheres to the requirements of section 403(b) of such Code which are in
effect at the time of the distribution of the account, and

(2) a custodial account will not be considered distributed to the participant or beneficiary if the employer has any material retained rights under the account.

For purposes of paragraph (2), an employer shall not be treated as retaining material rights over a custodial account solely because the custodial account was originally opened under a group contract.

(c) DISTRIBUTION UPON TERMINATION.—

(1) IN GENERAL.—Paragraph (11) of section 403(b) is amended by striking “or” at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting “, or”, and by inserting after subparagraph (C) the following new subparagraph:

“(D) in the case of a termination of the plan under which contributions were made, without the establishment or maintenance of another plan under this subsection.”.

(2) CUSTODIAL ACCOUNTS.—Section 403(b)(7)(A)(ii) is amended by striking “before the employee dies” and inserting “before the termination of the plan under which contributions were made to
the custodial account (without the establishment or
maintenance of another plan under this subsection),
or before the employee dies”.

(d) **Effective Date.**—The guidance issued under
subsections (a) and (b), and the amendments made by
subsection (c), shall apply to taxable years beginning after
December 31, 2008.

**SEC. 308. PERMIT PLANS TO USE BASE PAY OR RATE OF PAY CALCULATION.**

(a) **In General.**—Not later than December 31, 2020, the Secretary of the Treasury (or the Secretary’s
delegate) shall modify Treasury Regulation section
1.414(s)–1(d)(3) to facilitate the use of the safe harbors
in sections 401(k)(12), 401(k)(13), 401(k)(15),
401(m)(11), 401(m)(12), and 401(m)(13) of the Internal
Revenue Code of 1986, and in Treasury Regulation sec-
tion 1.401(a)(4)–3(b), by plans which use base pay or rate
of pay in determining contributions or benefits. Such fa-
cilitation shall include increased flexibility in meeting the
definition in section 414(s) of such Code in situations
where the amount of overtime compensation payable in a
year can vary significantly.

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

SEC. 309. ROTH SIMPLE IRAS.

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

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

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

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

“In applying this paragraph to an individual on
whose behalf elective employer contributions are
made to a simple retirement account, the amount
described in subparagraph (A) shall be increased by
the amount of elective employer contributions made
on behalf of the individual to such account, except
to the extent that such contributions exceed the ap-
plicable dollar amount (as defined in subsection
(p)(2)(E)) or cause the elective deferrals (as defined
in section 402(g)(3)) on behalf of such individual to
exceed the limitation under section 402(g)(1) (tak-
ing into account subparagraph (C) thereof).”.
(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2019.

SEC. 310. REDUCTION IN EXCISE TAX ON CERTAIN ACCUMULATIONS IN QUALIFIED RETIREMENT PLANS.

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

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 2019.

SEC. 311. CLARIFICATION OF CATCH-UP CONTRIBUTIONS WITH RESPECT TO SEPARATE LINES OF BUSINESS.

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

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

“(i) a plan”;

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

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

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

SEC. 312. CLARIFICATION OF SUBSTANTIALLY EQUAL PERIODIC PAYMENT RULE.

(a) IN GENERAL.—Paragraph (4) of section 72(t) is amended by inserting at the end the following new subparagraph:

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

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

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

and
“(iii) distributions from the transferor and transferee plans would in combination continue to satisfy the requirements of paragraph (2)(A)(iv) if they had been made only from the transferor plan, such transfer or rollover shall not be treated as a modification under subparagraph (A)(ii), and compliance with paragraph (2)(A)(iv) shall be determined on the basis of the combined distributions described in clause (iii).”.

(b) Nonqualified Annuity Contracts.—Paragraph (3) of section 72(q) is amended—

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

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

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

“(A) IN GENERAL.—If—”; and

(4) by adding at the end the following new subparagraph:
“(B) EXCHANGES TO SUBSEQUENT CONTRACTS.—If—

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

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

“(iii) the aggregate distributions from the contracts involved in the exchange continue to satisfy the requirements of paragraph (2)(D) as if the exchange had not taken place,

such exchange shall not be treated as a modification under subparagraph (A)(ii), and compliance with paragraph (2)(D) shall be determined on the basis of the combined distributions described in clause (iii).”.

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

“(g) SPECIAL RULE FOR REPORTING CERTAIN ADDITIONAL TAXES.—No penalty shall be imposed under section 6721 or 6722 if—
“(1) a person makes a return or report under section 6047(d) or 408(i) with respect to any distribution,

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

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

“(4) such person does not have actual knowledge that the distributions do not satisfy such requirements.”.

(d) SAFE HARBOR FOR ANNUITY PAYMENTS.—

(1) QUALIFIED RETIREMENT PLANS.—Subparagraph (A) of section 72(t)(2) is amended by adding at the end the following flush sentence:

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

(2) OTHER ANNUITY CONTRACTS.—Paragraph
(2) of section 72(q) is amended by adding at the end
the following flush sentence:
“‘For purposes of subparagraph (D), periodic pay-
ments shall not fail to be treated as substantially
equal merely because they are amounts received as
an annuity, and such periodic payments shall be
deemed to be substantially equal if they are payable
over a period described in subparagraph (D) and
would satisfy the requirements applicable to annuity
payments under section 401(a)(9) if such require-
ments applied.”.

(c) EFFECTIVE DATES.—

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

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

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

SEC. 313. CLARIFICATION OF TREATMENT OF DISTRIBUTIONS OF ANNUITY CONTRACTS.

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

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 1401(b)(1) of the Small Business Job Protection Act of 1996.

SEC. 314. CLARIFICATION REGARDING ELECTIVE DEFERRALS.

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

(b) **Deferrals and Contributions Described.**—The deferrals or contributions described in this subsection are—

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

2. elective contributions under an eligible deferred compensation plan described in section 457(b) of such Code; and

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

(c) **Treatment of Deferrals.**—Except as otherwise determined by the Secretary of the Treasury (or the Secretary’s delegate) to be necessary to carry out the purposes of this section, the rules described in subsection (a) shall provide that the contributions or deferrals shall, for purposes of section 457 and subchapter D of chapter 1 of subtitle A of the Internal Revenue Code of 1986, be treated as contributions or deferrals made on behalf of active employees, not on behalf of former employees.
SEC. 315. TAX TREATMENT OF CERTAIN NONTRADE OR BUSINESS SEP CONTRIBUTIONS.

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

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

(2) by inserting “, or a simplified employee pension (within the meaning of section 408(k))” after “401(k)(11))”.

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

SEC. 316. ALLOW CERTAIN PLAN TRANSFERS AND MERGERS.

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

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

“(aa) CERTAIN PLAN TRANSFERS AND MERGERS.—

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

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

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

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

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

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

“(3) **Spousal consent and anti-cutback**
protection.—In the case of a transfer or merger
described in paragraph (1), amounts in the trans-
feree or merged plan that are attributable to the
transferor or predecessor plan shall—

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

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

“(B) be treated as subject to section
411(d)(6) and section 204(g) of the Employee
Retirement Income Security Act of 1974 to the
extent that such amounts were subject to such
sections in the transferor or predecessor plan.
“(4) SPECIAL RULES.—Under rules prescribed by the Secretary, to the extent amounts transferred or merged pursuant to paragraph (1) were otherwise entitled to grandfather treatment under the transferor or predecessor plan, such amounts (and income or loss attributable thereto) shall remain entitled to such treatment under the transferee or merged plan. The rules prescribed by the Secretary shall require that such amounts be separately accounted for by the transferee or merged plan. For purposes of this paragraph, the term ‘grandfather treatment’ means any special treatment under this title that is provided for prior benefits, prior periods of time, or certain individuals in connection with a change in the applicable law.

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

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

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

(b) AMENDMENT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 4 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1003) is amended by adding at the end the following new subsection:

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

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to transfers or mergers in years beginning after the Secretary of the Treasury (or the Secretary’s delegate) prescribes rules under section 414(aa) of the Internal Revenue Code of 1986, as added by this section.
(2) Rules.—The Secretary of the Treasury (or the Secretary’s delegate) shall issue rules under section 414(aa) of the Internal Code of 1986, as so added, within 1 year after the date of the enactment of this Act.

SEC. 317. EXCEPTION FROM REQUIRED DISTRIBUTIONS WHERE AGGREGATE RETIREMENT SAVINGS DO NOT EXCEED $100,000.

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

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

“(i) In General.—If, as of a measurement date, the aggregate value of the entire interest of an employee under all applicable eligible retirement plans does not exceed $100,000, then, with respect to any applicable eligible retirement plan of the employee, during any succeeding calendar year beginning before the next measurement date the requirements of subparagraph (A) shall not apply to the employee.
“(ii) Applicable eligible retirement plan.—For purposes of this sub-
paragraph, the term ‘applicable eligible retirement plan’ means an eligible retirement
plan (as defined in section 402(c)(8)(B)) and any other plan, contract, or arrange-
ment to which the requirements of this paragraph apply, but does not include any
defined benefit plan.

“(iii) Measurement date.—

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

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

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

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

“(III) SPECIAL RULE.—In the case of an employee who receives account statements at least annually with respect to a plan, the value of the employee’s interest in such plan as shown on the last account statement provided to such employee for such calendar year may (at the election of the employee) be treated as the value of the employee’s interest in such plan on the measurement date.

If such last account statement does not include all amounts described in subclause (II) for such calendar year, the last day of the next calendar year shall be a new measurement date in accordance with subclause (II) and a
new determination shall be made as to
whether clause (i) applies to such em-
ployee.

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

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

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

“(II) $10,000.
“(vi) Cost-of-living adjustments.—The Secretary shall adjust annually the $100,000 amount specified in clause (i) for increases in the cost-of-living at the same time and in the same manner as adjustments under section 415(d); except that the base period shall be the calendar quarter beginning July 1, 2019, and any increase which is not a multiple of $5,000 shall be rounded to the next lowest multiple of $5,000.

“(vii) Plan reliance.—The plan administrator of an applicable eligible retirement plan shall be entitled to rely on a certification provided by an employee that such employee’s interest in other applicable eligible retirement plans does not prevent such employee from being described in clause (i). Any such certification shall apply to all future years in the absence of a contrary certification from the employee, and shall apply to the current year if received not later than March 1 of such current year. If no such certification is received by the plan administrator by March
of a year for which a required distribution is to be made under subparagraph (A), the plan administrator shall be treated as required to make the distribution required under subparagraph (A) for such year.”.

(b) **Effective Date.**—The amendment made by this section shall apply to initial measurement dates occurring on or after December 31, 2019.

**SEC. 318. HARDSHIP RULES FOR 403(b) PLANS.**

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

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

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

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

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

“(iii) Qualified matching contributions described in section 401(k)(3)(D)(ii)(I).
“(iv) Earnings on any contributions described in clause (i), (ii), or (iii).

“(B) NO REQUIREMENT TO TAKE AVAILABLE LOAN.—A distribution shall not be treated as failing to be made upon the hardship of an employee solely because the employee does not take any available loan under the plan.”.

(b) CONFORMING AMENDMENTS.—

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

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

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

(B) by striking the last sentence.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2019.
SEC. 319. IRA PRESERVATION.

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

(1) An overview of the laws and regulations related to individual retirement plans (as defined in section 7701(a)(37) of the Internal Revenue Code of 1986), including—

(A) limits on contributions;
(B) limits on deductions for contributions;
(C) rollovers;
(D) minimum required distributions;
(E) non-exempt prohibited transactions;
and
(F) tax consequences for early distributions.

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

(b) REDUCTION IN EXCISE TAX ON EXCESS CONTRIBUTIONS.—Section 4973 is amended by adding at the end the following new subsection:

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

“(1) REDUCTION.—In the case of a taxpayer who—
“(A) corrects, during the correction window, an excess contribution which was made to an individual retirement plan and which resulted in imposition of a tax under paragraph (1) or (3) of subsection (a), and

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

the first and second sentences of subsection (a) shall be applied by substituting ‘3 percent’ for ‘6 percent’ each place it appears.

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

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

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

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

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

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

“(A) corrects, during the correction window, a shortfall of distributions from an individual retirement plan which resulted in imposition of a tax under subsection (a), and

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

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

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

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

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

(d) REPEAL OF TAX DISQUALIFICATION PENALTY.—

(1) IN GENERAL.—Paragraph (2) of subsection (e) of section 408 is repealed.

(2) CONFORMING AMENDMENTS.—

(A) Section 408(e)(1) is amended by striking “(2) or”.

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

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

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

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

(2) by adding at the end the following new paragraph:
“(4) **Individual Retirement Plans.**—For purposes of any tax imposed by section 4973, 4974, or 4975 in connection with an individual retirement plan, the return referred to in this section shall be the income tax return filed by the person on whom the tax under such section is imposed for the year in which the act (or failure to act) giving rise to the liability for such tax occurred. In the case of a person who is not required to file an income tax return for such year—

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

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

(f) **Effective Date.**—

(1) **In General.**—Subject to paragraphs (2) and (3), this section and the amendments made by this section shall take effect on the date of the enactment of this Act.
(2) Transition provisions.—

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

(B) Calculation of correction window in certain cases.—In the case of an error that would have been eligible for correction under section 4973(i) or 4974(e) of the Internal Revenue Code of 1986 if tax had not been imposed under section 4973(a) or 4974(a), as the case may be, of such Code before the date of the enactment of this Act, the correction window referred to in sections 4973(i) and 4974(e) of such Code (as added by this section) shall be the period beginning on the date on which such tax was imposed and ending on the earlier of—

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

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

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

SEC. 320. ELIMINATION OF ADDITIONAL TAX ON CERTAIN
DISTRIBUTIONS.

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

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

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

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

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

(b) Effective Date.—The amendments made by this section shall apply to any determination of, or affecting, liability for taxes, interest, or penalties which is made on or after the date of the enactment of this Act, without regard to whether the act (or failure to act) upon which the determination is based occurred before such date of enactment. Notwithstanding the preceding sentence, nothing in the amendments made by this section shall be construed to create an inference with respect to the law in effect prior to the effective date of such amendments.

SEC. 321. DISTRIBUTIONS TO FIREFIGHTERS.

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

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

(1) by striking “PUBLIC”, and

(2) by striking “IN GOVERNMENTAL PLANS”.

(c) Effective Date.—The amendments made by this section shall apply to distributions made after December 31, 2019.
SEC. 322. ELIMINATING UNNECESSARY PLAN REQUIREMENTS RELATED TO UNENROLLED PARTICIPANTS.

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

(1) In general.—Part I of subtitle B of subchapter I of the Employee Retirement Income Security Act of 1974 is amended by redesignating section 111 as section 112 and by inserting after section 110 the following new section:

"SEC. 111. ELIMINATING UNNECESSARY PLAN REQUIREMENTS RELATED TO UNENROLLED PARTICIPANTS.

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

"(1) in connection with the annual open season election period with respect to the plan or, if there is no such period, within a reasonable period prior to the beginning of each plan year, an annual reminder notice of such participant’s eligibility to par-"
participate in such plan and any applicable election
deadlines under the plan; and
“(2) any document requested by such partici-
pant which the participant would be entitled to re-
ceive without regard to this section.
“(b) UNENROLLED PARTICIPANT.—For purposes of
this section, the term ‘unenrolled participant’ means an
employee who—
“(1) is eligible to participate in an individual
account plan;
“(2) has received all required notices, disclo-
sures, and other plan documents, including the sum-
mary plan description, required to be furnished
under this title in connection with such participant’s
initial eligibility to participate in such plan;
“(3) is not participating in such plan; and
“(4) does not have a balance in the plan.
For purposes of this section, any eligibility to participate
in the plan following any period for which such employee
was not eligible to participate shall be treated as initial
eligibility.
“(c) ANNUAL REMINDER NOTICE.—For purposes of
this section, the term ‘annual reminder notice’ means a
notice provided in accordance with section 2520.104b–1
of title 29, Code of Federal Regulations (or any successor regulation), which—

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

“(2) notifies the unenrolled participant of—

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

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

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

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

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

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

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

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

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

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

“(B) any document requested by such par-
ticipant which the participant would be entitled
to receive without regard to this subsection.
“(2) Unenrolled Participant.—For purposes of this subsection, the term ‘unenrolled participant’ means an employee who—

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

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

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

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

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

“(3) Annual Reminder Notice.—For purposes of this subsection, the term ‘annual reminder notice’ means the notice described in section 111(c) of the Employee Retirement Income Security Act of 1974.”.
(c) Effective Date.—The amendments made by this section shall apply to plan years beginning after December 31, 2019.

TITLE IV—DEFINED BENEFIT PLAN REFORMS

SEC. 401. CASH BALANCE.

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

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

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

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

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

SEC. 402. ALIGNING USE OF LOOKBACK MONTHS TO DE-
TERMINE INTEREST RATES.

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

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

SEC. 403. CORRECTIONS OF MORTALITY TABLES.

(a) IN GENERAL.—Not later than 6 months after the date of the enactment of this Act, the Secretary of the Treasury (or the Secretary’s delegate) shall amend the regulation relating to “Mortality Tables for Determining Present Value Under Defined Benefit Pension Plans” (82 Fed. Reg. 46388 (October 5, 2017)). Under such amendment—

(1) except as provided in paragraphs (2) and (3), the mortality improvement rates for valuation dates occurring during 2018 shall be based on the mortality improvement rates in the Mortality Improvement Scale MP–2017 Report issued by the Retirement Plans Experience Committee of the Society of Actuaries;

(2) for valuation dates occurring during or after 2018, such mortality improvement rates shall not assume future mortality improvements at any age which are greater than .78 percent; and
(3) plan sponsors shall be permitted to elect for
the modifications under paragraphs (1) and (2) not
to apply to a plan for valuation dates occurring dur-
ing 2018.

The Secretary of the Treasury (or delegate) shall by regu-
lation modify the .78 percent figure in paragraph (2) as
necessary to reflect material changes in the overall rate
of improvement projected by the Social Security Adminis-
tration.

(b) PRESERVATION OF CURRENT LAW OPTION.—
Notwithstanding the modifications made under subsection
(a), with respect to a plan for which substitute mortality
tables are not used pursuant to Treas. Reg. section
1.430(h)(3)–2 for a plan year beginning during 2018,
mortality tables determined in accordance with Treas.
Reg. section 1.430(h)(3)–1 as in effect on December 31,
2017, may be used for purposes of applying the rules of
section 430 of the Internal Revenue Code of 1986 for a
valuation date occurring during 2018 if the plan spon-
sor—

(1) concludes that the use of mortality tables
determined in accordance with Treas. Reg. section
1.430(h)(3)–1 (without regard to any modification
under this section) for the plan year would be ad-
ministratively impracticable or would result in an
adverse business impact that is greater than de
minimis; and
(2) informs the plan actuary of the intent to
apply the option under this subsection.
(c) **Effective Date.**—The modifications and
amendments required under subsections (a) and (b) shall
be deemed to have been made as of the date of the enact-
ment of this Act, and as of such date all applicable laws
shall be applied in all respects as though the actions which
the Secretary of the Treasury (or the Secretary’s delegate)
is required to take under such subsections had been taken.

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

(a) **In General.**—Clause (ii) of section
4006(a)(3)(E) of the Employee Retirement Income Secu-
by striking “the applicable dollar amount under paragraph
(8)” and inserting “$38”.

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

(e) **Technical Amendment.**—Clause (i) of section
4006(a)(3)(E) of the Employee Retirement Income Secu-
by striking “subparagraph (H)” and inserting “subpara-
graph (I)”.

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

SEC. 405. ENHANCING RETIREE HEALTH BENEFITS IN PEN-
SION PLANS.

(a) EXTENSION OF TRANSFERS OF EXCESS PENSION
ASSETS TO RETIREE HEALTH ACCOUNTS.—Paragraph
(4) of section 420(b) is amended by striking “December
31, 2025” and inserting “December 31, 2029”.

(b) DE MINIMIS TRANSFER RULE.—

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

“(7) SPECIAL RULE FOR DE MINIMIS TRANS-
FERS.—

“(A) IN GENERAL.—In the case of a trans-
fer of an amount which is not more than 1.75
percent of the amount determined under para-
graph (2)(A) by a plan which meets the re-
quirements of subparagraph (B), paragraph
(2)(B) shall be applied by substituting ‘110
percent’ for ‘125 percent’.
“(B) Two-year lookback requirement.—A plan is described in this subparagraph if, as of any valuation date in each of the 2 plan years immediately preceding the plan year in which the transfer occurs, the amount determined under paragraph (2)(A) with respect to such plan exceeded 110 percent of the sum of the funding target and the target normal cost determined under section 430 for such plan year.”.

(2) Cost maintenance period.—Subparagraph (D) of section 420(c)(3) is amended by striking “5 taxable years” and inserting “5 taxable years (7 taxable years in the case of a transfer to which subsection (e)(7) applies)”.

(3) Conforming amendments.—

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

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

“(I) Determination.—In”,

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

(iii) by adding at the end the following new subclause:
“(II) Special rule for collectively bargained transfers.—In determining excess pension assets for purposes of a collectively bargained transfer, subsection (e)(7) shall not apply.”.

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

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

(1) Definitions.—Section 101(e)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021(e)(3)) is amended by striking “(as in effect on the date of the enactment of the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015)” and inserting “(as in effect on the date of the enactment of the Retirement Security and Savings Act of 2019)”.

(2) Use of assets.—Section 403(c)(1) of such Act (29 U.S.C. 1103(c)(1)) is amended by striking “(as in effect on the date of the enactment of the Surface Transportation and Veterans Health Care
(3) Exemption.—Section 408(b)(13) of such Act (29 U.S.C. 1108(b)(13)) is amended—

(A) by striking “January 1, 2026” and inserting “January 1, 2030”; and

(B) by striking “(as in effect on the date of the enactment of the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015)” and inserting “(as in effect on the date of the enactment of the Retirement Security and Savings Act of 2019)”.

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

TITLE V—REFORMING PLAN RULES TO HARMONIZE WITH IRA RULES

SEC. 501. ROTH PLAN DISTRIBUTION RULES.

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

“(5) Mandatory distribution rules not to apply before death.—Notwithstanding sec-
tions 403(b)(10) and 457(d)(2), the following provi-
sions shall not apply to any designated Roth ac-
count:

“(A) Section 401(a)(9)(A).

“(B) The incidental death benefit require-
ments of section 401(a).”.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in para-
graph (2), the amendment made by this section shall
apply to taxable years beginning after December 31,
2019.

(2) SPECIAL RULE.—The amendment made by
this section shall not apply to distributions which are
required with respect to years beginning before Jan-
uary 1, 2020, but are permitted to be paid on or
after such date.

SEC. 502. DISTRIBUTIONS FOR CHARITABLE PURPOSES.

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

“(m) DISTRIBUTIONS FOR CHARITABLE PUR-
POSES.—

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

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

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

“(B) which is made on or after the date
that the individual on whose behalf the distribu-
tion is made has attained age 70\(\frac{1}{2}\).

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

“(3) Special rules.—

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

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

“(A) $100,000, over

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

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

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

“(16) DISTRIBUTIONS FOR CHARITABLE PUR-
POSES.—The rules of section 402(m) shall apply to
distributions under an annuity contract described in
this subsection.”.
(d) 457(b) PLANS.—Subsection (e) of section 457 is amended by adding at the end the following new paragraph:

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

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after December 31, 2019.

SEC. 503. SURVIVING SPOUSE ELECTION TO BE TREATED AS EMPLOYEE.

(a) IN GENERAL.—Clause (iv) of section 401(a)(9)(B) is amended—

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

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

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

(b) Effective Date.—The amendment made by this section shall apply to distributions with respect to employees who die after December 31, 2019.

SEC. 504. ROLLOVERS FROM ROTH IRAS TO PLANS.

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

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

(c) Effective Date.—

(1) In General.—The amendment made by subsection (a) shall apply to distributions made after December 31, 2019.

(2) Effective Date.—The modifications and amendments required under subsection (b) shall be deemed to have been made as of January 1, 2020, and as of such date all applicable laws shall be ap-
plied in all respects as though the actions which the Secretary of the Treasury (or the Secretary’s delegate) is required to take under such subsection had been taken.

TITLE VI—ADMINISTRATIVE PROVISIONS

SEC. 601. PROVISIONS RELATING TO PLAN AMENDMENTS.

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

(1) such retirement plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in subsection (b)(2)(A); and

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

(b) AMENDMENTS TO WHICH SECTION APPLIES.—

(1) IN GENERAL.—This section shall apply to any amendment to any retirement plan or annuity contract which is made—
(A) pursuant to any amendment made by
this Act or pursuant to any regulation issued by
the Secretary of the Treasury or the Secretary
of Labor (or a delegate of either such Sec-
retary) under this Act; and

(B) on or before the last day of the first
plan year beginning on or after January 1,
2022.

In the case of a governmental plan (as defined in
section 414(d) of the Internal Revenue Code of
1986), this paragraph shall be applied by sub-
stituting “2024” for “2022”.

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

(A) during the period—

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

(ii) ending on the date described in
paragraph (1)(B) (as modified by the sec-
ond sentence of paragraph (1)) (or, if ear-
lier, the date the plan or contract amendment is adopted),
the plan or contract is operated as if such plan or contract amendment were in effect; and
(B) such plan or contract amendment applies retroactively for such period.